Hutchison Whampoa Limited

(incorporated in Hong Kong with limited liability)
(Stock Code: 13)

OVERSEAS REGULATORY ANNOUNCEMENT

Please refer to the attached announcement of Hutchison China MediTech Limited, which is listed on the Alternative Investment Market operated by the London Stock Exchange and a 70.9% owned subsidiary of Hutchison Whampoa Limited.

As at the date of this announcement, the Directors of the Company are:

Executive Directors:
Mr LI Ka-shing *(Chairman)*
Mr LI Tzar Kuoi, Victor *(Deputy Chairman)*
Mr FOK Kin-ning, Canning
Mrs CHOW WOO Mo Fong, Susan
Mr Frank John SIXT
Mr LAI Kai Ming, Dominic
Mr KAM Hing Lam

Non-executive Directors:
Mr George Colin MAGNUS
Mr William SHURNIAK

Independent Non-executive Directors:
The Hon Sir Michael David KADOORIE
Mr Holger KLUGE
Mrs Margaret LEUNG KO May Yee
Mr William Elkin MOCATTA
(Alternate to The Hon Sir Michael David Kadoorie)
Mr WONG Chung Hin

Hong Kong, 29 July 2010

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

Interim Results for the Six Months Ended 30 June 2010

Strong results. Continued momentum. Positive outlook.

Group Results

- Sales up 29% to $73.2 million (H1 2009: $56.7m).
- Operating profit up 314% to $2.3 million (H1 2009: $0.6m).
- Net loss after interest, tax, and minority interests down 41% to $1.6 million (H1 2009: -$2.7m).
- Cash and cash equivalents $40.4 million (30 June 2009: $39.6m, 31 December 2009: $41.8m).

China Healthcare Division

- Sales up 25% to $66.5 million (H1 2009: $53.1m).
- Operating profit up 28% to $12.2 million (H1 2009: $9.5m).
- Net profit after interest, tax, and minority interests up 31% to $8.6 million (H1 2009: $6.6m).

Drug R&D Division

- Sales up 38% to $2.6 million (partner income) and operating loss up 15% to $6 million.
- Clinical portfolio progressed well in H1 2010. HMPL-004 global Phase III trial to proceed as expected. China SFDA approved start of Phase I trial on Sulfatinib (HMPL-012) and reviewing INDs on two further cancer drugs. Australian multiple dose Phase Ib trial initiated on HMPL-011.

Consumer Products Division

- Sales up 152% to $4.2 million behind launch of organic products in Hong Kong.
- Operating loss up 15% to $1.4 million due to write down on closure of two London Sen shops.

London: Thursday, 29 July 2010: Chi-Med, the China-based healthcare and consumer products group today announces its unaudited financial results for the six months ended 30 June 2010.

Christian Hogg, CEO of Chi-Med, said:

"We are delighted to announce another set of record results, with continued strong performance across each of our three divisions and with a strong outlook going forward.

Our China Healthcare Division has grown revenues by 25%, with net profit margins up 0.7 percentage points to 13% and total net profit up 31%, continuing its record of 27% annual organic growth since our flotation in 2006. It has market-share leading products, with strong household name over-the-counter and prescription market brands, and an extensive commercial infrastructure in China.

Our Drug R&D Division, Hutchison MediPharma Limited, has grown revenues by 38%, reflecting its partnerships with Merck Serono S.A., Eli Lilly and Company and Ortho-McNeil-Janssen Pharmaceuticals, Inc.. Together with our internal programmes, these partnerships are progressing innovative pre-clinical programmes in a highly cost effective manner. Multiple new small molecule drugs are progressing towards, or are already in, Phase I trials in China and Australia, and our plans are progressing well to partner for co-development on our lead drug HMPL-004 as it prepares for its global Phase III trial.

Our Consumer Products Division is the smallest business within the Group, but is now focused heavily on the domestic China market and is starting to emerge as a China-based "healthy living" consumer products company. Both our new Hutchison Hain Organic Holdings Limited ("Hutchison Hain Organic") entity and Sen progressed well in the first half with combined sales growing 152% to $4.2 million.

We are confident that each of our businesses will continue to grow considerably. China Healthcare is benefiting both from the China Government's commitment to expand State healthcare provision and from growing affluence fuelling consumer consumption of quality healthcare products. Our Drug R&D business performance and pipeline is positioning it, in due course, potentially to evolve into a stand-alone entity serving the global and China pharmaceutical markets. Our consumer goods business is demonstrating the attraction of our well established and extensive China infrastructure and market understanding as a conduit for Western companies wanting to accelerate and de-risk their expansion in China, as well as capitalising on growing consumer demand for our own branded products.

China is a high growth market which we are embracing, and as a natural progress, we are taken beyond our origins of modernising Traditional Chinese Medicine towards the building up of a large-scale China consumer goods company. In this, we are well-served by our relationship with Hutchison Whampoa Limited ("Hutchison Whampoa") and its China connections and business infrastructure built-up over many decades.

For the rest of this year and beyond, Chi-Med's outlook remains strong."

Ends

Enquiries

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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 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, during which we have continued the momentum of our growth, seen strong progress across each of our Divisions and significantly strengthened the foundations of our growth platform. Our performance and outlook, therefore, are both strong.

The scope for building our existing businesses further is considerable. Chi-Med's achievements over the past two years in particular, however, position us to widen our growth horizons - horizons which revolve around the enormous China market, the China domestic consumer's emergence as a powerful growth driver and the role we are increasingly able to play to meet the China consumer's needs.

Strategic Development

At its creation, Chi-Med was solely focused on the modernisation and globalisation of Traditional Chinese Medicine ("TCM"), both in the domestic China market through our China Healthcare business and in the China and the global pharmaceutical market through building Hutchison MediPharma Limited ("Hutchison MediPharma") to identify and develop innovative new drugs.

This focus remains. It has delivered a strong, well-founded and high growth China Healthcare business and one of China's leading drug R&D businesses - one which is drawing increasing attention from the global pharmaceutical industry.

We remain committed to growing these businesses aggressively; but we also see the potential to evolve Chi-Med into a broader, large-scale healthcare and consumer products group in the China marketplace and our, currently small, Consumer Products Division is beginning to demonstrate this potential.

With economic growth and increasing affluence, consumers in China are increasingly interested in healthy living and quality products - typically strong, trusted-brand products, which meet aspirations as well as needs. This is the theme around which we see Chi-Med developing, and it is a theme that can encompass drugs, supplements, organic foods and natural personal care products, potentially through to other product categories such as hygiene.

Business Review

Our China Healthcare Division continues to grow rapidly, expanding its market share and generating increasing margin and profit. The foundations of this business are robust. The high quality and brand strengths of its portfolio of over-the-counter and prescription treatments have allowed it to build an extensive and comprehensive China distribution, sales, and marketing platform. It is also benefiting directly from the China Government's commitment to widen and improve State healthcare across the Chinese population. We believe our China Healthcare Division is one of the better performers of its type in China today for sales and net profit growth.

Our Drug R&D Division is now established as one of the most advanced Drug R&D operations in China, one that is increasingly widely recognised within the global pharmaceutical industry. Its discovery and development pipeline is increasingly strong. Its partnerships with Western pharmaceutical majors are progressing pre-clinical programmes highly cost-effectively, as well as mitigating cash consumption. The prospects of out-sourcing its lead drug candidate, HMPL-004, are drawing closer. We see Hutchison MediPharma possibly emerging over the coming years as a leading force in the biotech industry in China.

In our Consumer Products Division, the fast start of our new Hutchison Hain Organic business is demonstrating the growth potential of natural and organic consumer products in China, and the rapidly growing sales of Sen products through Perfumeries Marionnaud stores in France is a model we will look to replicate in the China market, whilst reducing the number of stand-alone shops in the UK.

Each of our businesses demonstrates the benefits of professional management, focus on quality and modern business systems, as well as the scale of growth potential and benefits of our relationship with our major shareholder, Hutchison Whampoa.

Financial Review

Group sales for the six months to 30 June 2010 were up 29% to $73.2 million (H1 2009: $56.7m), driven by continued strong like-for-like growth in the China Healthcare Division and the launch of Hutchison Hain Organic.

Group gross profit was up 33% to $44.7 million (H1 2009: $33.7m), with gross margins growing to 61.1% (H1 2009: 59.5%). Selling expenses as a percentage of sales have increased slightly to 35.6% (H1 2009:

34.5%) as we have significantly expanded our China Healthcare Division sales capability. Administrative expenses as a proportion of sales reduced to 23.2% (H1 2009: 24.7%) reflecting synergies achieved in the Consumer Products Division from sharing administrative resources between Sen and Hutchison Hain Organic.

Group operating profit increased substantially to $2.3 million (H1 2009: $0.6m).

China Healthcare, the driver of operating profit and cash, grew its operating profit by 28% to $12.2 million (H1 2009: $9.5m). This fully offset both the operating loss in our Drug R&D Division, which rose by 15% to $6 million (H1 2009: -$5.2m), due to increased development activity, and the operating loss in the Consumer Products Division, which grew 15% to $1.4 million (H1 2009: -$1.2m), due to one-time write-downs from the closure of two of our London Sen shops.

Net corporate unallocated expenses remained flat at $2.5 million (H1 2009: -$2.5m).

Overall, the net loss after interest, tax and minority interests attributable to equity holders of Chi-Med was reduced by 41% to $1.6 million (H1 2009: -$2.7m).

Cash and Financing

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

Net operating cash outflow was $5.8 million (H1 2009: inflow of $7.1m) as we increased working capital in our China Healthcare Division. We bought raw materials as a hedge against expected temporary price increases on certain herbs as a result of severe climatic events in China this year. In the first quarter of 2010, Southwest China, the source of many of our key herbs experienced a prolonged drought, followed by severe flooding in the second quarter. We currently expect to unwind this raw material inventory position over the balance of 2010 and do not expect any adverse impact from this on sales and profits in our China Healthcare Division for fiscal year 2010.

Overall, cash and cash equivalents at the end of June 2010 totalled $40.4 million as compared to $41.8 million at the end of December 2009 and $39.6 million at the end of June 2009. We have drawn-down $10 million on a $20 million revolving bank loan that was established in June 2010, resulting in a debt to equity ratio of 26%.

Outlook

We remain confident about the prospects of Chi-Med for the full year and beyond.

Whilst the China Healthcare Division is traditionally first half weighted, we would expect robust full year sales growth with margins continuing to strengthen.

In Hutchison MediPharma, work towards a partnering deal for the co-development of HMPL-004, our lead drug for Inflammatory Bowel Disease, is continuing to progress well, and we expect to start global multi-centre Phase III trials towards the end of 2010 or the first quarter of next year.

In our Consumer Products Division, we expect continued expansion of Hutchison Hain Organic and Sen sales as we continue to work towards a broader China consumer products strategy.

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, 27 July 2010

CHIEF EXECUTIVE OFFICER'S STATEMENT

The first half of 2010 has seen continued strong progress in each of our divisions, fully meeting our own expectations and, just as important, strengthening our platform for future growth and opening potential new horizons as our Chairman has outlined.

China Healthcare Division

The 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"). These companies manufacture and market over-the-counter ("OTC") drugs, prescription drugs, and health supplements in China and continue to deliver very strong sales and profit growth.

In the first half of 2010, the China Healthcare Division grew sales by 25% to $66.5 million, operating profit by 28% to $12.2 million and net profit after interest, tax, and minority interests by 31% to $8.6 million, representing a 13% margin as a percentage of sales, up 0.7 percentage points over the first half of 2009.

We believe our competitive advantage stems from our superior brands and products, well-managed commercial operations which grew to approximately 2,650 sales and marketing staff (H1 2009: ~2,400 staff), strong distribution networks and strong government and regulatory affairs capability - particularly in the area of reimbursement, IP protection, and access to the new National Essential Medicines List ("EML").

HBYS: HBYS has continued to build off its strong position in the OTC industry in China through its leading market-share products and extensive commercial network of almost 400 first-tier distributors and approximately 1,650 sales staff across China.

First half sales of our market leading OTC drug brand, Baiyunshan, grew 23% to $45 million. This was driven primarily by a surge in sales in Fu Fang Dan Shen tablets ("FFDS"), our OTC angina drug which grew 48% to $19.7 million during the first half of 2010. To a certain extent this was "catch up" from 2009 where FFDS grew only 3% as we focused most HBYS resources on capitalising on the high level of demand for our other main OTC drug, Banlangen granules, the market leading antiviral drug for which sales grew 42% in 2009 as a result of the severe cold/flu season and H1N1 outbreak.

In the first quarter of 2010, driven by increases in raw material (herbs) prices, we aggressively increased ex-factory prices on our main OTC drugs: FFDS +20%, Banlangen granules +16%, and Kou Yan Qing granules (periodontitis) +30%. These increases more than offset raw material price increases and improved overall HBYS gross margins to 57% (H1 2009: 55%). Encouragingly also for HBYS, during the first half of 2010, three more of our products were announced to be included as Type B drugs in the latest edition of the Medicines Catalogue ("NMC") announced by the Ministry of Human Resources and Social Security in China. The NMC lists drugs to which patients are entitled to reimbursement under the national basic medical insurance, labour injury insurance and childbirth insurance systems in China.

SHPL: Our prescription drug business continues to grow strongly, with first half sales up 33% to $17.8 million (H1 2009: $13.4m). This growth is driven primarily by She Xiang Bao Xin pill ("SXBXP") our proprietary prescription cardiovascular drug which is the market leader in Shanghai and very strong in east China (IMS Health data, 2009). Sales for SXBXP grew by 38% to $15.1 million behind expansion primarily resulting from its listing on the new EML issued by the Ministry of Health in China in August 2009. Listing on the EML means all state-owned health institutions in urban and rural China will be required to give priority to the listed drugs by 2020.

During the first half of 2010, SHPL also secured a seven-year extension of its "Confidential State Secret Technology" status for SXBXP, as certified by China's Ministry of Science and Technology and State Secrecy Bureau. This effectively extends full intellectual property protection of SXBXP until December 2016 by prohibiting generic registrations. In addition, to seek to continue protection beyond 2016, two patents have been submitted in the past year on SXBXP.

HHL: We have continued to make good progress on our Zhi Ling Tong infant nutrition brand in China with sales in the first half of 2010 growing by 21% to $3.7 million. Growth came primarily from geographical expansion of the existing omega-3, probiotics, and calcium powder products.

During the first half of 2010, HHL focused on developing a commercial platform, building off our existing supplements network, upon which to launch a range of co-branded Zhi Ling Tong/Earth's Best organic infant milk formula products into the China market – another aspect of our cooperation with the Hain Celestial Group, Inc.. We remain on-track to launch these products in the second half of 2010 through multiple commercial channels including obstetrics and gynaecology hospitals, mother/baby stores, drug stores, and modern trade/supermarkets.

Expansion: Our consistent strategy is to seek to augment organic growth in the China Healthcare Division with strategic acquisitions and/or further joint ventures. The continuing high valuations in the China healthcare industry, as evidenced above, mean our focus is on developing routes such as buying-down current minorities and/or convincing our partners to inject further assets into our existing China Healthcare joint ventures.

Drug R&D Division

Hutchison MediPharma, Chi-Med's wholly-owned drug R&D subsidiary, has a team of approximately 220 scientists and staff focusing on discovery and development of botanical drugs, semi-synthetic natural product drugs, and synthetic single chemical entity drugs. It has a pipeline of projects in the therapeutic areas of auto-immune disease and oncology.

For the first half of 2010, the revenues for Hutchison MediPharma was $2.6 million (H1 2009: $1.9m). As a direct result of the start of our two Phase I trials, HMPL-011 in Australia and Sulfatinib in China, operating expenses have increased. Consequently, the first half operating loss rose slightly to $6 million (H1 2009: $5.2m).

HMPL-004: Recognition of the potential of HMPL-004, as it continues to move rapidly towards global Phase III trial, is encouraging.

In May 2010, HMPL-004 was selected for a Distinguished Abstract Plenary oral presentation during the Digestive Disease Week conference in New Orleans. The Immunology, Microbiology and Inflammatory Bowel Diseases Distinguished Abstract Plenary is highly prestigious, indicating that this was one of the highest ranked inflammatory bowel diseases abstracts. In June 2010, Hutchison MediPharma had a productive End-of-Phase II meeting with the United States' Food and Drug Administration to discuss the Phase IIb ulcerative colitis ("UC") trial and the Phase III clinical development plans. Based on the outcomes of this meeting, the Phase III-enabling studies and Phase III clinical supply manufacture programme are progressing well and according to plan. Partnering for co-development is also moving forward. It is expected that the global multi-centre Phase III UC trial will begin towards the end of 2010 or in the first quarter of next year.

HMPL-011: HMPL-011 is an orally administered new chemical entity with a novel mechanism of action, controlling the production of pro-inflammatory cytokines. It has shown good efficacy in animal models of a variety of inflammatory disorders such as rheumatoid arthritis and multiple sclerosis. The HMPL-011 Phase I first-in-human clinical trial was initiated in Australia in October 2009. The single ascending dose trial was successfully completed in healthy male volunteers earlier this year. HMPL-011 was safe and well tolerated, and exhibited a favourable pharmacokinetic profile. Based on the positive single dose study results, the company initiated the multiple dose Phase Ib trial, which is expected to report results in the second half of 2010.

Sulfatinib: Sulfatinib (HMPL-012) is a novel small molecule that selectively inhibits the tyrosine kinase activity associated with fibroblast growth factor receptors and vascular endothelial growth factors (VEGFs). Pre-clinical data has shown that this compound is a potent suppressor of angiogenesis, an established approach in anti-cancer treatment. Sulfatinib has received Investigative New Drug ("IND") approval by China's State Food and Drug Administration ("SFDA") through the Green Channel expedited application process. The first-in-human Phase I clinical trial is underway in China. The trial is an open-label, dose-escalation study, primarily to establish the maximum tolerated dose and assess the safety and tolerability in patients with advanced solid tumours. The study results are anticipated to be available in the first half of 2011.

Fruquintinib: Fruquintinib (HMPL-013) is a novel small molecule compound that selectively inhibits VEGF receptor. Fruquintinib has shown highly potent inhibitory effects on multiple human tumour xenografts, including some refractory tumours such as pancreatic cancer and melanoma. The IND application was submitted for evaluation by the SFDA in late 2009.

HMPL-813: In the first half of 2010, we also completed the pre-clinical development of HMPL-813 and submitted the IND application to the SFDA for evaluation. HMPL-813 is a highly potent inhibitor of the epidermal growth factor receptor tyrosine kinase involved in tumour growth, invasion and migration. HMPL-813 has good kinase selectivity and demonstrated broad spectrum of anti-tumour activity via oral dosing in multiple xenografts in preclinical studies.

Discovery programmes: Our collaboration projects with Eli Lilly and Company ("Eli Lilly") and Ortho-McNeil-Janssen Pharmaceuticals, Inc. are progressing well. One of the projects with Eli Lilly was concluded during the second quarter of 2010, and Eli Lilly decided to exercise its option not to move the candidate into further development. A new project with Merck Serono S.A. on a natural product-based library was initiated during the second quarter of 2010, while the previous collaboration with Merck KGaA has now been terminated.

Consumer Products Division

Our Consumer Products Division strategy of focusing on building a large-scale "healthy living" consumer products group in China is beginning to take shape. First half 2010 sales for Chi-Med's Consumer Products Division grew 152% to $4.2 million, in particular reflecting the start of our Hutchison Hain Organic entity operations. We believe that we have only just started to scratch the surface on the major demand for high quality and health oriented consumer products in the China market.

Hutchison Hain Organic: Our newly formed company got off to a good start with H1 2010 sales of $2.7 million (H1 2009: $0m) and break-even operating profit. Hutchison Hain Organic is focused on selling mass market priced organic and natural products initially in Hong Kong but with the intention of expanding its highest potential products, such as organic infant formula and foods, quickly into mainland China.

In March 2010, we launched over 300 new organic and natural products into PARKnSHOP, Hutchison Whampoa's chain of over 270 supermarkets in Hong Kong, Macau and the balance of China. Unit product sales in the March-June 2010 period totalled approximately 659,000 units split 44% basic grocery (cereals, soups, condiments, pasta, oils, and sauces), 36% snacks (chips, health bars, and confectionery), and 11% and 9% in beverage and personal care respectively. These results are encouraging, as they do not yet represent the full potential of the Hong Kong market. Furthermore, we are now quickly identifying the highest potential products to expand into the mainland China market.

Sen: Our strategy is being refocused to third party retail distribution, and we are therefore reducing the number of stores we operate in London from nine to four or five. We closed two stores in the first half, with a fixed asset write off of $0.2 million. As a consequence, Sen first half sales reduced by 12% to $1.5 million (H1 2009: $1.7m). We intend to close two further Sen shops in the second half of 2010, albeit we do not expect substantial closure costs.

In parallel, the first half 2010 sales of our Sen skin and body care products in Perfumeries Marionnaud in France grew 123% to $0.3 million – representing 156% growth in unit sales to 25,257 in units, with a split of 58% in body care (shower gel, body cream and scrubs) and 42% skin (face creams and serums). We are now in distribution in approximately 260 of Perfumeries Marionnaud's 560+ shops in France. Like-for-like sales in the first 125 Perfumeries Marionnaud shops into which we launched in mid-2008 grew 52% in the first half of 2010 to 14,763 units (H1 2009: 9,707 units) indicating increasing consumer trial and loyalty. We will continue to expand throughout Perfumeries Marionnaud and are exploring launching deeper into Hutchison Whampoa's A.S. Watson chain of over 8,500 health and beauty outlets and luxury perfumeries and cosmetics stores worldwide.

Summary

In summary, each of our businesses has continued to progress well in the first half of this year and each is positioned to continue delivering further growth in the second half and beyond. We are also conscious of the wider opportunities, for which we are increasingly well-placed within the China healthcare and consumer goods marketplace.

Christian Hogg
Chief Executive Officer, 27 July 2010

HUTCHISON CHINA MEDITECH LIMITED

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Note	Unaudited Six months ended 30 June 2010 US$'000	 2009 US$'000
Sales	3	73,204	56,658
Cost of sales		(28,490)	(22,940)
Gross profit		44,714	33,718
Selling expenses		(26,092)	(19,541)
Administrative expenses		(16,999)	(13,993)
Other net operating income	4	652	366
Operating profit	5	2,275	550
Finance costs	6	(200)	(233)
Profit before taxation		2,075	317
Taxation charge	7	(1,958)	(1,513)
Profit/(loss) for the period		117	(1,196)
Attributable to:			
Equity holders of the Company		(1,575)	(2,656)
Non-controlling interests		1,692	1,460
		117	(1,196)
Loss per share for loss attributable to equity holders of the Company for the period (US$ per share)	8	(0.0307)	(0.0518)

HUTCHISON CHINA MEDITECH LIMITED

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Unaudited Six months ended 30 June	
	2010 US$'000	2009 US$'000
Profit/(loss) for the period	117	(1,196)
Other comprehensive (loss)/income:		
Exchange translation differences	(417)	344
Total comprehensive loss for the period (net of tax)	(300)	(852)
Attributable to:		
Equity holders of the Company	(1,968)	(2,312)
Non-controlling interests	1,668	1,460
	(300)	(852)

HUTCHISON CHINA MEDITECH LIMITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

	Note	Unaudited 30 June 2010 US$'000	Audited 31 December 2009 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	24,230	24,653
Leasehold land		5,929	5,998
Goodwill		7,522	7,522
Other intangible assets	10	6,613	4,962
Available-for-sale financial asset		-	146
Deferred tax assets		669	615
		44,963	43,896
Current assets			
Inventories		22,770	17,476
Trade and bills receivables	16	32,131	20,055
Other receivables and prepayments		3,349	4,577
Cash and bank balances		40,432	41,752
		98,682	83,860
Total assets		143,645	127,756
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	11	51,734	51,279
Reserves		13,039	14,624
		64,773	65,903
Non-controlling interests		9,060	9,397
Total equity		73,833	75,300
LIABILITIES			
Current liabilities			
Trade payables	16	9,952	8,166
Other payables, accruals and advance receipts		36,156	30,715
Amount due to a related party	16	2,910	2,149
Current tax liabilities		1,110	724
Bank borrowings	12	16,760	8,112
		66,888	49,866
Non-current liabilities			
Deferred income	13	1,812	1,616
Deferred tax liabilities		1,112	828
Bank borrowings		-	146
Total liabilities		69,812	52,456
Total equity and liabilities		143,645	127,756

HUTCHISON CHINA MEDITECH LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2010

	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 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 expenses	-	-	113	-	-	-	113	-	113
Transfer between reserves	-	-	(14)	-	-	14	-	-	-
Dividend paid to a 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
As at 1 January 2010	51,279	91,539	4,680	4,796	488	(86,879)	65,903	9,397	75,300
(Loss)/profit for the period	-	-	-	-	-	(1,575)	(1,575)	1,692	117
Other comprehensive loss:									
Exchange translation differences	-	-	-	(393)	-	-	(393)	(24)	(417)
Total comprehensive (loss)/income for the period (net of tax)	-	-	-	(393)	-	(1,575)	(1,968)	1,668	(300)
Issue of shares (note 11(a))	455	1,587	(1,286)	-	-	-	756	-	756
Share-based compensation expenses	-	-	82	-	-	-	82	-	82
Repayment of shareholder's loan to a shareholder of a subsidiary	-	-	-	-	-	-	-	(2,010)	(2,010)
Capital contribution from a shareholder of a subsidiary	-	-	-	-	-	-	-	5	5
As at 30 June 2010	51,734	93,126	3,476	4,403	488	(88,454)	64,773	9,060	73,833

HUTCHISON CHINA MEDITECH LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Note	Unaudited Six months ended 30 June 2010 US$'000	2009 US$'000
Cash flows from operating activities			
Net cash (used in)/generated from operations	14(a)	(4,341)	8,188
Interest received		115	146
Interest paid		(200)	(233)
Income tax paid		(1,342)	(1,035)
Net cash (used in)/generated from operating activities		(5,768)	7,066
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,883)	(1,684)
Acquisition of additional interest in a subsidiary	14(b)	-	(406)
Payments for development costs and other intangible assets		(1,726)	(2,765)
Proceeds from disposal of available-for-sale financial asset		146	-
Proceeds from disposal of property, plant and equipment		1	9
Net cash used in investing activities		(3,462)	(4,846)
Cash flows from financing activities			
Increase in amount due to immediate holding company		761	628
Dividend paid to a shareholder of a subsidiary		-	(1,040)
Repayment of shareholder's loan to a shareholder of a subsidiary		(2,010)	-
Issue of shares, net of share issuance costs		756	-
New short-term bank loans		10,000	1,007
Repayment of short-term bank loans		(1,352)	(1,462)
Repayment of long-term bank loan		(146)	
Capital contribution from a shareholder of a subsidiary		5	-
Net cash generated from/(used in) financing activities		8,014	(867)
Net (decrease)/increase in cash and cash equivalents		(1,216)	1,353
Cash and cash equivalents at beginning of the period		41,752	38,206
Exchange differences		(104)	17
Cash and cash equivalents at end of the period		40,432	39,576
Analysis of cash and cash equivalents			
- Cash and bank balances		40,432	39,576

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 ("AIM") 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 27 July 2010.

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 2010 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 2009 (the "2009 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 condensed interim accounts are consistent with those used in the 2009 annual accounts, except for the adoption of the new and 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 2010.

The adoption of these new and revised standards, amendments and interpretations has resulted in changes to the Group's accounting policy in relation to business combinations.

IFRS 3 (revised), 'Business combinations', and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates', and IAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with IFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

2 Summary of significant accounting policies (Continued)

(b) Significant accounting policies (Continued)

As the Group has adopted IFRS 3 (revised), it is required to adopt IAS 27 (revised), 'Consolidated and separate financial statements', at the same time. IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. During the six months ended 30 June 2010, the Group had not undertaken any business combinations and there was no material transactions entered into with non-controlling interests.

The effect of the adoption of other new and revised standards, amendments and interpretations was not material to the Group's results of operations or financial position.

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	
	2010 US$'000	2009 US$'000
Sales of goods	69,827	53,719
Services income	3,377	2,939
	73,204	56,658

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 TCM products, and western and TCM 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 consumer lifestyle products and services.

China healthcare and Drug R&D segments are primarily located in the PRC and the locations for consumer products segment are further segregated into 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)").

3 Revenue and segment information (Continued)

The segment information for the reportable segments for the six months ended 30 June 2010 is as follows:

	As at and for the six months ended 30 June 2010							
	China healthcare	Drug R&D	Consumer products			Reportable segment		
	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
Sales to external customers	66,470	2,555	1,192	272	2,715	73,204	-	73,204
EBIT/(LBIT)	12,066	(5,999)	(1,372)	(107)	56	4,644	(2,484)	2,160
Interest income	102	1	-	-	-	103	12	115
Interest expense	199	-	-	-	-	199	1	200
Additions to non-current assets (other than financial instrument and deferred tax assets)	1,219	2,193	179	1	14	3,606	3	3,609
Depreciation/ amortisation	1,228	748	229	-	1	2,206	10	2,216
Total assets	103,980	16,177	2,561	395	1,885	124,998	18,647	143,645

3 Revenue and segment information (Continued)

	As at and for the six months ended 30 June 2009							
	China healthcare	Drug R&D	Consumer products			Reportable segment		
	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
Sales to 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
Additions to non-current assets (other than financial instrument and deferred tax assets)	1,232	3,551	72	-	-	4,855	-	4,855
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 to external customers is after elimination of inter-segment sales. The amount eliminated attributable to consumer products segment from UK to France is US$240,000 (2009: US$155,000).

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.

As at 30 June 2010, total non-current assets other than available-for-sale financial asset and deferred tax assets located in the PRC, UK, France and Hong Kong amounted to US$43,536,000 (30 June 2009: US$40,870,000), US$708,000 (30 June 2009: US$1,374,000), US$2,000 (30 June 2009: US$2,000) and US$48,000 (30 June 2009: US$33,000), respectively.

3 Revenue and segment information (Continued)

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

	Six months ended 30 June	
	2010	2009
	US$'000	US$'000
EBIT	4,644	3,012
Unallocated expenses	(2,484)	(2,608)
Interest income	115	146
Interest expense	(200)	(233)
Profit before taxation	2,075	317

4 Other net operating income

	Six months ended 30 June	
	2010	2009
	US$'000	US$'000
Interest income	115	146
Net foreign exchange gains/(losses)	35	(16)
Government incentives	258	55
Other operating income	266	257
Other operating expenses	(22)	(76)
	652	366

5 Operating profit

Operating profit is stated after charging the following:

	Six months ended 30 June	
	2010	2009
	US$'000	US$'000
Amortisation of trademarks and patents recognised in administrative expenses	84	94
Amortisation of leasehold land	69	68
Cost of inventories recognised as expense	26,311	20,827
Depreciation on property, plant and equipment	2,063	2,066
Employee benefit expenses	13,797	13,032
Loss on disposal of property, plant and equipment	217	19
Operating lease rentals in respect of land and buildings	1,130	1,091
Provision for inventories	172	-
Research and development expense	3,304	2,215

6 Finance costs

	Six months ended 30 June	
	2010 US$'000	2009 US$'000
Interest expense on short-term bank loans	200	233

7 Taxation charge

	Six months ended 30 June	
	2010 US$'000	2009 US$'000
Current tax		
- Hong Kong	9	-
- PRC	1,719	1,223
Deferred income tax	230	290
Taxation charge	1,958	1,513

(a) Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profit for the period in respect of the Group's consumer products business in Hong Kong (2009: Nil). The Group has no estimated assessable profit in the UK and France for the period (2009: Nil).

(b) Pursuant to the relevant PRC enterprise income tax rules and regulations, Hutchison MediPharma Limited, a subsidiary of the Group, is subject to income tax rate of 22% (2009: 20%). 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 and Shanghai Hutchison Pharmaceuticals Limited, jointly controlled entities of the Group, have been granted High and New Technology Enterprise status ("HNTE status") and are subject to a preferential income tax rate of 15% for the year 2010. The HNTE status is renewable beyond year 2010 subject to approval by the relevant tax authorities.

8 Loss per share

Basic 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	
	2010	2009
Weighted average number of outstanding ordinary shares in issue	51,317,645	51,229,174
Loss for the period attributable to equity holders of the Company (US$'000)	(1,575)	(2,656)
Loss per share attributable to equity holders of the Company (US$)	(0.0307)	(0.0518)

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	
	2010 US$'000	2009 US$'000
Net book value as at 1 January	24,653	25,946
Additions	1,883	1,684
Disposals	(218)	(28)
Depreciation for the period	(2,063)	(2,066)
Exchange differences	(25)	126
Net book value as at 30 June	24,230	25,662

10 Other intangible assets

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

	Six months ended 30 June	
	2010 US$'000	2009 US$'000
Net book value as at 1 January	4,962	475
Additions	1,726	2,765
Amortisation	(84)	(94)
Exchange differences	9	(1)
Net book value as at 30 June	6,613	3,145

During the period ended 30 June 2010, the Group has capitalised development costs totalling US$1,726,000 (2009: 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.

10 Other intangible assets (Continued)

Trademark, patent 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 2010.

11 Share capital

(a) Authorised and issued share capital

	Number of shares of US$1 each	Nominal amount US$'000
Authorised:		
As at 1 January 2009, 30 June 2009, 1 January 2010 and 30 June 2010	75,000,000	75,000

	Number of shares	US$'000
Issued and fully paid:		
As at 1 January 2009 and 30 June 2009	51,229,174	51,229
Issue of shares under the Company's share option scheme (note)	50,000	50
As at 31 December 2009 and 1 January 2010	51,279,174	51,279
Issue of shares under the Company's share option scheme (note)	455,444	455
As at 30 June 2010	51,734,618	51,734

Note:

Issue date	15 December 2009	29 January 2010	25 June 2010	28 June 2010	28 June 2010
Issued ordinary shares of US$1 each	50,000	35,266	102,320	288,067	29,791
Issued price (£)	1.09	1.09	1.09	1.09	1.535
Aggregate cash consideration received (US$)	90,000	62,000	166,000	461,000	67,000
Weighted average share price at the exercise date (£)	2.02	1.94	3.15	3.15	3.15

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

11 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 2010:

Name or category of participant	Effective date of grant	Exercise period of share options	Exercise price	Number of shares subject to the options
Director Christian Hogg	19 May 2006 (notes (i) & (ii))	On Admission to 3 June 2015	£1.090	768,182
Employees in aggregate	19 May 2006 (notes (i) & (ii))	On Admission to 3 June 2015	£1.090	128,030
	11 September 2006 (note (ii))	From 11 September 2006 to 18 May 2016	£1.715	80,458
	23 March 2007 (note (iii))	From 23 March 2007 to 22 March 2017	£1.750	8,535
	18 May 2007 (note (iii))	From 18 May 2007 to 17 May 2017	£1.535	52,182
	25 August 2008 (note (iv))	From 25 August 2008 to 24 August 2018	£1.260	256,146
	28 June 2010 (note (iv))	From 28 June 2010 to 27 June 2020	£3.195	102,628
				1,396,161

11 Share capital (continued)

(b) Share option schemes (continued)

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

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

	2010		2009	
	Average exercise price in £ per share	Number of options	Average exercise price in £ per share	Number of options
As at 1 January	1.17	1,757,302	1.26	2,063,362
Granted	3.20	102,628	N/A	-
Exercised	1.12	(455,444)	N/A	-
Lapsed	1.54	(8,325)	1.69	(256,060)
As at 30 June	1.33	1,396,161	1.17	1,807,302

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 2010.

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 one-third on each of the first, second and third 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 25% on each of the first, second, third and fourth anniversaries of the date of grant of share options.

11 Share capital (continued)

(b) Share option schemes (continued)

i) Share option scheme of the Company (the "HCML Share Option Scheme") (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	23 March 2007	18 May 2007	25 August 2008	28 June 2010
Value of each share option (note (i))	£1.546	£0.553	£0.635	£0.533	£0.569	£1.361
Significant inputs into the valuation model:						
Exercise price	£1.090	£1.715	£1.750	£1.535	£1.260	£3.195
Share price at effective grant date	£2.5050	£1.7325	£1.7900	£1.5400	£1.2600	£3.1500
Expected volatility (notes (ii) to (iv))	38.8%	38.8%	40.0%	40.0%	35.0%	49.9%
Risk-free interest rate	4.540%	4.766%	4.834%	5.098%	4.700%	3.340%
Expected life of options	1.2 to 3.9 years	3.4 to 5.3 years	3.9 to 5.8 years	3.9 to 5.7 years	7.1 to 8.0 years	6.25 years
Expected dividend yield	0%	0%	0%	0%	0%	0%

Notes:

(i) As at 30 June 2010, the fair value of share options in connection with the 1,396,161 share options outstanding as at the same date remain unvested was amounting to £177,000 (equivalent to US$268,000). 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 immediate footnotes (i) to (iv) above. The amount recognised as expenses for the period ended 30 June 2010 amounted to US$31,000 (2009: US$96,000).

(ii) 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 is no or only a relatively short period of trading record of the Company's shares at the respective grant dates.

(iii) 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.

(iv) For share options granted on 28 June 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.

11 Share capital (continued)

(b) Share option scheme (continued)

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

The following share options were outstanding under the HMHL Share Option Scheme as at 30 June 2010:

Category of participants	Effective date of grant	Exercise period of share options	Exercise price	Number of shares subject to the options
Employees in aggregate	6 August 2008 (note)	From 6 August 2008 to 5 August 2014	US$1.28	4,199,250
	5 October 2009 (note)	From 5 October 2009 to 4 October 2015	US$1.52	358,000
	1 February 2010 (note)	From 1 February 2010 to 31 January 2016	US$2.06	210,000
	3 May 2010 (note)	From 3 May 2010 to 2 May 2016	US$2.12	360,000
				5,127,250

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

	2010		2009	
	Average exercise price in US$ per share	Number of options	Average exercise price in US$ per share	Number of options
As at 1 January	1.30	4,632,000	1.28	4,528,000
Granted	2.10	570,000	N/A	-
Lapsed	1.28	(74,750)	1.28	(9,000)
As at 30 June	1.39	5,127,250	1.28	4,519,000

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 2010.

Note:

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.

11 Share capital (continued)

(b) Share option scheme (continued)

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

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	1 February 2010	3 May 2010
Value of each share option (note (i))	US$0.034	US$0.027	US$0.414	US$0.361
Significant inputs into the valuation model:				
Exercise price	US$1.280	US$1.520	US$2.060	US$2.120
Share price at effective grant date	US$0.270	US$0.261	US$1.212	US$1.098
Expected volatility (note (ii))	53%	53%	53%	54%
Risk-free interest rate	3.293%	2.564%	2.790%	2.772%
Expected life of options	4.6 to 5.8 years	6 years	6 years	6 years
Expected dividend yield	0%	0%	0%	0%

Notes:

(i) As at 30 June 2010, the fair value of share options in connection with the 5,127,250 share options outstanding as at the same date remain unvested was amounting to US$231,000. 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 immediate footnote above. The amount recognised as expenses for the period ended 30 June 2010 amounted to US$51,000 (2009: US$17,000).

(ii) 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.

12 Bank borrowings

In June 2010, the Group obtained a new revolving loan facility to finance its daily operations. The total available amount under the facility was HK$156,000,000 (equivalent to US$20,000,000), of which HK$78,000,000 (equivalent to US$10,000,000) was drawn down as at 30 June 2010.

The Group's short-term bank loans are unsecured and are denominated in RMB and HK$. The carrying amount of these bank loans approximates their fair values.

13 Deferred income

Deferred income represents upfront payments and government grants received by the Group and its jointly controlled entities in respect of their pharmaceutical research and development activities.

14 Notes to condensed consolidated statement of cash flows

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

	Six months ended 30 June	
	2010 US$'000	2009 US$'000
Profit/(loss) for the period	117	(1,196)
Adjustments for:		
Taxation charge	1,958	1,513
Share-based compensation expenses	82	113
Amortisation of trademarks and patents	84	94
Amortisation of leasehold land	69	68
Provision for inventories	172	-
Depreciation on property, plant and equipment	2,063	2,066
Loss on disposal of property, plant and equipment	217	19
Interest income	(115)	(146)
Interest expense	200	233
Exchange differences	(297)	226
Operating profit before working capital changes	4,550	2,990
Changes in working capital:		
- (increase)/decrease in inventories	(5,466)	612
- increase in trade and bills receivables	(12,076)	(4,546)
- decrease/(increase) in other receivables and prepayments	1,228	(193)
- increase in amount due from a related party	-	(316)
- increase in trade payables	1,786	1,647
- increase in other payables, accruals and advance receipts	5,441	5,594
- increase in deferred income	196	2,400
Net cash (used in)/generated from operations	(4,341)	8,188

(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%.

15 Capital commitments

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

	30 June 2010 US$'000	31 December 2009 US$'000
Property, plant and equipment		
Authorised but not contracted for	-	-
Contracted but not provided for	244	238
	244	238

16 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	
	2010 US$'000	2009 US$'000
Sales of goods to		
- Fellow subsidiaries	2,975	122
Purchase of goods from		
- A shareholder of a subsidiary	2,053	-
Management service fee to		
- An intermediate holding company	432	424

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).

16 Significant related party transactions (Continued)

	30 June 2010 US$'000	31 December 2009 US$'000
Balances with related parties included in:		
Trade receivables due from related parties:		
- Fellow subsidiaries	908	105
Trade payables due to a related party:		
- A shareholder of a subsidiary	821	-
Amount due to a related party:		
- Immediate holding company	2,910	2,149

Note:

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.

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 8 to 28, 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 2010, 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 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, 27 July 2010