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LIFETEC ANNOUNCES 2000 ANNUAL RESULTS

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FULLY GEARED UP FOR CONTINUED BUSINESS EXPANSION IN BIOTECHNOLOGY

(HONG KONG, July 31, 2001) – LifeTec Group Limited (“LifeTec” / “the Group”) (stock code: 1180) today announced its annual results for the year ended December 31, 2000.

The Group recorded a turnover of HK\$26.4 million as compared to HK\$29.8 million for the previous year. The loss for the year was mainly due to write-offs of receivables due from former subsidiaries, loss incurred and provisions for loss arising from properties sold during the year and after the year end, and operating overheads for the Group. The Group’s loss per share for the year were 10.6 cents as compared to 22.9 cents last year.

The Board of Directors does not recommend the payment of a final dividend for the year ended December 31, 2000.

During the year under review, the Group topped up its effective interests in Weihai Sinogen Pharmaceutical Co. Ltd. (“Sinogen”) to 57.12%, thereby giving it effective management control over this new subsidiary. The acquisition marked a successful step forward in the re-focusing of the Group’s business to biopharmaceutical development in the PRC. Sinogen has been involved in the development of “Wei Jia”, a PRC Category I western drug. During the year, Sinogen completed all clinical trials and obtained final approval from State Drug Administration (“SDA”) for commercial production and licensed protection for exclusive sale of “Wei Jia” in the PRC. The commercial sales of the new drug actively began in March 2001. The market demand for this product has been robust and encouraging.

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Mr. Jay Chun, Managing Director of LifeTec Group Limited, said, "2000 has been an important year for LifeTec as we established our new business direction and strategy. The enthusiastic response towards "Wei Jia" in the PRC encouraged the Group to focus on the commercialization of biotechnology drug products. Leveraging on leading edge biotechnology expertise and the management's vision in biotechnology investment, we are confident that 2001 will be a major turning point towards a positive future."

Since Sinogen was constrained by existing production capacity of approximately 2 million vials per annum at the current stage, the Group is in the process of expanding its production capacity. In April 2001, the Group successfully raised approximately HK\$37 million through a share placement for financing the construction of the expanded production capacity. The expanded production facilities will comply with stringent GMP requirements set by SDA and will substantially increase production volumes to over 20 million vials per annum. The new production facilities can be further scaled up to 50 million units per annum with marginal investment in equipment and installation. The first phase of production expansion is expected to be completed by the end of the year.

To meet anticipated growth in sales, Sinogen has been devoting a great deal of effort to upgrading its sales team. Senior marketing and sales executives have been recruited to strengthen the quality and national coverage of Wei Jia. More focused and aggressive marketing activities will be launched in the 4th quarter to pave the way for anticipated increases in production volume starting from the end of the year to the beginning of next year.

LifeTec has also been actively forging strategic partnerships with prominent pharmaceutical groups in the United States and Asia on production and marketing aspects. The partnerships are directed towards bringing "Wei Jia" to overseas markets. Currently, discussions are being actively pursued to bring "Wei Jia" to North Asian and South East Asian countries. The second half of the year will likely witness the flowers of seeds sown in the past few months.

Currently, Sinogen is also conducting research on the recombinant DNA version of "Wei Jia" and will be commencing pre-clinical trials of this new version in the near future. The recombinant DNA version has been developed based on leading edge biotechnology techniques. Although it will have to go through the normal span of development and testing, the availability of an enhanced version of "Wei Jia" will be important in establishing its leadership and will help to both protect and expand its future market share.

Mr. Patrick Yeung, Chief Operating Officer of LifeTec, said, “The Group is closely observing new opportunities in the market and will target on new biotechnology drug projects which cater for popular diseases and possess near to market potential. The Group has established stringent criteria for selecting new projects that will help build a balanced pipeline in the long run.”

Meanwhile, LifeTec is actively taking part in medical technology developments through its 49% owned associated company, LT3000. The associated company has recently completed the development of a suite of medical logistics and telemedicine enabling software for use on the Internet. The new products have been positively received by the market and several new contracts have been signed recently.

Mr. Chun concluded, “With the completed expansion of production facilities at the end of the year and strengthening of our sales network, we believe that Sinogen and “Wei Jia” will make a significant contribution to the Group’s earnings in the foreseeable and long term future.”

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