



ASIAPharm Group Ltd

Press Release

ASIAPHARM ATTRACTS TEMPLETON FUND & OTHER INSTITUTIONAL INVESTORS RAISING S\$64.3 MILLION

- **Placement of 60 million new shares at S\$0.8032 each, amounting to 12.33% of AsiaPharm's enlarged capital**
- **Subscription by Templeton Strategic Emerging Market Fund II, LDC of additional 20 million new shares at S\$0.8032, amounting to 4.11% of AsiaPharm's enlarged capital**
- **Proceeds raised to fund expansion initiatives through M&As and Joint Ventures**

Singapore, 8 May 2006 – Singapore Exchange Main Board-listed **AsiaPharm Group Ltd.** (“AsiaPharm” or the “Group” or 亚洲药业集团有限公司), a leading specialty pharmaceutical group in the People’s Republic of China (“PRC”) focusing on the research and development, production and sale of natural drugs and drug delivery systems, announced on 4 May 2006, its S\$64.3 million placement and subscription of an aggregate of 80 million new shares, and S\$28.1 million placement of an aggregate 35 million vendor shares at S\$0.8032 per share to strategic institutional investors.

Templeton Strategic Emerging Markets Fund II, LDC, managed by Templeton Asset Management Ltd ("TAML") and headed by Dr Mark Mobius subscribed for 20 million new shares at a price of S\$0.8032 per share for an aggregate consideration of S\$16.1 million, which represents approximately 4.11% of AsiaPharm's enlarged capital.

OCBC Securities Private Limited ("OSPL"), the appointed placement agent for the remaining 60 million new shares at an aggregate consideration of S\$48.2 million and the 35 million vendor shares at an aggregate consideration of S\$28.1 million, will be procuring subscriptions priced at S\$0.8032 each from other institutional investors.

Pursuant to the placement agreement with OSPL, 35 million vendor shares will be placed to select institutions that have expressed interest in obtaining a significant position in AsiaPharm, and whose entry have been deemed to be beneficial to the future operations of AsiaPharm. The vendor shares will be from AsiaPharm Holdings Ltd. (20,000,000 shares), Liu Dianbo (5,000,000 shares), Yuan Huixian (5,000,000 shares) and Su Kajia (5,000,000 shares).

This exercise – the first by the Group since it was listed in May 2004 – will increase the total shares outstanding to 487.77 million shares of US\$0.02 par value each from 407.77 million shares previously. The new shares will represent approximately 19.62% of AsiaPharm's pre-placement issued and paid-up shares. Following this exercise, earnings per share ("EPS") and net assets value ("NAV") per share will be adjusted from 21.98 RMB cents and 84.62 RMB cents to 18.73 RMB cents and 70.73 RMB cents respectively, to account for the issue of new shares.

Commenting on the placement, Mr Liu, Executive Chairman of AsiaPharm said, *"The inclusion of renowned institutions such as Templeton amongst our list of shareholders will undoubtedly enhance our corporate profile. We are heartened by the strong institutional support for this placement exercise, which demonstrates the continued market confidence in the future prospects of AsiaPharm. This shall strengthen our resolve to become a leading international pharmaceutical group."*

Mark Mobius, Managing Director of TAML said: *"AsiaPharm is a leading player in the fast-growing Chinese drug industry, with particular strengths in the natural drug segment. We are optimistic about the Chinese drug and healthcare industry because of (i) the large and maturing population, (ii) increasing per-capita incomes, (iii) a transition from self-treatment to professional treatment, (iv) urbanization and easier access to medicine, and (iv) a generally higher disease awareness in the population due to education. All of these factors will support rising consumption of pharmaceutical products in China.*

In recognition of the favorable market environment, AsiaPharm's management has emphasized R&D to provide sustained future growth through the launch of new successful medicines. We support the Company's strategic plan to supplement earnings growth through M&A."

"Proceeds from the new shares will be used to fund future expansion initiatives and springboard AsiaPharm's expansion into the global pharmaceutical industry, which will in turn generate greater value for our loyal shareholders. We have short-listed potential M&A targets which have met our investment criteria, including businesses with high profit-earning potential that compliments our business and allow us to generate significant cross synergies." added Mr. Liu.

From the estimated net proceeds of the new shares of S\$62.8 million, approximately S\$55.0 million will be used by the Group for expansion of business and products through acquisitions, joint ventures or strategic alliances. The balance of the funds will be retained by the Group as additional working capital.



*Dr Mark Mobius (Left) with Mr Liu Dianbo (Right) at AsiaPharm's Yantai facility

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About AsiaPharm Group Ltd.

Established in 1994, we are today a leading specialty pharmaceutical group in the People's Republic of China ("PRC") focusing on the research and development, production and sale of natural drugs and drug delivery systems. Our ultra modern facility in Yantai is fully equipped with leading edge technology, fully integrated and GMP certified, enabling us to carry out all aspects of pre-clinical evaluation; from pharmaceutical to pharmacology research, drug safety evaluation and clinical trials; to the full production of our natural drugs. We currently employ more than 120 researchers and have close collaborative relationships with renowned universities and research

institutions to drive our R&D efforts, enabling us to stay at the forefront of specialty pharmaceutical developments. To reach our customers, we have established an extensive distribution network of 35 sales support offices, covering 30 provinces, municipals, and autonomous regions, reaching approximately 2,000 hospitals. This is further supported by a strong network of 250 distributors and 280 sales and marketing personnel.

About the Templeton Strategic Emerging Markets Fund II, LDC (TSEMF II)

TSEMF II is a Limited Duration Company incorporated in the Cayman Islands and available only to institutions and sophisticated investors. TSEMF II makes strategic investments throughout emerging markets.

TSEMF II is managed by Templeton Asset Management Ltd ("TAML"), which has 12 offices located throughout the global emerging markets. TAML's offices in Asia include Singapore, Shanghai, Seoul, Hong Kong and Mumbai. TAML's emerging markets investment team is headed by Dr. Mark Mobius and managed over US\$27 billion in assets as of March 31, 2006. TAML is a subsidiary of listed Franklin Resources, Inc. (NYSE: BEN), a global investment management organization operating as Franklin Templeton Investments. Franklin Templeton Investments provides global and domestic investment management solutions managed by its Franklin, Templeton, Mutual Series and Fiduciary Trust investment teams. The San Mateo, California-based company has more than 50 years of investment experience and approximately US\$490 billion in assets under management as of March 31, 2006.

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