HUTCHISON CHINA MEDITECH LTD

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

Interim Results for the Six Months Ended 30 June 2012

Strategic platform building strength.

Group Results (continuing operations)
- Revenue up 25% to $102.9 million (H1 2011: $82.3m).
- Operating profit up 97% to $7.2 million (H1 2011: $3.6m).
- Net profit attributable to Chi-Med equity holders of $2.5 million (H1 2011: -$0.7m).
- Discontinuation of UK operations of Sen Medicine Company Limited with total charge of $3.2 million, of which $1.2 million is non-cash.
- Solid cash position: cash and cash equivalents and un-utilised bank loan facilities of $87.5 million (30 June 2011: $46.4m); net cash of $25.6 million (30 June 2011: $11.7m).

China Healthcare Division
- Sales of subsidiaries and jointly controlled entities up 26% to $187.0 million (H1 2011: $148.5m).
- Net profit attributable to Chi-Med equity holders up 12% to $12.3 million (H1 2011: $11.0m).
- Net cash from operating activities up five-fold to $15.3 million (H1 2011: $3.0m).
- Substantial growth in prescription drug and distribution businesses; over-the-counter drug business stable and raw material prices starting to normalise.

Drug R&D Division
- Revenue up 86% to $3.0 million (H1 2011: $1.6m).
- Net loss attributable to Chi-Med equity holders down 43% to $4.5 million (H1 2011: -$7.8m).
- Very encouraging Phase I clinical results on HMPL-013. Good progress on multiple other oncology programmes. HMPL-004 now Phase III ready.

Consumer Products Division (continuing operations)
- Sales up 5% to $4.9 million (H1 2011: $4.7m).
- Net loss attributable to Chi-Med equity holders of $1.1 million (H1 2011: -$0.4m).
- Continuing expansion of broad Hutchison Hain Organic Holdings Limited organic and natural product line.

London: Tuesday, 31 July 2012: Chi-Med, the China-based healthcare and consumer products group today announces its unaudited financial results for the six months ended 30 June 2012.

Christian Hogg, CEO of Chi-Med, said:

"This has been another good half year. Revenues on continuing operations are up 25%, sustaining our top-line growth, operating profit almost doubled and net profit attributable to Chi-Med equity holders is $2.5 million, compared to a loss in the same period last year. Our outlook is promising.

We are one of the leading innovators in the China pharmaceutical industry, having invested almost $130 million in drug research and development in the field of oncology and immunology over the past eleven years. We believe the fruits of this investment are set to emerge over the coming few years, and are set to transform the Group. We are also strong in execution capability in China, having built a high-growth pharmaceutical business essentially from scratch to now over $300 million past twelve month sales and net profit margins of around 15% for the first half of 2012. This is a powerful commercial platform which can be leveraged to bring to market some of our innovative drug therapies.

Our strategy continues to revolve around pharmaceutical and health-related consumer products in China, major continuing growth markets currently being spurred on by the rapid expansion of domestic consumer spending power. The Chinese pharmaceutical market is also being driven by the commitment of the government to widen and improve state sponsored healthcare throughout the Chinese population, and both our China Healthcare and Drug R&D Divisions benefit from this.

Our China Healthcare Division continues its fast growth, particularly for its prescription drug business. Raw material costs, which squeezed our over-the-counter ("OTC") drug margins over the past two years, are now starting to drop back to normal levels, and this will benefit us greatly. We are now working to move the factories of our jointly controlled entities ("JCEs") and expand capacity and expect the cost of these moves will be covered by compensation that our JCEs will receive for vacating their existing Shanghai and Guangzhou city sites.

Our Drug R&D Division is now well established as one of the most advanced Drug R&D operations in China and its discovery and development pipelines are increasingly attractive. This division has a clear path to emerge as an important fully integrated pharmaceutical company in China. Our pipeline of oncology and immunology drug candidates is progressing quickly and we have, and will continue, to partner for co-development to help accelerate the programmes as well as broaden their reach.

Our Consumer Products Division is now increasingly focused on launching health-related consumer products into the China market. We have now discontinued the UK operation of Sen Medicine Company Limited ("Sen UK"), and will concentrate on developing our organic and natural consumer business in Asia.

The prospects for each of our businesses are strong and we remain positive on Chi-Med's outlook for the full year of 2012 and beyond."

Ends

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Results are reported in US dollar currency unless stated otherwise.

An analyst presentation will be held at 9:30am today at Citigate Dewe Rogerson, 3 London Wall Buildings, London, EC2M 5SY.

About Chi-Med

Chi-Med is the holding company of a healthcare group based primarily in China and was listed on the Alternative Investment Market of the London Stock Exchange in May 2006. It is focused on researching, developing, manufacturing and selling pharmaceuticals and health oriented consumer products.

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

This has been another good half year for Chi-Med. We have continued the momentum of our growth, seen progress across each of our divisions and significantly strengthened our growth platform. Chi-Med is well positioned in the enormous China market and the scope for building our China businesses further is considerable. The potential of our Drug R&D Division also extends across the global pharmaceutical market. Our performance and outlook, therefore, remain promising.

Strategic Development

Chi-Med is focused on the China pharmaceutical and health-related consumer products markets – very large markets that we believe will enjoy continued strong growth for the foreseeable future. Through strategic partnerships, our Drug R&D Division also holds the potential to create major innovative drugs, which could be commercialised across the rest of the world. We see our main strengths as a resolute commitment to innovation; China execution capability and track-record; clear strategic vision towards a major market opportunity; and great support in China from Hutchison Whampoa Limited ("Hutchison Whampoa").

In China, we have built well-established platforms in the commercial and manufacturing areas with our China Healthcare Division, as well as what we believe is now one of the leading new drug innovation operations in China with our Drug R&D Division. There is strong organic growth potential for both of these businesses as well as the possibility of increasing this through value-creating merger and acquisition. In addition, as we look ahead, we see the opportunity for significant synergies between these operations. We can use our China Healthcare Division sales and marketing platform to accelerate broad-scale introduction of some of the new drug therapies created by our Drug R&D Division, into the China market. The scope for creating value is substantial.

Our commercial team in China now numbers over 1,400 medical sales representatives and about 1,000 dedicated OTC drug sales representatives. These teams have grown essentially from scratch over the past decade. They now cover all of China, and have driven subsidiary and JCEs sales to $309.5 million in the past 12 months, up over fourteen-fold from $21.9 million in 2003. We have also translated this sales growth into material profitability with the operating profit of subsidiaries and JCEs growing to $39.8 million in the past 12 months, up almost $50 million from an operating loss of $10.1 million in 2003. Our intention is to steadily extend the strength of this marketing platform and enable it to sell a wider range of products.

The Drug R&D Division, also built over the past decade, now has an organisation of around 170 scientists and staff under Hutchison MediPharma Limited ("HMP"). HMP has emerged as one of the most productive discovery engines in oncology and immunology in China with six compounds in clinical trials and a further two late stage pre-clinical compounds. As previously reported, four fast-track Investigational New Drug ("IND") applications have been cleared by the China State Food and Drug Administration ("SFDA") and, over the past year, HMP has shown its versatility in quickly expanding its clinical and regulatory organisation to manage multiple China and ex-China clinical programmes.

The strategic partnership deal signed with AstraZeneca PLC ("AstraZeneca") late last year demonstrates how we can profitably finance the development of our compounds through Phase III trials and share in the potential marketing rewards across the rest of the world, whilst retaining broader rights to these drugs for the China market.

In consumer products, in the past 3 years, we have begun to leverage our own know-how, a unique product portfolio and the retail capabilities of Hutchison Whampoa to progress towards building a national consumer products framework in China through which we can introduce numerous new health-related consumer products. Our progress in the first half of 2012 shows this strategy moving step-by-step towards becoming established.

Business Review

Our China Healthcare Division continues to expand rapidly and improve its profitability. Underlying growth in the China pharmaceutical market remains strong and Chi-Med's high quality portfolio of reputable brands and products position us well.

The primary driver of pharmaceutical industry growth is the commitment of the Chinese government to widen and improve state sponsored healthcare across the Chinese population, through the

broadening and deepening of insurance and drug reimbursement. The impact of these growth drivers is most clearly evident in our prescription drug business, which has once again delivered outstanding organic growth, with sales up 30%.

During the first half of this year, the China Healthcare Division has seen the dramatic raw material price rises of the past two years starting to fall back. This has allowed us to start to run-down the stockpiles of herb inventories that we had built to protect profit margins from erosion, with the immediate benefit to us of increasing the Division's operating cash flow. We also now expect, as raw material prices normalise, to resume higher levels of marketing investment in our OTC business, the main area that we had to cut back during the past two years in order to protect overall profit margins against the impact of the raw material cost increases.

The continued rapid growth of the China Healthcare Division means we are now working on the relocation and expansion of the capacity of the two main production sites of our JCEs in Shanghai and Guangzhou. We believe that, based on market precedent and third party evaluations, the cost of these moves will, at a minimum, be covered by compensation that such JCEs should receive from the local governments in return for release of the land use rights on their existing sites.

We believe that the market leading innovation pipeline of our Drug R&D Division will, over time, enable HMP to emerge as an important fully integrated pharmaceutical company in China. In late 2011 we licensed Volitinib, a small molecule targeted cancer therapy, to AstraZeneca globally. This has enabled accelerated development of Volitinib for the global market, as well as non-dilutive self-financing of the Drug R&D business. We see partnership as an important model for accelerated development of further drug innovations for the global market. Our HMPL-004 lead drug candidate for ulcerative colitis is now ready for Phase III trials and we are looking to lock-down a partnership route to co-develop and initiate these trials. Upon approval, our drug innovations have the ability to address major unmet medical needs in both the China and global markets and as such, in our view, have considerable market potential.

In our Consumer Products Division, the business of Hutchison Hain Organic Holdings Limited ("Hutchison Hain Organic") continues to progress well despite the challenging market conditions we have faced on our infant formula project. We have now discontinued on-the-ground operations in the UK, including the closure of all Sen shops in London. This is driven by our intention to focus Sen on the China market, as well as tailoring and selling our products through retailers including the A.S. Watson Group, the retail division of Hutchison Whampoa.

Financial Review

Group sales on continuing operations, for the six months ended 30 June 2012 were up 25% to $102.9 million (H1 2011: $82.3m), driven by continued growth in the China Healthcare Division.

Group gross profit on continuing operations was up 18% to $53.9 million (H1 2011: $45.7m), with gross margins dropping to 52% (H1 2011: 56%) due to the growth of our OTC distribution business which operates at lower margins than our manufacturing business. Selling expenses as a percentage of sales were reduced to 29% (H1 2011: 30%) as we tightened our marketing investments. Administrative expenses as a proportion of sales reduced to 17% due to our tight control on R&D expenses (H1 2011: 22%).

Our China Healthcare Division, which continues to be Chi-Med's primary profit and cash source, grew its operating profit by 12% to $16.5 million (H1 2011: $14.7m) and the Drug R&D Division cut operating losses by 43% to $4.5 million (H1 2011: -$7.8m). These gains were offset to a limited extent by the $1.6 million operating loss on the continuing operations of our Consumer Products Division (H1 2011: -$0.3m), due to increased marketing and execution costs.

Consequently, Group operating profit on continuing operations increased 97% to $7.2 million (H1 2011: $3.6m).

Net corporate unallocated expenses grew to $3.2 million (H1 2011: -$2.9m) as a result of a marginal expansion of Chi-Med head office costs.

Overall, the net profit on continuing operations attributable to Chi-Med equity holders grew sharply to $2.5 million, compared to a net loss of $0.7 million in the first half of 2011.

A charge of $3.2 million, of which $1.2 million is non-cash, was taken during the period for the discontinuation of the Sen UK business. The charge included first half operating losses, the write-down of fixed assets and stock, and costs associated with redundancy and shop lease termination.

Cash and Financing
We maintain a strong balance sheet.

Net operating cash inflow was $5.5 million, compared to a $7.8 million outflow in the first half of 2011, helped by the reduction of inventories of raw materials in the China Healthcare Division as herb prices started to normalise. We have also consciously worked to reduce trade and bills receivables from our distributors.

Overall, cash and cash equivalents at the end of June 2012 totalled $54.4 million as compared to $45.7 million at the end of June 2011. Outstanding bank loans at the end of June 2012 were $28.8 million (30 June 2011: $34.0m) and un-utilised bank loan facilities totalled $33.1 million (30 June 2011: $0.7m).

Future Change to IFRS Accounting Rule
The International Accounting Standard Board ("IASB") has published a new standard on the accounting treatments for JCE, IFRS 11 "Joint Arrangements" ("IFRS 11"), which will come into effect on 1 January 2013 and means that the income statements and statements of financial position of JCEs will no longer be consolidated on a proportional basis. For Chi-Med, the proposed change will result in the 50:50 Shanghai Hutchison Pharmaceuticals Limited ("SHPL") and Hutchison Whampoa Guangzhou Baiyunshan Chinese Medicine Company Limited ("HBYS") joint ventures within our China Healthcare Division being treated as equity investments in Chi-Med's consolidated accounts. This change will not affect either the way we operate SHPL and HBYS, the synergies the Group gains from these operations, or the net profit attributable to Chi-Med shareholders from these JCEs, but this will affect the way we prepare our accounts.

Outlook
The prospects for each of our businesses are strong, and as a result we remain positive on the outlook of Chi-Med for the full year and beyond.

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

Simon To
Chairman, 30 July 2012

CHIEF EXECUTIVE OFFICER'S STATEMENT

China Healthcare Division

The China Healthcare Division has three main operating companies: HBYS and SHPL, which are both JCEs and Hutchison Healthcare Limited ("HHL"), a wholly-owned Chi-Med subsidiary. These companies manufacture and market OTC drugs, prescription drugs and health supplements in China and continue to deliver sizable sales and profit growth.

In the first half of 2012, sales of the China Healthcare Division subsidiaries and JCEs grew by 26% to $187.0 million. Operating profit grew by 12% to $16.5 million and consolidated net profit attributable to Chi-Med equity holders from the Division increased 12% to $12.3 million. As a result of both sales growth and tightening of working capital, the China Healthcare Division was able to generate $15.3 million in net cash from its operating activities during the first half of 2012, compared to $3.0 million in the first half of 2011.

HBYS: HBYS has made good progress in growing overall JCE sales 25% to $120.5 million (H1 2011:

$96.2m). The growth was driven primarily by the expansion of HBYS's OTC distribution business which leverages the HBYS sales team to sell complementary third party OTC drugs recording sales of $20.4 million in the first half of 2012 as compared to nil in the first half of 2011.

Sales of our own Baiyunshan brand OTC products were marginally up 4% at $100.1 million (H1 2011: $96.2m). This was a carry-over from the price increases that were taken on Banlangen granules ("BLG") and Fu Fang Dan Shen tablets ("FFDS") over the past two years. These price increases, combined with a reduction in marketing spending, served effectively to protect HBYS profit margins against the dramatic raw material inflation but inevitably subdued sales growth on these generic, albeit highly branded, OTC drugs. We believe HBYS is through the worst of the disruption as the price of the main raw material in BLG has reverted back to pre-2010 levels and the price of San Qi, the main ingredient in FFDS, is expected to begin normalising over the balance of 2012. HBYS has taken several steps to ensure that raw material supply for both BLG and FFDS is less susceptible to future raw material price swings, by both vertically integrating supply and by establishing cultivation co-operations.

SHPL: Our prescription drug business continues to grow strongly, with first half JCE sales up 30% to $63.4 million (H1 2011: $48.7m). This growth continues to be driven by the outstanding performance of both She Xiang Bao Xin pill ("SXBXP"), our proprietary prescription cardiovascular drug, and the SHPL commercial team -- which continues to gain ground through new geographic and sales channel expansion and in winning market share from our key competitors with superior marketing execution in mature markets.

The SHPL commercial team now numbers over 1,400 medical sales representatives in China which enables the promotion of SXBXP not just in hospitals in provincial capitals and medium-sized cities, but also in the majority of county level hospitals in China. SHPL has created an innovative marketing and promotion model that has dedicated teams covering all key channels such as major hospitals; community clinics; county hospitals; the OTC channel; patient education; wholesale and secondary/tertiary distribution. Key to all SHPL marketing communications is a strong flow of quality academic research on SXBXP published in Chinese and international medical research journals. Recognition and awards is also an important marketing tool and in 2012, SXBXP received the First-class prize of Shanghai Science and Technology Award for Scientific Technology Advancement, the only drug to receive this award and a great boost to SXBXP's image and reputation. The effect of all these marketing programmes can be seen in the increase in SXBXP's average market share among the main traditional Chinese medicine cardiovascular prescription drugs in Shanghai to 35.0% in the first 5 months of 2012 as compared to 29.6% in the same period in 2010 (Shanghai Food and Drug Administration Science and Technology Information Research Centre).

SXBXP remains listed on the new national Essential Medicines List issued by the Ministry of Health in China in August 2009. All state-owned health institutions in urban and rural China will be required to give priority to the listed drugs by 2020. SXBXP had its Type-A status renewed in the latest Medicines Catalogue announced by the Ministry of Human Resources and Social Security in China in 2009, which means it is fully reimbursed in all provinces under the national medical insurance, labour injury insurance and child birth insurance systems in China. SHPL's compound annual sales growth of 39% over the past five years has clearly demonstrated its outstanding operational capability in the prescription drug market.

HHL: Sales in the HHL infant nutrition business declined 13% to $3.1 million (H1 2011: $3.5m) in the first half of 2012 due to a continued tightening of working capital and the focus of our HHL commercial team on the China launch of our organic infant formula product. The Zhi Ling Tong brand does however remain popular and its obstetrics and gynaecology hospital, mother/baby store channel and drug store commercial operations are well established.

Expanding Production: Since our listing in 2006, the sales of our China Healthcare Division's subsidiaries and JCEs have more than tripled, from $56.1 million in the first 6 months of 2006 to $187.0 million in the first 6 months of 2012. We now need to expand our production capacity and we intend to move, expand, and upgrade our SHPL and HBYS factories to new China Good Manufacturing Practice standards for pharmaceutical products, which will become a requirement for certain pharmaceutical products in China starting in late 2013 and for all pharmaceutical products by the end of 2015.

The two existing factories of our JCEs occupy land in prime development locations in Shanghai and Guangzhou: an approximately 57,000-square-metre site for SHPL, located about 13 kilometres from

the Shanghai city centre; and an approximately 89,000-square-metre site for HBYS (after relinquishing about 7,000 square metres to the local government for road expansion purposes) is located about 9 kilometres from the Guangzhou city centre. Both sites are close to metro lines. We are working with our JCEs, being the land use rights owners to these two parcels of land, towards ensuring the most efficient relocation plans are in place which maximise financial returns to the JCEs through compensation and possible property development carried interest. At a minimum, we believe, based on market precedent and third party evaluations, the cost of establishing the new and expanded production sites will be covered by compensation that such JCEs should receive from the local governments in return for release of the land use rights on their existing sites.

Broadening Operations: We have previously stated that we believe our China Healthcare Division commercial platforms in prescription and OTC drugs are ready to be used to market and sell broader product lines including complementary third party drugs. HBYS has achieved great success in this area through its subsidiary, Nanyang Baiyunshan Hutchison Whampoa Guanbao Pharmaceutical Company Limited ("NBHG") and we intend to both broaden the activities of NBHG and potentially establish further co-operations in this area.

Drug R&D Division

HMP has a team of about 170 scientists and staff focusing on discovery and development of novel drugs in the therapeutic areas of oncology and immunology. For the first half of 2012, revenue for HMP was $3.0 million (H1 2011: $1.6m) and net loss attributable to Chi-Med equity holders was $4.5 million (H1 2011: -$7.8 million). HMP moved forward all aspects of its oncology pipeline during the period while making final preparations for the Phase III trial on HMPL-004.

Our HMP organisation is set up to support research and development of our drug candidates against targets, generally proteins or enzymes, involved in the pathogenesis of cancer or inflammation. We employ a diversified portfolio approach focusing on three areas: 1) synthetic compounds against novel targets (e.g. Volitinib and HMPL-518); 2) synthetic compounds against validated targets (e.g. Sulfatinib, Fruquintinib, Epitinib, and Theliatinib); and 3) botanical drugs against multiple targets (e.g. HMPL-004). China is our focus; however compounds which show clear differentiation and superiority in the clinic in China will be developed and commercialised globally through partnership.

Product Pipeline Progress

HMPL-004: Our lead drug candidate, HMPL-004, is now ready to initiate global Phase III trials in mild-to-moderate ulcerative colitis. Progress to this position has been achieved through extensive internal preparation, project de-risking, and dialogue with the United States Food and Drug Administration ("FDA") over the past 24 months, including: Type C meeting held on Chemistry, Manufacturing, Controls; Type B end-of-phase II meeting; Type A Phase III ulcerative colitis special protocol assessment meeting; and a Type C clinical pharmacology meeting. Furthermore, multiple meetings with the European regulatory agencies with regard to the Phase III ulcerative colitis trials have occurred and have helped design the Phase III trial to meet European regulatory requirements. HMP will now look to lock-down the partnership route for co-development and initiate the Phase III trial by late 2012. This timeline will allow us to take advantage of the heightened seasonal incidence of ulcerative colitis to get the patient recruitment on this Phase III trial off to a fast start.

Sulfatinib: Sulfatinib (HMPL-012) is a novel small molecule that selectively inhibits the tyrosine kinase activity associated with vascular endothelial growth factor ("VEGF") and fibroblast growth factor receptors. Pre-clinical data has shown that this compound is a potent suppressor of angiogenesis, an established approach in anticancer treatment. The first-in-human Phase I clinical trial is underway in China and has enrolled and treated 43 patients with drug given once or twice daily. Sulfatinib was well tolerated up to 300mg per day or 150mg twice daily and demonstrated preliminary anti-tumour activity in multiple cancer types, including liver cancer. HMP will continue dose escalation, after certain formulation adjustments are made, to the maximum tolerated dose over the next six or so months.

Fruquintinib: Fruquintinib (HMPL-013) is a novel small molecule compound to treat cancer that selectively inhibits VEGF receptors. Fruquintinib has shown highly potent inhibitory effects on multiple human tumour xenografts, including some refractory tumours such as pancreatic cancer and melanoma. The first-in-human Phase I clinical trial started in early 2011 and has enrolled and treated 29 patients in 6 different dose cohorts. Fruquintinib was well tolerated at doses up to 4mg once daily and demonstrated excellent pharmacokinetic properties. Very encouraging clinical activity including

partial response was observed in colorectal, lung and gastric cancer. Fruquintinib 4mg once daily was determined as the recommended Phase II dose and appeared to be safe and effective; we believe further clinical development of such regimen is warranted.

Epitinib: Epitinib (HMPL-813) is a highly potent inhibitor of the epidermal growth factor receptor ("EGFR") tyrosine kinase involved in tumour growth, invasion and migration. Epitinib has good kinase selectivity and demonstrated a broad spectrum of anti-tumour activity via oral dosing in multiple xenografts in preclinical studies. The first-in-human Phase I clinical trial started in late 2011 and is progressing as planned with completion expected by early 2013.

Volitinib: Volitinib (HMPL-504) is a novel targeted therapy and inhibitor of the c-Met receptor tyrosine kinase for the treatment of cancer. The c-Met (also known as HGFR) signalling pathway has specific roles particularly in normal mammalian growth and development; however this pathway has been shown to function abnormally in a range of different cancers. In December 2011 HMP signed a global licensing deal with AstraZeneca on Volitinib and then followed up with the start of a Phase I study in Australia during the period. A Volitinib IND application has also been submitted to the SFDA and is now under review.

Theliatinib: Theliatinib (HMPL-309) is an inhibitor of EGFR tyrosine kinase which has demonstrated much improved activity against resistant mutants and a unique tissue distribution profile. It has now been cleared by the SFDA to start Phase I clinical trials and is expected to do so shortly.

HMPL-518: HMPL-518 is a novel small molecule compound that is a potent and selective PI3K/mTOR dual inhibitor which potentially targets a variety of tumours including breast, lung, colon, brain, and lymphoma. HMPL-518 has strong differentiation from competitors and has excellent in vivo anti-tumour activity, favourable pharmacokinetic properties and an acceptable safety margin. HMPL-518 was formerly nominated as a candidate during the period and has now progressed into regulatory toxicity testing with IND submission expected early 2013. Given HMPL-518's novel target and our intention to progress rapidly, we intend initially to follow the Volitinib development pathway, starting its clinical development in Australia followed by China.

Discovery Program: HMP's internal discovery programs are moving forward as planned. Additional candidate selections are possible for one other small molecule immunology program later this year. The collaboration with Ortho-McNeil-Janssen Pharmaceuticals, Inc. is also progressing well.

Consumer Products Division

The performance of the continuing Consumer Products Division operations in the first half of 2012 was mixed, with overall sales growing 5% to $4.9 million (H1 2011: $4.7m) and net loss attributable to Chi-Med equity holders widening to $1.1 million (H1 2011: -$0.4m). Our strategy remains to leverage Chi-Med's commercial capability, and the retail presence of Hutchison Whampoa to build a "healthy living" focused consumer products group primarily in China. The demand for high quality health oriented consumer products is strong and our products are unique.

Hutchison Hain Organic: Our natural and organic products venture with The Hain Celestial Group, Inc. ("Hain") is involved in two main activities: 1) the exclusive regional distribution of a range of about 30 Hain brands of organic and natural products; and 2) the expansion of Zhi Ling Tong/Earth's Best® organic infant formula business in China.

Performance of the distribution business during the first half of 2012 continued to be strong with sales growing 38% to $3.7 million (H1 2011: $2.6m). Expansion came primarily from increased consumption in Hong Kong, where like-for-like consumer sales in PARKnSHOP, the leading supermarket chain in Hong Kong, were up 42%, as well as growth in sales through secondary distributors in the Philippines and China. This area of the business will continue to grow gradually as more and more Asian consumers look to high quality US sourced organic and natural products.

Progress on the Zhi Ling Tong/Earth's Best® infant formula product was disappointing. Sales, albeit compared to distributor and retail pipeline fill during early 2011, dropped to $0.2 million (H1 2011: $1.5m). We faced many challenges in the first half of 2012 such as intense competition from multinational players; lack of broad-scale understanding of organic products among consumers in China; packaging quality issues which hamstrung the launch; and miscalculations in over-stocking of the pipeline. All the lessons have been well learned and we are adjusting our strategy accordingly.

Encouragingly, actual consumption is growing, so we remain confident in the long-term attractiveness of this initiative.

Sen: In June 2012 we discontinued on-the-ground operations in the UK and closed all remaining Sen Shops, taking a $3.2 million charge, of which $1.2 million is non-cash. Consumers in the UK had markedly tightened spending on premium-priced health and beauty products and services since 2008 leading to a sales decline. This combined with increasing rents in London created an un-attractive and un-sustainable operating model. In France, where we are still selling premium-priced products in about 500 Perfumeries Marionnaud shops, sales grew 11% to $0.5 million with like-for-like consumer sales growth of 7%, which is solid given the difficult current economic back-drop in France.

We continue to focus our Sen strategy on selling beauty products in retail distribution channels and further migrating our Sen consumer proposition towards mass-market pricing and a wider expansion by leveraging the powerful synergy with the retail division of Hutchison Whampoa, A.S. Watson Group, the world's largest health, beauty and lifestyle retailer with 10,000 stores in 30 countries.

Summary

Each of our businesses is well positioned to deliver further growth in the second half of this year and beyond and we continue to work towards the objective of step-change progress in some areas.

Christian Hogg
Chief Executive Officer, 30 July 2012

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 11 to 36, which comprises the condensed consolidated statement of financial position of Hutchison China MediTech Limited and its subsidiaries as at 30 June 2012, and the related 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 months 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, 30 July 2012

Condensed Consolidated Income Statement

For the six months ended 30 June 2012

	Note	Unaudited Six months ended 30 June 2012 US$'000	2011 US$'000
Continuing operations			
Revenue	3	102,933	82,276
Cost of sales		(49,048)	(36,588)
Gross profit		53,885	45,688
Selling expenses		(29,961)	(24,643)
Administrative expenses		(16,999)	(17,779)
Other net operating income	4	241	373
Operating profit	5	7,166	3,639
Finance costs	6	(644)	(229)
Profit before taxation		6,522	3,410
Taxation charge	7	(2,921)	(2,556)
Profit for the period from continuing operations		3,601	854
Discontinued operation			
Loss for the period from discontinued operation	8	(3,191)	(735)
Profit for the period		410	119
Attributable to:			
Equity holders of the Company			
- Continuing operations		2,533	(700)
- Discontinued operation		(3,191)	(735)
		(658)	(1,435)
Non-controlling interests		1,068	1,554
		410	119
Earnings/(losses) per share for profit/(loss) from continuing operations attributable to equity holders of the Company for the period (US$ per share)			
- basic	9(a)	0.0489	(0.0135)
- diluted	9(b)	0.0482	(0.0135)
Losses per share for loss from continuing and discontinued operations attributable to equity holders of the Company for the period (US$ per share)	9(a)	(0.0127)	(0.0277)

Condensed Consolidated Statement Of Comprehensive Income

For the six months ended 30 June 2012

	Unaudited Six months ended 30 June	
	2012 US$'000	2011 US$'000
Profit for the period	410	119
Other comprehensive (loss)/income:		
Exchange translation differences	(864)	2,122
Total comprehensive (loss)/income for the period (net of tax)	(454)	2,241
Attributable to:		
Equity holders of the Company		
- Continuing operations	1,726	1,328
- Discontinued operation	(3,160)	(874)
	(1,434)	454
Non-controlling interests	980	1,787
	(454)	2,241

Condensed Consolidated Statement Of Financial Position

As at 30 June 2012

	Note	Unaudited 30 June 2012 US$'000	Audited 31 December 2011 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	22,699	23,277
Leasehold land		6,054	6,175
Goodwill		8,184	8,248
Other intangible assets	11	17,420	14,858
Investment in an associated company		31	31
Deferred tax assets		1,437	1,550
		55,825	54,139
Current assets			
Inventories		21,555	28,720
Trade and bills receivables	18	59,596	51,573
Other receivables and prepayments		6,571	5,063
Amount due from a related party	18	1,039	1,516
Cash and bank balances		54,366	53,763
		143,127	140,635
Total assets		198,952	194,774
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	12	51,986	51,743
Reserves		12,330	13,042
		64,316	64,785
Non-controlling interests		13,602	12,545
Total equity		77,918	77,330
LIABILITIES			
Current liabilities			
Trade payables	18	12,826	16,451
Other payables, accruals and advance receipts		44,073	35,568
Amount due to a related party	18	6,333	5,345
Bank borrowings	13	1,869	30,038
Current tax liabilities		1,159	1,074
		66,260	88,476
Non-current liabilities			
Deferred income	14	5,235	6,919
Deferred tax liabilities		2,478	1,911
Convertible preference shares	15	20,138	20,138
Bank borrowing	13	26,923	-
Total liabilities		121,034	117,444
Total equity and liabilities		198,952	194,774

Condensed Consolidated Statement Of Changes In Equity

For the six months ended 30 June 2012

	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 reserves US$'000	Accumulated losses US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
As at 1 January 2011	51,743	92,955	3,854	5,239	488	(94,727)	59,552	9,254	68,806
(Loss)/profit for the period	-	-	-	-	-	(1,435)	(1,435)	1,554	119
Other comprehensive income:									
Exchange translation differences	-	-	-	1,889	-	-	1,889	233	2,122
Total comprehensive income/(loss) for the period (net of tax)	-	-	-	1,889	-	(1,435)	454	1,787	2,241
Share-based compensation expenses	-	-	456	-	-	-	456	-	456
Transfer between reserves	-	-	(3)	-	8	(5)	-	-	-
Loan from a non-controlling shareholder of a subsidiary	-	-	-	-	-	-	-	2,000	2,000
As at 30 June 2011	51,743	92,955	4,307	7,128	496	(96,167)	60,462	13,041	73,503
As at 1 January 2012	51,743	92,955	4,748	8,650	496	(93,807)	64,785	12,545	77,330
(Loss)/profit for the period	-	-	-	-	-	(658)	(658)	1,068	410
Other comprehensive loss:									
Exchange translation differences	-	-	-	(776)	-	-	(776)	(88)	(864)
Total comprehensive (loss)/income for the period (net of tax)	-	-	-	(776)	-	(658)	(1,434)	980	(454)
Issue of shares (Note 12(a))	243	546	(326)	-	-	-	463	-	463
Share-based compensation expenses	-	-	502	-	-	-	502		502
Transfer between reserves	-	-	(118)	-	-	118	-	-	-
Capital contribution from non-controlling shareholders of a subsidiary of a jointly controlled entity	-	-	-	-	-	-	-	77	77
As at 30 June 2012	51,986	93,501	4,806	7,874	496	(94,347)	64,316	13,602	77,918

Condensed Consolidated Statement Of Cash Flows

For the six months ended 30 June 2012

	Note	Unaudited Six months ended 30 June 2012 US$'000	2011 US$'000
Cash flows from operating activities			
Net cash generated from/(used in) operations	16(a)	8,105	(6,355)
Interest received		215	64
Finance costs paid		(644)	(229)
Income tax paid		(2,156)	(1,287)
Net cash generated from/(used in) operating activities		5,520	(7,807)
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,759)	(832)
Acquisition of additional interest in a jointly controlled entity	16(b)	-	(46)
Payments for development costs		(2,632)	(2,734)
Capital contribution from non-controlling shareholders of a subsidiary of a jointly controlled entity	16(c)	77	-
Proceeds from disposal of property, plant and equipment		10	-
Net cash used in investing activities		(4,304)	(3,612)
Cash flows from financing activities			
Decrease in amount due from a non-controlling shareholder of a subsidiary		477	-
Decrease in amount due to a non-controlling shareholder of a subsidiary		-	(13)
Issue of shares, net of share issuance costs		463	-
New long-term bank loan		26,923	10,000
Repayment of short-term bank loans		(28,169)	(500)
Loan from a non-controlling shareholder of a subsidiary		-	2,000
Net cash (used in)/generated from financing activities		(306)	11,487
Net increase in cash and cash equivalents		910	68
Cash and cash equivalents at beginning of the period		53,763	45,310
Exchange differences		(307)	361
Cash and cash equivalents at end of the period		54,366	45,739
Analysis of cash and cash equivalents			
- Cash and bank balances		54,366	45,739

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 People's Republic of China (the "PRC") and sell mainly in the PRC, the United Kingdom ("UK"), France and Hong Kong.

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. 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 30 July 2012.

2 Summary of significant accounting policies

(a) Basis of preparation

The Company has a financial year end date of 31 December. These unaudited condensed interim accounts for the six months ended 30 June 2012 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 2011 (the "2011 annual accounts"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

(b) Significant accounting policies

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

The accounting policies and methods of computation used in the preparation of these condensed interim accounts are consistent with those used in the 2011 annual accounts, except for the adoption of the revised standards, amendments and interpretations issued by the International Accounting Standards Board that are relevant to the Group's operations and mandatory for annual periods beginning 1 January 2012. The effect of the adoption of these revised standards, amendments and interpretations was not material to the Group's results and financial position.

IFRS 11 "Joint Arrangements" was issued in May 2011 which required a party to a joint arrangement to determine the type of joint arrangement it is involved by assessing the contractual rights and obligations arising from the arrangement. Proportionate consolidation would no longer be allowed to account for the interests in joint ventures.

In accordance with IFRS 11, joint arrangements are classified into two types:

(i) Joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint operator shall recognise in relation to its interest in a joint operation i) its assets, including its share of any assets held jointly; ii) its liabilities, including its share of any liabilities incurred jointly; iii) its revenue from the sale of its share of the output arising from the joint operation; iv) its share of the revenue from the sale of the output by the joint operation; and v) its expenses, including its share of any expenses incurred jointly; and

2 Summary of significant accounting policies (Continued)

(b) Significant accounting policies (Continued)

(ii) Joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. A joint venturer shall recognise its interest in a joint venture as an investment and shall account for that investment using the equity method in accordance with IAS 28 Investments in Associates and Joint Ventures unless the entity is exempted from applying the equity method as specified in that standard.

Under the current rights and obligations of operations in the Group's jointly controlled entities ("JCE"), the management of the Group has assessed the existing arrangement and believed that these JCE would be regarded as joint ventures arrangement. As the Group is currently using proportionate consolidation to account for its interests in jointly controlled entities, management expects that the adoption of IFRS 11 would result in a change to the presentation of the Group's financial performance and position in its consolidated accounts. It is expected that the adoption of IFRS 11 would not result in a significant change in the Group's overall results and net assets.

The Group will adopt IFRS 11 on 1 January 2013. To demonstrate the potential impact on the change to the presentation of the Group's consolidated accounts, the estimated effect, as if IFRS 11 is adopted for the six months ended 30 June 2012, are summarised as follows:

(i) Estimated effect on the consolidated income statement for the six months ended 30 June 2012

	Increase/(decrease)
	US$'000
Income	(92,235)
Expenses	(78,575)
Share of profits less losses after tax of jointly controlled entities	13,660
Profit for the period	-

(ii) Estimated effect on the consolidated statement of financial position as at 30 June 2012

	Increase/(decrease)
	US$'000
Non-current assets	46,988
Current assets	(93,780)
Non-current liabilities	(3,138)
Current liabilities	(43,654)

(iii) Estimated effect on the consolidated statement of cash flows for the six months ended 30 June 2012

	Increase/(decrease)
	US$'000
Cash flows from operating activities	(12,643)
Cash flows from investing activities	1,464
Cash flows from financing activities	-
Net decrease in cash and cash equivalents	(22,209)

Notes To The Condensed Interim Accounts

3 Revenue and segment information

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

	Six months ended 30 June	
	2012	2011
	US$'000	US$'000
Continuing operations:		
Sales of goods	99,935	80,668
Income from research and development projects (note)	2,998	1,608
	102,933	82,276
Discontinued operation:		
Sales of goods	175	240
Other service income	19	741
	103,127	83,257

Note:

Income from research and development projects include upfront income of US$2.3 million (30 June 2011: nil) from a global licensing, co-development and commercialisation agreement (Note 14) and income from the provision of research and development services of US$0.7 million (30 June 2011: US$1.6 million).

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 products, prescription products and health supplements products.
- Drug research and development ("Drug R&D"): relates mainly to drug discoveries and other pharmaceutical research and development activities, and the provision of research and development services.
- Consumer products: relates to sales of health oriented consumer products and services.

China healthcare and Drug R&D segments are primary located in the PRC and the locations for consumer products segment are further segregated into the PRC, UK, France and Hong Kong.

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)").

In June 2012, the Group discontinued its consumer products operation in UK. Details of the discontinued operation are included in Note 8.

Notes To The Condensed Interim Accounts

3 Revenue and segment information (Continued)

The segment information for the reportable segments for the period is as follows:

Continuing operations

	As at and for the six months ended 30 June 2012								
	China healthcare	Drug R&D	Consumer products				Reportable segment		
	PRC	PRC	PRC	UK	France	Hong Kong	Total	Unallocated	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Revenue from external customers	95,025	2,998	346	-	525	4,039	102,933	-	102,933
EBIT/(LBIT)	16,381	(4,548)	(463)	-	(411)	(713)	10,246	(3,295)	6,951
Interest income	73	89	1	-	-	1	164	51	215
Operating profit/(loss)	16,454	(4,459)	(462)	-	(411)	(712)	10,410	(3,244)	7,166
Finance costs	171	-	-	-	-	-	171	473	644
Additions to non-current assets (other than financial instrument and deferred tax assets)	1,542	2,847	3	-	1	6	4,399	13	4,412
Depreciation/ amortisation	1,195	839	1	-	-	9	2,044	7	2,051
Total assets	138,734	37,394	4,681	-	536	4,869	186,214	12,359	198,573

Notes To The Condensed Interim Accounts

3 Revenue and segment information (Continued)

Discontinued operation

	As at and for the six months ended 30 June 2012								
	China healthcare	Drug R&D	Consumer products				Reportable segment		
	PRC	PRC	PRC	UK	France	Hong Kong	Total	Unallocated	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Revenue from external customers	-	-	-	194	-	-	194	-	194
LBIT	-	-	-	(3,191)	-	-	(3,191)	-	(3,191)
Interest income	-	-	-	-	-	-	-	-	-
Operating loss	-	-	-	(3,191)	-	-	(3,191)	-	(3,191)
Finance costs	-	-	-	-	-	-	-	-	-
Additions to non-current assets (other than financial instrument and deferred tax assets)	-	-	-	-	-	-	-	-	-
Depreciation/ impairment	-	-	-	144	-	-	144	-	144
Total assets	-	-	-	379	-	-	379	-	379

Notes To The Condensed Interim Accounts

3 Revenue and segment information (Continued)

Continuing operations

	As at and for the six months ended 30 June 2011								
	China healthcare	Drug R&D	Consumer products				Reportable segment		
	PRC	PRC	PRC	UK	France	Hong Kong	Total	Unallocated	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Revenue from external customers	76,004	1,608	1,477	-	472	2,715	82,276	-	82,276
EBIT/(LBIT)	14,651	(7,847)	186	-	(236)	(246)	6,508	(2,933)	3,575
Interest income	55	2	1	-	-	1	59	5	64
Operating profit/(loss)	14,706	(7,845)	187	-	(236)	(245)	6,567	(2,928)	3,639
Finance costs	126	-	-	-	-	-	126	103	229
Additions to non-current assets (other than financial instrument and deferred tax assets)	498	3,108	-	-	-	27	3,633	3	3,636
Depreciation/ amortisation	1,239	821	-	-	1	6	2,067	8	2,075
Total assets	119,876	29,986	3,845	-	1,532	7,636	162,875	16,993	179,868

Notes To The Condensed Interim Accounts

3 Revenue and segment information (Continued)

Discontinued operation

	As at and for the six months ended 30 June 2011								
	China healthcare	Drug R&D	Consumer products				Reportable segment		
	PRC	PRC	PRC	UK	France	Hong Kong	Total	Unallocated	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Revenue from external customers	-	-	-	981	-	-	981	-	981
LBIT	-	-	-	(735)	-	-	(735)	-	(735)
Interest income	-	-	-	-	-	-	-	-	-
Operating loss	-	-	-	(735)	-	-	(735)	-	(735)
Finance costs	-	-	-	-	-	-	-	-	-
Additions to non-current assets (other than financial instrument and deferred tax assets)	-	-	-	-	-	-	-	-	-
Depreciation/ impairment	-	-	-	124	-	-	124	-	124
Total assets	-	-	-	2,720	-	-	2,720	-	2,720

Revenue from external customers is after elimination of inter-segment sales. The amount eliminated attributable to consumer products segment from UK to France is US$340,000 (30 June 2011: US$238,000) and from Hong Kong to the PRC is US$38,000 (30 June 2011: US$713,000).

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 cash at banks and deferred tax assets.

As at 30 June 2012, total non-current assets other than investment in an associated company and deferred tax assets located in the PRC, UK, France and Hong Kong were US$54,281,000 (30 June 2011: US$52,989,000), US$nil (30 June 2011: US$257,000), US$1,000 (30 June 2011: US$2,000) and US$75,000 (30 June 2011: US$140,000) respectively.

Notes To The Condensed Interim Accounts

3 Revenue and segment information (Continued)

A reconciliation of EBIT for reportable segments to profit before taxation and discontinued operation is provided as follows:

	Six months ended 30 June	
	2012 US$'000	2011 US$'000
EBIT	10,246	6,508
Unallocated expenses	(3,295)	(2,933)
Interest income	215	64
Finance costs	(644)	(229)
Profit before taxation and discontinued operation	6,522	3,410

4 Other net operating income

	Six months ended 30 June	
	2012 US$'000	2011 US$'000
Continuing operations:		
Interest income	215	64
Net foreign exchange (losses)/gains	(35)	65
Government incentives	68	59
Other operating income	487	197
Other operating expenses	(494)	(12)
	241	373

5 Operating profit

Operating profit is stated after charging the following:

	Six months ended 30 June	
	2012 US$'000	2011 US$'000
Continuing operations:		
Amortisation of trademarks and patents recognised in administrative expenses	3	85
Amortisation of leasehold land	72	72
Cost of inventories recognised as expense	48,641	36,239
Depreciation on property, plant and equipment	1,976	1,918
Employee benefit expenses	16,736	15,663
Loss on disposal of property, plant and equipment	21	-
Operating lease rentals in respect of land and buildings	560	707
Provision for inventories	305	112
Research and development expense	1,586	3,223

Notes To The Condensed Interim Accounts

6 Finance costs

	Six months ended 30 June	
	2012 US$'000	2011 US$'000
Continuing operations:		
Interest expense on bank loans	410	229
Guarantee fee on bank loan	234	-
	644	229

7 Taxation charge

	Six months ended 30 June	
	2012 US$'000	2011 US$'000
Continuing operations:		
Current tax		
- PRC	2,241	2,143
Deferred income tax	680	413
Taxation charge	2,921	2,556

(a) The Group has no estimated assessable profit in Hong Kong and France for the period (2011: nil).

(b) Hutchison MediPharma Limited ("HMPL"), a subsidiary of the Group, has been granted Technology Advancement Service Entity status and is subject to a preferential income tax rate of 15% for three years and is renewable in 2013 subject to approval by the relevant tax authorities.

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 by year 2012 and thereafter the company will be subject to an income tax rate of 25%.

In addition, Hutchison Whampoa Guangzhou Baiyunshan Chinese Medicine Company Limited ("HBYS") and Shanghai Hutchison Pharmaceuticals Limited, jointly controlled entities of the Group, have been granted High and New Technology Enterprise status ("HNTE status") and accordingly are subject to a preferential income tax rate of 15% (2011: 15%) for the year 2012. The HNTE status is renewable in year 2014 subject to approval by the relevant tax authorities.

Notes To The Condensed Interim Accounts

8 Results and cash flows of discontinued operation

In June 2012, the Group discontinued its consumer products operation in UK, which represented a geographical area of the Group's business, as the product line performed below expectation in light of increased competitive activities in the consumer products market. The Group will have no operation in UK after the discontinued of this operation.

The results and cash flows of the discontinued operation are set out below. The 2011 comparative figures in the consolidated income statement have also been reclassified to conform to the current year presentation.

	Six months ended 30 June	
	2012 US$'000	2011 US$'000
Income	440	1,071
Expenses (note)	(3,631)	(1,806)
Loss before taxation from discontinued operation	(3,191)	(735)
Taxation charge	-	-
Loss for the period from discontinued operation	(3,191)	(735)
Cash flows from discontinued operation		
Net cash flows from operating activities	(337)	(1,721)
Net cash flows from investing activities	10	-
Net cash flows from financing activities	-	-
Net cash flows	(327)	(1,721)

Note:

Expenses include:		
Cost of inventories recognised as expense	481	346
Depreciation on property, plant and equipment	70	124
Employee benefit expenses	986	778
Impairment of assets	74	-
Loss on disposal of property, plant and equipment	-	103
Operating lease rentals in respect of land and buildings	455	562
Provision for inventories	1,147	-
Provision for unexpired leases	378	-

Notes To The Condensed Interim Accounts

9 Earnings/(losses) per share

(a) Basic earnings/(losses) per share

Basic earnings/(losses) per share is calculated by dividing the profit/(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	
	2012	2011
Weighted average number of ordinary shares in issue	51,810,058	51,743,153
Profit/(loss) for the period attributable to equity holders of the Company		
- Continuing operations (US$'000)	2,533	(700)
- Discontinued operation (US$'000)	(3,191)	(735)
	(658)	(1,435)
Earnings/(losses) per share attributable to equity holders of the Company		
- Continuing operations (US$ per share)	0.0489	(0.0135)
- Discontinued operation (US$ per share)	(0.0616)	(0.0142)
	(0.0127)	(0.0277)

(b) Diluted earnings/(losses) per share

Diluted earnings/(losses) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of the share options that have been granted under the Company's share option scheme to reflect the dilutive potential ordinary shares of the Company. A calculation is prepared to determine the number of shares that could have been acquired at fair value (determines as the average market share price of the Company's shares over the period) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of share options.

	Six months ended 30 June	
	2012	2011
Continuing operations:		
Profit/(loss) for the period attributable to equity holders of the Company (US$'000)	2,533	(700)
Weighted average number of outstanding ordinary shares in issue	51,810,058	51,743,153
Adjustment for share options (note)	762,626	-
	52,572,684	51,743,153
Diluted earnings/(losses) per share attributable to equity holders of the Company (US$ per share)	0.0482	(0.0135)

Note:
The outstanding employee share options as at 30 June 2011 has no dilutive effect on the basic losses per share.

Notes To The Condensed Interim Accounts

9 Earnings/(losses) per share (Continued)

(b) Diluted earnings/(losses) per share (Continued)

	Six months ended 30 June	
	2012	2011
Discontinued operation:		
Loss for the period attributable to equity holders of the Company (US$'000)	(3,191)	(735)
Weighted average number of outstanding ordinary shares in issue	51,810,058	51,743,153
Adjustment for share options (note)	762,626	-
	52,572,684	51,743,153
Diluted losses per share attributable to equity holders of the Company (US$ per share)	(0.0607)	(0.0142)

Note:
The outstanding employee share options as at 30 June 2011 has no dilutive effect on the basic losses per share.

10 Property, plant and equipment

	Six months ended 30 June	
	2012 US$'000	2011 US$'000
Net book value as at 1 January	23,277	23,918
Additions	1,759	832
Disposals	(31)	(103)
Depreciation for the period	(2,120)	(2,042)
Exchange differences	(186)	610
Net book value as at 30 June	22,699	23,215

As at 30 June 2012, the net book value of buildings pledged as security for the short-term bank borrowing amounted to US$164,000 (30 June 2011: nil) (Note 13).

11 Other intangible assets

Other intangible assets include trademarks, patents and others and development costs. Movement in other intangible assets during the period is as follows:

	Six months ended 30 June	
	2012 US$'000	2011 US$'000
Net book value as at 1 January	14,858	10,312
Additions	2,653	2,734
Amortisation	(3)	(85)
Exchange differences	(88)	138
Net book value as at 30 June	17,420	13,099

Notes To The Condensed Interim Accounts

11 Other intangible assets (Continued)

During the period ended 30 June 2012, the Group capitalised additional development costs totalling US$2,653,000 (30 June 2011: US$2,734,000) in respect of a drug candidate for which management is 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, patent and others 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 is of the opinion that there is no indication of impairment on these assets as of 30 June 2012.

12 Share capital

(a) Authorised and issued share capital

	Number of shares of US$1 each	Nominal amount US$'000
Authorised:		
As at 1 January 2011, 30 June 2011, 1 January 2012 and 30 June 2012	75,000,000	75,000

	Number of shares	US$'000
Issued and fully paid:		
As at 1 January 2011, 30 June 2011 and 1 January 2012	51,743,153	51,743
Issue of shares under the Company's share option scheme (note)	243,320	243
As at 30 June 2012	51,986,473	51,986

Note:

Issue date	9 January 2012	14 June 2012
Number of ordinary share of US$1 each allotted and issued by the Company	51,212	192,108
Issue price (£)	1.09	1.26
Aggregate cash consideration (US$'000)	86	377
Weighted average share price at the exercise date (£)	3.68	3.98

All the above new shares rank pari passu in all respects with the then existing shares.

Notes To The Condensed Interim Accounts

12 Share capital (Continued)

(b) Share option schemes

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

The following share options were outstanding under the HCML Share Option Scheme as at 30 June 2012:

Name or category of participants	Effective date of grant of share options	Exercise period of share options	Exercise price of share options	Number of shares subject to the options
Directors				
Christian Hogg	19 May 2006 (notes (i) & (ii))	On Admission to 3 June 2015	£1.090	768,182
Johnny Cheng	25 August 2008 (note (iii))	From 25 August 2008 to 24 August 2018	£1.260	64,038
Employees in aggregate	19 May 2006 (notes (i) & (ii))	On Admission to 3 June 2015	£1.090	76,818
	11 September 2006 (note (ii))	From 11 September 2006 to 18 May 2016	£1.715	80,458
	18 May 2007 (note (iv))	From 18 May 2007 to 17 May 2017	£1.535	52,182
	28 June 2010 (note (iii))	From 28 June 2010 to 27 June 2020	£3.195	102,628
	1 December 2010 (note (iii))	From 1 December 2010 to 30 November 2020	£4.967	227,600
	24 June 2011 (note (iii))	From 24 June 2011 to 23 June 2021	£4.405	150,000
				1,521,906

Notes To The Condensed Interim Accounts

12 Share capital (Continued)

(b) Share option schemes (Continued)

(i) Share option scheme of the Company (Continued)

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2012		2011	
	Average exercise price in £ per share	Number of options	Average exercise price in £ per share	Number of options
As at 1 January	2.06	1,765,226	1.84	1,615,226
Granted	-	-	4.41	150,000
Exercised	1.22	(243,320)	-	-
As at 30 June	2.19	1,521,906	2.06	1,765,226

The Company has no legal or constructive obligation to repurchase or settle the share options in cash. Save as mentioned above, no other share options under the HCML Share Option Scheme were granted, cancelled, exercised or lapsed during the six months ended 30 June 2012.

Notes:

(i) The share options were granted on 4 June 2005, conditionally upon the Company's Admission which took place on 19 May 2006.

(ii) The share options granted to certain founders of the Company are subject to, amongst other relevant vesting criteria, the vesting schedule of 50% on 19 May 2007 and 25% on each of 19 May 2008 and 19 May 2009. The share options granted to non-founders of the Company are subject to, amongst other relevant vesting criteria, the vesting schedule of one-third on each of 19 May 2007, 19 May 2008 and 19 May 2009.

(iii) The share options granted are subject to, amongst other relevant vesting criteria, the vesting schedule of 25% on each of the first, second, third and fourth anniversaries of the date of grant of share options.

(iv) The share options granted are subject to, amongst other relevant vesting criteria, the vesting schedule of one-third on each of the first, second and third anniversaries of the date of grant of share options.

(v) As at 30 June 2012, the fair value of share options in connection with the 1,521,906 share options outstanding as at the same date remain unvested was amounting to £330,000 (equivalent to US$514,000). The amount is to be recognised as expense of the Group over the remaining vesting periods of the relevant share options as mentioned in the note (iii) above. The amount recognised as expenses for the period ended 30 June 2012 amounted to US$240,000 (2011: US$251,000).

Notes To The Condensed Interim Accounts

12 Share capital (Continued)

(b) Share option schemes (Continued)

(i) Share option scheme of the Company (Continued)

The fair value of options granted under the HCML Share Option Scheme determined using the Binomial Model is as follows:

	Effective date of grant of share options						
	19 May 2006	11 September 2006	18 May 2007	25 August 2008	28 June 2010	1 December 2010	24 June 2011
Value of each share option	£1.546	£0.553	£0.533	£0.569	£1.361	£1.995	£1.841
Significant inputs into the valuation model:							
Exercise price	£1.090	£1.715	£1.535	£1.260	£3.195	£4.967	£4.405
Share price at effective grant date	£2.5050	£1.7325	£1.5400	£1.2600	£3.1500	£4.6000	£4.3250
Expected volatility (notes (i) to (iv))	38.8%	38.8%	40.0%	35.0%	49.9%	48.4%	46.6%
Risk-free interest rate	4.540%	4.766%	5.098%	4.700%	3.340%	3.360%	3.130%
Expected life of options	1.2 to 3.9 years	3.4 to 5.3 years	3.9 to 5.7 years	7.1 to 8.0 years	6.25 years	6.25 years	6.25 years
Expected dividend yield	0%	0%	0%	0%	0%	0%	0%

Notes:

(i) For share options granted on or before 18 May 2007, the volatility of the underlying stock during the life of the options is estimated based on the historical volatility of the comparable companies for the past one to two years as of the valuation date, that is, the effective grant date, since there were no or only a relatively short period of trading record of the Company's shares at the respective grant dates.

(ii) For share options granted on 25 August 2008, the volatility of the underlying stock during the life of the options is estimated with reference to the volatility of the Company two years prior to the issuance of share options.

(iii) For share options granted on 28 June 2010 and 1 December 2010 the volatility of the underlying stock during the life of the options is estimated with reference to the volatility of the Company four years prior to the issuance of share options.

(iv) For share options granted on 24 June 2011, the volatility of the underlying stock during the life of the options is estimated with reference to the volatility of the Company five years prior to the issuance of share options.

Notes To The Condensed Interim Accounts

12 Share capital (Continued)

(b) Share option schemes (Continued)

(ii) Share option scheme of a subsidiary – Hutchison MediPharma Holdings Limited ("HMHL") (the "HMHL Share Option Scheme")

The following share options were outstanding under the HMHL Share Option Scheme as at 30 June 2012:

Category of participants	Effective date of grant of share options	Exercise period of share options	Exercise price of share options	Number of shares subject to the options
Employees in aggregate	6 August 2008 (note (i))	From 6 August 2008 to 5 August 2014	US$1.28	1,483,000
	5 October 2009 (note (i))	From 5 October 2009 to 4 October 2015	US$1.52	239,000
	3 May 2010 (note (i))	From 3 May 2010 to 2 May 2016	US$2.12	360,000
	2 August 2010 (note (i))	From 2 August 2010 to 1 August 2016	US$2.24	266,000
	22 November 2010 (note (i))	From 22 November 2010 to 21 November 2016	US$2.36	240,000
	18 April 2011 (note (i))	From 18 April 2011 to 17 April 2017	US$2.36	637,517
				3,225,517

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2012		2011	
	Average exercise price in US$ per share	Number of options	Average exercise price in US$ per share	Number of options
As at 1 January	1.73	4,050,607	1.48	5,593,500
Granted	-	-	2.36	1,342,769
Lapsed	1.60	(825,090)	1.28	(142,500)
As at 30 June	1.76	3,225,517	1.65	6,793,769

The Group has no legal or constructive obligation to repurchase or settle the share options in cash. 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 2012.

Notes To The Condensed Interim Accounts

12 Share capital (Continued)

(b) Share option schemes (Continued)

(ii) Share option scheme of a subsidiary – HMHL (Continued)

Notes:

(i) The share options granted are subject to, amongst other relevant vesting criteria, the vesting schedule of 25% on each of the first, second, third and fourth anniversaries of the date of grant of share options.

(ii) As at 30 June 2012, the fair value of share options in connection with the 3,225,517 share options outstanding as at the same date remain unvested was amounting to US$372,000. The amount is to be recognised as expense of the Group over the remaining vesting periods of the relevant share options as mentioned in the note (i) above. The amount recognised as expenses for the period ended 30 June 2012 amounted to US$241,000 (2011: US$205,000) of which US$21,000 has been capitalised as intangible assets during the year (Note 11).

The fair value of options granted under the HMHL Share Option Scheme determined using the Binomial Model is as follows:

	Effective date of grant of share options					
	6 August 2008	5 October 2009	3 May 2010	2 August 2010	22 November 2010	18 April 2011
Value of each share option	US$0.034	US$0.027	US$0.361	US$0.258	US$0.900	US$0.923
Significant inputs into the valuation model:						
Exercise price	US$1.280	US$1.520	US$2.120	US$2.240	US$2.360	US$2.360
Share price at effective grant date	US$0.270	US$0.261	US$1.098	US$1.030	US$2.048	US$2.048
Expected volatility (note)	53%	53%	54%	49%	55%	55%
Risk-free interest rate	3.293%	2.564%	2.772%	2.007%	1.790%	2.439%
Expected life of options	4.6 to 5.8 years	6 years	6 years	6 years	6 years	6 years
Expected dividend yield	0%	0%	0%	0%	0%	0%

Note:

The volatility of the underlying stock during the life of the options is estimated based on the historical volatility of the comparable companies for the past one to seven years as of the valuation date, that is, the effective grant date.

13 Bank borrowings

The long-term bank loan is unsecured, interest bearing and guaranteed by Hutchison Whampoa Limited, a company incorporated and listed in Hong Kong and as the ultimate holding company of the Company.

As at 30 June 2012, a short-term bank loan is secured to the extent of US$305,000 by certain leasehold land and buildings of a subsidiary of a jointly controlled entity (Note 10). The other short-term bank loan is unsecured and interest bearing. The carrying amount of these bank loans approximates their fair values.

Notes To The Condensed Interim Accounts

14 Deferred income

In 2011, the Group entered into a global licensing, co-development and commercialisation agreement in respect of its research and development project with a third party for which an initial cash payment of US$20 million ("Upfront Income") was received by the Group. The Group will receive further milestones income contingent upon the successful achievement of clinical development and future commercialisation of the products. Deferred income represents the non-current portion of Upfront Income of US$2.3 million (30 June 2011: nil) and government incentives of US$2.9 million (30 June 2011: US$1.4 million) received by the Group and its jointly controlled entities in relation to certain research and development projects.

15 Convertible preference shares

In 2010, HMHL, a subsidiary of the Company, issued an aggregate number of 7,390,029 convertible preference shares at US$2.725 each to two independent third parties for a total cash consideration of approximately US$20.1 million. These preference shares shall be convertible into a variable number of ordinary shares of HMHL subject to, amongst other terms and conditions as set out in the relevant agreements, an adjustment event that the occurrence or non-occurrence has not yet been determined at the inception date. Consequently, the convertible preference shares are classified as financial liabilities at the reporting date. These convertible preference shares will be reclassified as equity of the relevant subsidiary when the relevant aforementioned conditions are met.

16 Notes to condensed consolidated statement of cash flows

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

	Six months ended 30 June	
	2012 US$'000	2011 US$'000
Profit for the period	410	119
Adjustments for:		
Taxation charge	2,921	2,556
Share-based compensation expenses	481	456
Amortisation of trademarks and patents	3	85
Amortisation of leasehold land	72	72
Provision for inventories	1,452	112
Depreciation on property, plant and equipment	2,120	2,042
Loss on disposal of property, plant and equipment	21	103
Interest income	(215)	(64)
Finance costs	644	229
Exchange differences	(170)	647
Operating profit before working capital changes	7,739	6,357
Changes in working capital:		
- decrease in inventories	5,713	3,930
- increase in trade and bills receivables	(8,023)	(23,156)
- increase in other receivables and prepayments	(1,508)	(738)
- (decrease)/increase in trade payables	(3,625)	614
- increase in other payables, accruals and advance receipts	8,505	6,097
- decrease in deferred income	(1,684)	(527)
- increase in amount due to immediate holding company	988	1,068
Net cash generated from/(used in) operations	8,105	(6,355)
Attributable to:		
Continuing operations	8,442	(4,624)
Discontinued operation	(337)	(1,731)
	8,105	(6,355)

Notes To The Condensed Interim Accounts

16 Notes to condensed consolidated statement of cash flows (Continued)

(b) Acquisition of additional interest in a jointly controlled entity

In 2011, HMPL, a subsidiary of the Group, acquired a 50% interest in the enlarged capital of Qing Yuan Baiyunshan Hutchison Whampoa ChuanXinLian R&D Limited ("CXL") by injection of RMB 2 million (equivalent to US$308,000) to CXL as additional capital. CXL was formerly a wholly-owned subsidiary of HBYS, which is a jointly controlled entity of the Group. After the transaction, the Group's effective interest in CXL increased from 40% to 70%.

(c) Capital contribution from non-controlling shareholders of a subsidiary of a jointly controlled entity

During the period, HBYS, a jointly controlled entity of the Group, established a subsidiary with 51% interest by injection of RMB1,020,000 (equivalent to US$161,000) and RMB980,000 (equivalent to US$154,000) contributed by non-controlling shareholders as share capital.

17 Capital commitments

The Group had the following capital commitments at the reporting date:

	30 June 2012 US$'000	31 December 2011 US$'000
Property, plant and equipment		
Authorised but not contracted for	-	-
Contracted but not provided for	180	174
	180	174

18 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	
	2012 US$'000	2011 US$'000
Sales of goods to		
- Fellow subsidiaries	3,406	2,886
Purchase of goods from		
- A non-controlling shareholder of a subsidiary	2,249	2,551
Rendering of marketing services from		
- Fellow subsidiaries	401	-
Management service fee to		
- An intermediate holding company	457	439

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).

Notes To The Condensed Interim Accounts

18 Significant related party transactions (Continued)

	30 June 2012 US$'000	31 December 2011 US$'000
Balances with related parties included in:		
Amount due from a related party:		
- A non-controlling shareholder of a subsidiary (note (i))	1,039	1,516
Trade receivables from related parties:		
- Fellow subsidiaries (note (ii))	2,387	3,514
Trade payable to a related party:		
- A non-controlling shareholder of a subsidiary (note (ii))	1,567	3,295
Other payables and accruals to related parties		
- Fellow subsidiaries (note (ii))	373	407
Amount due to related party:		
- Immediate holding company (note (ii))	6,333	5,345
Non-controlling shareholders:		
- Loan from non-controlling shareholders of subsidiaries (note (iii))	4,379	4,379

Notes:

(i) The amount due from a non-controlling shareholder of a subsidiary is denominated in US dollars and interest bearing. The amount is wholly repayable before December 2012 and is secured by the shareholder's 20% equity interest in Hutchison BYS (Guangzhou) Holding Limited, an 80% owned subsidiary of the Group.

(ii) Other balances with related parties are unsecured, interest-free and are repayable on demand. The carrying values of balances with related parties approximate their fair values due to their short-term maturities.

(iii) Loans from non-controlling shareholders of subsidiaries are unsecured, interest-free and are regarded as equity in nature. These loans are recorded in non-controlling interests.