



October 4, 2005

Astellas and MerLion Pharmaceuticals announce new drug discovery agreement

Astellas Pharma Inc. (Head Office: Tokyo, Japan, President & CEO: Toichi Takenaka, “Astellas”) and **MerLion Pharmaceuticals Pte Ltd** (“MerLion”) of Singapore today announced the signature of a collaborative agreement to discover and develop new drug candidates derived from natural products chemistry.

Under the collaboration agreement, MerLion will receive a pipeline of validated drug targets from the Astellas portfolio and will utilise its extensive natural sample collection, its modern high throughput screening facilities and experienced natural products chemistry skills for the identification of new chemical seeds. Astellas will conduct the optimisation of such novel compounds and generate drug candidates for future development.

Successful drug candidates will be subject to agreed licensing terms in return for milestone and royalty payments. Further details of the financial terms are not disclosed.

“We are delighted to have signed this agreement with the newly-merged Astellas” said Dr. Tony Buss, CEO of MerLion. “The collaboration provides many opportunities for novel candidate generation across the broadened Astellas target portfolio and strengthens our long-term relationship with the Japanese pharmaceutical industry”.

“Our collaboration will extend the window of natural product drug discovery and allow us to take our expertise a step further,” said Dr. Isao Yanagisawa, Senior Corporate Officer, Senior Vice President, Drug Discovery Research of Astellas. “We look forward to a productive and powerful relationship with MerLion.”

About MerLion Pharmaceuticals Pte Ltd

<http://www.merlionpharma.com>

MerLion Pharmaceuticals Pte Ltd is a privately-held Singapore based pharmaceutical company, focusing on the discovery and development of new drug candidates from natural sources. MerLion Pharma collaborates with leading pharmaceutical companies, biotechnology companies and research institutes to identify and develop new drug candidates for a wide range of molecular targets.

MerLion has a strong pipeline of pre-clinical candidates displaying novel chemistry and modes of action. It plans to accelerate development of these compounds towards the clinic whilst maintaining a productive discovery engine, supplying new leads and candidates via collaboration and independently. MerLion Pharma is staffed by over 65 employees and occupies 28,000 square feet of laboratory and office space in the Singapore Science Park.

MerLion works in partnership with large pharmaceutical and biotech companies worldwide. Revenues are derived from up front payments, drug development milestones, royalties and licensing fees. The company’s current partners include Abbott Laboratories, Arpida SA, Cancer Research Technologies, Dow AgroSciences, the Institute of Molecular and Cell Biology (Singapore), Johns-Hopkins (USA),

KuDOS Pharmaceuticals, Merck and Co, NovImmune SA, Nura Inc, Sankyo Co Ltd and Schering-Plough Inc.

About Astellas Pharma Inc.

Astellas Pharma Inc., located in Tokyo, Japan, is a pharmaceutical company dedicated to improving the health of people around the world through the provision of innovative and reliable pharmaceutical products. In April 2005, the company was formed through the merger of Fujisawa Pharmaceutical Co., Ltd. and Yamanouchi Pharmaceutical Co., Ltd. The organization is committed to becoming a global mega pharmaceutical company by combining outstanding R&D and marketing capabilities and continuing to grow in the world pharmaceutical market. For more information on Astellas Pharma Inc., please visit the company's website at www.astellas.com.

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