HUTCHISON CHINA MEDITECH LTD

Hutchison China MediTech Limited ("Chi-Med")
(AIM: HCM)

Interim Results for the Six Months Ended 30 June 2009

Maiden Group Operating Profit and Positive Cash Flow. Positive Outlook.

Group
- Sales up 23% to $56.7 million (H1 2008: $45.9m).
- Operating profit $0.6 million (H1 2008: -$3.8m).
- Net loss after interest, tax, and minority interests $2.7 million (H1 2008: -$6.4m).
- Net operating cash inflow $7.1 million (H1 2008: outflow $8.0m).
- Cash and cash equivalents $39.6 million (H1 2008: $45.2m, 31 December 2008: $38.2m).

China Healthcare Division
- Sales up 23% to $53.1 million (H1 2008: $43.2m).
- Operating profit up 31% to $9.5 million (H1 2008: $7.3m).
- Net profit after interest, tax, and minority interests up 35% to $6.6 million (H1 2008: $4.9m).

Drug R&D Division
- Encouraging Phase II Crohn's Disease trial result.
- $5.6 million in cash received from partners Eli Lilly and Ortho-McNeil-Janssen.
- Operating loss down 35% to $5.2 million (H1 2008: -$8.0m).

Consumer Products Division
- Sales down 12% to $1.7 million due mainly to weaker £.
- Like-for-like sales in London shops down 4.2% in difficult UK retail conditions.

London: Thursday, 30 July 2009: For the six months ended 30 June 2009, Chi-Med, a subsidiary of Hutchison Whampoa Limited, today announces that it has reached operating profitability and positive cash flow for the first time due to strong growth in its China Healthcare Division and reduced losses in its Drug R&D Division. The Group maintains a positive outlook for the rest of the year.

Christian Hogg, CEO of Chi-Med, said:

"Chi-Med has again performed strongly, and we are confident it will continue to do so. Delivering our first group operating profit and positive cash flow are further milestones and reflect the continuing positive performances of our China Healthcare and our Drug R&D businesses.

Our China Healthcare Division has again strengthened its position in the rapidly growing China healthcare market, leveraging its household name brands, highly respected drug portfolio and powerful sales and distribution channels. Revenues are up 23%, operating margins are up one percentage point to 18%, and operating cash flow is up ten-fold to $13.0 million. This further builds on the business record of 28% a year compound annual organic growth since our 2006 flotation.

Hutchison MediPharma Limited ("Hutchison MediPharma"), our Drug R&D Division, has also had a very successful first half delivering encouraging trial results and reduced cash burn as it has built its third party revenue streams. With a team of about 200 full time scientists and staff it is increasingly recognised as a centre for discovery and development excellence, and this is reflected by its discovery partnerships with Merck Serono, Eli Lilly, and Ortho-McNeil-Janssen, as well as the progress of its own internal drug candidate pipeline. In July 2009, it delivered encouraging Phase II Crohn's Disease trial results for its lead candidate drug HMPL-004 and also announced that it is ahead of schedule on HMPL-004's Phase IIb trial for patients with Ulcerative Colitis, the results of which are scheduled for the fourth quarter this year. HMPL-004's potential as a new first line treatment for what are widespread and debilitating intestinal bowel diseases is attracting increasing interest.

Sen, our Consumer Products Division, has done well in a very tough retailing environment in the UK and its performance is masked by the weaker pound sterling. Its gross margins however have grown significantly, and our expansion into France is beginning to show promise.

The China healthcare market maintains rapid growth, and we are confident our China business will continue to perform satisfactorily. Hutchison MediPharma's potential is increasingly clear with out licensing activity moving onto the agenda. With a strong cash position and a business that is competitive at all levels, we remain confident that we will add further shareholder value in the rest of this year and beyond."

Ends

Enquiries

Chi-Med Christian Hogg, CEO	Telephone: +852 2121 8200
Citigate Dewe Rogerson	Telephone: +44 (0) 20 7638 9571
Anthony Carlisle	Mobile: +44 (0) 7973 611 888
David Dible	Mobile: +44 (0) 7967 566 919

Results are reported in US dollar currency unless stated otherwise.

An analyst presentation will be held at 10:15am today at Citigate Dewe Rogerson, 3 London Wall Buildings, London, EC2M 5SY.

About Chi-Med

Chi-Med is the holding company of a pharmaceutical and healthcare group based primarily in China and was admitted to trading on the Alternative Investment Market of the London Stock Exchange in May 2006. It is focused on researching, developing, manufacturing, and selling pharmaceuticals, health supplements and other consumer health and personal care products derived from Traditional Chinese Medicine and botanical ingredients.

Chi-Med is majority owned by Hutchison Whampoa Limited, an international company listed on the Main Board of The Stock Exchange of Hong Kong Limited.

CHAIRMAN'S STATEMENT

We have always believed that there is significant opportunity to develop innovative new drugs and new health and wellness consumer products and concepts for the global markets derived from the botanical ingredients used in traditional Chinese medicine ("TCM").

Each of our three divisions has made major progress.

China Healthcare continues to grow rapidly, increasing its market share and generating increasing margin, profit and cash. As we continue to drive the strong organic growth of the business and we believe there are opportunities, over time, to augment this through selective acquisitions.

Hutchison MediPharma Limited has now built one of the most advanced Drug R&D operations in China, one that is increasingly widely recognised. This business lies at the heart of unlocking the real pharmaceutical efficacy behind TCM and exploiting its potential.

With Sen we want to build a cutting edge international brand by bringing the efficacy of TCM to consumer health and well-being products and treatments.

In executing our strategy, we see the strength and experience of our major shareholder, Hutchison Whampoa Limited ("Hutchison"), in China, built-up through its decades of operation in the country, as an important advantage for Chi-Med. Hutchison's reputation is beneficial to us in all aspects of our business and operations.

Financial Review

Sales for the six months to 30 June 2009 were $56.7 million (H1 2008: $45.9m), an increase of 23%. This was driven by continued strong like-for-like growth in the China Healthcare Division.

Gross profit for the period was $33.7 million (H1 2008: $26.4m), with gross margins up two percentage points to 60% (H1 2008: 58%). Selling expenses as a percentage of sales remained flat at 34% (H1 2008: 34%). The ratio of administrative expenses as a proportion of sales improved to 25% (H1 2008: 35%) due to reduced expenses in the Drug R&D Division.

During the period, we grew the operating profit of our China Healthcare Division by 31% to $9.5 million (H1 2008: $7.3m). This fully offset both the operating loss in our Drug R&D Division, which declined 35% to $5.2 million (H1 2008: -$8.0m) after capitalisation of Drug R&D Division expenses on HMPL-004 now that it has reached the stage of development where out licensing is possible; and the operating loss in the Consumer Products Division, which grew 3% to $1.2 million (H1 2008: -$1.2m), primarily behind our expansion in France. Net operating losses resulting from corporate unallocated expenses grew by 41% to $2.5 million (H1 2008: -$1.8m) as we received lower levels of interest income from our cash deposits due to the decline in interest rates.

Overall, losses after taxes and minority interests attributable to equity holders of Chi-Med reduced by 58% to $2.7 million (H1 2008: -$6.4m).

Cash and Financing

Chi-Med continues to maintain a strong net cash position.

Net operating cash inflow was $7.1 million (H1 2008: outflow $8.0m) as dividends from our China Healthcare Division and cash payments from our Drug R&D Division partners more than offset our operating cash requirements. Cash and cash equivalents at the end of June 2009 totalled $39.6 million as compared to $38.2 million at end of December 2008 and $45.2 million at the end of June 2008.

Our financial strength provides a solid base, together with our growing operational cash flow, to finance the development of our Drug R&D Division and the expansion of our other businesses.

Outlook

While the first half of the year is traditionally the stronger half of the year for the China Healthcare Division, we would expect full year results to reflect sales growth ahead of last year along with a profit improvement as we have managed in the first half of this year. The results of the Phase IIb Ulcerative Colitis trial on HMPL-004 and potential subsequent out licensing activity could have significant impact on the performance of the Drug R&D Division looking into the next year. Our Consumer Products Division, the Sen group, will make progress with heightened year-end activity behind our planned Christmas programme on Sen in France.

We remain very confident about the future prospects of Chi-Med. As part of the Hutchison group, with a capable and driven management team, unique and untapped global opportunities, underpinned by a large scale and profitable business in the world's fastest growing major healthcare market, Chi-Med is an exciting proposition.

I would like to express my deep appreciation for the support of our investors, directors, and partners and for the commitment and dedication of Chi-Med's management and staff.

Simon To
Chairman, 28 July 2009

CHIEF EXECUTIVE OFFICER'S STATEMENT

Our two primary China based operating divisions, China Healthcare and Drug R&D, have both made substantial operating profit improvement in the first half of this year that has resulted in the Group reaching operating profit breakeven for the first time. Our third division, Consumer Products, has made reasonable progress despite challenging economic conditions in its main UK and France consumer retail markets.

China Healthcare Division

We have systematically expanded our portfolio of "household name" Chinese over-the-counter and prescription medicine brands and supplement products and enhanced profit through leveraging scale and improving cost-efficiency.

Chi-Med's China Healthcare Division has three operating companies: Hutchison Whampoa Guangzhou Baiyunshan Chinese Medicine Company Limited ("HBYS"), Shanghai Hutchison Pharmaceuticals Limited ("SHPL") and Hutchison Healthcare Limited ("HHL").

HBYS: Sales of the Baiyunshan brand of over-the-counter ("OTC") medicines (cough cold, angina, periodontitis, and liver health) grew 17% to $36.7 million. This growth was driven by very strong demand for our Banlangen granule anti viral product as a result of the spread of H1N1 swine flu. Sales of Banlangen granules increased 46% to $15.7 million during the period. HBYS is one of the major suppliers in the generic Banlangen OTC market in China.

During the period HBYS continued to build on the sound operating fundamentals that have been established over the past three years. This includes aggressive marketing and PR activity behind the Baiyunshan brand and continued optimisation of the commercial network of over 500 distributors and 1,500 sales and marketing staff in over 200 cities across China.

SHPL: This business has also delivered very strong performance with sales of SHPL's prescription drug portfolio, including the cardiovascular drug She Xiang Bao Xin pill ("SXBXP"), growing 40% to $13.4 million during the period. SHPL continued to expand academic promotion and government and technical community endorsement of SXBXP – holding the 2009 SXBXP Science, Innovation, and Industry Forum that was jointly sponsored by SHPL and the Science and Technology Commission of Shanghai Municipality.

SHPL is endeavouring to evolve from a historically regional business into one that covers all China. During the period, SHPL grew sales disproportionately in new market outside of its east China stronghold and pushed sales outside east China to 27% of total sales (H1 2008: 22%). We see that major expansion potential for SXBXP will result from its inclusion in the new National Medicine Catalogue ("NMC") to be published later this year. The new NMC will mandate all hospitals across China to carry all NMC listed products.

HHL: HHL is focused on building its Zhi Ling Tong ("ZLT") brand of infant nutrition products into a highly trusted infant nutritional supplements operation in China. Sales grew 29% to $3.1 million during the period behind strong performance in our omega-3, probiotic, and calcium powder products.

HHL continues to build its commercial operation including the expansion of its direct coverage of obstetrics and gynecology hospitals and family planning clinics, the increase in doctors recommendation of ZLT, and the increase of drug stores and department stores carrying ZLT. Since January 2009, we have opened four new regional offices in China, bringing the total to seven and thereby allowing us to convert these regions from sub-distributor dependent model to a direct sales and control model. Furthermore, we have also been very active in developing further premium infant nutrition products to extend the ZLT brand.

Acquisitions: Our strategy is to seek to augment organic growth with strategic acquisitions and/or joint ventures in the China market, in particular looking at state-owned-enterprises as well as various private firms, for which our name, market position and expansion potential can make us an attractive partner.

Drug R&D Division

Hutchison MediPharma Limited ("Hutchison MediPharma"), the major operating company of our Drug R&D Division, is focused on the development of novel cancer and auto-immune therapeutics through its team of almost 200 full time scientists and staff located in its own state-of-the-art research facilities in Shanghai.

The reduction in operating loss was contributed by a 140% increase in consolidated Hutchison MediPharma revenue to $1.9 million (H1 2008: $0.8m) and the capitalisation of HMPL-004 development costs of $2.8 million based on the encouraging US Phase II Crohn's Disease ("CD") and China Phase II proof-of-concept Ulcerative Colitis ("UC") trial results. In addition, cash receipts from Eli Lilly and Company ("Eli Lilly") and Ortho-McNeil-Janssen Pharmaceuticals, Inc. ("J&J") of $5.6 million during the period contributed to the overall improvement of the cash flow position of Hutchison MediPharma.

Development: HMPL-004, our innovative oral botanical drug candidate for treatment of inflammatory bowel disease, completed its Phase II clinical trial for CD with results demonstrating an encouraging trend of efficacy and a good safety profile.

The Phase II CD trial was a multi-centre, double blind, randomized, and placebo-controlled study conducted in 101 CD patients in the United States (73 patients) and Ukraine (28 patients). The clinical study included 8 weeks treatment of HMPL-004 or a placebo plus 4 weeks of follow up. The primary endpoint of the trial was to assess the efficacy, which is the percentage of subjects with a clinical response -100 (minus 100), defined as a reduction in Crohn's Disease Activity Index ("CDAI") by at least 100 points from the baseline. Secondary endpoints including the clinical response -70 (minus 70), defined as CDAI reduction of at least 70 points, and the percentage of subjects attaining remission, defined as CDAI score of 150 or less, were also assessed.

While the full trial report is pending, the outcomes of completed data analysis demonstrated a trend of efficacy for HMPL-004. For the Intent-To-Treat ("ITT") patient population, the clinical response -100 at week 8 was 37% for HMPL-004 versus 22% for the placebo ($p = 0.087$). The clinical response -70 at week 8 was 49% for HMPL-004 versus 32% for the placebo ($p = 0.061$). The remission rate at week 8 was 29% for HMPL-004 versus 14% for the placebo ($p = 0.069$). Furthermore, HMPL-004 demonstrated a good safety profile. There were no treatment-related serious adverse events in the HMPL-004 arm.

Currently, HMPL-004 is also going through a global Phase IIb trial for UC that involves 210 patients with mild-to-moderate UC conditions. The UC trial is near its patient recruitment target and is expected to finish and report results before the end of the year.

The Phase II CD results, along with those we look forward to from our ongoing global UC Phase IIb trial, will provide us with a strong platform for further development of HMPL-004 and to move towards partnering.

Discovery: In the therapeutic area of oncology, we have now completed the pre-clinical development of HMPL-012 and submitted our Investigative New Drug ("IND") application to the Chinese State Food and Drug Administration for human clinical trial.

HMPL-012 is a novel compound that inhibits multiple kinases crucial for tumour growth, apoptosis and invasion/metastasis. In pharmacology efficacy studies, HMPL-012 demonstrated broad-spectrum anti-tumour activity via oral dosing. Its unique kinase profile provides a promising opportunity and potential therapeutic differentiation against existing products on the market.

Two additional new chemical entity ("NCE") drug candidates, HMPL-011 for auto-immune diseases and HMPL-013 for treatment of cancer, are in the IND-enabling toxicity studies stage. If warranted by safety results, these candidates will enter the IND regulatory submission stage for human clinical trials.

During the first quarter of 2009, a new candidate, HMPL-813, was selected for treatment of cancer. HMPL-813 is a highly potent inhibitor of the epidermal growth factor receptor tyrosine kinase involved in tumour growth, invasion and migration. This candidate is now undergoing thorough preclinical evaluation.

Our discovery programmes including our collaboration projects with Merck Serono, Eli Lilly, and J&J are progressing substantially according to plan.

Consumer Products Division

Our Consumer Products business, saw sales drop 12% in US dollar terms during the period to $1.7 million (H1 2008: $1.9m). This reflected the average 25% weakening of the value of sterling and the euro relative to the US dollar.

UK Operations: Like-for-like sales declined 4.2% during the period in the seven UK shops of Sen Medicine Company Limited ("Sen UK") opened for more than one year. Encouragingly however, we were able to hold on to most of the 15.1% like-for-like growth that was achieved in H1 2008 despite the very difficult trading conditions in London during the first half of 2009. We also focused more attention on our high profit margin treatments and as a result were able to significantly grow UK gross margins to 85% (H1 2008: 66%).

European Expansion: In June 2008, Sen Medicine Company (France) SARL ("Sen France") launched a range of 34 Sen retail products into 125 Marionnaud shops in France. Results to date have been generally positive with Q2 2009 consumer sales averaging over 2,000 units ($74,000) per month, up 105% versus Q3 2008. In June 2009, Sen France secured an order for 350,000 units of full-size Sen body care products that will be distributed by Marionnaud as a free gift to their customers at Christmas. This programme will serve to dramatically broaden awareness of SEN in France and set the brand up for a strong year in 2010.

Summary

In summary, we expect China Healthcare Division to continue its strong performance and we are hopeful we may be able to find strategic opportunities to add to its scope and scale. In our Drug R&D Division we are now actively looking to partner on HMPL-004 and to expand our collaborations with strategic global pharmaceutical industry players. And, in our Consumer Products Division, we expect a step change in Sen France performance at Christmas and continued reduction in Sen UK costs.

Christian Hogg
Chief Executive Officer, 28 July 2009

HUTCHISON CHINA MEDITECH LIMITED

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2009**

	Note	Unaudited Six months ended 30 June 2009 US$'000	2008 US$'000
Sales	3	56,658	45,885
Cost of sales		(22,940)	(19,486)
Gross profit		33,718	26,399
Selling expenses		(19,541)	(15,393)
Administrative expenses		(13,993)	(16,028)
Other net operating income	4	366	1,262
Operating profit/(loss)	5	550	(3,760)
Finance costs	6	(233)	(240)
Profit/(loss) before taxation		317	(4,000)
Taxation charge	7	(1,513)	(1,085)
Loss for the period		(1,196)	(5,085)
Attributable to:			
Equity holders of the Company		(2,656)	(6,366)
Minority interests		1,460	1,281
		(1,196)	(5,085)
Loss per share for loss attributable to equity holders of the Company for the period (US$ per share)	8	(0.0518)	(0.1243)

HUTCHISON CHINA MEDITECH LIMITED

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Unaudited Six months ended 30 June	
	2009 US$'000	2008 US$'000
Loss for the period	(1,196)	(5,085)
Other comprehensive income:		
Exchange translation differences	344	3,323
Total comprehensive loss for the period (net of tax)	(852)	(1,762)
Attributable to:		
Equity holders of the Company	(2,312)	(3,518)
Minority interests	1,460	1,756
	(852)	(1,762)

HUTCHISON CHINA MEDITECH LIMITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2009

	Note	Unaudited 30 June 2009 US$'000	Audited 31 December 2008 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	25,662	25,946
Leasehold land		6,014	6,082
Goodwill		7,458	7,052
Trademarks, patents and development costs	10	3,145	475
Available-for-sale financial asset		145	145
Deferred tax assets		421	333
		42,845	40,033
Current assets			
Inventories		14,102	14,714
Trade receivables	15	26,978	22,432
Other receivables and prepayments		2,765	2,572
Amount due from a related party	15	316	-
Cash and bank balances		39,576	38,206
		83,737	77,924
Total assets		126,582	117,957
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	11	51,229	51,229
Reserves		21,715	23,914
		72,944	75,143
Minority interests		9,703	9,283
Total equity		82,647	84,426
LIABILITIES			
Current liabilities			
Trade payables	15	6,937	5,290
Other payables and accruals		24,430	18,836
Amounts due to related parties	15	1,626	974
Current tax liabilities		724	536
Short-term bank loans		7,151	7,606
		40,868	33,242
Non-current liabilities			
Deferred income	12	2,400	-
Deferred tax liabilities		667	289
		3,067	289
Total liabilities		43,935	33,531
Total equity and liabilities		126,582	117,957

HUTCHISON CHINA MEDITECH LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Unaudited								
	Attributable to equity holders of the Company								
	Share capital US$'000	Share premium US$'000	Share-based compensation reserve US$'000	Exchange reserve US$'000	General reserve US$'000	Accumu-lated losses US$'000	Total US$'000	Minority interests US$'000	Total equity US$'000
As at 1 January 2008	51,229	91,351	4,247	3,881	65	(60,477)	90,296	7,311	97,607
(Loss)/profit for the period	-	-	-	-	-	(6,366)	(6,366)	1,281	(5,085)
Other comprehensive income:									
Exchange translation differences	-	-	-	2,848	-	-	2,848	475	3,323
Total comprehensive income/(loss) for the period (net of tax)	-	-	-	2,848	-	(6,366)	(3,518)	1,756	(1,762)
Share-based compensation expense	-	-	693	-	-	-	693	-	693
Transfer between reserves	-	-	(228)	-	-	228	-	-	-
As at 30 June 2008	51,229	91,351	4,712	6,729	65	(66,615)	87,471	9,067	96,538
As at 1 January 2009	51,229	91,351	4,983	5,528	65	(78,013)	75,143	9,283	84,426
(Loss)/profit for the period	-	-	-	-	-	(2,656)	(2,656)	1,460	(1,196)
Other comprehensive income:									
Exchange translation differences	-	-	-	344	-	-	344	-	344
Total comprehensive income/(loss) for the period (net of tax)	-	-	-	344	-	(2,656)	(2,312)	1,460	(852)
Share-based compensation expense	-	-	113	-	-	-	113	-	113
Transfer between reserves	-	-	(14)	-	-	14	-	-	-
Dividend paid to a minority shareholder of a subsidiary	-	-	-	-	-	-	-	(1,040)	(1,040)
As at 30 June 2009	51,229	91,351	5,082	5,872	65	(80,655)	72,944	9,703	82,647

HUTCHISON CHINA MEDITECH LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Note	Unaudited Six months ended 30 June 2009 US$'000	 2008 US$'000
Cash flows from operating activities			
Net cash from/(used in) operations	13(a)	8,188	(7,810)
Interest received		146	756
Interest paid		(233)	(240)
Income tax paid		(1,035)	(739)
Net cash from/(used in) operating activities		7,066	(8,033)
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,684)	(1,905)
Proceeds from disposal of property, plant and equipment		9	-
Acquisition of additional interest in a subsidiary	13(b)	(406)	-
Payments for trademarks, patents and development costs		(2,765)	-
Net cash used in investing activities		(4,846)	(1,905)
Cash flows from financing activities			
Increase/(decrease) in amount due to immediate holding company		628	(14)
Dividend paid to a minority shareholder of a subsidiary		(1,040)	-
New short-term bank loans		1,007	1,522
Repayment of short-term bank loans		(1,462)	-
Net cash (used in)/from financing activities		(867)	1,508
Net increase/(decrease) in cash and cash equivalents		1,353	(8,430)
Cash and cash equivalents at beginning of period		38,206	53,345
Exchange differences		17	326
Cash and cash equivalents at end of period		39,576	45,241
Analysis of cash and cash equivalents			
- Cash and bank balances		39,576	45,241

HUTCHISON CHINA MEDITECH LIMITED

NOTES TO THE CONDENSED INTERIM ACCOUNTS

1 General information

Hutchison China MediTech Limited (the “Company”) and its subsidiaries (together the “Group”) is principally engaged in the manufacturing, distribution and sales of traditional Chinese medicine (“TCM”) and healthcare products. The Group is also engaged in carrying out pharmaceutical research and development. The Group and its jointly controlled entities have manufacturing plants in Shanghai and Guangzhou in the Peoples’ Republic of China (the “PRC”) and sell mainly in the PRC, United Kingdom (“UK”) and France.

The Company was incorporated in the Cayman Islands on 18 December 2000 as an exempted company with limited liability under the Companies Law (2000 Revision), Chapter 22 of the Cayman Islands. The address of its registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company’s ordinary shares were admitted to trading on the Alternative Investment Market operated by the London Stock Exchange (“AIM”). These condensed interim accounts are presented in thousands of United States Dollars (“US$’000”), unless otherwise stated, and were approved for issue by the Board of Directors on 28 July 2009.

2 Summary of significant accounting policies

(a) Basis of preparation

These condensed interim accounts for the six months ended 30 June 2009 have been prepared in accordance with International Accounting Standard 34, “Interim financial reporting”. These condensed interim accounts should be read in conjunction with the annual accounts of the Group for the year ended 31 December 2008 (the “2008 annual accounts”), which have been prepared in accordance with International Financial Reporting Standards.

(b) Significant accounting policies

The condensed interim accounts have been prepared under the historical cost convention except that certain financial assets and liabilities are measured at fair values, as appropriate.

The accounting policies and methods of computation used in the preparation of these interim accounts are consistent with those used in the 2008 annual accounts, except for the adoption of the standards, amendments and interpretations issued by the International Accounting Standards Board mandatory for annual periods beginning 1 January 2009. The effect of the adoption of these standards, amendments and interpretations was not material to the Group’s results of operations or financial position. However, the adoption of IAS 1 (revised), “Presentation of Financial Statements” has resulted in certain changes to the format of the Group’s accounts in 2009 (including revised titles for these interim accounts).

2 Summary of significant accounting policies (Continued)

(b) Significant accounting policies (Continued)

IFRS 8, "Operating segments" replaced IAS14 with effect from 1 January 2009. IFRS 8 is a disclosure standard that requires the disclosure of information about the Group's operating segments. It replaced the requirement under IAS14 to determine primary (business) and secondary (geographical) reporting segments of the Group. Adoption of this standard did not have any effect on the Group's results of operations or financial position. The Group determines that the operating segments are the same as the business segments previously identified under IAS14.

Goodwill relating to the acquisition of additional interests in a subsidiary in the period amounting to US$406,000 has been allocated to the China healthcare segment.

3 Revenue and segment information

The Group is principally engaged in the manufacturing, distribution, sales of TCM and healthcare products and carrying out pharmaceutical research and development activities. Revenues recognised during the period are as follows:

	Six months ended 30 June	
	2009 US$'000	2008 US$'000
Sales of goods	53,719	43,897
Services income	2,939	1,988
	56,658	45,885

The chief executive officer (the chief operating decision maker) has reviewed the Group's internal reporting in order to assess performance and allocate resources, and has determined that the Group has three reportable operating segments as follows:

- China healthcare: comprises the development, manufacture, distribution and sale of over-the-counter ("OTC") products, prescription TCM products, and western and TCM health supplements products.

- Drug research and development: relates mainly to drug discoveries and other pharmaceutical research and development activities, and the provision of research and development.

- Consumer products: relates to TCM pharmaceuticals and sales of TCM based consumer lifestyle products and services.

China healthcare and drug research and development segments are primarily located in the PRC and the locations for consumer products segment are further segregated into UK and France.

3 Revenue and segment information (Continued)

The operating segments are strategic business units that offer different products and services. They are managed separately because each business requires different technological advancement and marketing approach. The performance of the reportable segments are assessed based on a measure of earnings or losses before interest income, finance costs and tax expenses ("EBIT/(LBIT)").

The segment information for the reportable segments for the six months period ended 30 June 2009 is as follows:

	Six months ended 30 June 2009						
	China healthcare PRC US$'000	Drug research and development PRC US$'000	Consumer products UK US$'000	Consumer products France US$'000	Reportable segment total US$'000	Unallocated US$'000	Total US$'000
Sales from external customers	53,149	1,850	1,537	122	56,658	-	56,658
EBIT/(LBIT)	9,475	(5,226)	(1,014)	(223)	3,012	(2,608)	404
Interest income	55	2	-	-	57	89	146
Interest expense	233	-	-	-	233	-	233
Depreciation/ amortisation	1,193	785	239	-	2,217	11	2,228
Total assets	85,357	12,826	3,987	462	102,632	23,950	126,582

Sales from external customers is after elimination of inter-segment sales. The amount eliminated attributable to consumer products segment from UK to France is US$155,000 (2008: US$53,000).

Sales between segments are carried out at mutually agreed terms.

Unallocated expenses mainly represent corporate expenses which include corporate employee benefit expenses and the relevant share-based compensation expenses. Unallocated assets mainly comprise short-term corporate bank deposits and deferred tax assets.

3 Revenue and segment information (Continued)

	Six months ended 30 June 2008						
	China healthcare PRC US$'000	Drug research and development PRC US$'000	Consumer products UK US$'000	Consumer products France US$'000	Reportable segment total US$'000	Unallocated US$'000	Total US$'000
Sales from external customers	43,221	770	1,796	98	45,885	-	45,885
EBIT/(LBIT)	7,248	(8,041)	(1,118)	(78)	(1,989)	(2,527)	(4,516)
Interest income	14	6	-	-	20	736	756
Interest expense	240	-	-	-	240	-	240
Depreciation/ amortisation	1,146	709	252	-	2,107	10	2,117
Total assets	79,047	11,769	3,655	455	94,926	37,786	132,712

A reconciliation of EBIT/(LBIT) for reportable segments to profit/(loss) before taxation is provided as follows:

	Six months ended 30 June 2009 US$'000	Six months ended 30 June 2008 US$'000
EBIT/(LBIT) for reportable segments	3,012	(1,989)
Unallocated expenses	(2,608)	(2,527)
Interest income	146	756
Interest expense	(233)	(240)
Profit/(loss) before taxation	317	(4,000)

4 Other net operating income

	Six months ended 30 June	
	2009	2008
	US$'000	US$'000
Interest income	146	756
Net foreign exchange (loss)/gains	(16)	273
Other operating income	312	376
Other operating expenses	(76)	(143)
	366	1,262

5 Operating profit/(loss)

Operating profit/(loss) is stated after charging the following:

	Six months ended 30 June	
	2009	2008
	US$'000	US$'000
Amortisation of trademarks and patents	94	56
Amortisation of leasehold land	68	68
Cost of inventories recognised as expense	20,827	18,053
Depreciation on property, plant and equipment	2,066	1,993
Employee benefit expenses	13,032	9,812
Loss on disposal of property, plant and equipment	19	170
Operating lease rentals in respect of land and buildings	1,091	741
Provision for inventories	-	265
Research and development expense	2,215	4,641

6 Finance costs

	Six months ended 30 June	
	2009	2008
	US$'000	US$'000
Interest expense on short-term bank loans	233	240

7 Taxation charge

	Six months ended 30 June	
	2009 US$'000	2008 US$'000
Current tax	1,223	1,006
Deferred income tax	290	79
Taxation charge	1,513	1,085

(a) The Group has no estimated assessable profit in Hong Kong, UK and France for the period (2008: Nil).

(b) Pursuant to the relevant PRC enterprise income tax rules and regulations, Hutchison MediPharma Limited, a subsidiary of the Group, is subject to a special income tax rate of 18% (2008:15%) as a foreign invested enterprise which is engaged in research and development activities. The company will be subject to tax rates gradually increased to 25% towards year 2012.

Hutchison Healthcare Limited, a subsidiary of the Group, is entitled to a two-year exemption from income taxes followed by a 50% reduction in income taxes for the ensuing three years. These tax benefits will be expiring towards year 2012 and thereafter the company will be subject to a tax rate of 25%.

In addition, Hutchison Whampoa Guangzhou Baiyunshan Chinese Medicine Company Limited ("HBYS") and Shanghai Hutchison Pharmaceuticals Limited ("SHPL"), jointly controlled entities of the Group, continue to enjoy a 50% reduction in income taxes at a rate of 12.5% for the year 2009. Both HBYS and SHPL have been granted High and New Technology Enterprise status and accordingly will be subject to a preferential income tax rate of 15% for the year 2010. These companies will be subject to a tax rate of 25% thereafter.

8 Loss per share

Loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2009	2008
Weighted average number of outstanding ordinary shares in issue	51,229,174	51,229,174
Loss for the period attributable to equity holders of the Company (US$'000)	(2,656)	(6,366)
Loss per share attributable to equity holders of the Company (US$ per share)	(0.0518)	(0.1243)

No diluted loss per share is presented as the exercise of the outstanding employee share options would have an anti-dilutive effect.

9 Property, plant and equipment

	Six months ended 30 June	
	2009	2008
	US$'000	US$'000
Net book value as at 1 January	25,946	25,682
Additions	1,684	1,905
Disposals	(28)	(170)
Depreciation for the period	(2,066)	(1,993)
Exchange differences	126	1,815
Net book value as at 30 June	25,662	27,239

10 Trademarks, patents and development costs

	Six months ended 30 June	
	2009	2008
	US$'000	US$'000
Net book amount as at 1 January	475	602
Additions	2,765	-
Amortisation	(94)	(56)
Exchange differences	(1)	38
Net book amount as at 30 June	3,145	584

During the period ended 30 June 2009, the Group has capitalised development costs totalling US$2,763,000 in respect of a drug candidate for which management are of the opinion that the technical feasibility of completing the candidate making it available for use or sale can be demonstrated and it is probable that future economic benefits can be generated to the Group.

Trademark, patents and capitalised development costs are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets exceeds its recoverable amount. Management are of the opinion that there is no indication of impairment on these assets as of 30 June 2009.

11 Share capital

(a) Authorised and issued capital

There is no movement in authorised and issued capital during the six months ended 30 June 2009 and 2008.

(b) Share option scheme

i) Share option scheme of the Company (the "HCML Share Option Scheme")

Movements in the number of share options outstanding under the HCML Share Option Scheme and their related weighted average exercise prices are as follows:

	2009		2008	
	Average exercise price in £ per share	Number of options	Average exercise price in £ per share	Number of options
As at 1 January	1.26	2,063,362	1.26	2,418,957
Lapsed	1.69	(256,060)	1.27	(128,818)
As at 30 June	1.17	1,807,302	1.26	2,290,139

Upon the departure of 1 (2008: 2) employee(s), 256,060 (2008: 128,818) share options lapsed during the six months ended 30 June 2009. Save as mentioned above, no other share options under the HCML Share Option Scheme were granted, cancelled or exercised or lapsed during the six months ended 30 June 2009. The Company has no legal or constructive obligation to repurchase or settle the share options in cash.

ii) Share option scheme of a subsidiary (the "HMHL Share Option Scheme")

Movements in the number of share options outstanding under the HMHL Share Option Scheme and their related weighted average exercise prices are as follows:

	2009		2008	
	Average exercise price in US$ per share	Number of options	Average exercise price in US$ per share	Number of options
As at 1 January	1.28	4,528,000	N/A	-
Lapsed	1.28	(9,000)	N/A	-
As at 30 June	1.28	4,519,000	N/A	-

Upon the departure of 1 (2008: Nil) employee, 9,000 (2008: Nil) share options lapsed during the six months ended 30 June 2009. Save as mentioned above, no other share options under the HMHL Share Option Scheme were granted, cancelled or exercised or lapsed during the six months ended 30 June 2009. The Group has no legal or constructive obligation to repurchase or settle the share options in cash.

12 Deferred income

Deferred income represents upfront payments received by the Group in respect of its pharmaceutical research and development services.

13 Notes to condensed consolidated statement of cash flows

(a) Reconciliation of loss for the period to net cash from/(used in) operations

	Six months ended 30 June	
	2009 US$'000	2008 US$'000
Loss for the period	(1,196)	(5,085)
Adjustments for:		
Taxation charge	1,513	1,085
Share-based compensation expense	113	693
Amortisation of trademarks and patents	94	56
Amortisation of leasehold land	68	68
Provision for inventories	-	265
Depreciation on property, plant and equipment	2,066	1,993
Loss on disposal of property, plant and equipment	19	170
Interest income	(146)	(756)
Interest expense	233	240
Operating profit/(loss) before working capital changes	2,764	(1,271)
Changes in working capital:		
- decrease/(increase) in inventories	814	(1,670)
- increase in trade receivables	(4,555)	(6,295)
- increase in other receivables and prepayments	(131)	(702)
- increase in amount due from a related party	(316)	-
- increase in trade payables	1,629	700
- increase in other payables, accruals, deferred income and amounts due to related parties	7,983	1,428
Net cash from/(used in) operations	8,188	(7,810)

(b) During the period ended 30 June 2009, the Group acquired an additional 16.99% interest in a subsidiary, Hutchison Healthcare Limited ("HHL"), at a consideration of RMB2.8 million (equivalent to US$406,000). After the transaction, the Group's interest in HHL has increased from 67.97% to 84.96%.

14 Capital commitments

The Group has the following capital commitments not provided for at the balance sheet date:

	30 June 2009 US$'000	31 December 2008 US$'000
Property, plant and equipment		
Authorised but not contracted for	-	-
Contracted but not provided for	54	164
	54	164

15 Significant related party transactions

Save as disclosed above, the Group has the following significant transactions during the period with related parties which were carried out in the normal course of business at terms determined and agreed by the relevant parties:

	Six months ended 30 June	
	2009 US$'000	2008 US$'000
Revenue:		
Management service fee		
- An intermediate holding company	424	446
Technology fee		
- A minority shareholder of a subsidiary	-	31

No transactions have been entered into with the directors of the Company (being the key management personnel) during the period other than the emoluments paid to them (being the key management personnel).

	30 June 2009 US$'000	31 December 2008 US$'000
Balances with related parties included in:		
Trade receivables due from a related party:		
- A fellow subsidiary	72	145
Trade payables due to a related party:		
- A minority shareholder of a subsidiary	306	306
Amount due from a related party:		
- A minority shareholder of a subsidiary	316	-
Amounts due to related parties:		
- A fellow subsidiary	44	-
- Immediate holding company	1,401	773
- A minority shareholder of a subsidiary	181	201

Note:

Balances with related parties are unsecured, interest-free and are repayable on demand. The carrying value of balances with related parties approximates their fair values due to their short term maturities.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF HUTCHISON CHINA MEDITECH LIMITED
(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 7 to 21, which comprises the condensed consolidated statement of financial position of Hutchison China MediTech Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2009, and the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 July 2009