

“The Group has made great strides in identifying and anchoring a key focus on commercialization of biotech drug products. We believe that the mix of our expertise and creativity will provide the momentum to drive future success.”

「集團矢志把生物醫藥項目商品化之業務鎖定為發展目標，
年內我們已朝著這方向邁進一大步。
相信憑藉我們之科技專才及創意，必將為集團的未來發展翻開成功的一頁。」

On behalf of the Board of Directors, I am pleased to present the annual report and audited financial statements of the Company and the Group for the year ended 31 December 2000.

BUSINESS REVIEW

The Group reported a turnover of HK\$26,386,000 for the year as compared to HK\$29,842,000 for the previous year. The turnover for the year and that of the previous year were mainly derived from trading activities conducted by the Company's subsidiaries in the People's Republic of China (the "PRC"). The Group incurred a total loss for the year of HK\$92,621,000 whereas that for the previous year was HK\$59,529,000. The loss for the year was mainly attributable to write-offs of receivables amounting to HK\$26,555,000 due from former subsidiaries, loss incurred on and provision for loss of HK\$6,500,000 and HK\$15,300,000 respectively arising from properties sold during the year and after the year end, share of loss of HK\$12,421,000 incurred by the Company's associated company and operating overheads of the Group. Of the turnover and gross profit of the Group for the year, 76% of the turnover and 84% of gross profit were attributable to operations conducted in the PRC. Of the loss for the year, approximately HK\$14,033,000 was attributable to the Group's PRC operations with the remaining balance being loss incurred in Hong Kong. More than 90% of the Group's turnover and loss from operations except provisions for doubtful debts and deficit on revaluation of investment properties were attributable to general trading.

The loss for the year marked the end of a series of rationalization activities of the Group which began after its acquisition of management control from the previous controlling shareholders in late 1998.

承董事會命，本人謹此提呈本公司及本集團截至二零零零年十二月三十一日止年度之年度報告及經審核財務報告。

業務回顧

本集團於年內之營業額為26,386,000港元，而去年則錄得營業額29,842,000港元。年內及去年度之營業額主要源自本集團各附屬公司於中華人民共和國（「中國」）之貿易業務。本集團於本年度之總虧損為92,621,000港元，而去年則為59,529,000港元。本年度之虧損主要由於撇銷26,555,000港元之應收前附屬公司賬款、於年內及年結日後出售物業所產生之虧損及就該等虧損作出撥備分別為6,500,000港元及15,300,000港元、應佔本公司聯營公司之虧損為12,421,000港元，以及本集團之經營費用所致。本集團本年度營業額及毛利中，76%之營業額及84%之毛利乃源自在中國所經營業務。在本年度虧損中，約14,033,000港元乃源自本集團之中國業務，其餘則為在香港產生之虧損。本集團本年度營業額及經營虧損（呆壞賬撥備及重估物業虧蝕除外）其中90%以上乃源自一般貿易。

本年度所出現之虧損，象徵著自一九九八年底從前控股股東收購本集團之管理權後所展開之一系列集團業務重組告一段落。

BUSINESS REVIEW (cont'd)**Biopharmaceutical Division**

The Group completed an acquisition of a further 69.97% interest in Goldstone International Holdings Limited ("Goldstone") in November 2000 increasing its stake therein to 100%. This has given the Group an effective controlling interest in Weihai Sinogen Pharmaceutical Co. Ltd ("Sinogen") and marked a successful step forward in re-focusing its business on biopharmaceutical development in the PRC.

Sinogen has been involved in the development of a PRC Category I western drug called 'Wei Jia' for treating severe hepatitis. Wei Jia had completed all requisite clinical trials in accordance with the regulations of State Drug Administration ("SDA") during the year and obtained final approval for commercial production and licensed protection for exclusive sale in the PRC in January 2001. This was an important breakthrough in the research and development of Wei Jia which began almost ten years ago.

The Company successfully raised HK\$37,000,000 approximately by means of a share placement in April 2001 for financing the construction of expanded production capacity of Sinogen. At the current stage, Sinogen was constrained by the existing production capacity of approximately 2,000,000 vials per annum. The expanded production plant will comply with stringent GMP standards set by SDA and production volume will be substantially increased to 20,000,000 vials per annum. The new production facilities could be further scaled up to 50,000,000 vials 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.

**業務回顧 (續)****生化製藥部門**

本集團於二零零零年十一月完成增購 Goldstone International Holdings Limited (「Goldstone」) 之 69.97% 權益，使本集團擁有該公司之全部股權。此舉令本公司取得威海賽洛金藥業有限公司 (「賽洛金」) 之實際控股權益，並使本集團於重新專注於中國開發生化製藥方面邁出成功一步。

賽洛金於中國從事開發用於治療嚴重肝炎，名為「威佳」之第一類西藥。威佳已於年內根據國家藥物管理局 (「藥管局」) 之規定完成所有必須之臨床測試，並於二零零一年一月獲得藥管局之最後批准將該產品商品化，及取得許可證於中國國內獨家銷售。此對於十年前已展開研究及開發之威佳來說實屬重大突破。

本公司已於二零零一年四月成功以配售股份形式籌集 37,000,000 港元資金，用作支付擴充賽洛金生產能力之費用。於現階段，賽洛金受每年僅為 2,000,000 瓶之生產量所限制。經擴充後之生產廠房，將符合由藥管局所制訂更嚴格之 GMP 標準，而生產量則將激增至每年超過 20,000,000 瓶。當進一步對設備及裝置進行投資後，新生產設施更可進一步增加至 50,000,000 瓶。擴充生產設施之首階段工程預期將於年底完成。

BUSINESS REVIEW (cont'd)**Biopharmaceutical Division (cont'd)**

The commercial sales of Wei Jia actively began in March 2001. The market demand for this product has been robust and encouraging so far. We envisage that the production volume for the year based on the existing production capacity will be fully taken up. However, due to production constraint, the sales volume for 2001 will be below 2,000,000 vials. Substantial increases will only be realized from next year onwards.

To meet with anticipated growth in sales, Sinogen has been devoting a great deal of effort in 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 fourth quarter to pave the road for anticipated increase in production volume starting from the end of the year to the beginning of next year.

The Company has been actively forging strategic partnerships with prominent pharmaceutical groups in the States and Asia on the production and marketing side. The partnerships are directed towards bringing Wei Jia to overseas markets. Currently, active work is being pursued to bring Wei Jia to North Asia and South East Asian countries. The second half may gradually witness the fruits of seeds sown in the past months.

Sinogen is currently conducting research on the recombinant DNA version of Wei Jia and will commence pre-clinical trial for the new version in the near future. The recombinant DNA version is 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 will be important in establishing Wei Jia's leadership and will help protect its future market share.

**業務回顧 (續)****生化製藥部門 (續)**

威佳之市場銷售已於二零零一年三月展開。市場迄今對此產品之需求甚為殷切並令人鼓舞。我們預期按照現有生產能力，本年度之生產量將達飽和。然而，由於生產能力所限，於二零零一年之銷售額將少於 2,000,000 瓶。生產量於明年起方可望大幅增加。

為應付預期銷售數量之增加，賽洛金已投入大量資源擴大其銷售隊伍。該公司已聘請高級市場推廣及銷售行政人員，以加強威佳之質量及於全國之市場覆蓋。賽洛金更將於第四季推出更集中及更主動之市場推廣活動，為預期於本年底至明年年初起增加生產量作好準備。

本公司已積極與亞洲各國之主要製藥集團，於生產及市場推廣方面結為策略性夥伴。此等夥伴關係之目標為引領威佳至海外市場。現時，本集團正積極將威佳引入至北亞及東南亞各國。於過去數月所作出之耕耘，預期可於下半年漸見成果。

賽洛金現正研究威佳之脫氧核糖核酸重組版本，並將於不久將來展開臨床實驗前測試。脫氧核糖核酸重組版本乃依據頂尖之生物科學技術研製。儘管此藥品仍須經過正常之開發週期及測試後方可推出，威佳之增強版將不但對確立威佳之領導地位甚為重要，且亦有助其鞏固其市場佔有率。

BUSINESS REVIEW (cont'd)**Biopharmaceutical Division (cont'd)**

The management of the Group is closely observing new opportunities in the market and will target new biotechnology drug projects catering for popular diseases with 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.

Medical Technology Division

The Group's medical technology developments are conducted through its 49% owned associated company, LT3000 Online Limited ("LT3000"). Anticipating the cooling-off of the Internet fever, LT3000 has refocused its emphasis on the development of medical application software and a new generation of integrated medical stations since May 2000. The results so far have been encouraging. LT3000 has recently completed the development of a suite of medical logistic and telemedicine enabling software for use on the Internet. The new products have been positively received by the market and a few new contracts have been signed recently. Although the total value of these contracts only add up to a few million dollars, this is nevertheless a strategic turning point indicative of the future potential of the company's products.

Subsequent to the year end, the shareholders of LT3000 have resolved to capitalize the shareholders' loans which they respectively advanced to the company. Since the funding was principally of a capital nature, the capitalization of the shareholders' loans reflect the shareholders' original intention and will help to improve the balance sheet of the associated company.

**業務回顧 (續)****生化製藥部門 (續)**

本集團管理層正密切注視市場上之新機遇，並將目標集中於開發針對常見疾病，且具有市場潛力之新生化藥品項目。本集團於選擇新項目時所採取之嚴格準則，於長遠而言有助其建立均衡之產品供應。

醫療科技部門

本集團透過其有49%權益之聯營公司LT3000 Online Limited (「LT3000」) 進行其醫療科技開發。由於預期互聯網熱潮冷卻，LT3000已

自二零零零年五月起轉向集中於開發醫療應用軟件及新一代整合醫療站方面，而至今所取得成果令人鼓舞。LT3000近期已完成一套於互聯網上應用之醫療後勤及遙距醫療啟動軟件。該項新產品獲得市場接受，並於最近簽訂多份新合約。儘管該等合約之總值僅為數百萬元，此標誌著策略上之轉捩點，亦顯示了該公司產品之未來潛力。

於年結日後，LT3000之股東接受決議，將彼等各自墊付予該公司之股東貸款撥充股本。由於該等注資主要屬資本性質，將股東貸款撥充股本反映了各股東之原有目的，並有助改善聯營公司之資產負債狀況。

BUSINESS REVIEW (cont'd)**Medical Technology Division (cont'd)**

LT3000 will concentrate in obtaining new contracts for its products and will continue to develop related software applications. The company has been closely monitoring its costs and currently maintains only a small team of technical staff in the Shanghai office.

The management of the Group is confident in the future of LT3000.

Trading and PVC Division

The Group's PVC operations are conducted through its 68% owned subsidiary in Longkou, Shandong province. A small trading and marketing unit is also maintained in the office of the Hong Kong headquarters for sourcing overseas orders. Due to staff turnover and the general sluggishness of the sector, the Division has remained in low activity. The policy adopted by management is to accept selective orders that will contribute to the bottom line of the subsidiary and the Group. Following the gradual shift of the Group's focus to biopharmaceuticals, the resource devotion to the Division will stay at the current level.

CORPORATE ACQUISITIONS AND FINANCIAL RESOURCES

The Group completed two acquisitions during the year and they are respectively a further 37.12% effective interest in Sinogen and a further 29% interest in LT3000. The Sinogen acquisition has resulted in management control being obtained by the Group and the LT3000 acquisition increased the Group's participative interest in this creativity inspired associated company. Both the Sinogen and the LT3000 acquisitions were settled by means of an exchange of shares and a total of 321,945,946 new shares had been issued as consideration for the two acquisitions.

The Company conducted one share placement in January 2000 for 120,000,000 shares and another in April 2001 for 142,000,000 shares which have helped raised approximately HK\$17,400,000 and HK\$37,000,000 respectively for financing the activities of the Company and its subsidiaries.

業務回顧 (續)**醫療科技部門 (續)**

LT3000將專注於為其產品取得新合約，並將繼續開發有關之軟件應用程式。本公司將密切監察其成本，而現時亦於上海辦事處維持一組小規模之技術員工隊伍。

本集團之管理層對LT3000之前景極有信心。

貿易及仿皮部門

本集團透過其擁有68%權益，位於山東省龍口市之附屬公司進行其仿皮業務。於香港總部辦事處亦設有一個小規模之貿易及市場推廣部門，負責爭取海外訂單。由於僱員流失及該行業之表現普遍呆滯，此部門之業務維持於低水平。管理層採用之政策為選擇性地承接可維持對附屬公司及本集團作出盈利貢獻之訂單。隨著本集團逐漸專注於生化製藥方面，本集團對該部門之資源投入將維持於現有水平。

企業收購及財政資源

本集團於年內完成兩項收購，分別為增購賽洛金37.12%實益權益及增購LT3000之29%權益。賽洛金收購事項使本集團取得該公司之管理權，而LT3000收購事項則增加本集團於該饒富創意之聯營公司內之參與權益。賽洛金及LT3000收購事項均以交換股份形式進行，並合共已發行321,945,946股新股作為該兩宗收購事項之代價。

本公司已於二零零零年一月及四月分別配售120,000,000股及142,000,000股股份，分別籌得17,400,000港元及37,000,000港元之資金，提供本集團及其附屬公司營運所需。

CORPORATE ACQUISITIONS AND FINANCIAL RESOURCES (cont'd)

As at the date of the balance sheet, the Group's aggregate bank borrowings and finance leases stood at HK\$46,896,000 of which HK\$17,474,000 was payable within 12 months, HK\$22,848,000 was payable between 2 and 5 years and the balance was payable after 5 years. The Group's total liabilities as at the balance sheet date amounted to HK\$100,794,000 which represents 76.5% of total assets at that date.

At the date of this report, the Company has un-utilized credit facilities amounting to HK\$82,000,000 approximately. The Directors believe that the Group has sufficient financial resources to support its current operations and to pursue its corporate plans.

MANAGEMENT AND STAFF

The Group has devoted further resources to strengthen its technical expertise in the biopharmaceutical arena. A new Chief Scientific Officer role was created and filled by an expert in biotechnology earlier in 2001. A new Production Research Director has been headhunted for improving on the production technology and coordinating research activities in the PRC. Finally, a new Head of Marketing has also joined force recently from a top ten biopharmaceutical company in China.

The Group will continue to build its expertise in the biotechnology field. The policy is to concentrate on quality than quantity and to pursue for excellence in charting the future course of the Group's development, both in technology and management.

At the date of this announcement, the Company and its subsidiaries employ a total of about 85 staff including full-time directors and executives. The terms of employment of the staff, executives and directors conform to normal commercial practice. Share option benefits are granted to and included in the employment terms of selected senior executives of the Company.



企業收購及財政資源 (續)

於結算日，本集團之銀行借貸及融資租賃合計46,896,000港元，其中17,474,000港元須於十二個月內支付，22,848,000港元須於二至五年間支付，其餘須於五年後支付。於結算日，本集團之負債總額為100,794,000港元，佔結算日之總資產76.5%。

於本報告日期，本公司共有約82,000,000港元之未動用信貸。董事相信本集團有足夠財政資源以應付現時業務及推行其企業計劃所需。

管理層及員工

本集團已投入額外資源，以鞏固其於生化製藥領域之專門技術。本集團已增設科學總監一職，而一名生物科技專家已於二零零一年出任該職位。本集團亦已覓得一名新生產研究董事，以改善生產科技及統籌於中國之研究工作。最後，本集團近期亦聘請了一名曾任職中國國內十大生化製藥公司的市場推廣總管。

本集團將繼續致力於建立其在生物科技領域方面之專門技術。其政策將「重質不重量」，務求達致最佳品質，以為本集團日後於科技及管理方面之發展奠定基礎。

於本公佈日期，本公司及其附屬公司僱用合共約85名僱員（包括全職董事及行政人員）。僱員、行政人員及董事之僱用條款遵照一般商業條例釐定。購股權之利益已授予經挑選之本公司行政人員，有關安排已載於彼等之僱傭條款內。

FUTURE PROSPECTS

The Group has made great strides in identifying and anchoring a key focus on commercialization of biotechnology drug products, a novel and up-and-coming field with a promising future. The acquisition of management control in Sinogen has paved a positive direction forward. The management believes that the mix of expertise and creativity of the Group's ever-improving team will provide the momentum to drive its future growth and returns to shareholders.

APPRECIATION

On behalf of the Board of Directors of LifeTec Group Limited, I would like to thank our shareholders, bankers, professionals and customers for their support and patronage, and our executives and staff members for their creativity and dedication. With their support and cooperation, I am confident that the Group shall create success and returns to all parties concerned.

SHAN Shiyong

Chairman

Hong Kong, 31 July 2001

展望

本集團於確定生化藥品此門嶄新及甚具潛力之行業內商品化主要目標方面已邁出一大步。收購賽洛金之管理權已為此踏出正確方向。管理層相信，以本集團之專門技術及創意，其不斷進步之隊伍將為本集團之日後增長提供動力，並為股東賺取回報。

致謝

本人謹代表生命科技集團有限公司董事會就各股東、往來銀行、專業人員及客戶之支持及協助，以及各行政人員及員工之創意及貢獻，致以衷心感謝。藉着各位之支持及合作，本人深信本集團將可創造佳績以回饋有關各方。

主席

單世勇

香港，二零零一年七月三十一日