HUTCHISON CHINA MEDITECH LTD

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

Interim Results for the Six Months Ended 30 June 2007

All businesses developing rapidly. Positive outlook.

- Group sales up 18% to $37.7 million (H1 2006: $32.0m)
- Spending on Drug R&D continues as planned -- breakthrough Phase II trial results in ulcerative colitis
- China Healthcare -- sales up 16% to $36.0 million and operating profit up 62% to $3.0 million
- Consumer Products -- sales up 44% driven by further Sen shop openings
- Resulting loss to shareholders also as planned at $5.6 million (H1 2006: $3.8m)
- Cash and cash equivalents totalled $64.1 million at 30 June 2007

London: Thursday, 9 August 2007: Chi-Med, the pharmaceutical and healthcare group backed by Hutchison Whampoa Limited, today announces its interim results for the six months ended 30 June 2007.

Christian Hogg, CEO of Chi-Med, said:

"Chi-Med has delivered a strong set of results for the first half of the year with group sales up 18% to $37.7 million.

Our China Healthcare business continues to grow fast with like-for-like sales up 16% and operating profits up 62%. Our Consumer Products business has expanded its Sen shop portfolio and grown sales by 44%, and our Drug R&D business has made major clinical progress.

Significantly, our Drug R&D business has announced successful Phase II proof-of-concept trial results for HMPL-004, our ulcerative colitis therapy, as well as progressing enrollment on its other three clinical trials. Concurrently the in-house drug discovery programme and joint-discovery collaborations with Merck KGaA and Procter & Gamble are advancing well. Undoubtedly the focus of the pharmaceutical industry is on Chi-Med for the quality of its discovery and development capability and for its potential to develop important new drugs for the global marketplace from its efficient cost base in China. As previously stated, the increased spend on Drug R&D has led to a larger loss for the group as a whole. However this is our plan and expectation.

Looking ahead, we expect our Drug R&D business to conclude further collaboration agreements with major pharmaceutical companies. The China Healthcare business will continue to grow strongly with the potential for strategic opportunities to add to its organic growth and we see continuing good growth potential for the Sen brand in our Consumer Products business. A strong cash position is underpinning our future growth plans in all three core businesses. We remain confident we will add further significant value for shareholders in the rest of this year and beyond."

Enquiries

Chi-Med

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Results are reported in US dollar currency unless stated otherwise.

The interim results statement and the information required by Rule 26 (Company information disclosure) of the AIM Rules for the Companies are available on the website of Chi-Med: www.chi-med.com

An analyst presentation will be held at 9.00am today at Citigate Dewe Rogerson, 3 London Wall Buildings, London, EC2M 5SY.

About Chi-Med

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

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

INTRODUCTION

In 1999 Hutchison China MediTech Limited ("Chi-Med"), the pharmaceutical and healthcare group backed by Hutchison Whampoa Limited ("Hutchison Whampoa"), 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 seven 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.

CHAIRMAN'S STATEMENT

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

We believe that TCM represents a reservoir of pharmaceutical activity and proven safety from which we can develop new drugs and new health and wellness consumer products and concepts for the global market.

We believe that the strength and experience of Hutchison Whampoa in China, built-up through its decades of operation in the country, is also an important advantage for Chi-Med in its drive to explore and commercialise the pharmaceutical and consumer products opportunities represented by TCM.

Financial review

Sales for the six months to 30 June 2007 were $37.7 million (H1 2006: $32.0m), an increase of 18%. This was driven primarily by strong organic growth in the China Healthcare business.

Gross profit for the period was $22.9 million (H1 2006: $19.4m). Selling expenses as a percentage of sales dropped to 39% (H1 2006: 42%) as a result of the increased volume scale. Administrative expenses as a percentage of sales rose to 38% (H1 2006: 29%) as a result of accounting for our employee share option scheme and the full period effect of unallocated corporate expenses primarily resulting from being a publicly quoted company. The loss attributable to equity holders increased, in line with budget, to -$5.6 million (H1 2006: -$3.8m).

During the period we grew the operating profitability of our China Healthcare business by 62% to $3.0 million (H1 2006: $1.9m). This partially offset the operating losses on our Drug R&D business, which as planned, rose 16% to -$3.8 million (H1 2006: -$3.3m).

Cash and Financing

Net operating cash outflow was -$4.6 million (H1 2006: -$3.9m).

Chi-Med's cash position remains very strong, providing a strong base, together with operational cash inflows, to finance its Drug R&D business and the expansion of its other businesses over the coming years. Cash and cash equivalents at the end of the period totalled $64.1 million (H1 2006: $72.6m). In addition to this cash balance, Chi-Med guaranteed bill receivables rose to $15.6 million (H1 2006: $8.6m).

Outlook

We remain very confident about the future prospects of Chi-Med.

With the full support of Hutchison Whampoa and its unrivalled goodwill, experience, and capabilities throughout China, we believe we are 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 2007

CHIEF EXECUTIVE OFFICER'S STATEMENT

Our core businesses are Drug R&D, China Healthcare and Consumer Products. Each has made very good progress in the first half of this year.

Drug R&D

Chi-Med's Drug R&D business, which is focused on the development of novel cancer and auto-immune therapeutics, has made good progress through our wholly owned subsidiary Hutchison MediPharma Limited ("HMPL"). Operating losses, as expected, have increased 16% to -$3.8 million (H1 2006: -$3.3m).

In line with its agreed discovery and development plans, the business has grown its research and development team and now has over 130 full time employees, compared to 70 a year ago, in our Pu Dong site. The new employees are primarily engaged in the discovery area, in medicinal chemistry, biology, and pharmacology, principally to staff our internal discovery programme and our discovery co-operations with Merck KGaA and Procter & Gamble. By 30 June 2007, HMPL had filed 63 patent applications worldwide, up from 26 a year ago.

On the discovery front, we focused on the progression of pre-clinical candidates and initiation of new projects. In the oncology area, the multi-kinase inhibitor project is now in final stages of evaluation for candidate selection and patent applications were filed both in China and the U.S. Two other new projects for cancer were initiated and are now at the lead generation stage.

In the auto-immune area, HMPL-010, a cytokine inhibitor with potential for use in psoriasis, was delivered in February 2007. Preliminary safety evaluation on HMPL-010 has been completed and pre-clinical results are pending. Another novel series of cytokine modulators has been identified and patent application is being prepared as an alternative to HMPL-010. Multiple compounds in this series demonstrated good efficacy in animal models of rheumatoid arthritis and excellent pharmacokinetic properties. Work is in progress to evaluate the potential of this series as a clinical candidate for auto-immune diseases such as rheumatoid arthritis. Furthermore, a kinase inhibition project targeting inflammation and asthma has advanced to lead optimization stage.

Our most advanced clinical candidate, HMPL-004, has now completed its Phase II proof-of-concept ("POC") study in China for the treatment of patients with mild-to-moderate ulcerative colitis ("UC"). The trial fully met its objectives, in that HMPL-004 was well tolerated and met all its efficacy end points. After treatment for eight weeks, the patients' clinical symptom score reduction for HMPL-004 was 56% versus 59% for Mesalazine (the current first-line treatment for UC) in the Intention-to-treat ("ITT") population. The overall remission rate (combination of complete and partial remissions) for HMPL-004 was 57% by clinical score compared to 53% for Mesalazine in the ITT population and 47% for HMPL-004 versus 42% for Mesalazine by colonoscopy in the ITT population. HMPL-004 was well tolerated in the study and the patients with adverse events were half that in the Mesalazine group. This positive result on HMPL-004 is a significant milestone for us as Mesalazine has only approximately 60% response among UC patients and resistance can build up over time, so HMPL-004, which has a novel mechanism of action, has potential to bring patients another option for the treatment of this chronic, painful and frequently recurring disease.

HMPL-004 has a second clinical trial in progress in the US. This Phase II trial is a double blinded, randomised, multi-centred, placebo-controlled study in both male and female patients with active moderate Crohn's disease. Recruitment is ongoing and 35% of the required patients have already been enrolled into the study. HMPL-004's positive UC Phase II POC results in China will boost recruitment speed in the US and we anticipate finishing patient enrolment and treatment in the third quarter 2008.

HMPL's second clinical candidate HMPL-002 is also progressing well in a Phase II POC study in China where it is being used concurrently with chemo-radiotherapy in stage III non-small cell lung cancer ("NSCLC") patients. To-date, 80% of the required patients have been enrolled into the study, indicating that HMPL will meet the end-2007 enrolment completion target date.

HMPL-002 is also in clinical trials in the US for the treatment of head and neck cancer. The first cohort for the Phase I trial has been completed with no drug related severe adverse events observed. The second and final dose cohort started in July 2007 and will be followed by a Phase II trial that is expected to commence during the second half of 2007.

The two projects in collaboration with Merck KGaA for cancer are progressing as planned, and we expect completion of HMPL's screening activities by the end of 2007. Once screening is completed, upon agreement by both parties, qualified hits will be chosen for further development and HMPL will start to receive milestone income.

The collaboration with Procter & Gamble is on track to complete the screening of its collection of plant extracts against beauty care targets nominated by Procter & Gamble by early 2008. Once screening is completed, Procter & Gamble will commence work to formulate active components into its beauty care products, the ultimate objective being consumer noticeable beauty care benefits. If this objective is met, HMPL will become the exclusive supplier of these active components to Procter & Gamble.

In addition, in June 2007, HMPL exercised an option to purchase, for $3.3 million, the 5,024 sq.m. building it leased for the past three years in the Zhang Jiang High Tech Park ("ZJHTP"). The purchase price compares very favourably with the current market price for the facility, which is now approximately $7.0 million. This reflects the very tight inventory of buildings and the high demand from global pharmaceutical companies looking to set up operations in ZJHTP, which is now the primary biotech and pharmaceutical R&D centre in China. By buying the property, HMPL has protected itself against rapidly rising rental costs. For a facility of this size in ZJHTP, current rents are approximately $800,000 a year and are currently growing at approximately 15% a year.

China Healthcare

Chi-Med's China Healthcare business has three operating companies: Hutchison Whampoa Guangzhou Baiyunshan Chinese Medicine Company Limited ("HBYS"), Shanghai Hutchison Pharmaceuticals Limited ("SHPL") and Hutchison Healthcare Limited ("HHL"). Overall, the China Healthcare business has accelerated its growth with sales up 16% to $36.0 million (H1 2006: $31.1m) and operating profits up 62% to $3.0 million (H1 2006: $1.9m).

The sales growth was driven principally by continued progress on the Baiyunshan brand of over-the-counter ("OTC") medicines (cough cold, angina, periodontitis, and liver health); the strong performance of SHPL's cardiovascular prescription drug She Xiang Bao Xin pill ("SXBXP"); and the advances made on the HHL Zhi Ling Tong ("ZLT") brand of infant nutritional health supplement products.

Volume sales growth has driven margin enhancement. In addition, as a by-product of recent SXBXP State Secrecy Bureau and State Science and Technology Commission awards, we have been able to argue for and secure our first price increases (under the full reimbursement system) on SXBXP since 2000. While prices to the consumer remain flat, SXBXP's bidding price to hospitals has increased 10%. In the second quarter, we also started the restructure of the NLT capsule (for memory) business by withdrawing from unprofitable markets and focusing on six core markets thereby leading to improved margins despite volume loss of 21%. In parallel, the restructure of the Sheng Mai injection business, which was affected in 2006 by the State Food and Drug Administration ("SFDA") restrictions on reimbursement to emergency use only, led to us reducing the price and cutting all marketing expense in order to reposition the product to compete against low cost manufacturers. While lower prices led to a 54% loss in sales on Sheng Mai injection during the period, it also led to a 19% increase in unit volume with consequent benefits in both capacity utilisation and contribution.

In line with our strategy, we continue to appraise potential strategic acquisitions in the China market, in particular looking at State-owned-enterprises, pre-IPO firms, and large private firms, for which our name, market position and expansion potential can make us an attractive partner. We believe there remain potential opportunities; but we will only make acquisitions where the price and fit are attractive and we are confident of the ability to add value.

HBYS: The Baiyunshan brand is rapidly becoming one of the top OTC brands in China. HBYS is delivering a rate of growth of over 20% with sales for the period up 24% for the second year in a row to $23.7 million (H1 2006: $19.1m). HBYS has a four pronged commercial strategy: 1) to focus distribution on fewer, but larger, distributors across China; 2) to continue its expired prescription medicine exchange programme which continues to gain plaudits from State Government and media as well as building consumer loyalty; 3) to expand its reimbursement list - for example, in Guangdong 87% of HBYS's 137 products are now reimbursed; and 4) the opening of the Baiyunshan TCM Museum in Guangzhou which has attracted both strong media interest and a significant number of visitors.

SHPL: Last year's SFDA tightening of policy on the access of medical sales representatives to hospitals initially led to some uncertainty on SHPL's prescription cardiovascular drug business (SXBXP), but it has not had any long-term impact. SHPL grew sales on SXBXP for the period 17% to $4.9 million (H1 2006:

$4.2m). This helped SHPL resume growth with total joint venture sales for the period up 6% to $6.2 million (H1 2006: $5.8m) despite price cuts that were required to remain competitive in the generic Sheng Mai injection business.

As a prescription drug business, our commercial focus has been on building the reputation of SHPL's products (particularly SXBXP) among the medical and academic communities by securing State Government intellectual property protection and technical endorsements. In late 2006, SXBXP was awarded a State Secret Certificate as "Confidential Information" by the Ministry of Science and Technology and State Secrecy Bureau. This extends effective patent protection for five years. In early 2007, SXBXP was one of only two TCM products selected to be part of the State 11th Five Year Scientific Plan, by the State Science and Technology Commission ("SSTC"). This selection means that the SSTC will fund 78% of a RMB 4.5 million ($0.6m) research project, between SHPL and top academic and research institutions in China, into SXBXP's mechanism of action. All patents generated by this research will belong to SHPL. Finally, in June 2007, SHPL's number two product Dan Ning tablet (for gall bladder) was granted a twenty-year China patent on the formulation and process by the State Patent Bureau.

HHL: Strong progress was made during the period by HHL on ZLT, our infant nutrition brand. ZLT sales for the period grew 170% to $1.8 million (H1 2006: $0.7m). After four years of effort to establish the brand, ZLT is now starting to grow rapidly and is an example of the speed at which health supplement businesses can grow in China. The cooperation between ZLT and the primary State run family planning organisation, the Chinese Association for Improving Birth Outcomes and Child Development, as well as local family planning clinic education programmes, has been a very effective driver of trial and loyalty. Overall HHL sales were flat during the period at $6.2 million (H1 2006: $6.2m) as the progress on ZLT offset declines in NLT capsule sales as we commenced withdrawal from some unprofitable provincial markets.

Consumer Products

Chi-Med's Consumer Products business, through its wholly owned subsidiary Sen Medicine Company Limited ("Sen"), grew sales by 44% during the period to $1.3 million (H1 2006: $0.9m), reflecting the full period effect of the Harrods and Harvey Nichols shop openings and good like-for-like sales growth in shops open more than a year. Operating losses increased to $0.8 million (H1 2006: $0.5m) due to investments in product and brand development in preparation for third party retail expansion projects.

Like-for-like sales increased 4%, consolidating the 32% step-change growth in like-for-like sales achieved in 2006. The two main initiatives of 2006, the opening of the 900 sq.ft. Harvey Nichols shop-in-shop and the introduction of Sen skin care and body care accessories have been successful.

Sen has consistently been a strong performer on the fourth floor of Harvey Nichols and has been profitable since day one. This, and the continued positive results of our other established shops, means we are planning a further seven openings in central London. These include a shop off Piccadilly that opened this July; planned openings in Kensington and Westbourne Grove during the second half of 2007; and further shops to be opened in Holborn, the new Westfield shopping centre in Shepherd's Bush, and another two central London locations in 2008.

Sen's skin care and body care accessories are selling well, helping increase Sen's retail product sales by 26% during the period. Retail product (primarily body care, skin care, and teas) sales now account for 21% of Sen total sales (H1 2006: 17%). This strong progress has given us confidence to accelerate plans to expand these lines into third party luxury retail distribution channels.

Outlook

We expect our Drug R&D business to create substantial value over the coming years. It has started to deliver breakthrough results. Its model has now been validated through: our joint-discovery collaborations with Merck KGaA and Procter & Gamble; our discovery success and the progression of several new high potential pre-clinical projects; and delivering a positive result in the HMPL-004 Phase II POC trial in record time. We have a very high quality team and state-of-the-art facilities, which enable us quickly and effectively to perform pre-clinical work and run clinical trials to ICH standards. Our strategy of screening natural substances with a history of use reduces probability of failure and our location in China reduces discovery and development costs. We expect internal discovery and development projects to progress over the balance of the year as well as completing the majority of screening activities under the Merck KGaA and Procter & Gamble collaborations. Furthermore, we intend to develop further joint discovery deals with global partners.

With our China Healthcare business, we have a diversified portfolio of products whose sales are growing rapidly, with earnings improving at a greater rate. We expect strong organic growth to continue and believe there will be opportunities to add to this over time through acquisitions.

Our Consumer Products business model in London is now tested and we believe our planned further London openings over the balance of 2007 and early 2008 and expansion into third party luxury distribution channels will increase the rate of growth and have a positive impact on operating margins.

Chi-Med has a solid foundation of operations, which represent a strong platform for growth and value creation.

Christian Hogg
Chief Executive Officer, 8 August 2007

HUTCHISON CHINA MEDITECH LIMITED

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2007

	Note	Unaudited Six months ended 30 June 2007 US$'000	2006 US$'000
Sales	3	37,723	31,999
Cost of sales		(14,811)	(12,615)
Gross profit		22,912	19,384
Selling expenses		(14,729)	(13,461)
Administrative expenses		(14,234)	(9,332)
Other net operating income	4	2,029	506
Operating loss	5	(4,022)	(2,903)
Finance costs	6	(172)	(189)
Loss before tax		(4,194)	(3,092)
Tax charge	7	(508)	-
Loss for the period		(4,702)	(3,092)
Attributable to:			
Equity holders of the Company		(5,647)	(3,773)
Minority interests		945	681
		(4,702)	(3,092)
Loss per share for loss attributable to equity holders of the Company during the period		US$ per share	US$ per share
- Basic and diluted	8	(0.1103)	(0.0940)

The notes below are an integral part of these condensed consolidated interim accounts.

HUTCHISON CHINA MEDITECH LIMITED

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2007

	Note	Unaudited 30 June 2007 US$'000	Audited 31 December 2006 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	23,249	22,874
Leasehold land		4,309	4,230
Goodwill		6,428	6,241
Trademarks, patents and others		875	775
Available-for-sale financial asset		132	128
		34,993	34,248
Current assets			
Inventories		9,427	9,490
Bill receivables		15,565	8,585
Trade receivables	12	10,079	7,997
Other receivables and prepayments		2,142	2,110
Financial assets at fair value through profit or loss		50,348	60,544
Cash and bank balances		13,716	10,069
		101,277	98,795
Total assets		136,270	133,043
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	10	51,212	51,212
Reserves		48,712	51,739
		99,924	102,951
Minority interests		7,804	7,030
Total equity		107,728	109,981
LIABILITIES			
Current liabilities			
Trade payables	12	5,911	3,185
Other payables and accruals		15,119	11,894
Amounts due to related parties	12	202	868
Short-term bank loans		7,310	7,115
Total liabilities		28,542	23,062
Total equity and liabilities		136,270	133,043

The notes below are an integral part of these condensed consolidated interim accounts.

HUTCHISON CHINA MEDITECH LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2007

	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	Statutory reserves US$'000	Accumulated losses US$'000	Total US$'000	Minority interests US$'000	Total equity US$'000
As at 1 January 2006	-	-	-	475	-	(34,145)	(33,670)	5,661	(28,009)
Exchange translation differences	-	-	-	411	-	-	411	-	411
(Loss)/profit for the period	-	-	-	-	-	(3,773)	(3,773)	681	(3,092)
Issue of shares (Note 10)	51,212	91,510	-	-	-	-	142,722	-	142,722
Acquisition of a subsidiary by a jointly controlled entity	-	-	-	-	-	-	-	51	51
Share-based compensation expense	-	-	427	-	-	-	427	-	427
As at 30 June 2006	51,212	91,510	427	886	-	(37,918)	106,117	6,393	112,510
As at 1 January 2007	51,212	91,277	2,368	1,844	29	(43,779)	102,951	7,030	109,981
Exchange translation differences	-	-	-	1,001	-	-	1,001	170	1,171
(Loss)/profit for the period	-	-	-	-	-	(5,647)	(5,647)	945	(4,702)
Dividend paid to a minority shareholder of a subsidiary	-	-	-	-	-	-	-	(341)	(341)
Share-based compensation expense	-	-	1,619	-	-	-	1,619	-	1,619
Transfer between reserves	-	-	(285)	-	-	285	-	-	-
As at 30 June 2007	51,212	91,277	3,702	2,845	29	(49,141)	99,924	7,804	107,728

The notes below are an integral part of these condensed consolidated interim accounts.

HUTCHISON CHINA MEDITECH LIMITED

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2007

	Note	Unaudited Six months ended 30 June 2007 US$'000	 2006 US$'000
Cash flows from operating activities			
Cash used in operations	11	(4,009)	(4,060)
Interest received		41	325
Interest paid		(172)	(189)
Income tax paid		(508)	-
Net cash used in operating activities		(4,648)	(3,924)
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,271)	(1,406)
Purchase of trademarks, patents and others		(170)	(43)
Purchase of available-for-sale financial asset		-	(124)
Acquisition of a subsidiary by a jointly controlled entity		-	(4)
Net cash used in investing activities		(1,441)	(1,577)
Cash flows from financing activities			
Increase in amount due to immediate holding company		-	2,479
Repayment of short-term bank loans		(19)	-
Dividend paid to a minority shareholder of a subsidiary		(341)	-
Issue of shares, net of share issuance costs		-	70,109
Net cash (used in)/generated from financing activities		(360)	72,588
Net (decrease)/increase in cash and cash equivalent		(6,449)	67,087
Cash and cash equivalents at beginning of period		70,613	5,617
Exchange differences		(100)	(91)
Cash and cash equivalents at end of period		64,064	72,613
Analysis of cash and cash equivalents			
Cash and bank balances		13,716	72,613
Financial assets at fair value through profit or loss		50,348	-
		64,064	72,613

The notes below are an integral part of these condensed consolidated interim accounts.

HUTCHISON CHINA MEDITECH LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM ACCOUNTS

1 General information

Hutchison China MediTech Limited (the "Company") and its subsidiaries (together the "Group") is principally engaged in the manufacturing, distribution and sales of traditional Chinese medicine ("TCM") and healthcare products. The Group is also engaged in carrying out pharmaceutical research and development. The Group has manufacturing plants in Shanghai and Guangzhou in the Peoples' 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. 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 consolidated 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 8 August 2007.

2 Summary of significant accounting policies

(a) Basis of preparation

The Company has a financial year end date of 31 December. These condensed consolidated interim accounts for the six months ended 30 June 2007 have been prepared in accordance with International Accounting Standard 34, "Interim financial reporting". These condensed consolidated interim accounts should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2006.

(b) Significant accounting policies

The condensed consolidated interim accounts have been prepared under the historical cost convention except for certain financial instruments which are stated at fair values.

The accounting policies and methods of computation used in the preparation of these condensed consolidated interim accounts are consistent with those used in the 2006 annual accounts except for the adoption of standards, amendments and interpretations issued by the International Accounting Standards Board mandatory for annual financial periods beginning 1 January 2007.

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM ACCOUNTS

3 Segment information

The following is an analysis of the sales and results for the period, analysed by business segment, the Group's primary basis of segmentation.

	Six months ended 30 June 2007				
	China healthcare US$'000	Consumer products US$'000	Drug research and development US$'000	Corporate unallocated expenses US$'000	Total US$'000
Sales	36,037	1,255	431	-	37,723
Operating profit/(loss)	3,030	(833)	(3,782)	(2,437)	(4,022)

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

Included in the corporate unallocated expenses for the six months ended 30 June 2007 were share-based compensation expense of US$1,619,000 (2006: US$427,000).

4 Other net operating income

	Six months ended 30 June	
	2007 US$'000	2006 US$'000
Interest income	41	325
Fair value gain on financial assets at fair value through profit or loss	1,507	-
Net foreign exchange gain	312	84
Other operating income	183	166
Other operating expenses	(14)	(69)
	2,029	506

5 Operating loss

Operating loss is stated after charging the following:

	Six months ended 30 June	
	2007	2006
	US$'000	US$'000
Amortisation of trademarks, patents and others and leasehold land	143	122
Cost of inventories recognised as expense	14,163	11,415
Depreciation of property, plant and equipment	1,548	1,354
Employee benefits expense	8,774	6,525
Loss on disposal of property, plant and equipment	18	39
Operating lease rentals in respect of land and buildings	739	588
Research and development expense	1,866	1,644

6 Finance costs

	Six months ended 30 June	
	2007	2006
	US$'000	US$'000
Interest expense on short-term bank loans	172	189

7 Tax charge

	Six months ended 30 June	
	2007	2006
	US$'000	US$'000
Current tax	508	-

(a) The Group has no assessable profit in Hong Kong and the UK for the period (2006: Nil).

(b) Pursuant to the relevant PRC income tax rules and regulations, special income tax rates of (i) 15% has been granted to Hutchison MediPharma Limited as foreign invested enterprise which is engaged in research and development activities, and (ii) 27% have been granted to Hutchison Healthcare Limited, Hutchison Whampoa Guangzhou Baiyunshan Chinese Medicine Company Limited and Shanghai Hutchison Pharmaceuticals Limited as foreign investment production enterprises.

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

8 Loss per share

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

	Six months ended 30 June	
	2007	2006
Loss attributable to equity holders of the Company (US$'000)	(5,647)	(3,773)
Weighted average number of ordinary shares in issue	51,212,121	40,122,217
Basic loss per share (US$ per share)	(0.1103)	(0.0940)

The weighted average number of ordinary shares for the purposes of basic earning per share has been retrospectively adjusted for the effects of the capitalisation of 36,666,665 ordinary shares on 9 May 2006.

Diluted loss per share is the same as basic loss per share as the exercise of the employee share option would have an antidilutive effect.

9 Property, plant and equipment

	Six months ended 30 June	
	2007 US$'000	2006 US$'000
Net book value as at 1 January	22,874	22,012
Additions	1,271	1,406
Acquisition of a subsidiary by a jointly controlled entity	-	66
Disposals	(18)	(39)
Depreciation for the period	(1,548)	(1,354)
Exchange differences	670	289
Net book value as at 30 June	23,249	22,380

10 Share capital

(a) Authorised and issued capital

There is no movement in authorised and issued capital during the six months ended 30 June 2007.

(b) Share option scheme

On 4 June 2005, the Company adopted a share option scheme (the "Share Option Scheme"), which was subsequently amended by the Board of Directors of the Company on 21 March 2007. Pursuant to the Share Option Scheme, the Board of Directors of the Company may, at its discretion, offer any employees and directors (including executive and non-executive directors but excluding independent non-executive directors) of the Company, holding companies of the Company and any of their subsidiaries or affiliates, and subsidiaries or affiliates of the Company options to subscribe for shares of the Company. As of 30 June 2007, options representing approximately 4.35% 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.

10 Share capital (Continued)

(b) Share option scheme (Continued)

Details of the share options granted under the Share Option Scheme outstanding as at 30 June 2007 are as follows:

	Effective date of grant of share options	Exercise period of share options	Exercise price	Number of shares subject to the share options
Christian Hogg	19 May 2006 (Notes (i) & (ii))	From 19 May 2006 to 3 June 2015	£1.090	768,182
9 employees in aggregate	19 May 2006 (Notes (i) & (ii))	From 19 May 2006 to 3 June 2015	£1.090	998,635
2 employees in aggregate	11 September 2006 (Note (ii))	From 11 September 2006 to 18 May 2016	£1.715	120,810
1 employee	23 March 2007 (Note (iii))	From 23 March 2007 to 22 March 2017	£1.750	25,606
11 employees in aggregate	18 May 2007 (Note (iii))	From 18 May 2007 to 17 May 2017	£1.535	314,146
				2,227,379

467,782 share options were granted to certain employees during the six months ended 30 June 2007. There is no consideration in connection with all share options granted. Upon the departure of 3 employees, 373,131 share options lapsed during the six months ended 30 June 2007. Save as mentioned above, no other share options were cancelled or exercised or lapsed during the six months ended 30 June 2007. The Company has no legal or constructive obligation to repurchase or settle the share options in cash.

Notes:

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

(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 Admission Date and 25% on each of the second and third anniversaries of the Admission Date. 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 Admission Date.

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

10 Share capital (Continued)

(b) Share option scheme (Continued)

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

Effective date of grant of share options	19 May 2006	11 September 2006	23 March 2007	18 May 2007
Value of each share option	£1.546	£0.553	£0.635	£0.533
Total value of the Share Option Scheme (Note (i))	£2,732,305	£66,572	£16,261	£167,317
Significant inputs into the valuation model:				
Exercise price	£1.090	£1.715	£1.750	£1.535
Share price at effective grant date	£2.5050	£1.7325	£1.7900	£1.5400
Expected volatility (Note (ii))	38.8%	38.8%	40.0%	40.0%
Risk-free interest rate	4.540%	4.766%	4.834%	5.098%
Life of share options	9.04 years	9.69 years	10 years	10 years
Expected dividend yield	0%	0%	0%	0%

Notes:

(i) The fair value of share options in connection with the 2,227,379 share options granted amounting to £2,982,455 (equivalent to US$5,973,000) is to be recognised as expense of the Group over the vesting period as mentioned in the notes above from the effective date of grant of share options. The amount recognised as expense for the six months ended 30 June 2007 amounted to US$1,619,000 (2006: US$427,000).

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

11 Note to condensed consolidated cash flow statement

Reconciliation of loss for the period to cash used in operations

	Six months ended 30 June	
	2007	2006
	US$'000	US$'000
Loss for the period	(4,702)	(3,092)
Adjustments for:		
Tax charge	508	-
Share-based compensation expense	1,619	427
Amortisation of trademarks, patents and others and leasehold land	143	122
Depreciation on property, plant and equipment	1,548	1,354
Loss on disposal of property, plant and equipment	18	39
Interest income	(41)	(325)
Interest expense	172	189
	(735)	(1,286)
Changes in working capital:		
- decrease in inventories	332	312
- increase in bill and trade receivables	(8,428)	(5,658)
- decrease in other receivables and prepayments	25	251
- increase in trade payables	2,596	48
- increase in other payables and accruals and amounts due to related parties	2,201	2,273
Cash used in operations	(4,009)	(4,060)

12 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	
	2007	2006
	US$'000	US$'000
Revenues:		
Sales of goods		
- Fellow subsidiaries	1,813	1,094
Expenses:		
Purchase of goods and raw materials		
- A minority shareholder of a subsidiary	253	675
Sub-contracting charges		
- A minority shareholder of a subsidiary	532	434

12 Significant related party transactions (Continued)

	Six months ended 30 June	
	2007	2006
	US$'000	US$'000
Expenses:		
Management service fee		
- An intermediate holding company	437	184
Technology fee		
- A minority shareholder of a subsidiary	121	151
Key management compensation borne by an intermediate holding company		
- Wages, salaries and bonus	-	100
- Pension costs - defined contribution plans	-	5
Other administrative expenses borne by an intermediate holding company	-	267

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.

	30 June 2007	31 December 2006
	US$'000	US$'000
Balances with related parties included in:		
Trade receivables due from related parties		
- A fellow subsidiary	2,316	833
Trade payables due to related parties		
- A fellow subsidiary	532	-
- A minority shareholder of a subsidiary	279	499
Amounts due to related parties		
- An intermediate holding company	-	740
- Minority shareholders of a subsidiary	202	128

Note:

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

13 Capital commitments

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

	30 June 2007	31 December 2006
	US$'000	US$'000
Property, plant and equipment		
Authorised but not contracted for	244	161
Contracted but not provided for	4,022	739
	4,266	900

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

Introduction

We have reviewed the interim financial information set out on pages 8 to 19, which comprises the condensed consolidated balance sheet of Hutchison China MediTech Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2007, and the condensed consolidated income statement, the condensed consolidated statement of changes in equity and the condensed consolidated cash flow statement for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, 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" issued by the International Federation of Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 8 August 2007