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ASIA EDITION

ShangPharma enters consolidation mode

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Singapore:Ã?Â ShangPharma entered into a definitive agreement and plan of merger with ShangPharma Holdings, ShangPharma Parent and ShangPharma Merger Sub. Pursuant of the agreement the Parent will acquire the company for $0.50 per ordinary share or $9.00 per American depositary share, each representing eighteen ordinary shares (ADS).

This represents a 30.8 percent premium over the closing price of $6.88 per ADS as quoted by the New York Stock Exchange (NYSE) on July 5, 2012, the last trading day prior to the company's announcement on July 6, 2012 that it had received a "going private" proposal. It had also announced a 44.8 percent and 34.2 percent premium to the volume-weighted average closing price of the company's ADSs during the 30 and 60 trading days prior to August 13, 2012, respectively.

The consideration to be paid to holders of ordinary shares and ADSs implies an equity value of the company at approximately $173 million, on a fully diluted basis.Ã?Â Holdings, Parent, and Merger Sub are all newly-formed Cayman Islands exempted companies with limited liability. Immediately after the completion of the Merger, Parent will be beneficially owned by ChemExplorer Investment Holdings, ChemPartner Investment Holdings, Joint Benefit Group, Han Ming Tech Investment Limited and TPG (collectively, the Buyer Group).Ã?Â

The Merger, which is currently expected to close during the first or second quarter of 2013, is subject to customary closing conditions as well as the approval by an affirmative vote of shareholders representing two-thirds or more of the ordinary shares present and voting in person or by proxy as a single class at a meeting of the company's shareholders which will be convened to consider the approval of the Merger Agreement and the Merger.Ã?Â

J P Morgan Securities (Asia Pacific) is serving as financial advisor to the Independent Committee. O'Melveny and Myers LLP is serving as US legal advisor to the independent committee and Conyers Dill & Pearman is serving as Cayman Islands legal advisor to the Independent Committee. Kirkland and Ellis LLP is serving as US legal advisor to J P Morgan Securities (Asia

Pacific).Ã?Â Ropes & Gray LLP is serving as US legal advisor to the Buyer Group and to TPG. Latham & Watkins LLP is serving as US legal advisor to Mr Michael Xin Hui . Maples and Calder and Fangda Partners are serving as Cayman Islands and PRC legal advisor to the Buyer Group, respectively.