

PROPOSED ACQUISITION OF 43% OF THE REGISTERED CAPITAL OF WBL PEKING UNIVERSITY BIOTECH CO. LTD (“ACQUISITION”)

Introduction

The Board of Directors (the “Board”) of AsiaPharm Group Ltd (“AsiaPharm” or the “Company”) wishes to announce that it has entered into a conditional Share Purchase Agreement (the “Agreement”) with WBL Corporation Limited (“WBL”) on 12 April 2007 for the acquisition of WBL’s 43% interest in the registered capital of WBL Peking University Biotech Co. Ltd (“WPU”) (the “Share Capital”).

Rule 1006 of the SGX-ST Listing Manual

The relative figures pursuant to Rule 1006, using the audited accounts of the Company and its subsidiaries (the “Group”) as at 31 December 2006, are:-

- | | | |
|-----|---|-----------------------|
| (a) | net asset value of the assets to be disposed of compared to group’s net asset value. This is not applicable to an acquisition of assets | Not applicable. |
| (b) | net profits ⁽¹⁾ attributable to the assets acquired or disposed of, compared with the group’s net profits ⁽¹⁾ | 13.36% ⁽²⁾ |
| (c) | aggregate value of the consideration given or received, compared with the issuer’s market capitalisation | 5.65% ⁽³⁾ |
| (d) | number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue | Not applicable |

As none of the relative figures as computed on the bases above exceed 20%, the Acquisition does not constitute a major transaction under Rule 1013 of the Listing Manual and would not require the approval of the shareholders of AsiaPharm in a general meeting pursuant to Rule 1014.

NOTES:

- (1) Under Rule 1002(3)(b), “net profits” means profit or loss before income tax, minority interests and extraordinary items.
- (2) Determined by dividing 43% of the unaudited net profit of WPU of approximately RMB 26.0 million by the Group’s latest announced consolidated net profit of RMB 83.7 million for the financial year ended 31 December 2006.
- (3) Based on the aggregate value of the Consideration of approximately S\$19.9 million (based on an exchange rate of S\$1:RMB5) and the market capitalisation of AsiaPharm as at 10 April 2007 (being the market day preceding the date of the Agreement). Under Rule 1002(5), the market capitalisation of AsiaPharm is determined by multiplying the number of shares in issue and the closing market price of S\$0.72 per share on 10 April 2007.

Information to be announced under Rules 1010 and 1013

(1) *Particulars of the assets acquired*

The Company is acquiring 43% of the registered capital of WPU which is legally and beneficially owned by WBL. WBL is an independent third party and is not related to the Directors or substantial shareholders of the Company.

The remaining 57% of the registered capital of WPU is owned by Peking University Weiming Biotechnology Group ("Beida") (30.45%) and Beijing Holding Co. Ltd ("BeiKung") (26.55%), both of which are independent third parties and not related to the directors or substantial shareholders of the Company.

(2) *A description of the trade carried on*

WPU is principally engaged in the business of research, development, manufacture and sale of pharmaceutical products, natural medicine and modern Chinese medicine. The core product is Xuezhikang, a natural drug for regulating abnormal blood lipid level comprehensively and significantly, effectively preventing and treating cardio-cerebro-vascular diseases.

Currently, WPU's drugs are sold within the PRC to about 3,500 hospitals, constituting 60% of its total sales. Approximately 40% of its sales are over the counter. WPU'S drugs are also exported overseas to the United States of America, Europe, Japan, Korea, Singapore, Malaysia, Norway, Hong Kong and Taiwan. WPU has approximately 350 sales personnel.

(3) *The aggregate value of the consideration, including factors taken into consideration in arriving at the value of the consideration*

The total consideration for the Acquisition is RMB 99.4 million, equivalent to approximately S\$ 19.9 million (based on an exchange rate of S\$1.00:RMB5) (the "Consideration"). The Consideration shall be paid in cash in Singapore dollars on completion date. "Completion date" is defined as the date falling 3 months from the date of the Agreement or a date within 14 calendar days after receipt of approval for the sale and purchase of the Sale Capital by the relevant PRC authorities, whichever is earlier, or such other date as the parties may agree in writing.

(4) *Any material conditions, including put and call options*

The Acquisition is conditional upon (and accordingly beneficial ownership in the Sale Capital will not pass until) satisfaction of the following conditions on or prior to the date falling 3 months from the date of the Agreement (or such other date as the Parties may agree) (the "Long-Stop Date"):

- (a) the passing of circulating resolutions in writing of the board of directors of WBL or, at a board meeting of WBL, of a resolution to approve the sale of the Sale Capital in the agreed terms or without material amendments thereto;
- (b) the passing of circulating resolutions in writing of the board of directors of the Company or, at a board meeting of the Company, of a resolution to approve the acquisition of the Sale Capital in the agreed terms or without material amendments thereto;
- (c) the passing, if required, at a general meeting of the Company, of a shareholders' resolution to approve the acquisition of the Sale Capital in the agreed terms or without material amendments thereto;

- (d) the obtaining of all government or regulatory permits, consents and approvals (if required) and if such permits, consents and approvals are subject to terms and conditions acceptable to both WBL and the Company; and
- (e) the execution of a PRC Equity Transfer Agreement on a date within three months after the date of the Agreement by the parties or their respective nominees and the due notarisation of signatures to the PRC Equity Transfer Agreement.

If any of the conditions precedent specified above are not fulfilled on or prior to the Long-Stop Date, the Agreement (save as provided in Clauses 7, 14 and 17) shall terminate and there shall be no liability on the part of either party.

Both Beida and BeiKung have waived their pre-emption rights to the Sale Capital.

- (5) *The value of the assets being acquired*

See paragraph 3 above.

- (6) *The amount of gain or loss from disposal*

Not applicable.

- (7) *The net profits attributable to the assets being acquired*

The net profits attributable to the Acquisition is RMB11.18 million, based on 43% of the unaudited net profit of WPU for the financial year ended 31 December 2006 of RMB 26.0 million, which constitutes approximately 5.65% of the Group's latest announced consolidated net profit of RMB 83.7 million.

- (8) *The effect of the transaction on the net tangible assets per share of the issuer for the most recently completed financial year, assuming that the transaction had been effected at the end of that financial year*

The net tangible assets per share of the Company and the Group as at 31 December 2006 is as follows:

	<-----Company----->		←-----Group----->	
	FY2006	After the Acquisition	FY2006	After the Acquisition
NTA per share (RMB cents)	104.71	104.71	139.23	154.83

- (9) *The effect of the transaction on the earnings per share of the issuer for the most recently completed financial year, assuming that the transaction had been effected at the beginning of that financial year*

The financial effect of the Acquisition on the earnings per share of the Company and the Group for FY2006 is as follows:

	<-----Company----->		<-----Group----->	
	FY2006	After the Acquisition	FY2006	After the Acquisition
Earnings per share (RMB cents)	N.M.	N.M.	18.21	20.64

NOTES:

- i) Earnings per share is computed based on the weighted average number of shares of the Company in issue.
- ii) The above impacts are computed under the assumption that the Acquisition was done in the last day of FY2006.
- iii) NTA is computed based on unaudited balance sheet of WPU.

- (10) *The rationale for the transaction including the benefits which are expected to accrue to the issuer as a result of the transaction*

The Company is of the view that the Acquisition will be in the best interests of the Company for the following reasons:-

- (i) the Acquisition will further enable the Group to stay at the forefront of specialty pharmaceutical developments and increase its range of products;
- (ii) both the Group and WPU have a strong presence in the PRC. The Group expects to derive synergies by integrating all or part of its operations such as distribution operations with those of WPU upon completion of the Acquisition; and
- (iii) the Acquisition is expected to be earnings accretive.

- (11) *Whether any director or controlling shareholder has any interest, direct or indirect, in the transaction and the nature of such interests*

None of the Directors or controlling shareholders has any interest, direct or indirect, in the transaction.

- (12) *Details of any service contracts of the directors proposed to be appointed to the issuer in connection with the transaction*

Nil.

Documents for Inspection

The Share Purchase Agreement dated 12 April 2007 is available for inspection during normal business hours at 133 Cecil Street, #12-02, Keck Seng Tower, Singapore 069535 for three (3) months from the date hereof.