

SHANDA INTERACTIVE ENTERTAINMENT LTD
Form SC 13E3/A
January 13, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13E-3/A

(Amendment No. 2)

RULE 13e-3 TRANSACTION STATEMENT

(Pursuant to Section 13(e) of the Securities Exchange Act of 1934)

Shanda Interactive Entertainment Limited

(Name of the Issuer)

Shanda Interactive Entertainment Limited

Tianqiao Chen

Qian Qian Chrissy Luo

Danian Chen

Premium Lead Company Limited

New Era Investment Holding Ltd.

Shanda Media Limited

Shanda Investment International Ltd.

Silver Rose Investment Limited

Crystal Day Holdings Limited

Fortune Capital Holdings Enterprises Limited

First Step Services Limited

(Names of Persons Filing Statement)

Ordinary Shares, par value \$0.01 per share

American Depositary Shares, each representing two Ordinary Shares

(Title of Class of Securities)

81941Q203¹

(CUSIP Number)

¹ This CUSIP number applies to the Issuer's American Depositary Shares, each of which represents two Ordinary Shares. No CUSIP has been assigned to the Ordinary Shares.

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This statement is filed in connection with (check the appropriate box):

- a The filing of solicitation materials or an information statement subject to Regulation 14A, Regulation 14-C or Rule 13e-3(c) under the Securities Exchange Act of 1934.
- b The filing of a registration statement under the Securities Act of 1933.
- c A tender offer
- d None of the above

Check the following box if the soliciting materials or information statement referred to in checking box (a) are preliminary copies:

Check the following box if the filing is a final amendment reporting the results of the transaction:

Calculation of Filing Fee

Transactional Valuation*	Amount of Filing Fee**
\$700,072,606	\$80,228.32

* Calculated solely for the purpose of determining the filing fee in accordance with Rule 0-11(b)(1) under the Securities Exchange Act of 1934, as amended. The filing fee is calculated based on the sum of (a) the aggregate cash payment for the proposed per share cash payment of \$20.675 for 33,127,684 outstanding ordinary shares of the issuer subject to the transaction plus (b) the product of 1,239,086 ordinary shares issuable under all outstanding and unexercised options multiplied by \$12.233 per share (which is the difference between \$20.675 per share merger consideration and the weighted average exercise price of \$8.442 per share ((a) and (b) together, the Transaction Valuation))

** The amount of the filing fee, calculated in accordance with Exchange Act Rule 0-11(b)(1) and the Securities and Exchange Commission Fee Rate Advisory #3 for Fiscal Year 2012, was calculated by multiplying the Transaction Valuation by 0.0001146.

Check box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting of the fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid:

Form or Registration No.:

Filing Party:

Date Filed:

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INTRODUCTION

This Amendment No. 2 (this Amendment) to the Rule 13E-3 transaction statement on Schedule 13E-3, together with the exhibits thereto (the Transaction Statement), is being filed with the Securities and Exchange Commission (the SEC) pursuant to Section 13(e) of the Securities Exchange Act of 1934, as amended (the Exchange Act), jointly by the following persons (each, a Filing Person, and collectively, the Filing Persons): (a) Shanda Interactive Entertainment Limited, a Cayman Islands company (the Company), the issuer of the ordinary shares, par value \$0.01 per share (each, a Share and collectively, the Shares), including the Shares represented by the American depositary shares (ADSs), each representing two Shares, that is subject to the transaction pursuant to Rule 13e-3 under the Exchange Act; (b) Mr. Tianqiao Chen, the chairman of the board, chief executive officer and president of the Company; (c) Ms. Qian Qian Chrissy Luo, wife of Mr. Tianqiao Chen and a non-executive director of the Company; (d) Mr. Danian Chen, brother of Mr. Tianqiao Chen and chief operating officer and a director of the Company; (e) Premium Lead Company Limited, a British Virgin Islands company (Parent); (f) New Era Investment Holding Ltd., a Cayman Islands company and a wholly owned subsidiary of Parent (Merger Sub); (g) Shanda Media Limited, a British Virgin Islands company; (h) Shanda Investment International Ltd., a British Virgin Islands company; (i) Silver Rose Investment Limited, a British Virgin Islands company; (j) Crystal Day Holdings Limited, a Hong Kong company; (k) Fortune Capital Holdings Enterprises Limited, a British Virgin Islands company; and (l) First Step Services Limited, a British Virgin Islands company. This Amendment amends and restates in its entirety information set forth in the Transaction Statement.

On November 22, 2011, Parent, Merger Sub and the Company entered into an agreement and plan of merger (the merger agreement) providing for the merger of Merger Sub with and into the Company (the merger), with the Company continuing as the surviving company after the merger as a wholly owned subsidiary of Parent. Parent and Merger Sub are beneficially owned by Mr. Tianqiao Chen, Ms. Qian Qian Chrissy Luo and Mr. Danian Chen.

Under the terms of the merger agreement, at the effective time of the merger (the effective time), each outstanding Share will be cancelled in exchange for the right to receive \$20.675 and each ADS, each representing two Shares, will represent the right to receive \$41.35 (less \$0.05 per ADS cancellation fees pursuant to the terms of the deposit agreement), in each case, in cash, without interest and net of any applicable withholding taxes, excluding (a) Shares and ADSs beneficially owned by any of the Filing Persons prior to the effective time of the merger, which will be cancelled for no consideration, and (b) Shares owned by shareholders who have validly exercised and have not effectively withdrawn or lost their appraisal rights under the Cayman Companies Law, which will be cancelled for their appraised or other agreed value.

At the effective time of the merger, each option to purchase Shares pursuant to the Company's 2003 Share Incentive Plan and 2005 Equity Compensation Plan that is then outstanding and unexercised will be cancelled and converted into the right to receive, as soon as reasonably practicable after the effective time of the merger, a cash amount equal to (a) the total number of Shares issuable under such option immediately prior to the effective time of the merger multiplied by (b) the excess of \$20.675 over the exercise price payable per Share under such option, without interest, net of any applicable withholding taxes.

The merger remains subject to the satisfaction or waiver of the conditions set forth in the merger agreement, including obtaining the requisite approval of the shareholders of the Company. The merger agreement must be approved by an affirmative vote of shareholders representing two-thirds or more of the Shares present and voting in person, by proxy or by corporate representative as a single class at the extraordinary general meeting of shareholders of the Company held in accordance with its memorandum and articles of association.

The Company will make available to its shareholders a proxy statement (the Proxy Statement, a copy of which is attached hereto as Exhibit (a)(1)), relating to the extraordinary general meeting of shareholders of the Company, at which the shareholders of the Company will consider and vote upon, among other proposals, a proposal to approve the merger agreement and the transactions contemplated by the merger agreement, including the merger. As of the date hereof, the Proxy Statement is in preliminary form and is subject to completion.

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The cross-references below show the location in the Proxy Statement of the information required to be included in response to the items of Schedule 13E-3. Pursuant to General Instruction F to Schedule 13E-3, the information contained in the Proxy Statement, including all annexes thereto, is incorporated in its entirety herein by this reference, and the responses to each item in this Amendment are qualified in their entirety by the information contained in the Proxy Statement and the annexes thereto. Capitalized terms used but not defined in this Amendment shall have the meanings given to them in the Proxy Statement.

All information contained in this Amendment concerning each Filing Person has been supplied by such Filing Person.

Item 1 Summary of Term Sheet

The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

Summary Term Sheet

Questions and Answers about the Extraordinary General Meeting and the Merger

Item 2 Subject Company Information

- (a) Name and Address. The information set forth in the Proxy Statement under the following caption is incorporated herein by reference:

Summary Term Sheet The Parties Involved in the Merger

- (b) Securities. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

The Extraordinary General Meeting Record Date; Shares and ADSs Entitled to Vote

Security Ownership of Certain Beneficial Owners and Management of the Company

- (c) Trading Market and Price. The information set forth in the Proxy Statement under the following caption is incorporated herein by reference:

Market Price of the Company s ADSs, Dividends and Other Matters

- (d) Dividends. The information set forth in the Proxy Statement under the following caption is incorporated herein by reference:

Market Price of the Company s ADSs, Dividends and Other Matters

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- (e) Prior Public Offerings. The information set forth in the Proxy Statement under the following caption is incorporated herein by reference:

Transactions in the Shares and ADSs

- (f) Prior Stock Purchases. The information set forth in the Proxy Statement under the following caption is incorporated herein by reference:

Transactions in the Shares and ADSs

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Item 3 Identity and Background of Filing Persons

- (a) Name and Address. Shanda Interactive Entertainment Limited is the subject company. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

Summary Term Sheet The Parties Involved in the Merger

Annex D Directors and Executive Officers of the Company and Each Entity in the Buyer Group

- (b) Business and Background of Entities. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

Summary Term Sheet The Parties Involved in the Merger

Annex D Directors and Executive Officers of the Company and Each Entity in the Buyer Group

- (c) Business and Background of Natural Persons. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

Summary Term Sheet The Parties Involved in the Merger

Annex D Directors and Executive Officers of the Company and Each Entity in the Buyer Group

Item 4 Terms of the Transaction

- (a)-(1) Material Terms Tender Offers. Not applicable.

- (a)-(2) Material Terms Merger or Similar Transactions. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

Special Factors Background of the Merger

Special Factors Reasons for the Merger and Recommendation of the Special Committee and Our Board of Directors

Special Factors Purposes of and Reasons for the Merger

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Special Factors Interests of Certain Persons in the Merger

The Extraordinary General Meeting

The Merger Agreement

Material U.S. Federal Income Tax Considerations

Material PRC Income Tax Considerations

Material Cayman Islands Tax Considerations

Annex A Agreement and Plan of Merger

(c) Different Terms. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

Special Factors Interests of Certain Persons in the Merger

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The Extraordinary General Meeting Proposals to be Considered at the Extraordinary General Meeting

The Merger Agreement

Annex A Agreement and Plan of Merger

- (d) Appraisal Rights. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

Dissenters Rights

Annex C Cayman Islands Companies Law Cap. 22 (Law 3 of 1961, as consolidated and revised) Section 238

- (e) Provisions for Unaffiliated Security Holders. The information set forth in the Proxy Statement under the following caption is incorporated herein by reference:

Provisions for Unaffiliated Security Holders

- (f) Eligibility of Listing or Trading. Not applicable.

Item 5 Past Contracts, Transactions, Negotiations and Agreements

- (a) Transactions. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

Special Factors Interests of Certain Persons in the Merger

Special Factors Related Party Transactions

Transactions in the Shares and ADSs

- (b) Significant Corporate Events. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

Special Factors Background of the Merger

Special Factors Reasons for the Merger and Recommendation of the Special Committee and Our Board of Directors

Special Factors Purposes of and Reasons for the Merger

Special Factors Interests of Certain Persons in the Merger

The Merger Agreement

Annex A Agreement and Plan of Merger

- (c) Negotiations or Contacts. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

Special Factors Background of the Merger

Special Factors Interests of Certain Persons in the Merger

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The Merger Agreement

Annex A Agreement and Plan of Merger

- (e) Agreements Involving the Subject Company's Securities. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

Summary Term Sheet Financing of the Merger

Special Factors Background of the Merger

Special Factors Plans for the Company after the Merger

Special Factors Financing

Special Factors Interests of Certain Persons in the Merger

Special Factors Voting by the Buyer Group at the Extraordinary General Meeting

The Merger Agreement

Transactions in the Shares and ADSs

Annex A Agreement and Plan of Merger

Item 6 Purposes of the Transaction and Plans or Proposals

- (b) Use of Securities Acquired. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

Summary Term Sheet

Questions and Answers about the Extraordinary General Meeting and the Merger

Special Factors Purposes of and Reasons for the Merger

Special Factors Effects of the Merger on the Company

The Merger Agreement

Annex A Agreement and Plan of Merger

(c)(1)-(8) Plans. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

Summary Term Sheet The Merger

Summary Term Sheet Purposes and Effects of the Merger

Summary Term Sheet Plans for the Company after the Merger

Summary Term Sheet Financing of the Merger

Summary Term Sheet Interests of the Company's Executive Officers and Directors in the Merger

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Special Factors Background of the Merger

Special Factors Reasons for the Merger and Recommendation of the Special Committee and Our Board of Directors

Special Factors Purposes of and Reasons for the Merger

Special Factors Effects of the Merger on the Company

Special Factors Plans for the Company after the Merger

Special Factors Financing

Special Factors Interests of Certain Persons in the Merger

The Merger Agreement

Annex A Agreement and Plan of Merger

Item 7 Purposes, Alternatives, Reasons and Effects

- (a) Purposes. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

Summary Term Sheet Purposes and Effects of the Merger

Summary Term Sheet Plans for the Company after the Merger

Special Factors Reasons for the Merger and Recommendation of the Special Committee and Our Board of Directors

Special Factors Purposes of and Reasons for the Merger

- (b) Alternatives. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

Special Factors Background of the Merger

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Special Factors Reasons for the Merger and Recommendation of the Special Committee and Our Board of Directors

Special Factors Position of the Buyer Group as to the Fairness of the Merger

Special Factors Purposes of and Reasons for the Merger

Special Factors Alternatives to the Merger

Special Factors Effects on the Company if the Merger is not Completed

(c) Reasons. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

Summary Term Sheet Purposes and Effects of the Merger

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Special Factors Position of the Buyer Group as to the Fairness of the Merger

Special Factors Purposes of and Reasons for the Merger

Special Factors Effects of the Merger on the Company

(d) Effects. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

Summary Term Sheet Purposes and Effects of the Merger

Special Factors Background of the Merger

Special Factors Reasons for the Merger and Recommendation of the Special Committee and Our Board of Directors

Special Factors Effects of the Merger on the Company

Special Factors Plans for the Company after the Merger

Special Factors Effects on the Company if the Merger is not Completed

Special Factors Interests of Certain Persons in the Merger

The Merger Agreement

Material U.S. Federal Income Tax Consequences

Material PRC Income Tax Consequences

Material Cayman Islands Tax Consequences

Item 8 Fairness of the Transaction

(a)-(b) Fairness; Factors Considered in Determining Fairness. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

Summary Term Sheet Recommendations of the Special Committee and the Board of Directors

Summary Term Sheet Position of the Buyer Group as to Fairness

Summary Term Sheet Interests of the Company's Executive Officers and Directors in the Merger

Special Factors Background of the Merger

Special Factors Reasons for the Merger and Recommendation of the Special Committee and Our Board of Directors

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Special Factors Position of the Buyer Group as to the Fairness of the Merger