



ASIApharm Group Ltd

Press Release

**ASIAPHARM APPOINTS INTERNATIONALLY RENOWNED
ZUELLIG PHARMA AS EXCLUSIVE DRUG DISTRIBUTOR
IN THE PRC TO STREAMLINE DISTRIBUTION CHANNELS**

- **Restructured distribution channel will provide a sound foundation to future market expansions and reduce group's distribution expenses**
- **Standardised credit terms with Zuellig Pharma China will shorten cash cycles and further enhance the Group's financials**
- **Zuellig Pharma's international distribution expertise will help improve the efficiency of the Group's stock management**

Singapore, 16 April 2007 – 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 today that its wholly owned subsidiaries Shandong Luye Pharmaceutical Co., Ltd (“Luye” or “山东绿叶制药有限公司”) and Nanjing Kanghai /Sike Pharmaceutical Co., Ltd. (“Kanghai”/ “Sike” or “南京康海药业有限公司”/ “南京思科药业有限公司”) have entered into a three-year exclusive distribution agreement in the People’s Republic of China (“PRC”) with international drug distributor Zuellig Pharma’s PRC subsidiary – Zuellig Pharma China (“Zuellig”) – for all products owned by Luye, Kanghai and Sike, such as Maitongna, Lutingnuo, Nuosen, Sidinuo, CMNa, Tiandida, Tiandixin and Lipusu.

With this agreement, AsiaPharm will be able to streamline its distribution channels— currently undertaken with distributors at regional levels with varied terms and settlement periods --- and operate under standardized terms agreed with Zuellig. This will enable the Group to improve its receivables and shorten its cash conversion cycles, thus improving its financial position in the long run.

The appointment of Zuellig as AsiaPharm’s national distributor will also lead to additional cost savings owing to economies of scale and provide a sound foundation for joint business expansion initiatives within the PRC.

“As our products portfolio continues to expand, a unified distribution channel will provide costs savings for AsiaPharm in terms of reduced distribution and management costs. The formation of a synergistic partnership with the internationally renowned Zuellig Pharma will allow the Group to better focus on its core strengths in product development, marketing and products promoting and provide the opportunity to jointly explore expansion opportunities to further develop our business,” Mr Liu Dianbo (刘殿波),” Executive Chairman of AsiaPharm explaining the rationale of the distributor agreement.

“This is a major step forward in our Group’s integration process following our recent merger and acquisitions which have significantly boosted our business operations. This is also a key management decision which will benefit the Group over the long run through enhanced cash positions obtained via standardised collections, improved quality of receivables and reduced business risks,” commented Mr. Liu.

Zuellig is a leading provider of cutting-edge logistics services consisting of inventory management, warehousing, distribution and customer order management to over 15 countries in the Asia Pacific region. In PRC alone, Zuellig reaches out to over 400 cities, 16,000 hospitals and 85,000 pharmacies. For over 60 years, it has garnered significant recognition in the market through its process of combining local market expertise with modern technology.

Mr. Eric von Zwisler, Regional Director and Chief Executive for Zuellig Pharma China commenting on the collaboration with Asiapharm, “Through this latest agreement, AsiaPharm will emerge as one of our largest PRC clients. As a leading pharmaceutical group in the PRC, it is our great pleasure to be able to support and contribute to AsiaPharm’s rapidly expanding operations and future growth initiatives.”

“This collaboration marks a new milestone in our expansion in the PRC pharmaceutical market. Leveraging on the excellent products produced by Asiapharm, coupled with our expertise in logistical management, we hope this meeting of strengths will form the foundation from which both our companies can launch our market expansion initiatives,” Mr. Eric von Zwisler added.

“Working with Zuellig provides us with a more efficient stock management system that will enable us to better manage demand and supply conditions amidst changing market trends. This allows the management to make market decisions with greater precision, and will result in many significant benefits to the operations of the Group.” Mr. Liu added.

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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. Fully equipped, integrated and GMP-certified, our ultra-modern facilities in Yantai and Nanjing enables us to carry out all aspects of pre-clinical evaluation – from pharmaceutical to pharmacology research, drug safety evaluation and clinical trials – as well as full production of our natural and new DDS technology drugs. AsiaPharm currently employs approximately 140 researchers and has close collaborative relationships with renowned universities and research institutions around the globe to complement its R&D efforts, enabling AsiaPharm 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 2500 hospitals. This is further supported by 500 sales and marketing personnel. In line with our international expansion strategy, AsiaPharm has established a market presence in Vietnam, Pakistan and Korea.

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