

For immediate release



Announced Interim Results For The Six Months Ended 30 June 2006

Turnover Up 18% to HK\$36 million LIVE Baccarat System Under LT Capital Provides Promising Future

(28 September 2006, Hong Kong) - LifeTec Group Limited ("LifeTec" or "the Group") (SEHK: 1180) today announced its interim results for the 6 months ended 30 June 2006 ("the Period"). The turnover of the Group increased from HK\$30,220,000 to HK\$35,537,000, representing a period-to-period increase of 18%. The Group reported a loss of HK\$18,687,000 or 0.66 Hong Kong cents per share for the Period compared to loss of HK\$8,203,000 or 0.31 Hong Kong cents per share for previous period. The loss has been mainly attributed to increase in costs of sales and administrative expenses. Due to intense competition in China pharmaceutical market, gross margin inevitably narrowed. Nevertheless, the Group continued to expand its biopharmaceutical sales in the Period.

Mr. Jay Chun, the Chairman of LifeTec, said, "The first half of 2006 is a milestone in the Group's history with the launch of the LIVE Baccarat system in Macau. The agreement with Sociedade De Jogos De Macau, S.A. ("SJM") is one of the most important agreements under LT Capital Limited. It would definitely bring the Group to the fast growing lucrative gaming business. In spite of the short operation period of the LIVE Baccarat system, its performance is encouraging. On the other hand, for the Group's biopharmaceutical business, a rise in the sales of pharmaceuticals was recorded even under the intense market competition in China."

Mr. Chun added, "Looking ahead, the LIVE Baccarat business represents a new driver to the future growth of the Group. An average daily net win per LIVE Baccarat terminal of HK\$1,396 was recorded at New Century Greek Mythology Casino in August 2006. The patent applications of the LIVE Baccarat system have been published in the United States in August 2006 and in Macau in September 2006. In late September 2006, 40 LIVE Baccarat terminals were launched in Diamond Casino at Holiday Inn Macau. LT Game has already begun the preparatory works for the LIVE Baccarat gaming halls in other SJM casinos. Many casino operators have inspected and played LIVE Baccarat at New Century Hotel Greek Mythology Casino and made enquires of the LIVE Baccarat system. All these have boosted our confidence in the future of the LIVE Baccarat business, and its potentials in bringing the Group and our shareholders with promising returns."

Business Review

LT Capital Limited

LT Game Limited ("LT Game"), a wholly owned subsidiary of LT Capital Limited ("LT Capital"), has been set up to provide support and develop the LIVE Baccarat system, the flagship project of LT Capital. In April 2006, LT Game entered into a gaming income sharing agreement with SJM, the leading gaming concessionaire in Macau, for the launch of the system in SJM's casinos. Under the agreement, LT Game is entitled to share 31% of the pretax net win from LIVE Baccarat gambling activities and install the LIVE Baccarat system in one or more of the casinos operated by SJM.

In June 2006, LT Game signed an agreement with Gold Faith Development Limited, a wholly

owned subsidiary of A-Max Holdings Limited ("A-Max"), a Hong Kong listed company (SEHK: 959), to install up to 300 sets of the Group's LIVE Baccarat terminals at A-Max's New Century Greek Mythology Casino ("Greek Mythology Casino") in Macau. Among which, 40 terminals have commenced operation before the end of August 2006. Despite the short period of operation of the system, it has achieved strong results.

LifeTec Pharmaceutical Limited

The Group's biopharmaceutical business is conducted under LifeTec Pharmaceutical Limited ("LifeTec Pharmaceutical"). The turnover of LifeTec Pharmaceutical for the Period increased from HK\$30,220,000 to HK\$35,537,000 representing a period-to-period rise of 18%. Gross profit for the Period also decreased by 50% approximately compared with that of the previous period corresponding, due to intense market competition. A series of cost control measures were introduced to improve the operating efficiency of LifeTec Pharmaceutical. The marketing, selling and distribution expenses then lowered from HK\$9,867,000 in previous period to HK\$5,583,000 in the Period while recording a sales growth of 18%. The Group's research and development for new drugs have been making good progress.

Prospects

The System began operation in May 2006 in Greek Mythology Casino. The number of baccarat games dealt by the LIVE Baccarat system each day has been over 1,000, exceeding an average of about 600 games handled by a traditional baccarat table each day. The Group's customer survey indicates that LIVE Baccarat players like playing LIVE Baccarat for the comfortable betting environment provided and fast card dealing process offered. In addition, players are free from disturbance by other players or bystanders as each player places bet through a touch screen on his/her own terminal.

Due to strong market demand, the number of terminals installed in Greek Mythology Casino was increased to 40 at the end of August 2006. The total net win generated by the system for 4 months ended 31 August 2006 equals HK\$3.2 million. Average daily net win per terminal was HK\$1,396 in August 2006. The Group is optimistic that more gaming concessionaires in Macau will adopt the system. It targets to install the LIVE Baccarat system in two more casinos in Macau within next few months, bringing the total number of casinos adopting the system to four before the end of 2006.

The system comes at the right time to address the market needs. Baccarat accounted for over 63% of the mass market gaming revenue in the first half of 2006 and has always been the most popular casino game in Macau. LIVE Baccarat is a table baccarat game played under the conventional baccarat rules in Macau. The system is specifically designed for mass gaming hall, combining traditional baccarat card dealing by casino staff and digital network of touch screen terminals. Real time images of the card dealing are broadcasted to the screens of the betting terminals. The LIVE Baccarat system can largely enhance the productivity of a casino table as a dealer can serve more players with the system than a dealer at the traditional baccarat table.

Through LifeTec Pharmaceutical, the Group will continue to enrich its pharmaceutical product mix and distribution network. Market competition is growing more intense in China. However, the Group is well prepared for the challenges and opportunities ahead by leveraging on its existing network and client base. As income per capita in China continues to rise, the demand for effective medicine for infectious diseases would only grow stronger and stronger. In near future, LifeTec Pharmaceutical will introduce more generic drugs for the general market. Management of the Group believes that the novel drugs under development will eventually render thorough solutions to various liver diseases within next few years.

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2006

| | Unaudited | |
|--|---------------------------------|----------------|
| | Six months ended 30 June | |
| | 2006 | 2005 |
| | HK\$'000 | HK\$'000 |
| Turnover | 35,537 | 30,220 |
| Cost of sales | (28,031) | (15,308) |
| Gross profit | 7,506 | 14,912 |
| Other operating income | 1,924 | 895 |
| Marketing, selling and distribution expenses | (5,583) | (9,867) |
| Allowance for doubtful debts | (555) | (416) |
| Administrative expenses | (22,126) | (12,018) |
| Loss from operations | (18,834) | (6,494) |
| Finance costs | (48) | (72) |
| Loss on disposal of a subsidiary | (3) | - |
| Loss before taxation | (18,885) | (6,566) |
| Taxation | 72 | (1,688) |
| Loss for the period | <u>(18,813)</u> | <u>(8,254)</u> |
| Attributable to: | | |
| Equity holders of the Company | (18,687) | (8,203) |
| Minority interests | (126) | (51) |
| Loss for the period | <u>(18,813)</u> | <u>(8,254)</u> |
| | 2006 | 2005 |
| | HK Cents | HK Cents |
| Loss per share | | |
| - Basic | <u>(0.66)</u> | <u>(0.31)</u> |
| - Diluted | <u>N/A</u> | <u>N/A</u> |

About LifeTec Group Limited (SEHK: 1180)

LifeTec Group Limited is a Hong Kong listed company (SEHK: 1180) which has two major divisions run by wholly-owned subsidiaries LifeTec Pharmaceutical Limited (“LifeTec Pharmaceutical”) and LT Capital Limited (“LT Capital”).

LifeTec Pharmaceutical develops, distributes and sells biopharmaceutical products. LifeTec owns the intellectual property, production know-how and worldwide exclusive distributorship of the new generation hepatitis drug Wei Jia, a Category I drug approved by China's State Food and Drug Administration. With 120 million hepatitis B carriers, China is the world's largest market for hepatitis drugs. LifeTec Pharmaceutical is also licensed to sell and distribute third parties' biopharmaceutical products through its nationwide distribution network. At present, LifeTec Pharmaceutical has a national coverage of sales offices in China and access to overseas market. LifeTec Pharmaceutical is working on recombinant human augments for liver regeneration ("rhALR"), a revolutionary gene therapy for various kinds of liver diseases, and Fibrocorin, an anti-fibrosis and anti-cancer fusion protein. The two new products signify the Group's strategic move to develop genetic drugs.

LT Capital is the corporate investment arm of the Group. It focuses on investment projects in the fast-growing business sectors. LIVE Baccarat is one of the major projects of LT Capital. This electronic gaming system is being installed in a number of Macau casinos on an income sharing basis.

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Issued by PR ASIA Consultants Limited on behalf of LifeTec Group Limited.

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