

[Press Release]



LIFETEC ANNOUNCES ACQUISITION OF TWO NEW
REVOLUTIONARY DRUG PRODUCTS FOR RMB42.5 MILLION

ALR, a revolutionary DNA recombinant liver drug
and
Pazufloxacin, a new generation antiseptic

[December 24, 2002] - Hong Kong - LifeTec Group Limited ("LifeTec" or the "Group", stock code: 1180) announced today that it has entered into conditional agreement for the acquisition of two new drug projects through its wholly owned subsidiaries on December 19, 2002.

The Group will acquire a 100% interest in Shanghai Yuoheng Biotechnology Company Limited ("SY") for a total consideration of RMB42.5 million. Through SY, LifeTec will hold the rights to the revolutionary liver drug, augmenter for liver regeneration ("ALR"), and the new generation antiseptic, Pazufloxacin ("Pazu").

The consideration for the acquisition was determined after arm's length negotiations between the parties with reference to valuations of the projects by an independent professional valuer engaged by LifeTec. The consideration price will be paid to the shareholders of SY in three stages. RMB 3 million was paid within first three days from the signing of the purchase agreement, while RMB 37.5 million will be paid before December 31, 2002. The final installment of RMB2 million will be paid within three days following the completion of registration procedures with the State Administration for Industry and Commerce. LifeTec plans to finance the acquisition through internal resources. Shareholders of SY are independent third parties not connected with the directors, chief executives or substantial shareholders of LifeTec and its subsidiaries or any of their respective associates (as defined under the Listing Rules).

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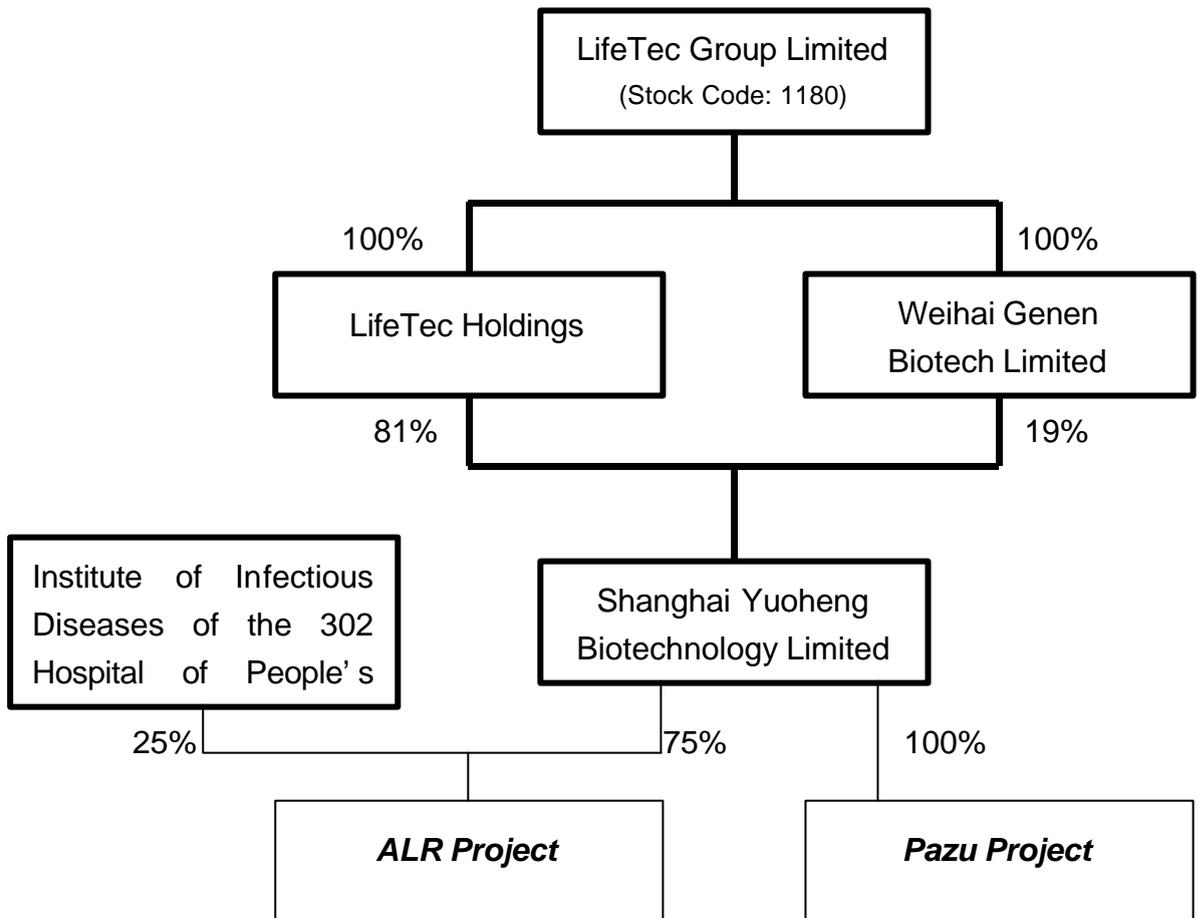
ALR is an innovative DNA recombinant liver drug developed by the Institute of Infectious Diseases at the 302 Hospital of the Peoples' Liberation Army. LifeTec believes that ALR will have superior treatment effect on a wide range of liver diseases, including cirrhosis and liver cancer. As it is produced by the DNA recombinant technique, the product is of high purity and can be delivered to the human body via intra-muscular injection or oral administration. Patent for the ALR's production techniques and application in the treatment of severe liver diseases has been filed with the State Intellectual Property Office. Clinical trials for the product will be conducted soon for the application of the new drug license and manufacturing license from the State Drug Administration ("SDA"). LifeTec expects to launch this exciting new product in the market in 2006. The new drug will strengthen the Group's foothold in the liver drug market.

Pazu is a quinolone antimicrobials, a class of inhibitors of bacterial topoisomerases that has been developed most fully for clinical use in human medicine. The product has already received regulatory approval in Japan. This new generation drug has proved to be highly efficacious on a wide range of diseases, including chronic bronchitis, complicated urinary tract infections, post operational infections, community-acquired pneumonia, acute sinusitis and gonorrhoea. Pazu is a safe drug with no serious side effects. The product's clinical trials will be completed in due course and Pazu will be available in China within a few years. LifeTec expects to bring the new drug to the China Market in 2005.

Mr. Jay Chun, Chairman and Managing Director of the Group, commented, "LifeTec is delighted to announce the addition of two new exciting drug projects to our product pipeline. The Group is transforming into a multi-product biopharmaceutical company. We look forward to accelerating our growth through strategic mergers and acquisitions. The two new drugs possess highly promising market potential and represent a new driving force for the Group. The ALR project enables LifeTec to maintain our leading edge in the biotechnological treatment of liver disease, while the inclusion of an antiseptic medicine to our product line will enhance the utilization of our extensive national distribution network. We are well prepared for the strong growth in the years ahead".

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Organization Structure After Acquisition:



LifeTec Group Limited

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. In particular, the Group specializes in biotech project development and commercialization. LifeTec has a nationwide distribution network with over 70 sales representatives covering all regions in the country.

LifeTec has well-equipped laboratory facilities in Shanghai and Weihai. LifeTec's scientific advisory board consists of top hepatitis experts and renowned scientists. The board provides valuable advice in the Group's product development and biotech project acquisition. LifeTec also closely collaborates with leading medical research institutions in China and overseas countries.

LifeTec's flagship product is Wei Jia, a highly efficacious liver drug for the treatment of hepatitis. The Group's corporate motto "Biotechnology – from life and for life" signifies the management's dedication to apply biotechnology for the well-being of mankind.

LifeTec Holdings Limited

LifeTec Holdings Limited is an investment holding company wholly owned by LifeTec.

Weihai Genen Biotech Limited

Weihai Genen Biotech Limited is a wholly foreign owned enterprise in China. Wholly owned by LifeTec, it is the investment arm of LifeTec for biotech projects in China.

Shanghai Yuoheng Biotechnology Limited

Shanghai Yuoheng Biotechnology Limited is a biotech company registered in China. The company identifies and invests in biopharmaceutical projects with promising market potential.

302 Hospital Of The Peoples' Liberation Army

302 Hospital of the Peoples' Liberation Army is the largest hospital in Beijing. It is the official clinical research center approved by the Army and the State Council for viral hepatitis and AIDS and the only hospital for infectious disease treatment in the Army. The Hospital can accommodate 500 in-patients. It is responsible for hospitalizing patients from the army, navy and air force suffering from infectious diseases or AIDS. Civilian patients from different parts of the country also come to the hospital for its reputation in treating infectious diseases. The Institute of Infectious Diseases and the Gene Therapy Research Center have been set up under the Hospital. The two bodies together lead in the development of ALR in China.

For further information, please contact:

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