HUTCHISON CHINA MEDITECH LTD

For Immediate Release

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

Financial Results for the Six Months Ended 30 June 2006

Strong Growth. Positive Outlook.

- Promising drug discovery and clinical programs
- Group sales up 86% to $32 million+
- Gross profit up 75% to $19.4 million
- Adjusted loss before tax improved 31% to $1.9 million
- Cash and cash equivalents totalled $72.6 million

London: Wednesday, 9 August 2006: Chi-Med today announces its financial results for the six months ended 30 June 2006, the first results of Chi-Med since its listing on AIM in May 2006.

Chi-Med is a pharmaceutical and healthcare group based primarily in China. It focuses on researching, developing, manufacturing and selling pharmaceuticals, health supplements and other consumer health and personal care products derived from Traditional Chinese Medicine ("TCM") and botanical ingredients. It has three businesses: Drug Research and Development ("R&D"); China Healthcare; and Consumer Products. Its aim is to become a major player in the global pharmaceutical and consumer healthcare markets.

Sales for the six months increased by 86% to $32 million (2005: $17.2m) driven primarily by strong organic growth and the full period impact of Hutchison Whampoa Guangzhou Baiyunshan Chinese Medicine Company Limited ("HBYS") joint venture in the China Healthcare operations.

Gross profit increased 75% to $19.4 million (2005: $11.1m) with selling expenses falling to 42.1% of sales (2005: 52.1%) as a result of increased scale from HBYS.

Operating profitability of the China Healthcare business grew to $1.9 million, compared to a $0.1 million loss for the same period in 2005. The China Healthcare operating profits partially offset increased investment in Chi-Med's Drug R&D operations. Investment continued as planned in Drug R&D behind expansion of the research team and new drug discovery operations, as well as progress of US and China clinical trials on both HMPL-002 (cancer) and HMPL-004 (inflammatory bowel disease).

Administrative expenses across the group rose to 29.2% of sales (2005: 28.6%) as a result of costs associated with the employee share option scheme and relating to Chi-Med's being a publicly traded company ($1.0 million).

The adjusted loss before taxation (before amortization, share option charges and expenses associated with the listing) improved to -$1.9 million (2005: -$2.7m). Loss to equity holders of Chi-Med rose to $3.8 million (2005: $2.9m).

Cash and cash equivalents at the end of the period totalled $72.6 million (2005: $5.5m), following the raising of $69.8 million net proceeds from the placing of Chi-Med shares and the listing. Net cash (outflow)/inflow from operating activities was $(3.9) million (2005: $1.1m) due to an increase in short term transaction related payables on the acquisition of HBYS.

Commenting, Christian Hogg, CEO of Chi-Med, said:

"Chi-Med has had a very successful first half, and looks forward to making further substantial progress during the rest of the year.

Our China Healthcare business continues to benefit from strong growth in demand for TCM products, both over the counter and prescription, and we continue to out-perform overall China market growth. The policy changes introduced by China's State Food and Drug Administration which we reported earlier should only have a short term impact,and expectations of continuing positive progress remain unchanged.

Our core drug research and development business is growing in scale. Its clinical trials in auto-immune disease and cancer are progressing well, with the latter now enabled by the US Food and Drug Administration to widen its IND protocol to include platinum-based chemoradiotherapy, thereby increasing its market potential by five times or more. During the first half of the year, our screening has led to four new lead candidates and five qualified hits in the oncology and auto-immune disease fields. We have now begun to explore drug research collaborations with major global pharmaceutical groups and are meeting with a high level of interest.

Sen, our consumer products brand, more than quadrupled sales, with same store sales up 21%, and we continue to explore avenues to accelerate growth, including partnerships with large scale international consumer groups.

We remained convinced of the major reservoir TCM represents for developing new drugs and health and wellness consumer products for the global market. Our flotation was a milestone, which has provided additional funding for drug research and development and enabled our important equity incentive plan for key employees. We look forward to making further substantial progress in the second half."

An analyst presentation will be held at 9.30am today at Citigate Dewe Rogerson, 3 London Wall Buildings, London, EC2M 5SY.

The interim results statement is available on the website of Chi-Med: www.chi-med.com

* *The Traditional Chinese Medicine Industry is defined as raw TCM herbs and State Food & Drug Administration registered TCM health foods, OTC drugs, and prescription drugs. Source: China Pharmaceutical Statistical Yearbook 1999-2004. 2005 data not yet published.*

\+ *In US dollar currency unless stated otherwise.*

Enquiries

Chi-Med
Christian Hogg, CEO — Telephone: August 9: +44 (0) 20 7638 9571
www.Chi-Med.com

Citigate Dewe Rogerson	Telephone: +44 (0) 20 7638 9571
Anthony Carlisle	(07973 611 888)
Chris Gardner	(07903 737 649)
Yvonne Alexander	(07866 610682)

INTRODUCTION

In 1999 Hutchison China MediTech Limited ("Chi-Med") identified a major opportunity to modernise and globalise the Traditional Chinese Medicine ("TCM") industry*. In China this industry* is estimated at over $15 billion[+] annually and is growing rapidly with the expansion of the Chinese economy. Outside China however, the TCM industry is a fraction of the size and remains largely undeveloped and unexplored.

During the past six years, Chi-Med has established operations aimed at drawing upon the untapped wealth of knowledge and history of usage in the China TCM industry to develop pharmaceuticals and consumer products for the global market.

Through its three core business units: Drug R&D; China healthcare; and consumer products, Chi-Med is now positioned to unlock the global potential of the TCM industry, thereby delivering high-growth and ultimately achieving the vision of becoming a major player in the global pharmaceutical and consumer products businesses.

YEAR TO DATE RESULTS

- Chi-Med sales up 86% to $32 million (2005: $17.2m); loss attributable to equity holders to $3.8 million (2005: $2.9m)
- Drug R&D investment increased behind expansion of the research team and new drug discovery operations, as well as progress of US and China clinical trials on both HMPL-002 (cancer) and HMPL-004 (inflamatory bowel disease); operating loss increased to $3.3 million (2005: $2.1m)
- China healthcare sales up 84% to $31.1 million (2005: $16.9m) due to full period consolidation and post joint venture growth of HBYS; operating profit $1.9m (2005: -$0.1m)
- Consumer products sales up 257% to $0.9 million (2005: $0.2m) with expansion of Sen retail outlets and operating losses being tightly controlled to $0.48 million (2005: $0.52m).
- £40m ($75.2m) gross fundraising from placement of new shares at IPO.

CHAIRMAN'S STATEMENT

We are delighted to report our first financial period as a publicly traded company following our IPO in May 2006.

Our vision is simple; our intention is to become a major player in the global pharmaceutical and consumer products businesses.

Strategically, we believe that the enormous TCM industry in China represents a reservoir of pharmaceutical activity and proven safety from which we could develop new drugs, and a breeding ground for highly attractive health and wellness based global consumer products and concepts.

We believe that the decades of success that Hutchison Whampoa Limited has enjoyed in China is an advantage for Chi-Med in the race to explore and commercialise the pharmaceutical and consumer products opportunities that we are discovering in the TCM industry.

In May 2006, Chi-Med was admitted to trading on the Alternative Investment Market ("AIM") in London. We did this at a relatively early stage in Chi-Med's development, in order to create independence, a higher profile, and provide a currency, in the form of the share option scheme, to retain key personnel.

The promise of the share option scheme, as set out in the admission document, has been used to attract key staff during the past six years. The exercise price of 109p is a discount of 60% versus the 275p admission price. This one-time discount is recognition for the work of the past six years; future options will be granted at market price. The share option scheme is limited to no more than 5% of the enlarged capital of Chi-Med. The cost of options outstanding is $5.4 million over the following three years.

In addition to completing the IPO, we have delivered strong results on our three core businesses.

Financial review
Sales for the six months to 30 June 2006 were $32 million (2005: $17.2m), an increase of 86%. This was driven primarily by the fast growth and full-period impact of the successful HBYS joint venture that commenced operations in May 2005.

Gross profit for the period was $19.4 million (2005: $11.1m). Selling expenses as a percentage of sales dropped to 42.1% (2005: 52.1%) as a result of the increased scale from HBYS. Administrative expenses as a percentage of sales rose to 29.2% (2005: 28.6%) as a result of accounting for our employee share option scheme and expenses resulting from being a publicly traded company. Loss attributable to equity holders of Chi-Med grew 29% to -$3.8 million (2005: -$2.9m).

During the period we continued to grow operating profitability on the China healthcare business to $1.9 million (2005: -$0.1m) in line with our strategy of using China healthcare operating profits to partially offset operating losses on our Drug R&D operations (up 55% to -$3.3 million; 2005: -$2.1m).

The impact of the employee share option scheme of Chi-Med, as well as expenses resulting from being a publicly traded company began to be felt in the period with expenses of $1.0 million (2005: $0). Adjusted loss before taxation (before amortisation, share option charges, and the expenses referred to above) was reduced by 31% to -$1.9 million (2005: -$2.7m).

Cash and Financing
In May we raised $75.2 million ($70.1m net of expenses) by the issue of 14,545,454 new ordinary shares at an issue price of 275 pence through an IPO on AIM in London. Our net cash outflow from operating activities during the period was -$3.9 million (2005: inflow of $1.1m due to an increase in short-term transaction related payables on the HBYS joint venture). Cash and cash equivalents at the end of the period totalled $72.6 million (2005: $5.5m) and are sufficient to fund Drug R&D operations, one or more China healthcare acquisitions; and the expansion of the Sen consumer products business in the following three years.

Outlook
We are very excited and confident about the future prospects of Chi-Med. With the full support of Hutchison Whampoa and its unrivalled goodwill, experience, and capabilities throughout China, Chi-Med hopes to be well positioned to secure attractive positions in joint ventures in the China healthcare industry and to realise synergy and rapid growth from these activities. Our strong management and R&D team are also well placed to capitalise on the substantial growth potential in the global pharmaceutical and consumer products businesses.

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

Simon To, Executive Chairman, 8 August 2006

CEO'S REVIEW OF OPERATIONS
We are pleased to present the review of our three core operating businesses: Drug R&D; China healthcare; and consumer products for the period ended 30 June 2006.

Drug R&D
Chi-Med has continued to increase investment in Drug R&D operations in line with our agreed discovery and development plans. As a result, the operating losses of Hutchison MediPharma Limited ("HMPL") increased 55% to -$3.3 million (2005: -$2.1m). The IPO and employee share option scheme have enabled Chi-Med to fulfil promises made during the recruitment of our team of extraordinarily experienced Drug R&D personnel from big Pharma and Biotech companies in the United States. These key personnel have helped develop HMPL into a highly sophisticated and productive single molecular entity discovery and development operation.

During the first six months of 2006, the 94-person research team of HMPL (17 PhD; 45 Master; and 23 Bachelor level) continued to build new global standard in vitro assay platforms (to a total of 42) and in vivo models (a total of 58) in the oncology and auto-immune areas. HMPL performed thousands of assays in screening substances for activity, most of which were single entities either synthesized or isolated from botanical and TCM sources by HMPL. This screening identified over

150 hits, which in turn has led to four new lead candidates and five new qualified hits (i.e. robust IP) in the fields of oncology and auto-immune disease.

On the development side, HMPL is progressing well. Clinical trials on HMPL-002, a cancer product, in the United States (head & neck cancer) and China (non-small cell lung cancer) progress to plan. As recently announced, the US Food and Drug Administration has allowed HMPL to amend the HMPL-002 protocol to include its use in combination with platinum-based chemoradiotherapy versus the previous plan of radiotherapy alone. This will increase HMPL-002 market potential at least five-fold.

Clinical trials on HMPL-004, an inflammatory bowel disease product, in the United States (Crohn's disease) and China (ulcerative colitis), are ahead of recruitment targets with lower than anticipated dropout rates.

It should be noted, HMPL's current monthly cash burn of approximately $0.7 million ($0.3m discovery/pre clinical; $0.2m clinical; and $0.2m overhead and depreciation) is extremely low for a 94-person team with the qualification profile and discovery and development productivity that HMPL has shown during the period. Being based in China is a major cost advantage for HMPL.

We have begun to explore HMPL drug research collaborations with big Pharma and have been met with a high level of interest.

China Healthcare

During the period, the China healthcare business of Chi-Med displayed continued overall strength with sales growth of 84% to $31.1 million (2005: $16.9m). Operating profit grew to $1.9 million (2005: - $0.1m).

Looking at the market more broadly, the fragmented TCM industry* in China grew at over 20% per annum from 2001 to 2004. The industry is set for continued growth of a similar magnitude for the foreseeable future driven by expansion in the Chinese economy and mandatory employee insurance programmes that reimburse the cost of healthcare.

During the period, two State Food and Drug Administration (SFDA) policy shifts were imposed on the China healthcare business: one limiting reimbursement of Sheng Mai injection to emergency use and one banning the use of medical representatives in hospitals.

These policy shifts are not of long-term concern to Chi-Med. Sheng Mai is a relatively small part of our business with sales of $0.5 million during the period (2005: $0.7m) or only 1.6% of total sales.

Furthermore, the medical representative policy shift has affected all companies in the prescription drug industry, thereby challenging Shanghai Hutchison Pharmaceuticals Limited ("SHPL") in the short-term to re-tool its commercial model, but not presenting SHPL with a long-term issue. China is a rapidly developing healthcare market where regulatory change is normal. To succeed we will react quickly to change by exploiting our experience in the China market, as well as protecting ourselves with an increasingly diversified product portfolio.

During the period, HBYS, our joint venture which began operations in May 2005, has performed well with May-June 2006 sales up 20% to $5.4 million (2005: $4.5m). Sales for the period grew 22% to $19.1 million (2005: $15.7m unaudited). HBYS is proof of Chi-Med's ability to secure fast growth, profitable joint ventures in China healthcare.

SHPL succeeded in holding flat, with sales down only 2% to $5.8 million (2005: $6.0m), despite the emerging impact of the two SFDA policy shifts. SHPL is a business with very high potential due to its main product, She Xiang Bao Xin pill ("SXBXP"), which has grown 18% compound annually in the past four years. Underlying in-market consumption of SXBXP during the period grew 16% to $4.8 million (2005: $4.1m) far exceeding invoice sales of $4.2 million. This healthy in-market consumption exists in both hospitals (up 14% to $3.5 million) and in drugstores (up 20% to $1.3 million).

Hutchison Healthcare Limited ("HHL"), Chi-Med's health food business performed below expectations during the period after an average of 71% growth on our main product, Nao Ling Tong capsule ("NLT"), in each of the past two years. While NLT still has major expansion potential, we will continue to expand our product portfolio to reduce reliance on any one product. The expansion of the Zhi Ling Tong ("ZLT") infant nutrition line and the launch of two new schools channel products (Health Goal growth liquid and NLT 1+1+1 study driving force) in 2006 are expected to help to HHL's growth.

Chi-Med is in negotiations with multiple China healthcare joint venture targets. Our hope is to replicate, potentially on a larger scale, the success of the HBYS deal.

Consumer Products

Sales in Chi-Med's consumer products business, Sen Medicine Company Limited ("Sen"), have grown 257% to $0.9 million (2005: $0.2m). Operating losses are down 8% to -$0.48m (2005: -$0.52m). Same store sales (for stores open more than one year) increased 21% during the period compared to the same period in 2005. This gives us confidence to open more stores in London starting with a 900 sq.ft. store-in-store in Harvey Nichols in Knightsbridge in September 2006.

The May 2006 launch of a new range of high-end Sen skin care products has been well received and represents a good opportunity to broaden distribution to third party retailers.

We continue to explore avenues to accelerate growth on Sen including partnerships with large-scale global consumer products groups.

Outlook

Our China healthcare business is a solid, fast growth unit. We hope to grow faster than the industry's 20% per annum through further joint ventures and the commercial synergies that will come from consolidation. This we feel is conservative given that we saw 67% compound annual growth from 2003 through 2005.

We have a very strong track record in China M&A. We know how to identify, acquire, integrate, and modernise China healthcare targets. We are now working on several potential joint ventures that we expect will create value for Chi-Med.

The Drug R&D business is a long-term project and although costs are very tightly controlled, represents a major investment for Chi-Med. We continue to believe this investment is justified given our world-class team and the major cost advantages that come from being based in China. HMPL has a strong track record of efficient productivity in oncology and auto-immune new drug discovery. We expect to validate our position in these areas by entering collaborations with big Pharma.

On the development front, we expect our clinical trials on HMPL-002 and HMPL-004 in the US and China to stay on course with respect to recruitment, treatment, and out-licensing revenue post US Phase II clinical trials.

Our consumer products business will continue to grow through store expansion. Our focus will continue to be establishment of the Sen brand in the London and UK markets.

Chi-Med has a very solid foundation of operations that are the result of over six years hard work. This foundation in Drug R&D; China healthcare; and consumer products, represents an ideal spring board for fast growth. We are confident that Chi-Med will achieve a great deal in the coming years.

Christian Hogg, Chief Executive Officer, 8 August 2006

HUTCHISON CHINA MEDITECH LIMITED

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2006

	Note	Unaudited Six months period ended 30 June 2006 US$'000	 2005 US$'000
Sales	4	31,999	17,174
Cost of sales		(12,615)	(6,090)
Gross profit		19,384	11,084
Selling expenses		(13,461)	(8,953)
Administrative expenses		(9,332)	(4,908)
Other net operating income	5	506	272
Operating loss	6	(2,903)	(2,505)
Finance costs	7	(189)	(240)
Share of results of an associate		-	(7)
Loss before taxation		(3,092)	(2,752)
Taxation charge	8	-	(140)
Loss for the period		(3,092)	(2,892)
Attributable to:			
Minority interests		681	32
Equity holders of the Company		(3,773)	(2,924)
		(3,092)	(2,892)
		US$ per share	US$ per share
Loss per share	9	(0.3101)	(1,462,000)

The notes on pages 11 to 22 are an integral part of these condensed interim accounts.

HUTCHISON CHINA MEDITECH LIMITED

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2006

	Note	Unaudited 30 June 2006 US$'000	Audited 31 December 2005 US$'000
ASSETS			
Non –current assets			
Property, plant and equipment	10	22,380	22,012
Leasehold land prepayments		4,149	4,085
Intangible assets		6,820	6,810
Other non-current assets		124	-
		33,473	32,907
Current assets			
Inventories		8,657	8,678
Trade receivables	13	18,699	12,864
Other receivables and prepayments		2,145	2,239
Amounts due from related parties	13	487	577
Cash and cash equivalents		72,613	5,617
		102,601	29,975
Total assets		136,074	62,882
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	11	51,212	-
Reserves		54,905	(33,670)
		106,117	(33,670)
Minority interests		6,393	5,661
Total equity/(deficits)		112,510	(28,009)
LIABILITIES			
Current liabilities			
Trade payables	13	4,061	3,938
Other payables and accruals		11,466	8,103
Amounts due to related parties	13	575	71,465
Short-term bank loans		7,462	7,385
Total liabilities		23,564	90,891
Total equity and liabilities		136,074	62,882

The notes on pages 11 to 22 are an integral part of these condensed interim accounts.

HUTCHISON CHINA MEDITECH LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2006

	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	Accumulated losses US$'000	Minority interests US$'000	Total US$'000
As at 1 January 2005	-	-	-	(31)	(27,368)	-	(27,399)
Currency translation differences	-	-	-	(43)	-	-	(43)
(Loss)/profit for the period	-	-	-	-	(2,924)	32	(2,892)
Reserves transferred to income statement upon disposal of a subsidiary	-	-	-	38	-	-	38
As at 30 June 2005	-	-	-	(36)	(30,292)	32	(30,296)
As at 1 January 2006	-	-	-	475	(34,145)	5,661	(28,009)
Currency translation differences	-	-	-	411	-	-	411
(Loss)/profit for the period	-	-	-	-	(3,773)	681	(3,092)
Issue of shares (Note 11)	51,212	91,510	-	-	-	-	142,722
Acquisition of a subsidiary by a jointly controlled entity	-	-	-	-	-	51	51
Employee share option benefits	-	-	427	-	-	-	427
As at 30 June 2006	51,212	91,510	427	886	(37,918)	6,393	112,510

The notes on pages 11 to 22 are an integral part of these condensed interim accounts.

HUTCHISON CHINA MEDITECH LIMITED

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2006

	Note	Unaudited Six months period ended 30 June 2006 US$'000	 2005 US$'000
Cash flows from operating activities			
Cash (used in)/generated from operations	12	(4,060)	1,262
Interest received		325	82
Interest paid		(189)	(240)
Net cash (outflow)/inflow from operating activities		(3,924)	1,104
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,406)	(515)
Purchase of intangible assets		(43)	-
Addition of other non-current assets		(124)	-
Net capital injection in the formation of jointly controlled entities		-	(11,675)
Acquisition of a subsidiary by a jointly controlled entity		(4)	-
Disposal of a subsidiary		-	(14,518)
Net cash used in investing activities		(1,577)	(26,708)
Cash flows from financing activities			
Increase in loans from immediate holding company		2,479	15,213
Repayment of short-term bank loans		-	(302)
Issue of shares, net of share issuance costs		70,109	-
Net cash generated from financing activities		72,588	14,911
Net increase/(decrease) in cash and cash equivalents		67,087	(10,693)
Cash and cash equivalents at beginning of period		5,617	16,274
Exchange differences		(91)	(75)
Cash and cash equivalents at end of period		72,613	5,506

The notes on pages 11 to 22 are an integral part of these condensed interim accounts.

HUTCHISON CHINA MEDITECH LIMITED

NOTES TO THE CONDENSED INTERIM ACCOUNTS

1 General information

Hutchison China MediTech Limited (the "Company") and its subsidiaries (together the "Group") are principally engaged in the manufacturing, distribution and sales of traditional Chinese medicine ("TCM") and healthcare products. The Group is also engaged in carrying out pharmaceutical research and development. The Group has manufacturing plants in Shanghai and Guangzhou in the People's Republic of China (the "PRC") and sells mainly in the PRC and the United Kingdom (the "UK").

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. On 4 August 2005, the Company changed its name from Hutchison Global MediTech Limited to Hutchison China MediTech Limited. The address of its registered office is Ugland House, P.O Box 309, George Town, Grand Cayman, Cayman Islands, British West Indies.

The Company's ordinary shares were admitted to trading on the Alternative Investment Market operated by the London Stock Exchange ("AIM"). These condensed interim accounts are presented in thousands of United States Dollars ("US$'000"), unless otherwise stated, and was approved for issue by the Board of Directors on 8 August 2006.

2 Basis of preparation

The Company has a financial year end date of 31 December. These condensed interim accounts for the six months period ended 30 June 2006 has been prepared in accordance with International Accounting Standard 34, "Interim financial reporting". In connection with the Company's admission on AIM (the "Admission"), the Company issued an admission document (the "Admission Document") on 10 May 2006 and an accountants' report (the "Accountants' Report") is included in the Admission Document. These condensed interim accounts should be read in conjunction with the financial information of the Group for the year ended 31 December 2005 as set out in the Accountants' Report.

3 Accounting policies

The accounting policies adopted are consistent with those used in the Accountant's Report. The following amendments to standards and interpretations are mandatory for financial year ending 31 December 2006.

IAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures
IAS 21 (Amendment)	Net Investment in a Foreign Operation
IAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intra-group Transactions
IAS 39 (Amendment)	The Fair Value Option
IAS 39 and IFRS 4 (Amendment)	Financial Guarantee Contracts
IFRS 1 and IFRS 6 (Amendment)	First-time Adoption of International Financial Reporting Standards and Exploration for and Evaluation of Mineral Resources
IFRIC 4	Determining whether an Arrangement contains a Lease
IFRIC 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment

The adoption of the above amendments to standards and interpretations did not have any significant financial impact to the Group.

4 Segment information

The Group is principally engaged in the manufacturing, distribution and sales of traditional Chinese medicine and healthcare products. The Group is also engaged in carrying out pharmaceutical research and development.

Business segments Six months period ended 30 June 2006	Drug research and development US$'000	China healthcare US$'000	Consumer products US$'000	Corporate unallocated expenses US$'000	Total US$'000
Sales	-	31,129	870	-	31,999
Operating profit/(loss)	(3,255)	1,871	(480)	(1,039)	(2,903)

Business segments Six months period ended 30 June 2005	Drug research and development US$'000	China healthcare US$'000	Consumer products US$'000	Corporate unallocated expenses US$'000	Total US$'000
Sales	-	16,930	244	-	17,174
Operating profit/(loss)	(2,098)	(95)	(523)	211	(2,505)

Note:

(a) Included in the corporate unallocated expenses for the six months period ended 30 June 2006 were share-based compensation expenses of US$427,000 (2005: Nil).

5 Other net operating income

	Six months period ended 30 June	
	2006	2005
	US$'000	US$'000
Interest income	325	153
Net gain on disposal of a subsidiary	-	195
Net foreign exchange gains	84	95
Other operating income	166	43
Other operating expenses	(69)	(214)
	506	272

6 Operating loss

Operating loss is stated after charging the following:

	Six months period ended 30 June	
	2006	2005
	US$'000	US$'000
Amortisation of intangible assets and leasehold land prepayments	122	103
Cost of inventories recognised as expense	11,415	5,103
Depreciation of property, plant and equipment	1,354	956
Operating lease rentals in respect of land and buildings	588	266
Research and development expense	1,644	802
Employee benefits expense	6,525	3,324

7 Finance costs

	Six months period ended 30 June	
	2006	2005
	US$'000	US$'000
Interest expense on amount due to a joint venture partner of a jointly controlled entity	-	14
Interest expense on short-term bank loans	189	226
	189	240

8 Taxation charge

	Six months period ended 30 June	
	2006	2005
	US$'000	US$'000
Current tax	-	20
Deferred income tax	-	120
	-	140

(a) The Group had no estimated assessable profit for the six months period ended 30 June 2006.

(b) Pursuant to the relevant PRC income tax rules and regulations, as foreign invested enterprises, special income tax rates ranging from 15% to 27% have been granted to certain subsidiaries and jointly controlled entities.

(c) As approved by the tax authorities, certain subsidiaries and jointly controlled entities are also entitled to a two year exemption from income taxes followed by a 50% reduction in income taxes for the following three years, commencing from their first cumulative profit-making year net of losses carried forward.

9 Loss per share

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

	Six months period ended 30 June	
	2006	2005
Loss attributable to equity holders of the Company (US$'000)	(3,773)	(2,924)
Weighted average number of ordinary shares in issue	12,166,417	2
Basic loss per share (US$ per share)	(0.3101)	(1,462,000)

Diluted loss per share is not presented as the exercise of the employee share option would have an antidilutive effect.

HUTCHISON CHINA MEDITECH LIMITED

NOTES TO THE CONDENSED INTERIM ACCOUNTS

10 Property, plant and equipment

	As at 30 June	
	2006	2005
	US$'000	US$'000
Net book value as at 1 January	22,012	13,322
Additions	1,406	9,239
Acquisition of a subsidiary by a jointly controlled entity	66	-
Disposal of a subsidiary	-	(73)
Disposals	(39)	-
Depreciation for the period	(1,354)	(956)
Exchange differences	289	(49)
Net book value as at 30 June	22,380	21,483

11 Share capital

(a) Authorised and issued capital

	Number of shares	US$
Authorised:		
As at 1st January 2005 and 31st December 2005	50,000	50,000
Increase in authorised share capital (note (i))	74,950,000	74,950,000
As at 30 June 2006	75,000,000	75,000,000

	Number of shares	US$
Issued and fully paid:		
As at 1st January 2005 and 31st December 2005	2	2
Capitalisation issue (note (ii))	36,666,665	36,666,665
Issue of shares for offering (note (iii))	14,545,454	14,545,454
As at 30 June 2006	51,212,121	51,212,121

Notes:

(i) Pursuant to a resolution passed by the then sole shareholder of the Company on 9 May 2006, conditional upon Admission taking place not later than 19 May 2006, the authorised share capital of the Company was increased from US$50,000 to US$75,000,000 by the creation of 74,950,000 shares of US$1 each.

(ii) On 9 May 2006, conditional upon Admission taking place not later than 19 May 2006, an amount due to Hutchison Healthcare Holdings Limited ("HHHL"), the immediate holding company of the Company, amounting to HK$575,219,920 (equivalent to US$73,746,000) was capitalised as 36,666,665 shares of the Company of US$1 each, credited as fully paid. By the time of Admission, these new shares rank pari passu in all respects with the then existing shares.

(iii) On 19 May 2006, the Company completed an offering of 14,545,454 shares with a par value of US$1 each, of which 14,537,704 shares and 7,750 shares were allotted and issued at a price of £2.75 and HK$39.62 respectively, for an aggregate consideration equivalent to US$75,026,000. All these shares rank pari passu in all respects with the then existing shares. These shares commenced trading on AIM on 19 May 2006.

(b) Share option scheme

On 4 June 2005, the Company adopted a share option scheme (the "Share Option Scheme"), conditional on Admission, pursuant to which the Board of Directors of the Company may, at its discretion, offer any employees and directors (including executive and non-executive directors other than independent non-executive directors) of the Company, its subsidiaries and jointly controlled entities options to subscribe for shares of the Company. As of 30 June 2006, options representing approximately 3.85% of the issued share capital of the Company were granted to a director of the Company and certain employees of the Group and its jointly controlled entities under the Share Option Scheme which are exercisable within a period of ten years from the offer date subject to vesting on the first , second and third anniversaries of the Company's Admission on AIM.

11 Share capital (Continued)

(b) Share option scheme (Continued)

Details of the options granted under the Share Option Scheme outstanding as at 30 June 2006 are as follows:

	Effective date of grant (Note (i))	Exercise period of share options (Note (ii))	Exercise price	Number of shares subject to the options
Christian Hogg	19 May 2006	On Admission to 3 June 2015	£1.09	768,182
11 employees in aggregate	19 May 2006	On Admission to 3 June 2015	£1.09	1,203,483
				1,971,665

There is no consideration in connection with all options granted. Upon the departure of an employee, 25,606 options lapsed during the six months period ended 30 June 2006. Save as mentioned above, no other share options were cancelled or exercised or lapsed during the six months period ended 30 June 2006. The Company has no legal or constructive obligation to repurchase or settle the options in cash.

Notes:

(i) Options were granted to a director of the Company and certain employees of the Group and its jointly controlled entities on 4 June 2005 conditionally upon Admission which took place on 19 May 2006.

(ii) The share options granted to certain founders are subject to amongst other relevant vesting criteria the vesting schedule of 50% on the first anniversary of the Company's Admission and 25% on each of the second and third anniversaries of the Company's Admission. The share options granted to non-founders are subject to amongst other relevant vesting criteria the vesting schedule of one third on each of the first, second and third anniversaries of the Company's Admission.

(iii) The fair value of share options in connection with the 1,971,665 options granted amounting to £3,049,000 (equivalent to US$5,427,000) is to be recognised as expense of the Group over the 3 years vesting periods as mentioned in note (ii) above from the effective grant date. The amount recognised as expense for the 6 month period ended 30th June 2006 amounted to US$427,000 (2005: Nil).

11 Share capital (Continued)

(b) Share option scheme (Continued)

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

	Effective date of grant of share option (Note (i) above)
	19 May 2006
Value of each option	£1.546
Total value of share option scheme	£3,049,057

Significant inputs into the valuation model:	
Exercise price	£1.09
Share price at effective grant date	£2.505
Expected volatility (Note)	38.8%
Risk-free interest rate	4.54%
Expected life of options	9.04 years
Expected dividend yield	0%

Note:

The volatility of the underlying stock during the life of the options is estimated based on the historical volatility of the comparable companies for the past one year as of the valuation date, that is, the effective grant date, since there is no trading record of the Company's shares at the grant date.

NOTES TO THE CONDENSED INTERIM ACCOUNTS

12 Note to condensed consolidated cash flow statement

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

	Six months period ended 30 June	
	2006	2005
	US$'000	US$'000
Loss for the period	(3,092)	(2,892)
Adjustments for:		
Taxation	-	140
Share of results of an associate	-	7
Share-based compensation expense	427	-
Amortisation of intangible assets and leasehold land prepayments	122	103
Depreciation on property, plant and equipment	1,354	956
Loss on disposal of property, plant and equipment	39	-
Interest income	(325)	(153)
Interest expense	189	240
Net gain on disposal of a subsidiary	-	(195)
	(1,286)	(1,794)
Changes in working capital:		
- decrease/(increase) in inventories	312	(321)
- (increase) in trade receivables	(5,658)	(871)
- decrease/(increase) in other receivables and prepayments and amounts due from related parties	251	(4,516)
- increase in trade payables	48	176
- increase in other payables and accruals and amounts due to related parties	2,273	8,588
Cash (used in)/generated from operations	(4,060)	1,262

13 Significant related party transactions

The Group is controlled by Hutchison Healthcare Holdings Limited (“HHHL”) (a company incorporated in the British Virgin Islands), which owns approximately 72% of the Company’s shares. The ultimate holding company of the Company is Hutchison Whampoa Limited, a company incorporated and listed in Hong Kong.

The major related parties that had transactions with the Group were as follows:

Name of related parties	Relationship with the Company
Hutchison Whampoa (China) Limited (“HWCL”)	An intermediate holding company
HHHL	The immediate holding company
Cascade Trading Limited	A fellow subsidiary
Hutchison Whampoa (China) Commerce Limited	A fellow subsidiary
Hutchison Whampoa Enterprises Limited	A fellow subsidiary
Shanghai Traditional Chinese Medicine Co., Ltd. (“STCM”)	A joint venture partner of a jointly controlled entity
Shanghai Lei Yun Shang Pharmaceuticals Co., Ltd.	A subsidiary of STCM
Shanghai Huayu Pharmaceuticals Co., Ltd.	A subsidiary of STCM
Ningxia Dyne Pharmaceuticals Co., Ltd.	A minority shareholder of a subsidiary
Masson Holdings Co., Ltd.	A minority shareholder of a subsidiary
Bestchosen Limited	A minority shareholder of a subsidiary
Guangzhou Baiyunshan Pharmaceuticals Holdings Co., Ltd.	A joint venture partner of a jointly controlled entity

The following significant transactions were carried out with related parties for the six months ended 30 June 2006:

	Six months period ended 30 June	
	2006	2005
	US$'000	US$'000
Revenues:		
Sales of goods and materials		
- Shanghai Lei Yun Shang Pharmaceuticals Co., Ltd.	2,068	2,731
- Cascade Trading Limited	1,094	914

13 Significant related party transactions (Continued)

	Six months period ended 30 June	
	2006	2005
	US$'000	US$'000
Expenses:		
Purchase of goods and raw materials		
- Shanghai Huayu Pharamaceuticals Co., Ltd.	461	401
- Masson Holdings Co., Ltd.	675	375
Sub-contracting charge		
- Masson Holdings Co., Ltd.	434	522
Technology fee		
- Masson Holdings Co., Ltd.	151	155
Key management compensation borne by the Group		
- Wages, salaries and bonus	155	-
- Pension costs - defined contribution plans	4	-
- Other employee benefits	-	-
Other items not recognised in income statement		
Key management compensation borne by HWCL		
- Wages, salaries and bonus	100	211
- Pension costs - defined contribution plans	5	9
- Other employee benefits	-	1
Other administrative expenses borne by HWCL	267	728

These transactions are entered into at terms agreed with these related parties in the ordinary course of the Group's business.

No transactions have been entered into with the directors of the Company (being the key management personnel) during the six months period ended 30 June 2006 other than the emoluments paid to them (being the key management personnel compensation) as disclosed.

	30 June 2006	31 December 2005
	US$'000	US$'000
Balances with related parties included in:		
Trade receivables due from related parties		
- Shanghai Lei Yun Shang Pharmaceuticals Co., Ltd.	2,609	2,484
- Hutchison Whampoa (China) Commerce Limited	476	-
	3,085	2,484
Amounts due from related parties		
- Guangzhou Baiyunshan Pharmaceuticals Holdings Co., Ltd.	487	577

13 Significant related party transactions (Continued)

	30 Jun 2006	31 Dec 2005
	US$'000	US$'000
Balances with related parties included in:		
Trade payables due to related parties		
- Shanghai Huayu Pharmaceuticals Co., Ltd.	383	174
- Ningxia Dyne Pharmaceuticals Co., Ltd.	263	271
- Masson Holdings Co., Ltd.	16	-
	662	445
Amounts due to related parties		
- Hutchison Whampoa Enterprises Limited	-	1,103
- HHHL	274	62,891
- HWCL	-	7,273
- STCM	53	53
- Ningxia Dyne Pharmaceuticals Co., Ltd.	77	85
- Masson Holdings Co., Ltd.	161	60
- Hutchison Whampoa (China) Commerce Limited	10	-
	575	71,465
Minority interests – amount due to a minority shareholder of a subsidiary		
- Bestchosen Limited	5,253	5,253

Note:

Except for the amount due to a minority shareholder of a subsidiary which does not have fixed repayment terms, balances with related parties are unsecured, interest-free and are repayable on demand. The amount due to a minority shareholder of a subsidiary represents the minority shareholder's equity contributions to the subsidiary. The carrying value of other balances with related parties approximates their fair values due to the short term maturity.

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

Introduction

We have reviewed the accompanying condensed consolidated interim balance sheet of Hutchison China MediTech Limited (the “Company”) and its subsidiaries (together the “Group”) as of 30 June 2006, and the related condensed consolidated interim statements of income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Committee.

It is our responsibility to express a conclusion, based on our review, on this condensed consolidated interim financial information and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 8 August 2006

INFORMATION FOR SHAREHOLDERS

Listing
The Company's ordinary shares are listed on the Alternative Investment Market operated by the London Stock Exchange plc

Code
HCM

Registered Office
Ugland House, P.O. Box 309
George Town, Grand Cayman
Cayman Islands, British West Indies
Telephone: +1 345 949 8066
Facsimile: +1 345 949 8080

Head Office
22nd Floor, Hutchison House
10 Harcourt Road
Hong Kong
Telephone: +852 2128 1188
Facsimile: +852 2128 1778

Principal Executive Office
21st Floor, Hutchison House
10 Harcourt Road
Hong Kong
Telephone: +852 2121 8200
Facsimile: +852 2121 8281

Share Registrar
Computershare Investor Services
(Channel Islands) Limited
P. O. Box 83, Ordinance House
31 Pier Road, St. Helier
Jersey, Channel Islands JE4 8PW
Telephone: +44 (0) 1534 825200
Facsimile: +44 (0) 1534 825250

Depositary
Computershare Investor Services plc
P. O. Box 82, The Pavilions
Bridgwater Road
Bristol BS99 7NH
United Kingdom
Telephone: +44 (0) 870 702 0003
Facsimile: +44 (0) 870 703 6114

Investor Information
Corporate press releases, financial reports and other investor information on the Company are available online at the Company's website.

Investor Relations Contact
Please direct enquires to:
E-mail: ir@chi-med.com Telephone:
+852 2121 8200
Facsimile: +852 2121 8281

Website Address
www.chi-med.com

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Chairman
Simon TO, BSc, ACGI, MBA

Executive Directors
Christian HOGG, BSc, MBA *Chief Executive Officer*
Patrick WAN, ACCA

Non-executive Directors
Christian SALBAING, BA, LLL, JD
Edith SHIH, BSE, MA, MA, EdM, Solicitor, FCS, FCIS
Stephen YEUNG, BA, MBA, CA

Independent Non-executive Directors
Michael HOWELL, MA, MBA
Christopher HUANG, BM, BCh, PhD, DM, ScD
Christopher NASH, BSc, MBA, ACGI

AUDIT COMMITTEE
Michael HOWELL (Chairman)
Christopher HUANG
Christopher NASH

REMUNERATION COMMITTEE
Simon TO (Chairman)
Michael HOWELL
Christopher NASH

TECHNICAL COMMITTEE
Christopher HUANG (Chairman)
Simon TO
Christian HOGG

COMPANY SECRETARY
Edith SHIH, BSE, MA, MA, EdM, Solicitor, FCS, FCIS

NOMINATED ADVISER
Lazard & Co., Limited

CORPORATE BROKER
Panmure Gordon (Broking) Limited

AUDITORS
PricewaterhouseCoopers