



[For Immediate Release]

**Investor Paid About HK\$19 million For 5% Interest In
LifeTec's Subsidiary
Realize Underlying Value of Biotech Portfolio**

- ◆ **Independent third party invested about HK\$19 million for only 5% interest in LifeTec's subsidiary Shanghai Youheng Biotechnology Limited**

[4 Jan 2004] LifeTec Group Limited (“LifeTec” or the “Company” or the “Group”, HKEX Stock Code: 1180) announced that on 31 December 2003, Angels’ Investing Limited (“Angel”) has invested about HK\$19 million for only 5% interest in the Group’s wholly owned subsidiary Shanghai Youheng Biotechnology Limited (“Youheng”). Angel bought existing Youheng shares from LifeTec and will pay about 16 million shares of Sen Hong Resources Holdings Limited (“Sen Hong”, HKEX Stock Code: 76), as the consideration. Sen Hong’s share closed at HK\$1.22 per share on 31 December 2003.

Angel is very confident about the global earning potential of the rhALR and Pazufloxacin projects of which Youheng owns 75% and 100% respectively. Angel’s investment in Youheng paves the way for potential future cooperation between the two companies in the product development and worldwide distribution of the two projects.

LifeTec acquired Youheng for only about HK\$40 million in December 2002. Appreciation in the value of Youheng is attributable to the Company’s strengthened capability in marketing the drug candidates globally and satisfactory progress made in the research and development of rhALR and Pazufloxacin. The investment confirms the huge underlying value of rhALR and Pazufloxacin. LifeTec will book an extraordinary profit of approximately HK\$17 million for the year ended 31 December, 2003 for the transaction. Proceeds from the future disposal of the consideration

shares will be deployed to accelerate the research and development of the two new drug projects as well as the Company's global distribution presence.

Recombinant human augments for liver regeneration, or rhALR, is an innovative DNA recombinant liver drug developed by the Institute of Infectious Diseases of the Peoples' Liberation Army. Independent researches support that rhALR has superior treatment effect on a wide range of severe liver diseases. Application for pre-clinical tests on rhALR will be submitted to China's State Food and Drug Administration ("SFDA") towards the end of 2004. Pazufloxacin is a new generation quinolone antimicrobials. It can cure a wide range of disease including chronic bronchitis, gonorrhoea, complicated urinary tract infections and community-acquired pneumonia. It is expected that the approval for the clinical trials for Pazufloxacin will be granted by the SFDA in or about June 2004.

Mr. Jay Chun, LifeTec Chairman, expressed optimism about this investment in the Group, "We are glad to introduce a new investor who shares our vision and has strong confidence in LifeTec's management. This is a very encouraging recognition to the potential of the rhALR and Pazufloxacin projects. The investment provides the required financial resources to speed up the research and development of the two drug candidates. It also highlights our ability to realize the underlying value of our pipeline projects even in an early stage." Mr. Chun added, "Going forward, management is optimistic in generating further value from LifeTec's rich biotech portfolio. For instance, we are exploring the sale of our products' exclusive distribution rights in overseas countries. Such transaction will not only help to enhance the financial performance of the Group, but will also boost the Company's growth."

- END -

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 knowhow 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. The Company has a portfolio of promising biotech drug candidates under development.

With 120 million hepatitis B carriers, China is the world's largest market for hepatitis drugs. Since the commercial launch of Wei Jia in mid 2001, the drug has achieved over 50% market penetration in terms of hospital coverage. LifeTec is licensed to sell and distribute third parties' biopharmaceutical products through its nationwide distribution network.

For new product pipeline, LifeTec is working on recombinant human augments for liver regeneration ("rhALR") and new generation antiseptic Pazufloxacin. rhALR is a revolutionary gene therapy for various kinds of liver diseases. The Institute of Infectious Diseases of The Peoples' Liberation Army is the technical partner in the rhALR project. The Company is also developing the recombinant DNA version of Wei Jia and novel anti-fibrosis and anti-cancer compound Fibroscutum together with the City University of Hong Kong.

"Biotechnology – investing in life itself" is LifeTec's corporate motto which signifies management's dedication to applying biotechnology for the well-being of mankind.

About Sen Hong

Sen Hong is a Hong Kong listed company (stock code 76) which develops, explores and produces crude oil in South Sumatra, Indonesia and provides electronic manufacturing services in the United Kingdom.

This press release is issued by PR Concepts Company Limited on behalf of LifeTec Group Limited. For further information, please contact:

Mr. Andrew Fung /Ms. Vivian Lo

PR Concepts Company Ltd.

Tel: (852) 2520 2690

Fax: (852) 2527 8996

Mobile: (852) 9468 0698/ 9682 8123

E-mail: andrewf@prconcept.com/vivianl@prconcept.com