[Press Release]

生命科技集團有限公司
LifeTec Group Limited

"1 for 2" Rights Issue To Raise HK$80 m ◆ New Funding To Drive Future Growth

[Hong Kong - 27 May 2003] LifeTec Group Limited ("LifeTec" or the "Group", HKEX Stock Code: 1180) is pleased to announce the "1 for 2" rights issue ("Rights Issue") to raise approximately HK$80 million net of expenses. Existing shareholder shall have the right to subscribe one new LifeTec share at a price of HK$0.10 for every two LifeTec shares held. A total of 859 million new shares ("Right Shares") will be issued under the Rights Issue. The Rights Issue will provide new funding to accelerate the Company's future development. It will also allow every shareholder the opportunity to participate in the fund raising and the future growth of LifeTec on a proportional basis. The last date for shareholder's acceptance of the Rights Issue is 7 July 2003. Mr. Jay Chun and Mr. Shan Shiyong, directors and major shareholders of LifeTec, who together hold a total of 27.4% of the Company's issued shares, have committed to fully taken up their proportional entitlements. Kingston Securities Limited is the sole underwriter for the rest of the Rights Issue.

The net proceeds of approximately HK$80 million will be allocated as follows:

1. HK$30 million for setting up a more extensive proprietary distribution network in China which aims to complement and gradually replace the existing network comprising mainly of independent sales representatives so as to enhance the future control, efficiency and cost effectiveness for the distribution and sales of its existing product Wei Jia and future pharmaceutical products;
2. HK$20 million for ongoing research on existing new drugs projects and potential acquisitions; and
3. HK$30 million for the Group's working capital.

The new national distribution company to be set up will greatly enhance the Group's existing sales network and fully unlock its profit making potential. This is part of LifeTec's ongoing strategy to establish a proprietary infrastructure for the efficient and cost effective distribution of drugs in China. The research conducted by the City University of Hong Kong under the Innovation and Technology Fund of the Hong Kong SAR Government on the DNA recombinant version of Wei Jia has been making encouraging progress. LifeTec is entering a high growth phase following the expansion and GMP accreditation of its production facilities. To cope with the anticipated growth, there is a corresponding need for strengthening the Company's working capital base. Sales of Wei Jia have achieved substantial increase in the first quarter of 2003 as compared to the corresponding period last year.

Mr. Jay Chun, Chairman of the Group, commented, "First of all, I would like to thank the continuous support of the investors to LifeTec Group. Their support has been instrumental to the success of LifeTec today. Management have strong believe in the future of LifeTec and the market potential of Wei Jia as well as other new drugs in the pipeline. Under the current market situation, what we need now are the unfailing support from our investors and a reasonable period of time for us to perform and deliver our promises." Mr. Chun added, " We have seriously

considered the balance of the interests of our shareholders, the Group's capital needs for future development, and the market environment in the decision to conduct the Rights Issue. We hope our shareholders will consider the rights issue positively. Their continuous support will definitely help to bring LifeTec to the next level."

About LifeTec

LifeTec is a Hong Kong listed company (stock code 1180) engaged in the development, manufacture and sale of innovative biopharmaceutical products based on original technology. LifeTec holds the administrative protection for the new generation hepatitis drug Wei Jia.

With 120 million hepatitis B carriers, China is the world's largest market for hepatitis drug. LifeTec targets the 5 million severe hepatitis patients in China and aims to capture 20% of this US$1.6 billion market. LifeTec has set up a nationwide distribution network with over 70 sales offices covering all regions in China. Since the commercial launch of Wei Jia in mid 2001, the number of hospitals adopting Wei Jia has been soaring. Currently Wei Jia is adopted by over 500 hospitals and the number of user hospital is expected to grow to 1,000 by end of 2003. The new GMP production line in Weihai, Shandong Province has commenced production in Aug 2002. The production line has an annual production capacity of 20 million vials of Wei Jia per annum.

In addition to liver drugs, LifeTec has also been exploring opportunities in new drugs. LifeTec has acquired two new drug projects in December 2002, namely the augmenter for liver regeneration ("ALR") and new generation antiseptic Pazufloxacin. ALR is a revolutionary gene therapy for liver disease including liver cancer and cirrhosis. The Gene Therapy Research Center of the Institute of Infectious Diseases of The Peoples' Liberation Army is the technical partner in the ALR project. At the same time, the Company is developing the recombinant DNA version of Wei Jia. This new version of Wei Jia would be more efficacious and more flexible in delivery.

LifeTec has well-equipped laboratory facilities in Shanghai and Weihai. The scientific advisory board of LifeTec consists of top hepatitis experts and renowned scientists in China. LifeTec also has close collaboration with leading medical research institutions in China and overseas. The Company has been holding active dialogues with prominent biopharmaceutical enterprises in Asia, U.S. and China to explore the possibility of forming strategic alliances in areas like marketing, joint product development and strategic investments.

"Biotechnology – from life and for life" is LifeTec's corporate motto which signifies management's dedication to apply biotechnology for the well-being of mankind.

About Wei Jia

Wei Jia is a Category I drug approved by the State Drug Administration in China (equivalent to FDA in U.S.). As a Hepatocyte Growth Factor (pHGF), Wei Jia stimulates the growth and regeneration of liver cells. Wei Jia is indicated for severe hepatitis and chronic hepatitis, and is delivered through intravenous injection. It is clinically proven to be highly efficacious with minor side effects. Since its commercial launch in 2001, Wei Jia has quickly gained strong market acceptance in China. Research on DNA recombinant version of Wei Jia is underway.

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