

KONGZHONG CORP
Form SC 13E3/A
January 06, 2017

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**SCHEDULE 13E-3
AMENDMENT NO. 1
RULE 13e-3 TRANSACTION STATEMENT UNDER
SECTION 13(E)
OF THE SECURITIES EXCHANGE ACT OF 1934**

KONGZHONG CORPORATION

(Name of the Issuer)

**KongZhong Corporation
Linkedsee Group Limited
Shanghai Changhui Internet Technology Co., Ltd.
Beijing Wuxing Rongcheng Technology Ltd.
Linkedsee Limited
Wiseman International Limited**

Mr. Leilei Wang
Right Advance Management Ltd.
Chiming Bells International Limited
IDG-Accel China Growth Fund II L.P.
IDG-Accel China Investors II L.P.
Hexie Chengzhang Phase II (Yiwu) Investment Center
(Limited Partnership)
Gongqingcheng Wujiang Xingyao Investment
Management Partnership (Limited Partnership)

(Names of Persons Filing Statement)

Ordinary Shares, par value \$0.0000005 per share
American Depositary Shares, each representing 40
Ordinary Shares

(Title of Class of Securities)

50047P104*

(CUSIP Number)

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Management Partnership
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(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

This CUSIP applies to the American Depositary Shares, each representing 40 ordinary shares.

With copies to:

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

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.

The filing of a registration statement under the Securities Act of 1933.

A tender offer

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**
\$290,350,598.9	\$ 33,651.63

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 \$0.18875 for 1,519,212,481 outstanding Shares of the issuer subject to the transaction plus (b) the product of options to purchase 30,297,420 Shares multiplied by \$0.04974 per *option (which is the difference between the \$0.18875 per share merger consideration and the weighted average exercise price of \$0.13901 per share) plus (c) the product of 2,555,000 restricted share units multiplied by \$0.18875 per unit plus (d) the product of warrants to purchase 40,000,000 Shares multiplied by \$0.04025 per warrant (which is the difference between the \$0.18875 per share merger consideration and the exercise price of \$0.1485 per share) ((a), (b), (c) and (d) 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 #1 for Fiscal Year 2016, was calculated by multiplying the Transaction Valuation by 0.0001159.

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.

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INTRODUCTION

This Rule 13e-3 transaction statement on Schedule 13E-3, together with the exhibits hereto (this 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) KongZhong Corporation, an exempted company with limited liability incorporated under the laws of the Cayman Islands (the Company), the issuer of the ordinary shares, par value \$0.0000005 per share (each, a Share and collectively, the Shares), including the Shares represented by the American depositary shares, each representing 40 Shares (ADSs), that is subject to the transaction pursuant to Rule 13e-3 under the Exchange Act; (b) Beijing Wuxing Rongcheng Technology Ltd., a limited liability company organized under the laws of People s Republic of China (Holdco); (c) Linkedsee Group Limited, an exempted company incorporated with limited liability under the laws of the Cayman Islands; (d) Shanghai Changhui Internet Technology Co., Ltd., a limited liability company incorporated under the laws of the People s Republic of China; (e) Linkedsee Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands and a wholly-owned subsidiary of Linkedsee Group Limited (Parent); (f) Wiseman International Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands and a wholly-owned subsidiary of Parent (Merger Sub); (g) Mr. Leilei Wang, chairman and chief executive officer of the Company (Mr. Wang); (h) Right Advance Management Ltd., a company incorporated under the laws of the British Virgin Islands (Right Advance); (i) Chiming Bells International Limited, a company incorporated under the laws of the British Virgin Islands (together with Mr. Wang and Right Advance, the Rollover Shareholders); (j) IDG-Accel China Growth Fund II L.P., a limited partnership organized under the laws of the Cayman Islands (IDG Growth II); (k) IDG-Accel China Investors II L.P., a limited partnership organized under the laws of the Cayman Islands (IDG Investors II); (l) Hexie Chengzhang Phase II (Yiwu) Investment Center (Limited Partnership), a limited partnership incorporated under the laws of People s Republic of China (Hexie Chengzhang); and (m) Gongqingcheng Wujiang Xingyao Investment Management Partnership (Limited Partnership), a limited partnership incorporated under the laws of People s Republic of China (Gongqingcheng). Filing Persons (b) through (m) are collectively referred to herein as the Buyer Group.

On December 1, 2016, Parent, Merger Sub and the Company entered into an agreement and plan of merger (the merger agreement) which included a plan of merger required to be filed with the Registrar of Companies of the Cayman Islands, substantially in the form attached as Exhibit A to the merger agreement (the plan of merger). If the merger agreement and the plan of merger are approved and authorized by the Company s shareholders and the other conditions to the closing of the merger (as described below) are met, Merger Sub will merge with and into the Company (the merger), with the Company continuing as the surviving company resulting from the merger.

Under the terms of the merger agreement, at the effective time of the merger, (i) each outstanding Share, other than (a) Shares (and the Shares represented by ADSs) beneficially owned by the Rollover Shareholders (the Rollover Shares), (b) Shares (including Shares represented by ADSs) owned by Parent, the Company or any of their subsidiaries, (c) Shares held by Citibank N.A., (the ADS depository) (whether or not represented by ADSs) and reserved for issuance and allocation pursuant to the Share Incentive Plans (as defined below) (Shares described under (a) through (c) above are collectively referred to herein as the Excluded Shares) and (d) Shares owned by shareholders who have validly exercised and have not effectively withdrawn or lost their dissenters rights under the Companies Law, Cap. 22 (Law 3 of 1961 as consolidated and revised) of the Cayman Islands (Cayman Islands Companies Law) (the Dissenting Shares), will be cancelled in exchange for the right to receive \$0.18875 in cash without interest; (ii) each ADS representing 40 Shares issued and outstanding immediately prior to the effective time of the merger (other than any ADS representing Excluded Shares) will represent the right to surrender the ADS in exchange for \$7.55 in cash per ADS without interest (less \$0.05 per ADS cancellation fees pursuant to the terms of the deposit agreement (the deposit agreement), dated as of July 14, 2004, as amended by amendment no. 1 to deposit agreement, dated as of July 6, 2015,

by and among the Company, the ADS depositary and the holders and beneficial owners of ADSs issued thereunder), in each case, net of any applicable withholding taxes. The Excluded Shares will be cancelled for no consideration. The Dissenting Shares will be cancelled for their fair

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value as determined in accordance with the Cayman Islands Companies Law. The Rollover Shares will be contributed to Parent in exchange for newly issued ordinary shares of Parent.

At the effective time of the merger, (i) each option to purchase Shares granted under the share incentive plans adopted by the Company in 2002, 2006 and 2013, respectively, and all amendments and modifications thereto (the Share Incentive Plans) that is then outstanding and unexercised immediately prior to the effective time, whether or not vested or exercisable, will be cancelled in exchange for the right to receive, as soon as practicable after the effective time of the merger, an amount equal to the product of (a) the excess of \$0.18875 over the exercise price payable per Share under such option, if any, in cash, without interest and net of any applicable withholding taxes multiplied by (b) the total number of Shares issuable under such option immediately prior to the effective time, (ii) each restricted share unit awarded under the Share Incentive Plans immediately prior to the effective time will be cancelled in exchange for the right to receive an amount in cash equal to the product of (a) \$0.18875 and (b) the total number of Shares underlying such restricted share units, without interest and net of any applicable withholding taxes, and (iii) each warrant to purchase Shares will be cancelled in exchange for the right to receive, as soon as practicable after the effective time of the merger, an amount equal to the product of (a) the excess of \$0.18875 over the exercise price payable per Share under such warrant, if any, in cash, without interest and net of any applicable withholding taxes multiplied by (b) the total number of Shares issuable under such warrant immediately prior to the effective time.

Under the terms of the contribution agreement dated as of December 1, 2016, by and among Parent and the Rollover Shareholders, each of the Rollover Shareholders will contribute the Shares beneficially owned by it to Parent in exchange for newly issued ordinary shares of Parent immediately prior to the closing of the Merger.

Under the terms of the voting agreement dated as of December 1, 2016, by and among the Rollover Shareholders, IDG Growth II, IDG Investors II (collectively, the Voting Shareholders), Parent and the Company, each of the Voting Shareholders will vote all of the Shares beneficially owned by them in favor of the approval of the merger agreement and the transactions contemplated by the merger agreement at the extraordinary general meeting.

The merger remains subject to the satisfaction or waiver of the conditions set forth in the merger agreement, including obtaining the requisite authorization and approval of the shareholders of the Company. In order for the merger to be completed, the merger agreement, the plan of merger and the transactions contemplated by the merger agreement, including the merger must be authorized and approved by a special resolution (as defined in the Cayman Islands Companies Law) of the Company's shareholders passed by an affirmative vote of such shareholders representing two-thirds or more of the Shares (including Shares represented by ADSs) present and voting in person or by proxy as a single class at the extraordinary general meeting of the shareholders of the Company.

The Company will make available to its shareholders a proxy statement (the proxy statement, a preliminary copy of which is attached as Exhibit (a)-(1) to this Transaction Statement), 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 authorize and approve the merger agreement, the plan of merger and the transactions contemplated by the merger agreement, including the merger. A copy of the merger agreement is attached to the proxy statement as Annex A and is incorporated herein by reference. As of the date hereof, the proxy statement is in preliminary form and is subject to completion.

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 Schedule 13E-3 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 Transaction Statement shall have the meanings given to them in the proxy statement.

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

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Item 1 Summary 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 Market Price of the ADSs

- (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 Dividend Policy

- (e) Prior Public Offering. The information set forth in the proxy statement under the following caption is incorporated herein by reference:

Transactions in the Shares and ADSs Prior Public Offerings

- (f) Prior Stock Purchase. The information set forth in the proxy statement under the following caption is incorporated herein by reference:

Transactions in the Shares and ADSs
Special Factors Related Party Transactions

Item 3 Identity and Background of Filing Person

- (a) Name and Address. KongZhong Corporation 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 E Directors and Executive Officers of Each Filing Person

- (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 E Directors and Executive Officers of Each Filing Person

- (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 E Directors and Executive Officers of Each Filing Person

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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:
- Summary Term Sheet
 - Questions and Answers about the Extraordinary General Meeting and the Merger
 - Special Factors
 - The Extraordinary General Meeting
 - The Merger Agreement and Plan of Merger
 - 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:
- Summary Term Sheet
 - Interests of the Company's Executive Officers and Directors in the Merger
 - Special Factors
 - Interests of Certain Persons in the Merger
 - The Extraordinary General Meeting
 - Proposals to be Considered at the Extraordinary General Meeting
 - The Merger Agreement and Plan of Merger
 - Annex A Agreement and Plan of Merger
- (d) Dissenters' Rights. The information set forth in the proxy statement under the following captions is incorporated herein by reference:
- Summary Term Sheet
 - Dissenters' Rights of Shareholders and ADS Holders
 - Questions and Answers about the Extraordinary General Meeting and the Merger
 - Dissenters' Rights
 - Annex D Cayman Companies Law Cap. 22 (Law 3 of 1961, as consolidated and revised) Section 238
- (e) Provisions for Unaffiliated Shareholders. The information set forth in the proxy statement under the following caption is incorporated herein by reference:
- Provisions for Unaffiliated Shareholders
- (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

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

Special Factors Buyer Group s Purposes of and Reasons for the Merger

Special Factors Interests of Certain Persons in the Merger

The Merger Agreement and Plan of Merger

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 Plans for the Company after the Merger

Special Factors Interests of Certain Persons in the Merger

The Merger Agreement and Plan of Merger

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 Contribution Agreement

Summary Term Sheet Voting Agreement

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 of the Merger

Special Factors Interests of Certain Persons in the Merger

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

The Merger Agreement and Plan of Merger

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: