

FOR IMMEDIATE RELEASE

LIFETEC GROUP LIMITED
2004 INTERIM RESULTS ANNOUNCEMENT

WEI JIA GENERATED SUNSTABTIAL PROFIT TO THE GROUP

- Turnover increased 139% to HK\$37 million
- Wei Jia provided net profit of HK\$9 million
- Cash on hand at HK\$74 million

(13 Sep 2004, Hong Kong) - **LifeTec Group Limited** ("LifeTec" or "the Group") (HKEX code: 1180) reported a profit attributable to shareholders of about HK\$9 million for the six months ended 30 June 2004. Sales of the Group's core product Wei Jia grew strongly to HK\$37 million, representing a growth of 139% over corresponding period last year. Both the turnover and the gross profit for the period posted significant growth as the Group has substantially strengthened the resources in marketing activities and provision of quality sales and customers services to agents and customers. Outstanding operating results resulted in cash on hand of HK\$74 million as at end of the period while the percentage of total liabilities to total assets stood at 10%. The strong operating results further confirmed the benefits of the corporate restructure conducted in 2003.

LifeTec's sales network continued to strengthen and extend to different parts of China. The period saw an increase in the number of sales agents in various parts of the country and the number of hospitals using Wei Jia soared to over 800 by the end of the period. With strategic alliance with China's leading pharmaceutical and distribution groups, management is confident the sales of Wei Jia would continue to post healthy growth in the current year. The improving fundamentals of the Group will accelerate distribution network expansion as well as the research and development of new genetic drugs.

Clinical trial plans are being formulated for a number of pipeline projects like Fibroscutum, rhALR and Pazufloxacin. Clinical trial results will help to confirm the huge underlying value of the Group's biotech knowhow and investments. Management strongly believes the drug portfolio under development will yield very promising return to the Group in the long run.

"The Group has honoured its promise to generate sizable profit from Wei Jia. It was the first interim period that the operating business of the Group posted a profit. As the operation continues to grow, the Group will have additional financial resources to develop distribution network as well as new genetic drugs." added Mr. Chun.

The directors do not recommend the payment of a final dividend for the year (2003: nil).

- *End* -

For Enquiries

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About LifeTec

LifeTec is a Hong Kong listed company (stock code 1180), which develops, sells and distributes biopharmaceutical products based on original technology. 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. With LifeTec's outstanding sales and marketing capability, the number of hospitals adopting Wei Jia for hepatitis treatment soared to over 800 as at the end of June 2004. LifeTec is also licensed to sell and distribute third parties' biopharmaceutical products through its nationwide distribution network. At present, LifeTec has a national coverage of 22 sales offices in China and access to overseas market.

LifeTec is working on recombinant human augmenter for liver regeneration ("rhALR"), a revolutionary gene therapy for various kinds of liver diseases, and Fibroscutum, a novel anti-fibrosis and anti-cancer compound. The two new products signify the Group's strategic move to develop genetic drugs.

Consolidated income statement

For the six months ended 30 June 2004

	Unaudited	Six months ended 30 June	
	Notes	2004	2003
		HK\$'000	HK\$'000
Turnover	2	37,149	15,537
Cost of sales		(6,399)	(2,637)
Gross profit		30,750	12,900
Other income	3	2,062	466
Marketing, selling and distribution expenses		(8,521)	(5,699)
Administrative expenses		(13,188)	(15,411)
Research & development expenses		(1,009)	(607)
Profit (loss) from operations	4	10,094	(8,351)
Finance costs		(169)	(393)
Loss on disposal of investment in new drug project		(400)	-
Share of profit (loss) of an associate		2,691	(575)
Profit (loss) before taxation		12,216	(9,319)
Income tax expense	5	(3,084)	-
Profit (loss) before minority interests		9,132	(9,319)
Minority interests		(292)	(1,063)
Profit (loss) for the period		8,840	(10,382)

	2004	2003
	HK Cents	HK Cents
Earnings (loss) per share		
- Basic	0.3	(0.6)
- Diluted	0.3	N/A