

Shanda Games Ltd
Form SC 13D
January 30, 2014

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

SCHEDULE 13D

Under the Securities Exchange Act of 1934
(Amendment No.)*

Shanda Games Limited
(Name of Issuer)

Class A Ordinary Shares, par value US\$0.01 per share
(Title of Class of Securities)

81941U105**
(CUSIP Number)

Premium Lead Company Limited
Shanda Interactive Entertainment Limited
Shanda SDG Investment Limited
8 Stevens Road
Singapore 257819
(65) 6361 0060

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

with a copy to:

Weiheng Chen, Esq.
Zhan Chen, Esq.
Wilson Sonsini Goodrich & Rosati, P.C.
Unit 1001, 10/F Henley Building
5 Queen's Road Central
Hong Kong
(852) 3972-4955

January 27, 2014
(Date of Event which Requires Filing
of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 1(f) or 1(g), check the following box [].

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Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 13d-1(a) for other parties to whom copies are to be sent.

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

** This CUSIP applies to the American Depositary Shares, evidenced by American Depositary Receipts, each representing two Class A ordinary shares.

The information required on the remainder of this cover page shall not be deemed to be “filed” for the purpose of Section 18 of the Securities Exchange Act of 1934 (“Act”) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 81941U105

1 NAME OF REPORTING PERSONS

Premium Lead Company Limited

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a)

(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

PF, OO

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

British Virgin Islands

7 SOLE VOTING POWER

NUMBER OF SHARES
BENEFICIALLY OWNED BY
EACH REPORTING PERSON
WITH

8 SHARED VOTING POWER

409,087,000(1)(2)

9 SOLE DISPOSITIVE POWER

10 SHARED DISPOSITIVE POWER

409,087,000(1)(2)

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

409,087,000 Class B(1)(2)

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

100.0%(3)(4)

14 TYPE OF REPORTING PERSON

CO

- (1) representing 409,087,000 Class B ordinary shares held by Shanda SDG Investment Limited, a British Virgin Islands corporation and a direct wholly owned subsidiary of Shanda Interactive Entertainment Limited, which is in turn wholly owned by Premium Lead Company Limited.
 - (2) 28,959,276 Class B ordinary shares owned by Shanda SDG Investment Limited will be converted into Class A ordinary shares on a one to one basis and sold to Primavera Capital (Cayman) Fund I L.P. pursuant to a share purchase agreement dated January 27, 2014. For a brief description of the share purchase agreement, please refer to Item 4.
 - (3) percentage calculated based on total Class B ordinary shares outstanding as of September 30, 2013. As of September 30, 2013, 127,031,676 Class A ordinary shares and 409,087,000 Class B ordinary shares were outstanding.
 - (4) each Class A ordinary share is entitled to one vote per share and is not convertible into Class B ordinary share. Each Class B ordinary share is entitled to 10 votes per share and is convertible at any time into one Class A ordinary share at the election of its holder. The 409,087,000 Class B ordinary shares held by Shanda SDG Investment Limited of record represent approximately 97.0% of the total voting rights as of September 30, 2013.
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CUSIP No. 81941U105

1 NAME OF REPORTING PERSONS

Shanda Interactive Entertainment Limited

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a)

(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

PF, OO

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Cayman Islands

7 SOLE VOTING POWER

NUMBER OF SHARES
BENEFICIALLY OWNED BY
EACH REPORTING PERSON
WITH

8 SHARED VOTING POWER

409,087,000(1)(2)

9 SOLE DISPOSITIVE POWER

10 SHARED DISPOSITIVE POWER

409,087,000(1)(2)

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

409,087,000 Class B(1)(2)

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

100.0%(3)(4)

14 TYPE OF REPORTING PERSON

CO

(1) representing 409,087,000 Class B ordinary shares held by Shanda SDG Investment Limited, a British Virgin Islands corporation and a direct wholly owned subsidiary of Shanda Interactive Entertainment Limited, a Cayman Islands corporation.

- (2) 28,959,276 Class B ordinary shares owned by Shanda SDG Investment Limited will be converted into Class A ordinary shares on a one to one basis and sold to Primavera Capital (Cayman) Fund I L.P. pursuant to a share purchase agreement dated January 27, 2014. For a brief description of the share purchase agreement, please refer to Item 4.
- (3) percentage calculated based on total Class B ordinary shares outstanding as of September 30, 2013. As of September 30, 2013, 127,031,676 Class A ordinary shares and 409,087,000 Class B ordinary shares were outstanding.
- (4) each Class A ordinary share is entitled to one vote per share and is not convertible into Class B ordinary share. Each Class B ordinary share is entitled to 10 votes per share and is convertible at any time into one Class A ordinary share at the election of its holder. The 409,087,000 Class B ordinary shares held by Shanda SDG Investment Limited of record represent approximately 97.0% of the total voting rights as of September 30, 2013.
-

CUSIP No. 81941U105

1 NAME OF REPORTING PERSONS

Shanda SDG Investment Limited

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a)

(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

PF, OO

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

British Virgin Islands

7 SOLE VOTING POWER

0

NUMBER OF SHARES
BENEFICIALLY OWNED BY
EACH REPORTING PERSON
WITH

8 SHARED VOTING POWER

409,087,000(1)(2)

9 SOLE DISPOSITIVE POWER

0

10 SHARED DISPOSITIVE POWER

409,087,000(1)(2)

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

409,087,000 Class B(1)(2)

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

0

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

100.0%(3)(4)

14 TYPE OF REPORTING PERSON

CO

(1)representing 409,087,000 Class B ordinary shares held by Shanda SDG Investment Limited, a British Virgin Islands corporation.

- (2) 28,959,276 Class B ordinary shares owned by Shanda SDG Investment Limited will be converted into Class A ordinary shares on a one to one basis and sold to Primavera Capital (Cayman) Fund I L.P. pursuant to a share purchase agreement dated January 27, 2014. For a brief description of the share purchase agreement, please refer to Item 4.
- (3) percentage calculated based on total Class B ordinary shares outstanding as of September 30, 2013. As of September 30, 2013, 127,031,676 Class A ordinary shares and 409,087,000 Class B ordinary shares were outstanding.
- (4) each Class A ordinary share is entitled to one vote per share and is not convertible into Class B ordinary share. Each Class B ordinary share is entitled to 10 votes per share and is convertible at any time into one Class A ordinary share at the election of its holder. The 409,087,000 Class B ordinary shares held by Shanda SDG Investment Limited of record represent approximately 97.0% of the total voting rights as of September 30, 2013.
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Introduction

This Schedule 13D (the “Schedule 13D”) is filed by the Reporting Persons (as defined below) with respect to Shanda Games Limited (the “Company”).

Item 1. Security and Issuer.

This Schedule relates to Class A ordinary shares, par value US\$0.01 per share (“Class A Ordinary Shares”), and Class B ordinary shares, par value US\$0.01 per share (“Class B Ordinary Shares”). The principal executive offices of the Company are located at No. 1 Office Building, No. 690 Bibo Road, Pudong New Area, Shanghai 201203, the People’s Republic of China.

The Company’s American Depositary Shares (the “ADSs”), evidenced by American Depositary Receipts, each representing two Class A Ordinary Shares, are listed on the NASDAQ Global Select Market under the symbol “GAME.”

Item 2. Identity and Background.

This Statement is being jointly filed by a group, as defined in Rule 13d-5 of the General Rules and Regulations promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). The members of the group are:

- 1) Premium Lead Company Limited (“Premium Lead”), a company established under the laws of the British Virgin Islands, with its registered office at Woodbourne Hall, Road Town, Tortola, British Virgin Islands, its principal business address at 8 Stevens Road 257819 Singapore and its principal business in investment holding;
- 2) Shanda Interactive Entertainment Limited (“Shanda Interactive”) a company established under the laws of the Cayman Islands, with its registered office at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands, its principal business address at 8 Stevens Road 257819 Singapore and its principal business in investment holding;
- 3) Shanda SDG Investment Limited (“SDG” and together with Premium Lead and Shanda Interactive, the “Reporting Persons”), a company established under the laws of the British Virgin Islands, with its registered office at Commere House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands VG1110, its principal business address at Unit 403A, 4/F Golden Centre, 188 Des Voeux Road Central, Hong Kong and its principal business in investment holding.

SDG is the record holder of 409,087,000 Class B Ordinary Shares. All of the shares in SDG are held by Shanda Interactive. All of the shares in Shanda Interactive are held by Premium Lead. The board of directors of Premium Lead has three members, Mr. Tianqiao Chen, Ms. Qian Qian Chrissy Luo and Mr. Danian Chen. Premium Lead is owned as to 40% by Mr. Tianqiao Chen, 30% by Mr. Danian Chen and 30% by Ms. Qian Qian Chrissy Luo.

During the last five years, none of the Reporting Persons has been (i) convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) a party to a civil proceeding of a

judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

Item 3. Source and Amount of Funds or Other Consideration.

It is anticipated that, at the price per Ordinary Share set forth in the Proposal (as described in Item 4 below), approximately US\$438.3 million will be expended in acquiring approximately 127.0 million outstanding Class A Ordinary Shares (calculated based on the number of Class A Ordinary Shares outstanding as of September 30, 2013) owned by shareholders of the Company other than the Consortium (as defined below) in connection with the Transaction (as defined below).

It is anticipated that the Transaction will be financed with a combination of debt and equity capital. The equity financing would be provided from the Consortium Members (as defined below) and additional members accepted into the Consortium (as defined below) in the form of cash.

Item 4. Purpose of Transaction.

On January 27, 2014, Shanda Interactive and Primavera Capital (Cayman) Fund I L.P. (“Primavera”, together with Shanda Interactive, the “Consortium” and each member in the Consortium, a “Consortium Member”) entered into a consortium agreement (the “Consortium Agreement”). Under the Consortium Agreement, the Consortium Members agreed, among other things, (i) to jointly deliver a preliminary non-binding proposal (the “Proposal”) to the Board to acquire the Company in a going private transaction (the “Transaction”), (ii) to deal exclusively with each other with respect to the Transaction until the earlier of (x) 9 months after the date thereof, and (y) termination of the Consortium Agreement by all Consortium Members, (iii) to use their reasonable efforts and cooperate in good faith to arrange debt financing to support the Transaction, and (iv) to cooperate and proceed in good faith to negotiate and consummate the Transaction.

On January 27, 2014, the Consortium Members submitted the Proposal to the Board. In the Proposal, the Consortium Members proposed to acquire the Company in a going private transaction at a price of US\$6.90 in cash per ADS (each representing two Class A Ordinary Shares) or \$3.45 in cash per Class A or Class B Ordinary Share. According to the Proposal, the Consortium Members do not intend to sell their stake in the Company to any third party. SDG may consider selling additional shares of the Company to the Consortium. The Consortium Members intend to finance the Transaction through a combination of debt and equity financing. For a brief description of the financing plan, please refer to Item 3.

On January 27, 2014, SDG and Primavera entered into a share purchase agreement (the “Share Purchase Agreement”) pursuant to which SDG agreed to sell, and Primavera agreed to purchase, 28,959,276 Class A Ordinary Shares (the “Purchase Shares”) at US\$2.7625 per Class A Ordinary Share (the “Purchase Price”) subject to the terms and conditions thereof. Pursuant to the Share Purchase Agreement, if (i) a going-private transaction occurs within one year of the closing date of the sale of Purchase Shares where Primavera is part of the buyer consortium and the price per share in the going-private transaction (“Going-private Price”) is higher than the Purchase Price, or (ii) a going-private transaction occurs within one year of the closing date of the sale of Purchase Shares where Primavera is not part of the buyer consortium due to its own decision or

election without SDG's written consent and the Going-private Price is higher than the Purchase Price, Primavera shall pay SDG the shortfall between the Purchase Price and the Going-private Price with respect to all Purchase Shares. Pursuant to the Share Purchase Agreement, if a going-private transaction is not consummated within one year of the closing date of the sale of Purchase Shares solely due to SDG's failure to vote in favor of such going-private transaction, SDG shall pay to Primavera an amount equal to the Purchase Price.

If the Transaction is completed, the ADSs would be delisted from the NASDAQ Global Select Market and the Company's obligations to file periodic report under the Exchange Act would be terminated.

Description of the Proposal, the Consortium Agreement and the Share Purchase Agreement in this Schedule 13D are qualified in their entirety by reference to the Proposal, the Consortium Agreement and the Share Purchase Agreement, copies of which are attached hereto as Exhibits 7.02, 7.03 and 7.04, and incorporated herein by reference in their entirety.

In addition, consummation of the Transaction could result in one or more of the actions specified in clauses (a)-(j) of Item 4 of Schedule 13D, including the acquisition or disposition of securities of the Company, a merger or other extraordinary transaction involving the Company, a change to the Board (as the board of the surviving company in the merger) to consist solely of persons to be designated by the Consortium Members, and a change in the Company's memorandum and articles of association to reflect that the Company would become a privately held company. No assurance can be given that any proposal, any definitive agreement or any transaction relating to the Transaction will be entered into or be consummated. The Proposal provides that no binding obligation shall arise with respect to the Transaction unless and until definitive agreements have been executed.

Item 5. Interest in Securities of the Issuer.

(a) – (b) As of the date hereof, Premium Lead beneficially owns 409,087,000 Class B Ordinary Shares, all of which are held of record by SDG, accounting for 100% of the total Class B Ordinary Shares and approximately 76.3% of the total outstanding shares (including Class A Ordinary Shares and Class B Ordinary Shares) of the Company and representing approximately 97.0% of the total voting rights in the Company. Mr. Tianqiao Chen, Ms. Qian Qian Chrissy Luo and Mr. Danian Chen, who are the directors as well as the shareholders of Premium Lead, share voting and dispositive control over such Class B Ordinary Shares.

As of the date hereof, Shanda Interactive beneficially owns 409,087,000 Class B Ordinary Shares, all of which are held of record by SDG, accounting for 100% of the total Class B Ordinary Shares and approximately 76.3% of the total outstanding shares (including Class A Ordinary Shares and Class B Ordinary Shares) of the Company and representing approximately 97.0% of the total voting rights in the Company. Mr. Tianqiao Chen, Ms. Qian Qian Chrissy Luo and Mr. Danian Chen, who are the directors as well as the shareholders of Premium Lead, share voting and dispositive control over such Class B Ordinary Shares.

As of the date hereof, SDG beneficially owns 409,087,000 Class B Ordinary Shares, all of which are held of record by itself, accounting for 100% of the total Class B Ordinary Shares and approximately 76.3% of the total outstanding shares (including Class A Ordinary Shares and Class B Ordinary Shares) of the

Company and representing approximately 97.0% of the total voting rights in the Company. Mr. Tianqiao Chen, Ms. Qian Qian Chrissy Luo and Mr. Danian Chen, who are the directors as well as the shareholders of Premium Lead, share voting and dispositive control over such Class B Ordinary Shares.

In addition, pursuant to Section 13(d)(3) of the Act, Primavera and the Reporting Persons may, on the basis of the facts described elsewhere herein, be considered to be a “group”. Neither the filing of this Schedule 13D nor any of its contents shall be deemed to constitute an admission by the Reporting Persons that they are the beneficial owner of any Ordinary Shares as may be beneficially owned by Primavera for purposes of Section 13(d) of the Act or for any other purpose, and such beneficial ownership is expressly disclaimed.

(c) Except as set forth Items 3 and 4, to the best knowledge of the Reporting Persons with respect to the persons named in response to Item 5(a), none of the persons named in response to Item 5(a) has effected any transactions in the Ordinary Shares during the past 60 days.

(d) Not applicable.

(e) Not applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to the Issuer.

The descriptions of the principal terms of the Proposal, the Consortium Agreement and the Share Purchase Agreement under Item 4 are incorporated herein by reference in their entirety.

Item 7. Materials to be Filed as Exhibits.

Exhibit 7.01: Joint Filing Agreement dated January 30, 2014

Exhibit 7.02: Proposal dated January 27, 2014

Exhibit 7.03: Consortium Agreement dated January 27, 2014

Exhibit 7.04: Share Purchase Agreement dated January 27, 2014

SIGNATURE

After reasonable inquiry and to the best of its knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated January 30, 2014

Premium Lead Company Limited

By: /s/ Tianqiao Chen
Name: Tianqiao Chen
Title: Director

Shanda Interactive Entertainment Limited

By: /s/ Tianqiao Chen
Name: Tianqiao Chen
Title: Director

Shanda SDG Investment Limited

By: /s/ Tianqiao Chen
Name: Tianqiao Chen
Title: Director
