HUTCHISON CHINA MEDITECH LIMITED

Interim Results for the Six Months Ended 30 June 2015

Drug R&D Division – our Innovation Platform: enrolling 17 clinical trials (H1 2014: 10), with 24 targeted by year-end.

China Healthcare and Consumer Products Divisions – our Commercial Platform: sales of subsidiaries and JVs up 17%, net profit up 15%.

Strong outlook for full year and beyond.

London: Tuesday, 28 July 2015: Hutchison China MediTech Limited ("Chi-Med") (AIM: HCM), the China-based healthcare group, today announces its unaudited financial results for the six months ended 30 June 2015.

Results are reported in US dollar currency unless otherwise stated.

Group Results

- Revenue on continuing operations up 117% to $65.7 million (H1 2014: $30.3m).
- Net profit attributable to Chi-Med equity holders of $2.3 million (H1 2014: $5.6m), despite major increase in spending on clinical activity.
- Continued stable cash position: cash and bank balances at the Chi-Med Group level of $48.8 million (31 December 2014: $51.1m); in addition, and not included at Chi-Med Group level, cash and bank balances held at the Joint Venture ("JV") level of $70.4 million (31 December 2014: $77.0m).

Innovation Platform (formerly Drug R&D Division)

- Revenue of $10.2 million (H1 2014: $9.9m) and net loss attributable to Chi-Med equity holders of $11.7 million (H1 2014: -$6.3m) driven by major expansion of clinical trial activity.
- Total first half spending on clinical activities estimated at $30.3 million (H1 2014: $22.3m) balanced by aggregate $22.9 million (H1 2014: $20.1m) in cash milestone and service payments from our partners AstraZeneca AB (publ) ("AstraZeneca"), Eli Lilly and Company ("Lilly"), Nutrition Science Partners Limited ("NSP") (our JV with Nestlé Health Science SA) and Janssen Pharmaceuticals, Inc. (part of the Johnson & Johnson group of companies).

Commercial Platform (formerly China Healthcare and Consumer Products Divisions)

- Total sales of subsidiaries and JVs up 17% to $285.4 million (H1 2014: $244.9m) with the majority from expansion of both own-brand and third party prescription drugs sales.
- Net profit attributable to Chi-Med equity holders on continuing operations up 15% to $19.9 million (H1 2014: $17.3m) due to steady growth in the Prescription Drugs business.

Christian Hogg, CEO of Chi-Med, said: "Chi-Med has made great progress on all fronts so far this year. Our vision is to become a major China-based pharmaceutical company – we believe we will achieve this by being an important innovator in the global targeted therapy arena. In line with this, during the first half, Chi-Med and its partners invested over $30 million pushing our oncology and immunology clinical pipeline as hard and fast as we could.

We now have 17 clinical trials (H1 2014: 10) underway, with a further seven to start in the second half – and we expect to be enrolling four pivotal Phase III oncology studies by year end. Almost all of our drug candidates have global first-in-class or best-in-class potential, and many are being tested in potential Breakthrough Therapy indications. Our drug candidates have all been designed in-house over the last decade and are highly selective, allowing for high drug exposure, potent target coverage and minimal off-target toxicity. This has resulted in some of the highest clinical response rates ever seen in the tumour types

we are studying. Most importantly, we are closing in on approvals, with our first drug candidates targeting New Drug Application ("NDA") submissions next year in the US and China.

Our Commercial Platform continues to grow rapidly with strong profit growth and cash flow. Our focus today is the commercialisation of our own-brand as well as third party prescription drugs through a powerful network of over 1,800 medical sales staff, covering about 13,500 hospitals and detailing our products to over 80,000 doctors. Soon however, we intend to leverage this organisation to commercialise our own Innovation Platform drugs once they are approved in China.

With our high potential clinical pipeline, our efficient and highly productive discovery engine and our powerful, profitable, high growth commercial and distribution platform, we believe Chi-Med is uniquely positioned to achieve its vision and to generate considerable shareholder value this year and beyond."

H1 2015 Highlights

Innovation Platform: Across the board clinical trial progress – now expect to be enrolling four pivotal Phase III oncology studies by year end – two on fruquintinib and two on sulfatinib.

- **Savolitinib:** Nine clinical trials underway and three more in final planning – Highlights:
  1. *Kidney Cancer:* First-line papillary renal cell carcinoma ("PRCC") global Phase II study progressing as expected, now over 50 patients enrolled and will complete in late-2015. We are seeing obvious efficacy in patients with high levels of c-Met amplification and plan to report results at the American Society of Clinical Oncology ("ASCO") meeting in mid-2016;
  2. *Lung cancer:* Results of the Phase Ib dose finding study ("TATTON") in combination with AZD9291 (T790M inhibitor) were reported at the ASCO meeting in mid-2015. We published astonishing tumour shrinkage visuals and very encouraging efficacy data – a 55% objective response rate ("ORR"), in second-line gefitinib/erlotinib refractory non-small cell lung cancer ("NSCLC"). The TATTON study is now being expanded (30 patients) and is expected to complete enrolment in early-2016 and, subject to continued high ORR, could then move directly to Phase III;
  3. *Gastric cancer:* Four clinical trials are underway in c-Met aberrant gastric cancer patients. During H1 2015 we observed clear response to savolitinib monotherapy, for the first time, in the c-Met amplified gastric cancer setting;
  4. *Immunotherapy combinations planned:* AstraZeneca is an important innovator in the immunotherapy field with MEDI4736/durvalumab (PD-L1) particularly in the use of this immunotherapy agent in combination with other anti-cancer agents. In H2 2015 we intend to start three further clinical studies in kidney cancer, two of which will combine savolitinib with MEDI4736.

- **Fruquintinib:** Four clinical trials underway – Highlights:
  1. *Colorectal cancer (third-line):* Clearly met Phase II study primary endpoint, Progression Free Survival ("PFS"), triggering $18 million milestone and reimbursement payments from Lilly. Full Phase II results to report at European Society of Medical Oncology meeting in September 2015. We have now enrolled over 120 patients in the FRESCO pivotal Phase III study and expect completion in early 2016 and NDA submission in China in late 2016;
  2. *NSCLC (third-line):* Phase II study completed enrolment in March 2015 and we will report top-line results in Q3-2015, and if positive, we intend to start a pivotal Phase III study in late 2015;
  3. *Gastric cancer (second-line):* Fruquintinib in combination with chemotherapy (paclitaxel) – Phase Ib dose-finding study 3mg fruquintinib dose was shown safe and tolerable and we are now in 4mg cohort (a dose that provides full target inhibition). We expect to start a Phase II/III study in late 2015 which will be used to prove combinability with chemotherapy, the key to much broader indications and hence fruquintinib's global potential.

- **Sulfatinib:** One clinical trial underway and three more in final planning – Highlights:
  1. *Neuroendocrine tumours ("NET") (first-line):* Reported 35% ORR in our Phase I study, which is about four times the ORR of current approved therapies, then started Phase Ib study in China in NET (over 50 patients already enrolled). We have submitted a Phase II/III clinical trial application in China and upon clearance in late 2015 we will start two pivotal Phase III studies in China, one in pancreatic NET and a second in advanced carcinoid patients;
  2. *Thyroid cancer:* We expect to initiate a Phase Ib study in China in Q3 2015;

3. *US Development:* Sulfatinib is the first wholly-owned cancer drug candidate that we are developing in the US. Our US Investigational New Drug application was cleared in early 2015 and, after a dose confirmation study in Caucasians, we expect to start a US Phase II NET study in early 2016.

- **HMPL-523:** Very high potential first-in-class Syk inhibitor for immunology and oncology – Highlights:
  1. *Immunology:* Phase I single ascending dose section completed with 800mg single dose showing no material toxicities in healthy volunteers – with higher doses providing drug exposures well above expected efficacious dose. The 14-day multiple ascending dose section of the Phase I study is now underway with 200mg daily cohort successfully complete – we expect to determine Phase II dose for rheumatoid arthritis by the end of 2015;
  2. *Hematological Cancer:* Phase I, primarily in lymphoma and leukemia patients, set to start in Australia in H2-2015, the fastest route to a possible efficacy signal for HMPL-523 by early 2016.

- **Other clinical/near clinical drug candidates:** Highlights:
  1. *Epitinib (HMPL-813):* Emerging early human efficacy data in Phase Ib study of NSCLC patients with brain mets. Seeing clear partial responses in both primary lung and metastasised brain lesions;
  2. *Theliatinib (HMPL-309):* Phase I dose-escalation study nearing completion with dose well above efficacious dose already qualified;
  3. *HMPL-689:* Our selective PI3Kδ inhibitor is set to start Australian Phase I study in hematological cancer patients in late 2015;
  4. *HMPL-*453: Our selective FGFR 1-3 inhibitor is set to start Australian Phase I study in solid tumour patients in early 2016.

Commercial Platform: Focus on broadening scope and capacity of higher margin Prescription Drugs business.

- **Expansion in our Prescription Drugs business:** Shanghai Hutchison Pharmaceuticals Limited ("SHPL") and Hutchison Whampoa Sinopharm Pharmaceuticals (Shanghai) Company Limited ("Hutchison Sinopharm") – the main strategic prescription drugs focus area of our Commercial Platform – grew sales of subsidiaries and JVs by 44% to $149.3 million (H1 2014: up 31% to $103.9m).

- **Important 20-year invention patent granted:** A new patent covering formulation was granted in July 2015 on our largest prescription drugs product, She Xiang Bao Xin pill ("SXBXP") which will extend our proprietary protection in China through 2029. SXBXP sales grew by 14% to $94.9 million in the first half of 2015, representing 64% of Prescription Drugs business sales.

- **Great progress on Seroquel®:** Within our third party Prescription Drugs business, we have now established a dedicated over 80-person psychiatric disorder medical sales team to commercialise Seroquel® on behalf of AstraZeneca. Monthly in-market Seroquel® sales are progressing well – evidence of the strength and adaptability of our Commercial Platform to enter new therapeutic areas in future, including oncology and immunology.

- **New factories:** Coming online at the end of 2015 or early 2016 leading to about three-fold production capacity expansion in own-brand products and likely conclusion of property compensation deal, particularly in Shanghai.

Ends

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An analyst presentation will be held at 9:00 am today at Citigate Dewe Rogerson, Third Floor, 3 London Wall Buildings, London, EC2M 5SY.

About Chi-Med

Chi-Med is a China-based healthcare group focused on researching, developing, manufacturing and selling pharmaceuticals and health-related consumer products. Its Innovation Platform focuses on discovering and developing innovative therapeutics in oncology and autoimmune diseases. Its Commercial Platform manufactures, markets and distributes prescription drugs and consumer health products in China.

Chi-Med is majority owned by the multinational conglomerate CK Hutchison Holdings Limited ("CK Hutchison") (SEHK: 0001). For more information, please visit: www.chi-med.com.

CHAIRMAN'S STATEMENT

Chi-Med continues to execute its strategy and create significant value for its customers, trading partners and shareholders. We have balanced major investments in high-value creation research and development with tight control of the Group's profit and cash position. Our achievements reinforce our confidence in our strategic direction and our belief in Chi-Med's prospects.

Strategic Development

The pace of progress on our business has accelerated dramatically over the past three years. This is due to the high rate of early-stage clinical success that our Innovation Platform's drug candidates have achieved and the resulting rapid expansion in the number of mid- to late-stage clinical trials we have underway. In addition, the restructuring last year of our high growth Commercial Platform in China now allows it to market third party products. This restructuring not only readies us to bring our own oncology/immunology products to market in China if they receive regulatory approval, but has led to the signing and start-up of new commercial distribution agreements in China for exciting third party products such as Seroquel® from AstraZeneca and Concor® from Merck Serono.

The four key strategic priorities, upon which we focus, are the same as they have been in recent years; but they too are fast evolving:

Sustained and un-interrupted investment in drug innovation.
Creating high quality drug candidates takes time, a stable and high quality discovery organisation and significant financial resources. In addition, a clear and winning research strategy is needed. In our case, we believe this will be our chemistry-led approach focused on high selectivity against the kinases involved in cancer cell signalling and proliferation.

We design our compounds to select, bind to and disable only the kinases we are targeting. High selectivity generally means less off-target toxicity and patients being able to tolerate higher doses of our drug candidates, resulting in full kinase inhibition through an oral daily dose. The low off-target toxicity also allows for potential combinations, at an earlier stage of a patient's treatment, with other targeted therapies such as small molecule tyrosine kinase inhibitors ("TKIs"), monoclonal antibodies ("mAbs") and immunotherapies as well as more established chemotherapy agents.

We have spent over a decade building our team and clinical pipeline. Their quality is increasingly showing through in the success rate that our drug candidates are achieving in Phase Ib/II proof-of-concept ("POC") studies. In the past two years, we have had four shots at POC on three different drug candidates (savolitinib, fruquintinib and sulfatinib). Our success rate is 100%, or four out of four. In the second half of 2015 we have two more POC read-outs with fruquintinib in NSCLC (third-line), an indication in which we saw strong efficacy in early development, and epitinib in NSCLC with brain metastases, which albeit on a very small patient sample size, is starting to show clear efficacy in both lung and brain lesions.

The step-change in the last decade in understanding the biology of molecular pathways has created the targeted therapy market in both oncology and immunology. The very fast moving and competitive nature of the targeted therapy market for cancer can be seen each year at ASCO in Chicago when all major companies in the field lay out the status of their drug candidates. The successes of novel targeted therapies like ibrutinib (AbbVie/Pharmacyclics), helped by the speed/efficiency impact of the US Food and Drug Administration's ("FDA") Breakthrough Therapy designation, is redefining the risk profile of research in the targeted therapy area and is creating rapid investor returns. An example of this is the approximately $40 billion in market capitalisation that was created by ibrutinib between 2009 and 2015. As a result of the outstanding work of our team, we find ourselves in the lead in several novel targeted therapy areas, such as c-Met, Syk, NET and NSCLC with brain metastases. To build on this lead we must now accelerate our clinical programmes rapidly beyond POC into pivotal Phase III registration studies.

Establishment of deep commercial know-how and executional infrastructure in China.
Building a powerful Commercial Platform in China has been a strategic focus for Chi-Med over the past 15 years. Our Prescription Drugs commercial business in China, whose day-to-day operations are controlled and managed by Chi-Med, covers about 300 cities and towns, details drugs to over 80,000 physicians in about 13,500 hospitals, and employs over 1,800 full-time medical sales staff. The main strategic purpose of this organisation, other than to generate substantial and increasing cash flow, is to eventually bring the oncology and immunology drugs of our Innovation Platform to market effectively in China.

The China pharmaceutical market is complex and reaching peak sales quickly for newly approved drugs is hampered by laborious province-by-province hospital bidding and reimbursement negotiations as well as the need for a pan-China detailing organisation and the associated executional/controls. In our Prescription Drugs business, we have the organisation in place to manage this complexity. Our operation has shown great adaptability this year in getting off to a good start in a totally new therapeutic area, psychiatric disorders, with our assumption of marketing and distribution responsibilities on AstraZeneca's Seroquel®. This gives us high confidence that we can do the same in due course in oncology and immunology.

Strategic collaboration with global partners to help accelerate and improve our own programmes and maximise economic value.
Chi-Med has a long track record of effective partnering with powerful industry leaders in our selected areas of strategic focus. Our partnerships have succeeded because we are deeply committed to very clear common objectives. We leverage the full organisational capabilities of both ourselves and our partners against these objectives, and we persevere. No partnership better exemplifies this approach than our collaboration with AstraZeneca on savolitinib. Three years ago savolitinib had just started its first Phase I clinical study. By the end of 2015, it will be in 12 clinical studies around the world, many in our view potential Breakthrough Therapy indications, with a good chance of two global Phase III studies starting in early 2016 and an NDA submission to the US FDA for approval in late 2016. Given the complexity of many of the signal transduction pathways and resistance mechanisms in oncology, the industry is fast realising that combinations of targeted therapies (TKIs, mAbs and immunotherapies) and chemotherapy is an important approach in treating this complex and constantly evolving and mutating disease. AstraZeneca's portfolio of proprietary targeted therapies is perfectly suited to combinations with savolitinib and we are studying combinations with gefitinib (EGFRm+), AZD9291/merelitinib (T790M+) and MEDI4736/durvelumab (PD-L1). These combinations of multiple first-in-class drug candidates are very difficult to replicate and represent a major opportunity for AstraZeneca and Chi-Med to build sustainable value together.

A balanced approach to financing.
During the past five years, as we have moved many of our drug candidates through POC, we have remained profitable on a group level. For a biotech company moving such a broad pipeline of clinical programmes in parallel, this is almost unheard of. On a group level we have accessed low-cost borrowing, sometimes with guarantees from Hutchison Whampoa Limited ("HWL"), an indirect wholly-owned subsidiary of CK Hutchison. However the vast majority of our funding over the past five years has come from the increasing profitability and cash flow of our Commercial Platform, which contributed over $46 million, as well as over $150 million in aggregate income and equity investments from our collaboration partners in the Innovation Platform. We will continue to adopt a balanced approach to financing and, subject to the requirements of our accelerating development plans, we will look at alternative forms of longer term funding at the appropriate time.

Financial Review

Chi-Med Group revenues on continuing operations for the six months ended 30 June 2015 were up 117% to $65.7 million (H1 2014: $30.3m), driven mainly by a full period of consolidation of Hutchison Sinopharm, which began operations in Q2 2014. It should be noted that Group revenues do not include the revenues of our two large-scale 50/50 JVs in China, SHPL and Hutchison Whampoa Guangzhou Baiyunshan Chinese Medicine Company Limited ("HBYS"), which are accounted for using the equity method.

Our Commercial Platform, which continues to be Chi-Med's primary profit and cash source, grew operating profit by 16% to $22.3 million (H1 2014: $19.3m). The Innovation Platform kept operating losses under control at $13.3 million (H1 2014: -$7.2m) despite a major step up of clinical activities on both our partnered and wholly-owned drug candidates as well as a major organisational expansion to support these clinical activities. We have also increased investment in our new oncology drug manufacturing operation in Suzhou, which successfully produced its first Phase III batches of fruquintinib during the first half of 2015.

Net corporate unallocated expenses, primarily Chi-Med Group overheads and running costs, increased marginally to $4.3 million (H1 2014: $4.0m) and this included a $0.8 million increase in professional audit, compliance and advisory services over last year.

Consequently, Chi-Med Group operating profit on continuing operations was $4.6 million (H1 2014: $8.1m).

Total interest, tax and profit attributable to non-controlling interests on continuing operations during the period were $2.3 million (H1 2014: $2.5m).

Overall, net profit on continuing operations attributable to Chi-Med equity holders was $2.3 million (H1 2014: $5.6m).

In 2014 we received an arbitration award in relation to a contract dispute with a supplier of infant formula. This income led to a one-time gain last year and consequent total net profit attributable to Chi-Med equity holders on discontinued operations of nil (H1 2014: $0.9m).

The resulting total Group net profit attributable to Chi-Med equity holders was therefore $2.3 million (H1 2014: $6.4m).

Cash and Financing

We maintain a stable balance sheet and financing structure both at the Chi-Med Group and JV levels. In general, we use the steady flow of dividends from our Commercial Platform combined with service fee and milestone payments from our four main Innovation Platform partners to fund the progress of our research and development programmes. We also utilise bank borrowing to bridge between these cash injections.

At the Chi-Med Group level, cash and bank balances as at 30 June 2015 totalled $48.8 million (31 December 2014: $51.1m), outstanding bank loans amounted to $50.6 million (31 December 2014: $53.2m) and un-utilised bank loan facilities totalled $6.3 million (31 December 2014: $8.5m). Of the outstanding Chi-Med Group level bank loans, $26.9 million is guaranteed by HWL. Our total Chi-Med Group weighted average cost of borrowing on both unsecured and HWL guaranteed loans, including all interest and guarantee fees, is 2.6%. This approach has served us well as a flexible, cost-efficient and non-dilutive financing strategy for a company at the stage of development that we have been at over the past five years.

At the JV level, under IFRS11 accounting standards, our three JVs (SHPL, HBYS and NSP), which are all 50/50 JVs, are accounted for on an equity accounting basis. The substantial JV cash balances are therefore not separately reflected at the Chi-Med Group level. Overall, cash and bank balances at the JV level as at 30 June 2015 totalled $70.4 million (31 December 2014: $77.0m), with outstanding bank loans of $33.5 million (31 December 2014: $22.6m). As previously reported both Commercial Platform JVs, SHPL and HBYS, are late in the process of approximately tripling capacity through the construction of two major new factories. The estimated total planned capital expenditures on these factories are $130 million. In the first half of 2015 capital expenditures were $33.0 million and the total aggregate capital expenditures to-date on the two new factories are $96.8 million, or 74% of completion. These capital expenditures have and will continue to be self-funded at the JV level with cash balances and bank borrowing and will not require any cash injection from the Chi-Med Group level.

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.

Outlook

With our high potential clinical pipeline, our efficient and highly productive discovery operation and our powerful, profitable, high growth commercial and distribution infrastructure, we believe Chi-Med is uniquely positioned to contribute to healthcare both in China and globally and to generate significant shareholder value this year and beyond.

Simon To
Chairman, 27 July 2015

OPERATIONS REVIEW

INNOVATION PLATFORM (formerly our Drug R&D Division)

In the first half of 2015, Innovation Platform revenue remained flat at $10.2 million (H1 2014: $9.9m) and the net loss attributable to Chi-Med equity holders increased to $11.7 million (H1 2014: -$6.3m) reflecting the much higher level of clinical activity. We moved forward all aspects of our oncology and immunology pipeline of seven drug candidates during the first half of 2015, managing 17 active clinical trials (H1 2014: 10) with seven more in late planning, either independently or in collaboration with our partners.

Clinical trial spending during the first half of 2015, by us and our partners, totalled approximately $30.3 million (H1 2014: $22.3m). This included a step-change in investment in our small molecule oncology and immunology programmes which increased by 157% to an estimated $28.0 million (H1 2014: $10.5m). In the first half of 2015, the subsidiaries and JVs of our Innovation Platform received cash payments and equity injections and obligations of $22.9 million (H1 2014: $20.1m) reflecting a combination of milestones, service fees and clinical cost reimbursement. These cash injections and obligations came primarily from AstraZeneca, Nestlé Health Science SA, Lilly and Janssen Pharmaceuticals, Inc.

Importantly, as announced last week, Mitsui has now exchanged their 12.24% shareholding in Hutchison MediPharma Holdings Limited ("HMHL") for new Chi-Med shares totalling 5.69% of the enlarged share capital of Chi-Med. As a result, Chi-Med now owns 99.8% of the shares in HMHL, the holding company for all our Innovation Platform operations. Mitsui has been an important long-term strategic investor in HMHL and will now continue this role at the Chi-Med level.

Major further progress was made in the first half on our pipeline of multiple clinical drug candidates. The most high profile were the outstanding Phase II POC results on fruquintinib in third-line colorectal cancer in China, which triggered payments of $18 million from Lilly, and the astonishing tumour shrinkage efficacy seen from the savolitinib/AZD9291 combination in TKI resistant NSCLC patients that was published at ASCO in June 2015. Other highlights included the good progress on our savolitinib global Phase II study of PRCC, which has now enrolled over 50 patients; the completion of enrolment in the fruquintinib third-line NSCLC study, which is set to report in September 2015; and the emerging exciting efficacy data in NSCLC patients with brain metastasis on epitinib. Details on all clinical stage drug candidates, their current trials and those planned to start in the second half of 2015, are laid out below.

Product Pipeline Progress

Important definitions: Most of our drug candidates have been designed for either global first-in-class or best-in-class potential and many have Breakthrough Therapy potential. In this context, first-in-class potential means that a drug candidate has the chance to be the first drug approved worldwide against its specific kinase target. The benefits of being first-in-class are significant, and include first mover advantage and becoming the established standard of care over which all future drug candidates, targeting the same molecular target and indication, must prove clinical superiority. Best-in-class means that a drug candidate, against its specific kinase target, is clinically superior in terms of safety and/or efficacy to the first-in-class standard of care. Breakthrough Therapy designation, established by the US Congress in 2013, is assigned by the US FDA to novel drug candidates which, in simple terms, meet the following three criteria: (1) treat rare, untreatable, life-threatening disease; (2) clear understanding of molecular pathways (e.g. kinase target) of the disease; and (3) unprecedented efficacy. Breakthrough Therapy designation can lead to expedited NDA approval and market launch based on Phase II data, with Phase III studies being confirmatory.

Savolitinib (AZD6094/HMPL-504/volitinib): Savolitinib is a novel and highly selective inhibitor of the c-Met receptor tyrosine kinase for the treatment of cancer. Phase I studies conducted from 2012 to 2014 show that savolitinib's structural design has successfully addressed the kidney toxicity issues which have to-date prevented the first wave of selective c-Met inhibitors from reaching approval. 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 wide range of different solid tumours. In collaboration with AstraZeneca, we are progressing savolitinib in 12 kidney, lung and gastric cancer indications many of which we believe are potential Breakthrough Therapy indications. To our knowledge, this is one of the broadest selective c-Met development programmes currently underway globally and positions savolitinib well to become the first-in-class selective c-Met inhibitor.

Kidney Cancer – Savolitinib is currently being studied in four kidney cancer clinical studies:
(Study 1 – Enrolling) PRCC first-line savolitinib monotherapy (600mg daily) – a global Phase II study will complete enrolment of approximately 90 patients in H2 2015 and report full results at ASCO 2016. In an extended Australian Phase I study in PRCC savolitinib monotherapy reported 38% ORR and 75% Disease Control Rate ("DCR"). Prior to savolitinib, the highest ORR reported for a PRCC specific Phase II study (of 74 PRCC patients) was 13.5% by foretinib (GlaxoSmithKline) in 2012. If in the global Phase II study on PRCC we are able to deliver an ORR in-line with that seen in the Australian Phase I, we will look to pursue US FDA Breakthrough Therapy designation because PRCC is a tumour type which currently has no approved treatments on the global market. To-date in the global Phase II study we have observed, as we did in the Australian Phase I, obvious efficacy among patients with high levels of c-Met amplification. This is an indication that, as a result of market analysis, we believe has about $500 million in global sales potential for savolitinib.

(Study 2 – Start H2 2015) PRCC first-line savolitinib in combination with MEDI4736 (PD-L1 immunotherapy) – high levels of HGF have been shown to reduce cytotoxicity of anti-PDL1 agents. Consequently, simultaneous targeting of PD-L1 and c-Met could potentially deliver better clinical benefit. A Phase Ib study is now in final planning to evaluate the safety and efficacy across all PRCC patients with the hypothesis that a TKI/immunotherapy combination, if tolerable, could benefit all PRCC patients, not only those with c-Met amplification. Enrolment is targeted to start by end 2015.

(Study 3 – Start H2 2015) Clear Cell Renal Cell Carcinoma ("ccRCC") second-line, vascular endothelial growth factor receptor ("VEGFR") TKI refractory, savolitinib monotherapy – the use of targeted therapies, such as VEGFR (sunitinib) and mTOR (everolimus) inhibitors, have significantly advanced the treatment of kidney cancer in recent years. Over time however, tumours build resistance rendering these therapies ineffective. C-Met over expression has been shown to play a major role in sunitinib resistance. A Phase Ib study is now in final planning to evaluate efficacy among sunitinib refractory ccRCC patients – patients who are known to have high levels of c-Met over expression and mutation – and may benefit from exposure to a highly selective c-Met inhibitor. ccRCC represents over 70% of all kidney cancers. Enrolment targeted to start by end 2015.

(Study 4 – Start H2 2015) ccRCC second-line, VEGFR TKI refractory, savolitinib in combination with MEDI4736 (PD-L1 immunotherapy) – a Phase Ib study is now in final planning to evaluate the safety and efficacy of savolitinib and MEDI4736 in this ccRCC population (same as Study 3). The hypothesis behind this study is that this TKI/immunotherapy combination, if tolerable, will attack the disease from multiple angles. Enrolment is targeted to start by end 2015.

Lung Cancer – Savolitinib is currently being studied in four lung cancer clinical studies:
(Study 5 – Enrolling) NSCLC second-line, epidermal growth factor receptor activating mutation ("EGFRm+") TKI refractory, savolitinib (600mg daily) in combination with AZD9291 (a T790M inhibitor which has 64% ORR in T790M+ patients and ~20% ORR in T790M- patients) – about 15-20% of the EGFRm+ TKI refractory patient population are believed to be both c-Met amplified and T790M+/-. At the ACSO meeting in June 2015 we published results from the TATTON Phase Ib dose finding study on savolitinib and AZD9291. The combination of savolitinib/AZD9291 in the 12 TATTON Phase Ib patients delivered astonishing tumour shrinkage outcomes and a 55% ORR and a 100% DCR among EGFRm+ TKI refractory T790M+/- patients. Based on this highly encouraging data we have initiated a global savolitinib/AZD9291 Phase Ib expansion study in about 30 patients. If the ORR among these patients is in line with TATTON we will consider moving directly to global Phase III study of the savolitinib/AZD9291 combination and possibly pursue US FDA Breakthrough Therapy designation. This is an indication that, as a result of market analysis, we believe has over $1 billion in global sales potential for savolitinib.

(Study 6 – Enrolling) NSCLC third-line, EGFRm+/T790M TKI refractory, savolitinib (600mg daily) in combination with AZD9291 (T790M inhibitor) – third generation EGFR inhibitors such as AZD9291 and CO-1686 (Clovis) have been shown to provide significant benefit to EGFRm+ TKI resistant NSCLC patients with T790M mutation. However, over time, tumours build resistance to these therapies and c-Met amplification is one of the major mechanisms of this resistance. AZD9291 is set for NDA submission, under the US FDA Breakthrough Therapy designation, in the coming months and subject to its approval, and future broad scale usage, more data on c-Met amplification as a resistance pathway will emerge. We have initiated a global Phase Ib study to evaluate the use of savolitinib after failure has occurred in the second-line setting with AZD9291/CO-1686 i.e. the use of savolitinib in-series with AZD9291 versus the Study 5 use in-parallel with AZD9291. The purpose of the study is to evaluate the impact on aggregate PFS of the in-series versus in-parallel approach.

(Study 7 – Enrolling) NSCLC second-line, EGFRm+ TKI refractory, savolitinib (600mg daily) in combination with gefitinib (EGFRm+ inhibitor) – a Phase Ib study is now underway in China to evaluate efficacy among gefitinib refractory NSCLC patients – the same patient population as Study 5 where 15-20% are believed to be c-Met amplification – and could benefit from exposure to a highly selective c-Met inhibitor, perhaps early in the treatment regime prior to EGFRm+ TKI failure.

(Study 8 – Enrolling) NSCLC first-line, EGFR wild-type (i.e. all non-EGFRm+), c-Met over expression – a Phase Ib study of savolitinib (500mg twice daily) in China has been underway since late 2014. 67% of these patients have some level of c-Met over expression; however, we are selecting patients only with a high degree of c-Met over expression. As a result, to-date we have screened a total of 105 NSCLC patients for their c-Met status and 12 carefully selected patients have been enrolled in this study. The theory is that if we are able to heavily inhibit c-Met, with a high dose of savolitinib, that c-Met over expression patients may benefit.

Gastric Cancer – Savolitinib is currently being studied in four gastric cancer clinical studies:
Patient screening for the following four studies has been underway in China since 2014. To-date we have screened a total of 151 gastric cancer patients for their c-Met status, and 14 carefully selected patients have been enrolled in Studies 9 and 10.

(Study 9 – Enrolling) Gastric cancer, c-Met amplified patients. A Phase Ib study of savolitinib (500mg twice daily) in China has been underway since late 2014, and to-date we have seen clear partial response efficacy among the approximately 10% of gastric cancer patients with high c-Met amplification.

(Study 10 – Enrolling) Gastric cancer, c-Met over expression patients. A Phase Ib study of savolitinib (500mg twice daily) in China has been underway since late 2014. 40% of these patients have some level of c-Met over expression; however, we are selecting patients only with a high degree of c-Met over expression. As with other solid tumours, the theory is that if we are able to heavily inhibit c-Met, with a high dose of savolitinib, that c-Met over expression patients may benefit.

(Study 11 – Enrolling) Gastric cancer, c-Met amplified patients, savolitinib (600mg once daily) in combination with chemotherapy (docetaxel) – the first section of a Phase Ib study is underway, dose finding among all comers, to assess combinability in front-line setting.

(Study 12 – Enrolling) Gastric cancer, c-Met over expression patients, savolitinib (600mg once daily) in combination with chemotherapy (docetaxel) – the first section of a Phase Ib study is underway, dose finding among all comers, to assess combinability in front-line setting.

Fruquintinib (HMPL-013): Fruquintinib is a novel and highly selective oral inhibitor of VEGFRs and which we believe can be a best-in-class VEGFR inhibitor for many types of solid tumours. Fruquintinib, unlike other less selective VEGFR inhibitors, only inhibits VEGFR1, 2 and 3 resulting in high potency in target coverage. The pharmacokinetic properties of fruquintinib reduce off-target toxicity, allowing for a dosage level that is able to fully inhibit VEGFR through a single daily oral dose. In addition, these properties may also allow the use of fruquintinib in combination with other targeted therapies and chemotherapy. The resulting fruquintinib DCR of 82.1% in third-line colorectal cancer patients in a Phase Ib study compares favourably to other VEGFR inhibitors such as Bayer's regorafenib which recorded a 51.5% DCR in its Phase III CONCUR study in the same patient population. In collaboration with Lilly, we are progressing fruquintinib in China in three mid-to-late stage clinical studies of fruquintinib as a monotherapy in colorectal and lung cancers and fruquintinib in combination with chemotherapy in gastric cancer.

(Study 13 – Report Q3 2015) Colorectal cancer third-line fruquintinib monotherapy (5mg daily, 3 weeks on/1 week off) – in March 2015 we reported that fruquintinib had clearly met its primary endpoint of superior median PFS versus placebo in a 71 patient Phase II study in third-line colorectal cancer – this outstanding data will be published in full at the European Society of Medical Oncology meeting in September 2015. Overall survival follow up on this Phase II study is ongoing.

(Study 14 – Enrolling) Colorectal cancer third-line fruquintinib monotherapy (5mg daily, 3 weeks on/1 week off) – the FRESCO pivotal Phase III registration study began in late 2014 and after a gradual lead-in is now active in 27 centres in China with over 120 patients enrolled to-date. We expect enrolment of the over 400 patient study to complete in early 2016 thereby enabling potential NDA submission for approval in late 2016.

(Study 15 – Enrolling) NSCLC third-line fruquintinib monotherapy (5mg daily, 3 weeks on/1 week off) – in March 2015 we reported that fruquintinib had completed enrolment in a 91 patient Phase II study in third-line NSCLC. We will report top-line results in Q3 2015 and subject to these data being positive a Phase III registration study in third-line NSCLC will begin in late 2015.

(Study 16 – Enrolling) Gastric cancer second-line fruquintinib in combination with chemotherapy (paclitaxel) – in early 2015 we began a Phase Ib dose finding study of fruquintinib in combination with paclitaxel. We have completed two dose cohorts, 2mg daily and 3mg daily (both 3 weeks on/1 week off) with both regimes being safe and tolerable and showing encouraging preliminary response. We are currently in a 4mg daily cohort, that if successful, will deliver complete VEGFR inhibition through a single daily oral dose in combination with paclitaxel, an outcome that we believe has never been achieved before with a small molecule TKI. This would lead to the start of a second-line gastric cancer Phase II/III study in Q4 2015. Success in a second-line setting, a setting with approximately 4 to 5 times the market potential of third-line, could possibly open up potential for global development of fruquintinib in combination with chemotherapy in other solid tumour indications.

Sulfatinib (HMPL-012): Sulfatinib is a novel oral compound that selectively inhibits the tyrosine kinase activity associated with VEGF and fibroblast growth factor receptors ("FGFR1"). In our Phase Ia study, we noticed very high levels of response in NET patients and so rapidly enrolled 23 NET patients. Of these 23 patients, 18 were evaluable and eight recorded partial response, or 35% ORR and 100% DCR. NET is a rare cancer of the hormone system, normally slow growth, affecting the gastrointestinal tract, lung, pancreas and several other organs. The early preliminary clinical efficacy of sulfatinib compares favourably to existing drugs approved in the NET arena. Sunitinib (Pfizer) and everolimus (Novartis) are both approved only in pancreatic NET (<5% of NET patients) and have ORR of <10% and DCR of approximately 70%. Octreotide (Novartis) and lanreotide (Ipsen) are hormone regulators used in narrow sub-sets of gastrointestinal NET patient population with low single digit ORRs and 60-70% DCRs. We believe sulfatinib has best-in-class potential and possibly, due to the quantum of superiority in efficacy over existing products on the market, could possibly be considered for Breakthrough Therapy designation. Based on sulfatinib's Phase Ia efficacy, we have initiated three mid-to-late stage clinical studies in NET and thyroid cancer.

(Study 17 – Enrolling) NET cancer first-line sulfatinib monotherapy (300mg daily) – in early 2015 we began a 30 patient Phase Ib study in China in broad spectrum NET patients (pancreatic, gastrointestinal, liver, lymph, lung, etc.) which enrolled so quickly, due to the major unmet medical need and strong efficacy of sulfatinib, that it was expanded to 60 patients – and is set to complete enrolment in August 2015. Results of this open label Phase Ib study appear in line with the positive Phase Ia data at the same stage. As stated, NET is a slow growing/shrinking tumour type and Phase Ia ORR grew gradually to 35% over time. Assuming the Phase Ib data continues to be positive and subject to clearance of sulfatinib's Phase II/III clinical trial application to the China FDA, which is expected to be cleared by end 2015, we will start two pivotal Phase III registration studies in China, one in pancreatic NET patients and a second in advanced carcinoid patients (all non-pancreatic NET patients).

(Study 18 – Start H2 2015) NET cancer first-line sulfatinib monotherapy – a Phase I bridging study in Caucasian patients is set to start in Q3 2015 in the US following the US FDA clearance of our investigational new drug application in early 2015. Once we have established the Phase II dose among Caucasians we expect to start a US Phase II study in broad spectrum NET patients in early 2016.

(Study 19 – Start H2 2015) Thyroid cancer, radiotherapy refractory, sulfatinib monotherapy (300mg daily) – in Q3 2015 we will start enrolment in a Phase Ib study in China of sulfatinib in both medullary and differentiated thyroid cancers. We believe that sulfatinib's VEGFR/FGFR1 inhibition profile has strong potential in second-line thyroid cancer patients particularly in China where there are few treatment options.

Epitinib (HMPL-813): Epitinib is a highly potent inhibitor of the EGFR, a tyrosine kinase involved in tumour growth, invasion and migration. Epitinib has been designed for optimal brain penetration. Pre-clinical studies and orthotopic brain tumour models have shown that epitinib demonstrated excellent brain penetration and efficacy, superior to that of current globally marketed EGFR inhibitors such as gefitinib and erlotinib. The first-in-human Phase I clinical trial started in late 2011 and epitinib has been well tolerated and demonstrated the anti-tumour activity expected from EGFR inhibitors, i.e. partial response in lung lesions among patients with NSCLC with EGFRm+.

(Study 20 – Enrolling) EGFRm+ NSCLC with brain metastasis epitinib monotherapy (160mg daily) – a Phase Ib study in approximately 30 patients aimed at establishing activity in NSCLC patients with tumours metastasised to the brain carrying EGFRm+ – tumour assessment of the first Phase Ib patients has yielded clear partial response in both the primary lung and metastasised brain lesions. If epitinib is able to reach POC it could have global first-in-class potential in NSCLC patients with brain metastasis and possibly be considered for Breakthrough Therapy designation.

Theliatinib (HMPL-309): Theliatinib is a novel oral EGFR inhibitor. In pre-clinical testing, it was found to have potent anti-EGFR activity against the growth of not only the tumours with EGFRm+, but also those without (the majority, also known as wild-type EGFR) owing to its strong binding affinity. Other than NSCLC, most other solid tumour types have no EGFRm+. The current EGFR TKI products have limited response in cancers with wild-type EGFR and therefore are limited to only NSCLC patients with the EGFRm+.

(Study 21 – Enrolling) Oncology – a Phase I dose escalation is nearing completion with 6 cohorts from 10mg daily through to 120mg daily successfully completed. Once Phase II dose is determined we intend to commence exploratory Phase Ib POC studies in esophageal and head and neck cancer in late 2015.

HMPL-523: HMPL-523 is a novel, highly selective and potent oral inhibitor targeting the spleen tyrosine kinase, known as Syk, a key component in B-cell receptor signalling. As one of the major cellular components of the immune system, B-cells play pivotal roles in autoimmune diseases such as rheumatoid arthritis and lupus as well as B-cell malignancies in oncology (i.e. hematological cancer). Global pharmaceutical companies have been working on oral small-molecule Syk inhibitors for many years because of the major unmet medical need and great potential in diseases such as rheumatoid arthritis (a market expected to reach $38.5 billion in 2017), unfortunately without approvable clinical success. Oral small molecule therapies are attractive because they are more convenient to use than intravenous mAb immune-modulators like infliximab (Janssen), adalimumab (AbbVie) and etanercept (Amgen/Pfizer). Furthermore, oral small molecules are generally cleared more quickly from the body as compared to the weeks or months for mAbs, so as a consequence, it is easier to manage serious side effects by stopping the medication.

We believe that HMPL-523's selectivity and higher potency are major competitive advantages. Poor kinase selectivity associated with fostamatinib (AstraZeneca/Rigel), a first generation Syk inhibitor, has been linked to off-target side effects such as hypertension. HMPL-523's pharmacokinetic properties are rather unique, and pre-clinical studies found HMPL-523 to have extensive tissue distribution. We believe high tissue distribution is important and research on HMPL-523 confirmed this by demonstrating strong efficacy in rheumatoid arthritis and lupus pre-clinical models with relatively low plasma drug concentrations.

(Study 22 – Enrolling) Phase I dose escalation – in May 2014 we began a Phase I dose escalation study among healthy volunteers to determine the safety and pharmacokinetic properties of HMPL-523 in human subjects. Until now we have successfully completed ten single dose cohorts, with eight patients per cohort, from 5mg single dose through to 800mg single dose. At 800mg daily, drug exposures are well above the predicted efficacious dose level. Also, now underway is the multiple ascending dose section of the Phase I study in which HMPL-523 is administered once daily for 14 days. We have successfully completed the 200mg per day first multiple dose cohort and are now preparing to start the 300mg per day second cohort.

(Study 23 – Start H2 2015) Hematological cancer (lymphoma/leukemia) – in Q3 2015 we will begin a Phase I dose escalation study of HMPL-523 in hematological cancer patients in Australia which we believe could quickly provide clinical POC. POC in this case would be that HMPL-523 is both a highly selective and potent Syk inhibitor, and that modulation of the B-cell signalling pathway through inhibition of Syk will provide patients a clinical benefit.

HMPL-689: HMPL-689 has been designed to be a second generation global best-in-class PI3Kδ inhibitor in hematological cancer – it is intended to compete with idelalisib (Gilead) the first-in-class PI3Kδ inhibitor that was granted Breakthrough Therapy designation in 2013. HMPL-689 is differentiated through high selectivity in general, and particularly on a PI3K isoform level, sparing PI3Kγ and minimising the risk of serious infection encountered by duvelisib (AbbVie/Infinity). HMPL-689 has superior pharmacokinetic properties particularly efflux and drug/drug interaction due to Cytochrome P450 (CYP) inhibition/induction and is over five-fold more potent than idelalisib at the whole blood level. As a result, HMPL-689 is expected to provide efficacy at much lower doses than idelalisib and consequently could help reduce compound related toxicities.

(Study 24 – Start H2 2015) Hematological cancer (lymphoma/leukemia) – in late 2015 we will begin a Phase I dose escalation study of HMPL-689 in hematological cancer patients in Australia.

HMPL-004: Since the result of our interim analysis of the Phase III registration study in ulcerative colitis (NATRUL-3) was published in August 2014, we have been working closely with Nestlé Health Science SA, our partner in the Nutrition Science Partners JV, to determine the next move for HMPL-004. The analysis of the NATRUL-3 interim data continues to centre around: (1) study criteria concerning concomitant use of 5-ASAs, the first-line treatment for ulcerative colitis – understanding if 5-ASAs were the reason behind the unexpectedly high placebo remission rate in NATRUL-3; (2) the importance and definition of 5-ASA resistance – HMPL-004 has consistently shown a high degree of efficacy in 5-ASA refractory ulcerative colitis patients; and (3) biomarker analysis – extensive samples were taken pre and post treatment during NATRUL-3 and analysis on how to better predict and/or track patient response based on biomarkers is ongoing.

While the Phase III study of HMPL-004 is currently under review pending resolution of the above matters, we continue to believe that, based on the extensive preclinical and clinical data, HMPL-004 is a safe and effective inhibitor of pro-inflammatory cytokines and the NF-kB pathway and consequently has potential to address major unmet medical needs in the over $8 billion inflammatory bowel disease market globally.

Discovery programmes: Our fully integrated discovery teams in oncology and immunology continued to make substantial progress during the period. We staff and resource our discovery team with the objective of producing one or two new internally discovered drug candidates per year. In addition to the new clinical activity planned for the second half of 2015 shown above, we expect progress on multiple discovery activities over the next 12 months. This includes: (1) likely initiation of a Phase I study on HMPL-453, our selective FGFR inhibitor for solid tumours; (2) possible nomination of our next highly selective compound in oncology/immunology and initiation of regulatory toxicity testing; and (3) a decision could be made with Janssen Pharmaceuticals, Inc. regarding our highly novel collaboration compound in inflammation.

Beyond these near-term discovery activities we are progressing pre-clinical candidates against multiple novel targets in oncology and immunology as well as significantly expanding our joint research activities with Nestlé Health Science.

COMMERCIAL PLATFORM (formerly our China Healthcare and Consumer Products Divisions)

In the first half of 2015, sales of the Commercial Platform subsidiaries and JVs grew by 17% to $285.4 million and consolidated net profit attributable to Chi-Med equity holders increased by 15% to $19.9 million.

The Commercial Platform, which has been built systematically over the past 15 years in China, is focused on two core business areas: (1) Prescription Drugs – SHPL and Hutchison Sinopharm, whose day-to-day operations are controlled and managed by Chi-Med, and will in due course will be used as the core strategic vehicle in China to launch the wholly-owned new oncology/immunology drugs if they receive regulatory approval under our Innovation Platform. The Prescription Drugs business is also the highest margin and most profitable part of the Commercial Platform; and (2) Consumer Health – HBYS; Hutchison Hain Organic Holdings Limited ("HHO"); Hutchison Healthcare Limited ("HHL"); and Hutchison Consumer Products Limited ("HCPL") make up our Consumer Health business. Due to their joint control structures and/or smaller scale, these businesses are most important in terms of their cash contribution which has helped fund our heavy research and development investments in the Innovation Platform during the past decade.

Prescription Drugs business:

Sales of the subsidiaries and JVs in our Prescription Drugs business (SHPL and Hutchison Sinopharm) grew by 44% to $149.3 million (H1 2014: $103.9m) and consolidated net profit attributable to Chi-Med equity holders increased by 14% to $11.9 million (H1 2014: $10.4m) representing 60% of our Commercial Platform net profit.

SHPL: Our own-brand Prescription Drugs business continues to perform well, with the first half JV sales up 14% to $103.9 million (H1 2014: $91.0m). Our proprietary prescription cardiovascular drug SXBXP, which represented 91% of SHPL sales, continues to make progress through geographic and sales channel expansion and gaining market share in its mature markets. Since its launch in 1983, SXBXP's proprietary status has been supported by a combination of regulatory protection and most recently the grant of State Secrecy protection which expires in December 2016. In July 2015 however, we were granted a 20-year invention patent covering SXBXP formulation from the China State Patent Office which will now secure our proprietary position on SXBXP in China through 2029. Furthermore, we have recently begun to phase-in, on a province-by-province basis, a 22% price increase on SXBXP to RMB 3.3/day from its early 2015 level of RMB 2.7/day. This increase will bring SXBXP closer in-line with the 2014 Low Price Drug List policy which

allows for maximum daily pricing for such products at RMB 5.0/day.

The SHPL commercial team now has over 1,800 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. In the first half of 2015, for the first time since its inception in 2001, SHPL began to expand into commercialisation of third party prescription drugs products. In early 2015 the SHPL medical sales team began detailing Concor® (cardiovascular, Merck Serono) in certain provinces in China and Seroquel® (psychiatric disorders, AstraZeneca) across all China on a fee for service basis. In the case of Seroquel®, SHPL has established a dedicated medical sales team of over 80 people in a new therapeutic area and, after just three months of operation, sales are progressing well.

The second half of 2015 will be an important period for SHPL as we transition production to our new factory in Feng Pu district, 40 kilometres south of Shanghai. We expect to achieve Good Manufacturing Practice ("GMP") certification on this new $90 million, 78,000 sqm. factory in late 2015. The move will approximately triple production capacity as well as free-up SHPL to conclude discussions with the local government in Pu Tuo district regarding compensation for the surrender of its 36-year land-use rights on its old 58,000 sqm. site which expire in 2052. We expect to receive compensation that will come close to offsetting the full cost of the new SHPL factory.

Hutchison Sinopharm: Our third-party prescription drugs commercialisation business, Hutchison Sinopharm, is making very good progress with sales of $45.4 million (H1 2014: $12.8m) driven mainly by its full period consolidation versus only about two months in 2014. The majority of Hutchison Sinopharm's legacy business is to provide logistics and distribution services, primarily in Shanghai municipality, to third-party pharmaceutical companies. These services are generally low-margin, with net profit in the low single-digit percentages.

Hutchison Sinopharm's core strategic focus is to evolve into a higher margin full-service third-party prescription drugs commercialisation company in China. An important first step towards this objective was taken in early 2015 when Hutchison Sinopharm completed a long-term exclusive China commercialisation deal on Seroquel® with AstraZeneca. Under the terms of the Seroquel® deal, Hutchison Sinopharm now manages distribution and logistics and therefore books the sales of Seroquel® in China, while SHPL manages marketing and is paid a service fee for medical detailing services.

The Seroquel® deal, and the emerging encouraging sales performance, is evidence of the strength and therapeutic adaptability of the Chi-Med Commercial Platform – which we believe will likely lead to more third party prescription drugs commercialisation opportunities. Furthermore, this positive progress gives us a high degree of confidence that Hutchison Sinopharm/SHPL will provide an excellent channel to launch the wholly-owned products of our Innovation Platform, starting with sulfatinib, epitinib and theliatinib, into the China oncology market.

Consumer Health business:

Sales of the subsidiaries and JVs in our Consumer Health business (HBYS, HHO, HHL, and HCPL) fell by 4% to $136.0 million (H1 2014: $141.0m); however, consolidated net profit attributable to Chi-Med equity holders increased by 15% to $8.0 million (H1 2014: $6.9m) representing 40% of our Commercial Platform net profit.

HBYS: HBYS, our over-the-counter ("OTC") drug business, is going through a period of change in which key raw material costs have collapsed, thereby improving our profitability. At the same time, sales of our core own-brand HBYS products were marginally down as we began to navigate a period of transition that will bring some of our contract manufactured products in-house to our new Bozhou, Anhui province production facility. In recent years due to high growth and capacity limitations, as much as half of HBYS' own-brand business has been contract manufactured. Understandably, some of our contract manufacturers, seeing the trend to shift production in-house are being less flexible than they had in the past, leading to some tightening of supply.

Our strategy to manage the tightness of supply during this transition period has been to consciously decide to not roll-back ex-factory prices despite the raw material price collapse. For perspective, the cost of Sanqi, the main raw material in our OTC angina drug Fu Fang Dan Shen ("FFDS") tablets, has fallen to around RMB 100/kg, 87% lower than its mid-2013 peak. As a result, the gross margin on FFDS in the first half of 2015 increased to 62% (H1 2014: 44%) and drove an increase in overall HBYS gross margin to 46% (H1 2014: 40%). Certain of our smaller competitors have cut prices materially and consequently FFDS tablet sales were down 6% to $40.1 million and, because we held firm on our premium pricing across all HBYS' products, Banlangen granule sales were also down 4% to $33.2 million. While this approach has helped

ease supply pressure as well as improve gross margins, maintaining our market leadership on FFDS and Banlangen is paramount, so we will very closely manage this period of transition.

The first phase of our $40 million, 230,000 sqm. Bozhou factory will likely achieve GMP certification in late 2015 or early 2016. This would provide us with a 3 billion unit/year increase in tablet capacity (>50% increase); a 5,000 ton increase in granule capacity (>50% increase); and, most importantly, it should address our main production bottle-neck - extraction - by adding 8,000 ton new extraction capacity (>250% increase).

Recently, the Guangzhou government has been consulting on their new urban redevelopment policy, and in terms of the formula for the calculation of compensation for return of land-use rights, the percentage of the auction price that will be passed on to the land-use right owner may be reduced. Consequently, HBYS compensation, based on precedent land auctions in the immediate vicinity, for surrender of our remaining 40-year land-use rights on the unutilised HBYS Plot 2 (26,700 sqm.) could total about $50 million. The move away from our larger HBYS Plot 1 (59,400 sqm.) will be more gradual and contingent on the establishment of a new factory in Guangdong province, but once we do move, compensation close to $120 million for Plot 1 could be expected.

HHO: The performance of HHO, our natural and organic products venture with The Hain Celestial Group, Inc. ("Hain"), during the first half of 2015 continued to be strong with sales growing by 34% to $8.0 million (H1 2014: $6.0m) and net profit attributable to Chi-Med equity holders of $0.2 million (H1 2014: $0.1m). We believe that the demand for high quality health-oriented consumer products is increasing and HHO is the exclusive regional distributor/marketer of a range of over 30 Hain brands of organic and natural products in nine countries/territories in Asia. The mainland Chinese infant formula market is of particular interest to us and in mid-2015 we re-entered the market with the Earth's Best® brand, Hain's market leading US organic infant formula brand.

HHL and HCPL: The sales in our smaller consumer businesses HHL and HCPL grew by 34% to $2.1 million (H1 2014: $1.5m) with net profit attributable to Chi-Med equity holders of nil (H1 2014: $0.2m). Our key product, Zhi Ling Tong, a supplement brand for pregnant mothers/babies, remains popular within its obstetrics and gynaecology hospital, mother/baby and drug store commercial channels.

Commercial Platform Dividends: The increasing profits of the Commercial Platform continue to pass through to the Chi-Med Group through dividend payments from our JVs. Dividends of $6.4 million (H1 2014: $12.7m) were paid from the JVs to the Chi-Med Group level during the first half of 2015, representing 30% (H1 2014: 67%) of the profit for the period. Profit in our two Commercial Platform JVs, SHPL and HBYS, totalled $274.1 million from 2005 to 2015 of which a total of $143.5 million has been paid in dividends to Chi-Med and its partners with the balance retained primarily to fund factory upgrades, expansion and relocation with minimal bank borrowing. Once compensation is received for the hand back of land-use rights in Shanghai and Guangzhou, we expect material extraordinary dividends will be paid from SHPL and HBYS to Chi-Med and its partners.

Summary

We believe that Chi-Med is now within reach of our original mid-term objective of becoming one of the largest pharmaceutical companies, in terms of market value, in China. Referencing our global biotech peers, clinical success over the next two to three years in just one of our main novel first-in-class drug candidates, savolitinib and HMPL-523, could provide the catalyst to achieve this objective.

Beyond savolitinib and HMPL-523, we believe that our broad clinical pipeline of possible best-in-class compounds, our highly productive research team and our fast growth and profitable Prescription Drugs business in China, are also set to potentially create great value to our partners and shareholders.

To achieve these ambitious objectives we must continue to move fast, and execute effectively, on all aspects of our business.

Christian Hogg
Chief Executive Officer, 27 July 2015

Report On Review Of Interim Financial Report

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 report set out on pages 17 to 44, 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 2015, 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-month period then ended, and a summary of significant accounting policies and other explanatory notes. The directors of the Company are responsible for the preparation and presentation of this interim financial report in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial report 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 report 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 report 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 2015

Condensed Consolidated Income Statement

For the six months ended 30 June 2015

	Note	Unaudited Six months ended 30 June 2015 US$'000	2014 US$'000
Continuing operations			
Revenue	4	65,722	30,329
Cost of sales		(57,419)	(21,320)
Gross profit		8,303	9,009
Selling expenses		(3,799)	(1,788)
Administrative expenses		(19,897)	(11,664)
Other net operating income/(expenses)	5	596	(582)
Share of profits less losses after tax of joint ventures		19,403	13,093
Operating profit	6	4,606	8,068
Finance costs	7	(707)	(744)
Profit before taxation		3,899	7,324
Taxation charge	8	(1,161)	(954)
Profit for the period from continuing operations		2,738	6,370
Discontinued operation			
Profit for the period from discontinued operation	9	-	1,750
Profit for the period		2,738	8,120
Attributable to:			
Equity holders of the Company			
- Continuing operations		2,297	5,573
- Discontinued operation		-	875
		2,297	6,448
Non-controlling interests		441	1,672
		2,738	8,120
Earnings per share for profit from continuing operations attributable to equity holders of the Company for the period (US$ per share)			
- basic	10(a)	0.0432	0.1068
- diluted	10(b)	0.0430	0.1059
Earnings per share for profit from continuing and discontinued operation attributable to equity holders of the Company for the period (US$ per share)			
- basic	10(a)	0.0432	0.1236
- diluted	10(b)	0.0430	0.1225

Condensed Consolidated Statement Of Comprehensive Income

For the six months ended 30 June 2015

	Unaudited Six months ended 30 June	
	2015 US$'000	2014 US$'000
Profit for the period	2,738	8,120
Other comprehensive income/(loss) that has been or may be reclassified subsequently to profit or loss:		
Exchange translation differences	3	(3,649)
Total comprehensive income for the period (net of tax)	2,741	4,471
Attributable to:		
Equity holders of the Company		
- Continuing operations	2,310	2,363
- Discontinued operation	-	875
	2,310	3,238
Non-controlling interests	431	1,233
	2,741	4,471

Condensed Consolidated Statement Of Financial Position

As at 30 June 2015

	Note	Unaudited 30 June 2015 US$'000	Audited 31 December 2014 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	8,088	7,482
Leasehold land		1,417	1,436
Goodwill		1,953	1,953
Other intangible asset		630	666
Investments in joint ventures	12	126,074	113,014
Deferred tax assets		219	257
		138,381	124,808
Current assets			
Inventories		7,009	4,405
Trade and other receivables	13	31,630	34,446
Other prepayments and deposits		2,802	2,563
Amounts due from related parties	18(b)	1,716	1,591
Cash and bank balances		48,830	51,125
		91,987	94,130
Total assets		230,368	218,938
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	14	53,300	53,076
Reserves		45,317	41,813
		98,617	94,889
Non-controlling interests		25,447	24,994
Total equity		124,064	119,883

Condensed Consolidated Statement Of Financial Position

As at 30 June 2015

	Note	Unaudited 30 June 2015 US$'000	Audited 31 December 2014 US$'000
LIABILITIES			
Current liabilities			
Trade payables	15	23,523	20,427
Other payables, accruals and advance receipts		17,296	13,638
Amounts due to related parties	18(b)	11,067	8,716
Bank borrowing	16	23,718	26,282
Current tax liabilities		162	122
		75,766	69,185
Non-current liabilities			
Deferred tax liabilities		3,615	2,947
Bank borrowing	16	26,923	26,923
		30,538	29,870
Total liabilities		106,304	99,055
Net current assets		16,221	24,945
Total assets less current liabilities		154,602	149,753
Total equity and liabilities		230,368	218,938

Condensed Consolidated Statement Of Changes In Equity

For the six months ended 30 June 2014

	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 2014	52,051	93,675	5,016	12,079	496	(74,447)	88,870	15,966	104,836
Profit for the period	-	-	-	-	-	6,448	6,448	1,672	8,120
Other comprehensive loss that has been or may be reclassified subsequently to profit or loss:									
Exchange translation differences	-	-	-	(3,210)	-	-	(3,210)	(439)	(3,649)
Total comprehensive (loss)/income for the period (net of tax)	-	-	-	(3,210)	-	6,448	3,238	1,233	4,471
Issue of shares (Note 14(a))	845	3,188	(2,477)	-	-	-	1,556	-	1,556
Share-based compensation expenses	-	-	426	-	-	-	426	50	476
Transfer between reserves	-	-	(167)	-	8	159	-	-	-
Acquisition of a subsidiary (Note 17(b))	-	-	-	-	-	-	-	7,526	7,526
Repayment of loan to a non-controlling shareholder of a subsidiary	-	-	-	-	-	-	-	(2,250)	(2,250)
Capital contribution from a non-controlling shareholder of a subsidiary	-	-	-	-	-	-	-	3,059	3,059
As at 30 June 2014	52,896	96,863	2,798	8,869	504	(67,840)	94,090	25,584	119,674

Condensed Consolidated Statement Of Changes In Equity

For the six months ended 30 June 2015

	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 2015	53,076	98,273	2,661	9,543	521	(69,185)	94,889	24,994	119,883
Profit for the period	-	-	-	-	-	2,297	2,297	441	2,738
Other comprehensive income/(loss) that has been or may be reclassified subsequently to profit or loss:									
Exchange translation differences	-	-	-	13	-	-	13	(10)	3
Total comprehensive income for the period (net of tax)	-	-	-	13	-	2,297	2,310	431	2,741
Issue of shares (Note 14(a))	224	1,566	(542)	-	-	-	1,248	-	1,248
Share-based compensation expenses	-	-	168	-	-	-	168	22	190
Transfer between reserves	-	-	-	-	24	(24)	-	-	-
Exercise of share options of a subsidiary (Note 14(b)(ii))	-	-	-	-	-	2	2	-	2
As at 30 June 2015	53,300	99,839	2,287	9,556	545	(66,910)	98,617	25,447	124,064

Condensed Consolidated Statement Of Cash Flows

For the six months ended 30 June 2015

	Note	Unaudited Six months ended 30 June 2015 US$'000	2014 US$'000
Cash flows from operating activities			
Net cash (used in)/generated from operations	17(a)	(5,334)	3,241
Interest received		363	187
Finance costs paid		(581)	(656)
Income tax paid		(415)	(666)
Dividend received from joint ventures		6,410	12,718
Net cash generated from operating activities		443	14,824
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,446)	(1,866)
Decrease in bank deposits maturing over three months (note)		12,179	-
Loan to a joint venture		-	(5,000)
Acquisition of a subsidiary	17(b)	-	689
Net cash generated from/(used in) investing activities		10,733	(6,177)
Cash flows from financing activities			
Repayment of loan to a non-controlling shareholder of a subsidiary		-	(2,250)
Capital contribution from a non-controlling shareholder of a subsidiary		-	3,059
Issue of shares, net of share issuance costs		1,248	1,556
Exercise of share options of a subsidiary		2	-
New short-term bank loans		-	8,205
Repayment of short-term bank loans		(2,564)	(6,128)
Net cash (used in)/generated from financing activities		(1,314)	4,442
Net increase in cash and cash equivalents		9,862	13,089
Cash and cash equivalents at beginning of the period (note)		38,946	46,863
Exchange differences		22	(525)
Cash and cash equivalents at end of the period		48,830	59,427
Analysis of cash and bank balances			
- Cash and cash equivalents		48,830	59,427

Note:

The cash and bank balances of US$48,830,000 as at 30 June 2015 represent cash and cash equivalents. The cash and bank balances of US$51,125,000 as at 31 December 2014 presented in the condensed consolidated statement of financial position include cash and cash equivalents of approximately US$38,946,000 and bank deposits maturing over three months of approximately US$12,179,000.

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 researching, developing, manufacturing and selling pharmaceuticals and health-related consumer products. The Group and its joint ventures have manufacturing plants in Shanghai and Guangzhou in the People's Republic of China (the "PRC") and sell mainly in the PRC 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 AIM regulated 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 2015.

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 2015 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 2014 (the "2014 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.

The accounting policies and methods of computation used in the preparation of these condensed interim accounts are consistent with those used in the 2014 annual accounts, except for the adoption of the amendments and interpretations issued by the International Accounting Standards Board that are the mandatory for annual periods beginning 1 January 2015.

The effect of the adoption of these amendments and interpretations was not material to the Group's results or financial position.

3. Financial risk management and accounting estimates

The Group's activities expose it to a variety of financial risks: market risk (including exchange rate risk and cash flow interest rate risk), credit risk and liquidity risk. There have been no changes in any risk management policies since last year end.

The preparation of interim accounts required management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. In preparing these interim accounts, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the 2014 annual accounts.

Notes To The Condensed Interim Accounts

4 Revenue and segment information

The Group is principally engaged in researching, developing, manufacturing and selling pharmaceuticals and health-related consumer products. Revenues recognised during the period are as follows:

	Six months ended 30 June	
	2015	2014
	US$'000	US$'000
Continuing operations:		
Sales of goods	55,558	20,397
Income from research and development projects (note)	10,164	9,932
	65,722	30,329

Note:

Income from research and development projects include upfront income and milestone income of US$1.5 million (30 June 2014: US$5.0 million) from a global licensing, co-development and commercialisation agreement and income from the provision of research and development services of US$8.7 million (30 June 2014: US$4.9 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. The pace of progress of the Group's business has accelerated over the past few years, due to the achievement of high rate of early-stage clinical success of the Group's drug research and development projects and the resulting rapid expansion in the number of mid- to late-stage clinical trials we have underway. In addition, the restructuring of the high growth commercial platform in the PRC allowing the Group to market third party products. Due to such evolutions of the Group's business, the segment presentation has been changed as follows:

- Innovation Platform (formerly Drug research and development ("Drug R&D") segment): focuses on discovering and developing innovative therapeutics in oncology and autoimmune diseases, and the provision of research and development services.

- Commercial Platform (formerly China healthcare and Consumer Products segments): comprising of the manufacture, marketing and distribution of prescription and over-the-counter pharmaceuticals in the PRC as well as certain health-related consumer products through Hong Kong. The Commercial Platform is further segregated into two core business areas:

  i) Prescription Drugs: comprises the development, manufacture, distribution, marketing and sale of prescription pharmaceuticals.

  ii) Consumer Health: comprises the development, manufacture, distribution, marketing and sale of over-the-counter pharmaceuticals and health-related consumer products.

Innovation Platform and Prescription Drugs business under the Commercial Platform are primarily located in the PRC. The locations for Consumer Health business under the Commercial Platform are further segregated into the PRC and Hong Kong.

4 Revenue and segment information (Continued)

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

Prior period corresponding segment information that is presented for comparative purposes has been restated to conform to changes adopted in the current period.

The Group discontinued a major business line in the PRC of the Consumer Health business under the Commercial Platform in 2013 and had subsequently received compensation income from the arbitration proceedings for the discontinued operation during the six months ended 30 June 2014. Details of the discontinued operation are included in Note 9.

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 2015						
	Innovation Platform	Commercial Platform					
	Drug R&D	Prescription Drugs	Consumer Health		Reportable Segment		
	PRC	PRC	PRC	Hong Kong	Total	Unallocated	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Revenue from external customers	10,164	45,409	1,742	8,407	65,722	-	65,722
EBIT/(LBIT)	(11,364)	322	(60)	534	(10,568)	(4,547)	(15,115)
Interest income	18	73	21	-	112	206	318
Share of profits less losses after tax of joint ventures	(1,991)	11,738	9,656	-	19,403	-	19,403
Operating profit/(loss)	(13,337)	12,133	9,617	534	8,947	(4,341)	4,606
Finance costs	-	-	-	42	42	665	707
Additions to non-current assets (other than goodwill, investments in joint ventures and deferred tax assets)	1,436	9	1	-	1,446	-	1,446
Depreciation/ amortisation	821	47	5	3	876	20	896
Total assets	49,990	87,199	69,150	8,257	214,596	15,772	230,368

Notes To The Condensed Interim Accounts

4 Revenue and segment information (Continued)

Continuing operations

	As at and for the six months ended 30 June 2014						
	Innovation Platform	Commercial Platform					
	Drug R&D	Prescription Drugs	Consumer Health		Reportable Segment		
	PRC	PRC	PRC	Hong Kong	Total	Unallocated	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Revenue from external customers	9,932	12,841	1,338	6,218	30,329	-	30,329
EBIT/(LBIT)	(1,539)	100	(84)	465	(1,058)	(4,154)	(5,212)
Interest income	18	6	6	2	32	155	187
Share of profits less losses after tax of joint ventures	(5,682)	10,370	8,405	-	13,093	-	13,093
Operating profit/(loss)	(7,203)	10,476	8,327	467	12,067	(3,999)	8,068
Finance costs	-	-	67	-	67	677	744
Additions to non-current assets (other than goodwill, investments in joint ventures and deferred tax assets)	1,856	781	1	-	2,638	5	2,643
Depreciation/ amortisation	516	15	3	4	538	22	560
Total assets	53,856	68,761	62,833	4,963	190,413	27,610	218,023

Revenue from external customers is after elimination of inter-segment sales. The amount eliminated attributable to (a) sales between Prescription Drugs and Consumer Health businesses within the PRC of US$74,000 (30 June 2014: nil) and (b) sales within Consumer Health business from Hong Kong to the PRC of US$1,283,000 (30 June 2014: US$105,000).

Sales between segments are carried out at mutually agreed terms.

Unallocated expenses mainly represent corporate expenses which include corporate employee benefit expenses. Unallocated assets mainly comprise cash at banks.

4 Revenue and segment information (Continued)

A reconciliation of LBIT for reportable segments of Group's continuing operations to profit before taxation and discontinued operation is provided as follows:

	Six months ended 30 June	
	2015 US$'000	2014 US$'000
LBIT	(10,568)	(1,058)
Unallocated expenses	(4,547)	(4,154)
Interest income	318	187
Share of profits less losses after tax of joint ventures	19,403	13,093
Finance costs	(707)	(744)
Profit before taxation and discontinued operation	3,899	7,324

As at 30 June 2015, total non-current assets other than investment in joint ventures and deferred tax assets located in the PRC and Hong Kong were US$12,029,000 (30 June 2014: US$10,229,000) and US$59,000 (30 June 2014: US$114,000) respectively.

5 Other net operating income/(expenses)

	Six months ended 30 June	
	2015 US$'000	2014 US$'000
Continuing operations:		
Interest income	318	187
Net foreign exchange gains/(losses)	23	(872)
Other operating income	255	103
	596	(582)

6 Operating profit

Operating profit is stated after charging the following:

	Six months ended 30 June	
	2015 US$'000	2014 US$'000
Continuing operations:		
Amortisation of leasehold land	19	19
Amortisation of intangible asset	36	12
Write-off of inventories	9	22
Provision for inventories	-	99
Provision for trade receivables	51	18
Cost of inventories recognised as expense	52,341	18,296
Depreciation on property, plant and equipment	841	529
Employee benefit expenses	12,251	9,283
Operating lease rentals in respect of land and buildings	626	434
Research and development expenses	8,393	2,933

Notes To The Condensed Interim Accounts

7 Finance costs

	Six months ended 30 June	
	2015 US$'000	2014 US$'000
Continuing operations:		
Interest expense on bank borrowings	363	458
Interest expense on amount due to immediate holding company (Note 18(a))	68	52
Interest expense on loan from a non-controlling shareholder of a subsidiary (Note 18(a))	42	-
Guarantee fee on bank borrowings (Note 18(a))	234	234
	707	744

8 Taxation charge

	Six months ended 30 June	
	2015 US$'000	2014 US$'000
Continuing operations:		
Current		
- HK	46	57
- PRC	116	39
Deferred income tax	999	858
Taxation charge	1,161	954

(a) Hong Kong profits tax has been provided for at the rate of 16.5% (30 June 2014: 16.5%) on the estimated assessable profit less estimated available tax losses.

(b) Taxation in the PRC has been provided for at the applicable rate on the estimated assessable profits less estimated available tax losses.

Notes To The Condensed Interim Accounts

9 Results and cash flows of discontinued operation

The Group discontinued a major business line in the PRC of the Consumer Health business under the Commercial Platform in 2013 as the performances were below expectation in light of increased competitive activities in the consumer products market. Since that time we initiated arbitration proceedings against the supplier and were subsequently awarded a compensation income for the six months ended 30 June 2014.

The results and cash flows of the discontinued operation are set out below.

	Six months ended 30 June	
	2015 US$'000	2014 US$'000
Revenue and income	-	2,096
Expenses	-	-
Profit before taxation from discontinued operation	-	2,096
Taxation charge	-	(346)
Profit for the period from discontinued operation	-	1,750
Cash flows from discontinued operation		
Net cash flows generated from operating activities	-	2,515
Net increase in cash and cash equivalents	-	2,515

The income from the discontinued operation for the six months ended 30 June 2014 represented the compensation income from the aforementioned arbitration proceedings against the supplier, being the excess of US$2.5 million compensation proceeds received over the carrying amount of US$0.4 million receivables recorded in prior years.

Notes To The Condensed Interim Accounts

10 Earnings per share

(a) Basic earnings per share

Basic earnings per share are calculated by dividing the profit 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	
	2015	2014
Weighted average number of ordinary shares in issue	53,172,325	52,173,678
Profit for the period attributable to equity holders of the Company		
- Continuing operations (US$'000)	2,297	5,573
- Discontinued operation (US$'000)	-	875
	2,297	6,448
Earnings per share attributable to equity holders of the Company		
- Continuing operations (US$ per share)	0.0432	0.1068
- Discontinued operation (US$ per share)	-	0.0168
	0.0432	0.1236

(b) Diluted earnings per share

Diluted earnings per share are 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 (determined 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	
	2015	2014
Weighted average number of outstanding ordinary shares in issue	53,172,325	52,173,678
Adjustment for share options	300,064	448,649
	53,472,389	52,622,327
Profit for the period attributable to equity holders of the Company		
- Continuing operations (US$'000)	2,297	5,573
- Discontinued operation (US$'000)	-	875
	2,297	6,448
Diluted earnings per share attributable to equity holders of the Company		
- Continuing operations (US$ per share)	0.0430	0.1059
- Discontinued operation (US$ per share)	-	0.0166
	0.0430	0.1225

Notes To The Condensed Interim Accounts

11 Property, plant and equipment

	2015 US$'000	2014 US$'000
Net book value as at 1 January	7,482	5,028
Acquisition of a subsidiary	-	69
Additions	1,446	1,866
Disposal	-	(15)
Depreciation for the period	(841)	(529)
Exchange differences	1	(167)
Net book value as at 30 June	8,088	6,252

12 Investments in joint ventures

	30 June 2015 US$'000	31 December 2014 US$'000
Unlisted shares	61,883	61,883
Share of undistributed post acquisition reserves	59,191	46,131
Loan to a joint venture (Note 18(b))	5,000	5,000
	126,074	113,014

Particulars regarding the principal joint ventures are set below:

Name	Principal place of business	Equity interest attributable to the Group	Nature of relationship	Measurement method
Hutchison Whampoa Guangzhou Baiyunshan Chinese Medicine Company Limited ("HBYS")	The PRC	40% (note(i))	Manufacture and distribution of Traditional Chinese Medicine ("TCM") products	Equity
Shanghai Hutchison Pharmaceuticals Limited	The PRC	50%	Manufacture and distribution of TCM products	Equity
Nutrition Science Partners Limited ("NSP")	Hong Kong	43.79% (note(ii))	Research and development of pharmaceutical products	Equity

All of the above joint ventures are private companies and there is no quoted market price available for its shares.

Notes:

(i) There is 20% non-controlling interest in the intermediate holding company which holds 50% equity interest in HBYS.

(ii) There is 12.43% (31 December 2014: 12.42%) non-controlling interest in the intermediate holding company which holds 50% equity interest in NSP.

Notes To The Condensed Interim Accounts

13 Trade and other receivables

	30 June 2015 US$'000	31 December 2014 US$'000
Trade and other receivables from third parties	28,823	32,524
Trade receivables from related parties (Note 18(b))	2,807	1,922
	31,630	34,446

Substantially all the trade and other receivables are denominated in Renminbi ("RMB") and Hong Kong dollars ("HK$") and are due within one year from the end of the reporting period. The carrying value of trade and other receivables approximates their fair values.

14 Share capital

(a) Authorised and issued share capital

	Number of shares of US$1 each	Nominal amount US$'000
Authorised:		
As at 1 January 2014, 30 June 2014, 1 January 2015 and 30 June 2015	75,000,000	75,000

	Number of shares	US$'000
Issued and fully paid:		
As at 1 January 2014	52,051,448	52,051
Issue of shares under the Company's share option scheme (note)	845,000	845
As at 30 June 2014	52,896,448	52,896
As at 1 January 2015	53,076,676	53,076
Issue of shares under the Company's share option scheme (note)	223,288	224
As at 30 June 2015	53,299,964	53,300

Notes To The Condensed Interim Accounts

14 Share capital (Continued)

(a) Authorised and issued share capital (Continued)

Note:

Issue date	3 June 2014	23 June 2014	1 April 2015	16 April 2015	22 April 2015	22 April 2015
Number of ordinary share of US$1 each allotted and issued by the Company	768,182	76,818	64,038	56,250	3,000	100,000
Issue price	£1.090	£1.090	£1.260	£4.405	£1.535	£4.967
Aggregate cash consideration received (US$'000)	1,415	141	121	373	7	747
Weighted average share price at the exercise date	£8.35	£8.35	£13.70	£16.80	£18.08	£18.08

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

(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 2015:

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	11 September 2006 (note (A))	From 11 September 2006 to 18 May 2016	£1.715	26,808
	18 May 2007 (note (B))	From 18 May 2007 to 17 May 2017	£1.535	37,857
	24 June 2011 (note (C))	From 24 June 2011 to 23 June 2021	£4.405	93,750
	20 December 2013 (note (C))	From 20 December 2013 to 19 December 2023	£6.100	302,700
				461,115

Notes To The Condensed Interim Accounts

14 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:

	2015		2014	
	Weighted average exercise price in £ per share	Number of options	Weighted average exercise price in £ per share	Number of options
As at 1 January	4.67	684,403	3.67	2,303,317
Exercised	3.72	(223,288)	1.09	(845,000)
As at 30 June	5.13	461,115	5.16	1,458,317

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, exercised, lapsed or cancelled during the six months ended 30 June 2015.

Notes:

(A) The share options granted are exercisable 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.

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

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

(D) As at 30 June 2015, the fair value of share options in connection with the 461,115 share options outstanding but remaining unvested amounted to £96,000 (equivalent to US$150,000). The amount is to be recognised as an expense of the Group over the remaining vesting periods of the relevant share options as mentioned in the note (C) above. The amount recognised as an expense for the period ended 30 June 2015 amounted to US$72,000 (30 June 2014: US$439,000).

Notes To The Condensed Interim Accounts

14 Share capital (Continued)

(b) Share option schemes (Continued)

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

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

	Effective date of grant of share options			
	11 September 2006	18 May 2007	24 June 2011	20 December 2013
Value of each share option	£0.553	£0.533	£1.841	£3.154
Significant inputs into the valuation model:				
Exercise price	£1.715	£1.535	£4.405	£6.100
Share price at effective date of grant	£1.7325	£1.5400	£4.3250	£6.1000
Expected volatility (notes (i) to (iii))	38.8%	40.0%	46.6%	36.0%
Risk-free interest rate	4.766%	5.098%	3.130%	3.160%
Expected life of share options	3.4 to 5.3 years	3.9 to 5.7 years	6.25 years	6.25 years
Expected dividend yield	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 share options is estimated with reference to the historical volatility of the comparable companies for the past one to two years as of the valuation date, since there was no or only a relatively short period of trading record of the Company's shares at the respective dates of grant.

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

(iii) For share options granted on 20 December 2013, the volatility of the underlying stock during the life of the share options is estimated with reference to the volatility of Company seven years prior to the issuance of share options.

14 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 2015:

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	2 August 2010 (note (A))	From 2 August 2010 to 1 August 2016	US$2.24	5,000
	18 April 2011 (note (B))	From 18 April 2011 to 17 April 2017	US$2.36	18,476
	17 December 2014 (note (C))	From 17 December 2014 to 19 December 2023	US$7.82	1,187,372
				1,210,848

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

	2015		2014	
	Weighted average exercise price in US$ per share	Number of options	Weighted average exercise price in US$ per share	Number of options
As at 1 January	7.71	1,211,772	2.03	538,420
Exercised (note (D))	2.36	(924)		-
Lapsed	-	-	2.16	(380,132)
As at 30 June	7.71	1,210,848	1.72	158,288

14 Share capital (Continued)

(b) Share option schemes (Continued)

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

Notes:

(A) The outstanding share options are fully vested and exercisable within a period of 6 years from the effective date of grant.

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

(C) The share options granted are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of 25% on 20 December 2014 and 25% on each of the first, second and third anniversaries of such date.

(D) The weighted average share price as at the date of exercise is US$4.55.

(E) As at 30 June 2015, the fair value of share options in connection with the 1,210,848 share options outstanding but remaining unvested was US$289,000. The amount is to be recognised as an expense of the Group over the remaining vesting periods of the relevant share options. The amount recognised as an expense for the period ended 30 June 2015 amounted to US$118,000 (30 June 2014: US$37,000).

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

	Effective date of grant of share options		
	2 August 2010	18 April 2011	17 December 2014
Value of each share option	US$0.258	US$0.923	US$3.490
Significant inputs into the valuation model:			
Exercise price	US$2.240	US$2.360	US$7.820
Share price at effective date of grant	US$1.030	US$2.048	US$7.820
Expected volatility (note)	49.0%	55.0%	48.4%
Risk-free interest rate	2.007%	2.439%	1.660%
Expected life of share options	6 years	6 years	5.26 years
Expected dividend yield	0%	0%	0%

Note:

The volatility of the underlying stock during the life of the options is estimated with reference to the historical volatility of the comparable companies for the past five to six years as of the valuation date.

Notes To The Condensed Interim Accounts

15 Trade payables

	30 June 2015 US$'000	31 December 2014 US$'000
Trade payables to third parties	18,703	18,237
Trade payables to a related party (Note 18(b))	4,820	2,190
	23,523	20,427

Substantially all the trade payables due to third parties are denominated in RMB and US dollars and due within one year from the end of the reporting period.

Trade payable due to a related party is denominated in US dollars and due within one year from the end of the reporting period.

The carrying value of trade payables approximates their fair values due to their short-term maturities.

16 Bank borrowings

The long-term bank borrowing of US$26,923,000 which is unsecured, interest bearing and denominated in HK$, is guaranteed by Hutchison Whampoa Limited, the intermediate holding company of the Company and will mature in 2018. The carrying amount of the bank borrowing approximates its fair value.

The short-term bank borrowing is unsecured, interest bearing, denominated in HK$ and the carrying amount of the bank borrowing approximates its fair value.

Notes To The Condensed Interim Accounts

17 Notes to condensed consolidated statement of cash flows

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

	Six months ended 30 June	
	2015 US$'000	2014 US$'000
Profit for the period	2,738	8,120
Adjustments for:		
Taxation charge	1,161	1,300
Share-based compensation expenses	190	476
Amortisation of leasehold land	19	19
Amortisation of intangible assets	36	12
Write-off of inventories	9	22
Provision for inventories	-	99
Provision for trade receivables	51	18
Depreciation of property, plant and equipment	841	529
Loss on disposal of property, plant and equipment	-	15
Interest income	(318)	(187)
Finance costs	707	744
Share of profits less losses after tax of joint ventures	(19,403)	(13,093)
Exchange differences	(87)	189
Operating loss before working capital changes	(14,056)	(1,737)
Changes in working capital:		
- (increase)/decrease in inventories	(2,613)	410
- decrease in trade and other receivables	2,765	7,881
- (increase)/decrease in other prepayments and deposits	(284)	1,467
- increase/(decrease) in trade payables	3,096	(1,547)
- increase/(decrease) in other payables, accruals and advance receipts	3,532	(3,911)
- increase in amount due from intermediate holding company	(2)	(2)
- increase in amount due from a fellow subsidiary	-	(21)
- increase in amount due to immediate holding company	1,120	395
- (increase)/decrease in amounts due from joint ventures	(123)	306
- increase in amount due to a joint venture	1,231	-
Net cash (used in)/generated from operations	(5,334)	3,241
Attributable to:		
Continuing operations	(5,334)	726
Discontinued operation	-	2,515
	(5,334)	3,241

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

(b) Acquisition of a subsidiary

In April 2014, the Group invested approximately US$9,597,000 in cash for the subscription of 51% equity interests in the enlarged share capital of Hutchison Whampoa Sinopharm Pharmaceuticals (Shanghai) Company Limited ("Hutchison Sinopharm"). The purpose of Hutchison Sinopharm is to provide sales, distribution, and marketing services to major domestic and multi-national third party pharmaceutical manufacturers. It will also provide a broadened sales and marketing platform for synergy across the Group.

The following table summarises the amount invested in Hutchison Sinopharm and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date:

	US$'000
Capital injection	9,597
Fair value	
Cash and bank balances	10,286
Property, plant and equipment	69
Other intangible asset (note (i))	708
Deferred tax assets	100
Inventories	3,208
Trade and other receivables	21,105
Trade and other payables	(14,827)
Current tax liabilities	(105)
Deferred tax liabilities	(198)
Bank borrowing	(4,769)
Non-controlling interest (note(ii))	(7,526)
Total identifiable net assets	8,051
Goodwill arising on acquisition (note (iii))	1,546
	9,597
Net cash inflow arising from acquisition	
Cash and cash equivalents acquired	10,286
Less: cash injected	(9,597)
	689

Notes:

(i) Other intangible asset represents the Good Supply Practice license.

(ii) The non-controlling interest is measured as the proportion of net assets acquired shared by the non-controlling interest.

(iii) Goodwill of US$1,546,000 arising from this acquisition is from the premium attributable to a pre-existing, well positioned business in a competitive market. This goodwill is recorded at the consolidation level and is not expected to be deductible for tax purposes.

(iv) Hutchison Sinopharm contributed revenue of US$12,841,000 and net profit of US$57,000 to the Group for the period from 25 April 2014 to 30 June 2014. If the acquisition has occurred on 1 January 2014, the consolidated revenue and consolidated profit attributed by Hutchison Sinopharm for the six months ended 30 June 2014 would have been US$33,647,000 and US$138,000 respectively.

(v) Acquisition related costs of approximately US$23,000 have been charged to income statement in 2014.

Notes To The Condensed Interim Accounts

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	
	2015 US$'000	2014 US$'000
(a) Transactions with related parties:		
Sales of goods to		
- Fellow subsidiaries	4,772	3,969
Provision of research & development services to		
- A joint venture	2,241	2,463
Purchase of goods from		
- A non-controlling shareholder of a subsidiary	5,750	3,101
- Joint ventures	3,950	582
	9,700	3,683
Rendering of marketing services from		
- Fellow subsidiaries	465	296
- A joint venture	1,919	-
	2,384	296
Management service fee to		
- An intermediate holding company	422	495
Guarantee fee on bank borrowing to		
- The intermediate holding company	234	234
Interest expense on amount due to		
- Immediate holding company	68	52
Interest expense on loan from		
- A non-controlling shareholder of a subsidiary	42	-

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).

18 Significant related party transactions (Continued)

	30 June 2015 US$'000	31 December 2014 US$'000
(b) Balances with related parties included in:		
Trade receivables from related parties:		
- Fellow subsidiaries (Note 13 and note (i))	2,807	1,922
Trade payable due to a related party:		
- A non-controlling shareholder of a subsidiary (Note 15 and note (i))	4,820	2,190
Amounts due from related parties:		
- The intermediate holding company (note (i))	109	107
- Joint ventures (note (i))	1,607	1,484
	1,716	1,591
Joint venture		
- Loan to a joint venture (note (ii))	5,000	5,000
Amounts due to a related parties:		
- Immediate holding company (note (iii))	9,814	8,694
- A fellow subsidiary (note (i))	22	22
- A joint venture (note (i))	1,231	-
	11,067	8,716
Non-controlling shareholders:		
- Loan from a non-controlling shareholder of a subsidiary (note (iv))	579	579
- Loan from a non-controlling shareholder of a subsidiary (note (v))	2,550	2,550
- Interest payable due to a non-controlling shareholder of a subsidiary	61	19
	3,190	3,148

Notes:

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

(ii) Loan to a joint venture is unsecured, interest bearing (with waiver of interest) and is recorded in investments in joint ventures.

(iii) Amount due to immediate holding company is unsecured, interest bearing and repayable on demand. The carrying value of balance with immediate holding company approximates their fair values due to their short-term maturities.

(iv) Loan from a non-controlling shareholder of a subsidiary is unsecured, interest bearing (with waiver of interest) and is recorded in non-controlling interests.

(v) Loan from a non-controlling shareholder of a subsidiary is unsecured, interest-bearing and is recorded in non-controlling interests.

Notes To The Condensed Interim Accounts

19 Subsequent event

On 23 July 2015, the Group entered into a subscription agreement (the "Agreement") with Mitsui & Co., Ltd. ("Mitsui"), the holder of the convertible preference shares (the non-controlling interest) of HMHL with carrying value of US$15.5 million as at 23 July 2015, under which the Group would issue 3,214,404 new ordinary shares in the Company valued at approximately US$84.0 million in exchange for these convertible preference shares. The above would be accounted for as transaction with equity owners of the Group and would not result in any change to total equity of the Group. As the result of the transaction, Mitsui will hold approximately 5.69% of the enlarged share capital of the Company.