

ShangPharma announces receipt of 'going private'

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Singapore: ShangPharma highlighted that its board of directors received a non-binding proposal letter dated July 6, 2012, from its chairman and CEO, Mr Michael Xin Hui, and entities affiliated with him, and TPG Star Charisma and its affiliates to acquire all of the outstanding shares of ShangPharma.

These shares would comprise of the stock that is currently not owned by founder or TPG, in a going private transaction for between \$8.50 and \$9.50 per american depositary share (ADS). Each ADS represents 18 ordinary shares of the company in cash. ShangPharma is a leading China-based pharmaceutical and biotechnology R&D outsourcing company.

Founder and TPG currently own approximately 54 percent and 11 percent of ShangPharma's ordinary shares, respectively. According to the proposal letter, the acquisition is intended to be financed through a combination of debt and equity capital, with definitive commitments for the required debt and equity funding expected to be in place, subject to the terms and conditions set forth therein, when the definitive agreements with respect to the acquisition and related transactions are signed.

ShangPharma's board of directors formed a special committee of independent directors consisting of three independent directors, including Mr Julian Ralph Worley, Mr Yuk Lam Lo and Mr Benson Tsang, to consider this proposal. The independent committee will retain a financial advisor and legal counsel to assist it in its work.

The board of directors cautions the company's shareholders and others considering trading in its securities that the board just received the non-binding proposal from founder and TPG and no decisions have been made by the independent committee

with respect to ShangPharma's response to the proposal. There can be no assurance that any definitive offer will be made, that any agreement will be executed or that this or any other transaction will be approved or consummated.