

MEMSIC Inc  
Form PRER14A  
July 03, 2013

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

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. 1)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

**MEMSIC, INC.**

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

MEMSIC, Inc. common stock, par value \$0.00001 per share (the "Common Stock"); restricted stock units with respect to the Common Stock;

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restricted stock awards with respect to the Common Stock; and options to purchase shares of Common Stock

(2) Aggregate number of securities to which transaction applies:\*

(a) 18,884,885 shares of Common Stock proposed to be acquired in the merger for the per-share merger consideration of \$4.225, (b) 551,667 restricted stock units with respect to the Common Stock outstanding, entitled to receive the per share merger consideration of \$4.225, (c) 52,500 restricted stock awards with respect to the Common Stock outstanding, entitled to receive the per share merger consideration of \$4.225, and (d) 1,507,475 shares of Common Stock issuable pursuant to outstanding stock options, with exercise prices below the per share merger consideration of \$4.225.

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

The proposed maximum aggregate value of the transaction, for purposes only of calculating the filing fee, is \$84,497,176, which is the sum of (a) the product of (i) the 18,884,885 shares of Common Stock that are proposed to be converted into the right to receive the merger consideration, multiplied by (ii) the merger consideration of \$4.225 per share of Common Stock, plus (b) the product of (i) the 551,667 restricted stock units, multiplied by (ii) the merger consideration of \$4.225 per share of Common Stock, plus (c) the product of (i) the 52,500 restricted stock awards, multiplied by (ii) the merger consideration of \$4.225 per share of Common Stock, plus (d) the product of (i) the 1,507,475 shares of Common Stock underlying options to purchase such shares at a per-share exercise price of less than \$4.225, multiplied by (ii) the amount by which the per-share merger consideration exceeds the \$2.648 per share weighted average exercise price of such options. The filing fee equals the proposed maximum aggregate value of the transaction multiplied by 0.0001364.

(4) Proposed maximum aggregate value of transaction:

\$84,497,176

(5) Total fee paid:

\$11,525.41

ý Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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\*

Pursuant to the Agreement and Plan of Merger, dated as of April 22, 2013, by and among MEMSIC, Inc. (hereinafter referred to as the "Company"), MZ Investment Holdings Limited ("Parent") and MZ Investment Holdings Merger Sub Limited, a Delaware corporation wholly owned by Parent ("Merger Sub"), Merger Sub will merge with and into the Company (the "merger"), with the Company surviving the merger as a wholly owned subsidiary of Parent. At the effective time of the merger, the shares of Common Stock held by the Company as treasury stock, directly or indirectly by Parent or Merger Sub (including any Common Stock contributed to Parent prior to the effective time of the merger pursuant to the terms of a contribution agreement among Parent and certain stockholders), or by any wholly owned Company subsidiary (collectively, the "Cancelled Shares") will be cancelled and retired, and no consideration shall be delivered with respect thereto. The aggregate number of securities to which the transaction applies excludes the anticipated number of Cancelled Shares.

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**MEMSIC, INC.**  
**One Tech Drive**  
**Suite 325**  
**Andover, Massachusetts 01810**  
**Telephone: (978) 738-0900**

, 2013

To the Stockholders of MEMSIC, Inc.:

You are cordially invited to attend a special meeting of the stockholders of MEMSIC, Inc., a Delaware corporation ("MEMSIC," the "Company," "we," "our" or "us") which we will hold at the offices of Foley Hoag LLP located at Seaport West, 155 Seaport Boulevard, Boston, Massachusetts 02210 on \_\_\_\_\_, 2013, at 10:00 a.m., local time.

At the special meeting, holders of our common stock, par value \$0.00001 per share (the "Common Stock") will be asked to consider and vote on a proposal to adopt an Agreement and Plan of Merger, dated as of April 22, 2013 (as it may be amended from time to time, the "Merger Agreement"), by and among MEMSIC, MZ Investment Holdings Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands ("Parent"), and MZ Investment Holdings Merger Sub Limited, a Delaware corporation and wholly owned subsidiary of Parent ("Merger Sub"). Pursuant to the Merger Agreement, Merger Sub will be merged with and into the Company (the "merger"), and each share of Common Stock outstanding at the effective time of the merger (other than certain excluded shares and shares for which appraisal rights have been exercised, as described below) will be cancelled and converted into the right to receive \$4.225 per share in cash (the "merger consideration"), without interest, and less any applicable withholding taxes. Only stockholders who hold their shares of Common Stock at the close of business on \_\_\_\_\_, 2013 will be entitled to vote at the special meeting.

Parent and Merger Sub are affiliates of IDG-Accel China Capital II L.P. ("Sponsor"). The Sponsor has agreed to purchase (or cause to be purchased) up to \$86.3 million of Parent's equity shares, which Parent has agreed to use to fund the acquisition of MEMSIC and pay other expenses incurred pursuant to the Merger Agreement. Prior to the consummation of the merger, certain investment funds affiliated with Sponsor (the "IDG Funds") and sixteen executive officers and employees of MEMSIC (together with the IDG Funds, the "Rollover Holders") will contribute to Parent a combination of cash and Common Stock, in exchange for equity shares of Parent. If the merger is completed, the following shares of Common Stock will not be entitled to the merger consideration, and will be cancelled and retired with no merger consideration paid with respect thereto: (i) shares held, whether directly or indirectly, by Merger Sub or Parent (including any Common Stock held by the Rollover Holders and contributed to Parent prior to the merger); (ii) shares held by the Company as treasury stock or otherwise held, whether directly or indirectly, by any Company subsidiary; and (iii) shares held by any of the Company's stockholders who are entitled to and properly perfect their appraisal rights under Delaware law. Additional information regarding the exercise of appraisal rights is included in the enclosed proxy statement.

On November 10, 2012, the Company received an unsolicited acquisition proposal from IDG-Accel China Growth Fund II L.P. ("IDG-Accel Growth II"), which is one of the IDG Funds, and a stockholder of MEMSIC. In the proposal, IDG-Accel Growth II, on behalf of itself and certain of its affiliated funds and their nominee entities, proposed to acquire all of the Common Stock that those entities did not already own. The Company's board of directors (the "Board") formed a committee consisting solely of its three independent and disinterested directors, Roger W. Blethen, Dr. Lawrence A. Kaufman and Michael Tung (the "Special Committee") to evaluate the proposal. The Special Committee considered this proposal and other alternatives available to the Company. In their evaluation of the merger and the Merger Agreement, the Special Committee and the Board considered, among other factors, the opinion of RBC Capital Markets, LLC, the financial advisor to the Special Committee, that, as of April 22, 2013, and based on and subject to the assumptions, limitations and qualifications set forth in the opinion, the per share merger consideration to be received

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by holders of our Common Stock (other than the Rollover Holders) entitled to receive the per share merger consideration is fair, from a financial point of view, to those stockholders. The RBC Capital Markets fairness opinion is attached as Annex B to the enclosed proxy statement.

***Based upon the unanimous recommendation of the Special Committee, the Board, with Dr. Yang Zhao (our President and Chief Executive Officer, and also a Rollover Holder) and Dr. Quan Zhou (a director of the general partner of IDG-Accel Growth II) abstaining due to their respective interests in the merger, unanimously: (i) determined that the merger, on the terms and subject to the conditions set forth in the Merger Agreement, is fair to and in the best interest of the Company and its stockholders; (ii) approved and declared advisable the merger, the Merger Agreement and the transactions contemplated by the Merger Agreement; and (iii) resolved to recommend that the Company's stockholders adopt the Merger Agreement. Accordingly, the Board (with Drs. Zhao and Zhou abstaining) unanimously recommends that Company stockholders vote for "FOR" the proposal to adopt the Merger Agreement.***

On April 22, 2013, MEMSIC, Parent, the IDG Funds and certain other Rollover Holders entered into a voting agreement whereby the IDG Funds and such Rollover Holders committed to vote the shares of Common Stock over which they exercise voting control in favor of the approval of the merger and the adoption of the Merger Agreement. The IDG Funds and the other Rollover Holders party to the voting agreement beneficially own shares of Common Stock representing approximately 22.2% of the total voting power of the Common Stock. ***Under Delaware law and the Merger Agreement, consummation of the merger is conditioned upon approval of the proposal to adopt the Merger Agreement by the affirmative vote of stockholders representing at least a majority of the issued and outstanding Common Stock. Thus, your vote is important regardless of the number of shares you own. Your failure to vote will have the same effect as a vote against the Merger Agreement.*** At the special meeting you also will be asked to consider and vote on: (i) a proposal to approve, on an advisory (non-binding) basis, specified compensation that may become payable to the named executive officers of the Company in connection with the merger; and (ii) a proposal to approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to adopt the Merger Agreement. ***The Board (with Drs. Zhao and Zhou abstaining) unanimously recommends that Company stockholders vote "FOR" each of these proposals.***

The enclosed proxy statement describes the Merger Agreement, the merger and related agreements and provides specific information concerning the special meeting. We urge you to read the entire proxy statement carefully, including the appendices, as it sets forth the details of the Merger Agreement and other important information related to the merger.

While stockholders may exercise their right to vote their shares in person, we recognize that many stockholders may not be able to, or do not desire to, attend the special meeting. Accordingly, we have enclosed a proxy card that will enable your shares to be voted on the matters to be considered at the special meeting, even if you are unable to attend. If you desire your shares to be voted in accordance with the Board's recommendation, you need only sign, date and return the proxy card in the enclosed postage-paid envelope. Otherwise, please mark the proxy card to indicate your voting instructions; date and sign the proxy card; and return it in the enclosed postage-paid envelope. You also may submit a proxy by using a toll-free telephone number or the Internet. We have provided instructions on the proxy card for using these convenient services.

Submitting a proxy card will not prevent you from voting your shares in person if you subsequently choose to attend the special meeting. Even if you plan to attend the special meeting in person, we request that you complete, sign, date and return the enclosed proxy card and thus ensure that your shares will be represented at the special meeting if you are unable to attend. If you have any questions

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or require assistance in voting your shares, please call \_\_\_\_\_, our proxy solicitor for the special meeting, toll-free at \_\_\_\_\_ or \_\_\_\_\_.

Sincerely,

Roger W. Blethen  
*Chairman of the Special Committee*

**Neither the Securities and Exchange Commission nor any state securities regulatory agency has approved or disapproved the merger, passed upon the merits or fairness of the merger or passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense.**

This proxy statement is dated \_\_\_\_\_, 2013 and is first being mailed to stockholders on or about \_\_\_\_\_, 2013.

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**MEMSIC, INC.**

**One Tech Drive  
Suite 325  
Andover, Massachusetts 01810  
Telephone: (978) 738-0900**

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

To the Stockholders of MEMSIC, Inc.:

NOTICE IS HEREBY GIVEN that a special meeting of the stockholders of MEMSIC, Inc. (the "Company") will be held at the offices of Foley Hoag LLP located at Seaport West, 155 Seaport Boulevard, Boston, Massachusetts 02210 on \_\_\_\_\_, 2013, at 10:00 a.m., local time, for the following purposes:

1. to consider and vote on a proposal to adopt the Agreement and Plan of Merger, dated as of April 22, 2013 (as it may be amended from time to time, the "Merger Agreement"), by and among the Company, MZ Investment Holdings Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands ("Parent"), and MZ Investment Holdings Merger Sub Limited, a Delaware corporation and wholly owned subsidiary of Parent;
2. to approve, on an advisory (non-binding) basis, certain compensation that may become payable to the named executive officers of the Company in connection with the merger;
3. to approve the adjournment of the special meeting, if necessary, to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the Merger Agreement; and
4. to act upon such other business as may properly come before the special meeting or any adjournment or postponement thereof.

The holders of record of our common stock, par value \$0.00001 per share ("Common Stock"), at the close of business on \_\_\_\_\_, 2013, are entitled to notice of and to vote at the special meeting or at any adjournment thereof. All stockholders of record are cordially invited to attend the special meeting in person.

The merger and the Merger Agreement are described in the accompanying proxy statement, which you should read in its entirety before voting. A copy of the Merger Agreement is attached as Annex A to the proxy statement. Company stockholders may be entitled to assert appraisal rights under Section 262 of the Delaware General Corporation Law. See the enclosed proxy statement, which includes as Annex C a copy of Section 262 of the Delaware General Corporation Law, for more information.

Your vote is important, regardless of the number of shares of Common Stock you own. The adoption of the Merger Agreement by the affirmative vote of holders of a majority of the outstanding shares of Common Stock is a condition to the consummation of the merger. The advisory (non-binding) proposal to approve specified compensation that may become payable to the named executive officers of the Company in connection with the merger, and the proposal to adjourn the special meeting to solicit additional proxies, if necessary, require the affirmative vote of holders of a majority of the voting power present and entitled to vote thereon. Even if you plan to attend the special meeting in person, we request that you complete, sign, date and return the enclosed proxy and thus ensure that your shares will be represented at the special meeting if you are unable to attend.

You also may submit your proxy by using a toll-free telephone number or the Internet. We have provided instructions on the proxy card for using these convenient services.

If you sign, date and return your proxy card without indicating how you wish to vote, your proxy will be voted in favor of the adoption of the Merger Agreement, in favor of the advisory (non-binding) proposal to approve certain compensation that may become payable to the named executive officers of the Company in connection with the merger, and in favor of the proposal to adjourn the special

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meeting to solicit additional proxies, if necessary or appropriate. Your failure to vote or submit your proxy will have the same effect as a vote against the adoption of the Merger Agreement, and will not be counted for purposes of determining whether a quorum is present at the special meeting (in order for any matter to be considered at the special meeting, a quorum, consisting of the holders of a majority of the voting power of the shares of the Common Stock outstanding and entitled to vote on such matters as of the record date, must be present in person or by proxy). Failure to vote or submit your proxy will not affect the advisory vote to approve certain compensation that may become payable to the named executive officers of the Company in connection with the merger or the vote regarding the adjournment of the special meeting to solicit additional proxies, if necessary or appropriate.

Your proxy may be revoked at any time before the vote at the special meeting by following the procedures outlined in the accompanying proxy statement. If you are a stockholder of record, attend the special meeting and wish to vote in person, you may revoke your proxy by attending the meeting.

BY ORDER OF THE BOARD OF DIRECTORS

Robert L. Birnbaum  
*Secretary*

Dated \_\_\_\_\_, 2013  
Andover, Massachusetts

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**SUMMARY TERM SHEET**

You are being asked to consider and vote upon a proposal to approve an Agreement and Plan of Merger, dated as of April 22, 2013, by and among MEMSIC, Inc., MZ Investment Holdings Limited ("Parent") and MZ Investment Holdings Merger Sub Limited, a Delaware corporation wholly owned by Parent ("Merger Sub"). This agreement, as amended from time to time, is referred to in this proxy statement as the "Merger Agreement," and is attached to this proxy statement as Annex A. The Merger Agreement provides for the merger of Merger Sub with and into MEMSIC, with MEMSIC as the surviving corporation (the "merger"). Immediately following the merger, Parent will own all of the outstanding capital stock of MEMSIC. Our board of directors (the "Board") has determined that the Merger Agreement is advisable and in the best interests of our company and our stockholders, unanimously approved the merger in accordance with the General Corporation Law of the State of Delaware (the "DGCL"), and unanimously recommended that our stockholders vote in favor of adoption of the Merger Agreement. This Summary Term Sheet briefly describes the most material terms of the proposed merger, the Merger Agreement and the other agreements entered into in connection with the merger, and may not contain all of the information that is important to you. We encourage you to read carefully this entire proxy statement, including its annexes, which constitute part of this proxy statement. The items in this Summary Term Sheet include page references directing you to a more complete description of that topic in this proxy statement.

**The Parties to the Merger Agreement (Page            )**

***MEMSIC, Inc.***

MEMSIC, Inc., which we refer to as "our company," "we," "our," "us," or, as the surviving corporation in the merger, the "Surviving Corporation," is a Delaware corporation incorporated in February 1999. We are headquartered in Andover, Massachusetts, and provide advanced semiconductor sensor and integrated sensing system solutions based on micro electromechanical systems, or "MEMS," technology and mixed signal circuit design. Our products include accelerometers, magnetic sensors and electronic compass solutions, integrated high performance inertial measurement units for industrial and avionics applications, MEMS flow sensing systems, and wireless sensing network systems. See "Important Information Regarding MEMSIC Company Background" beginning on page            of this proxy statement. See also "The Parties to the Merger MEMSIC, Inc." on page            of this proxy statement.

Additional information about us can be found in our Annual Report on Form 10-K for the fiscal year ended December 31, 2012 and in our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2013, attached as Annexes D and E, respectively, each of which is included with these proxy materials and constitutes part of this proxy statement. See "Where You Can Find Additional Information" on page            of this proxy statement.

***MZ Investment Holdings Limited***

MZ Investment Holdings Limited, referred to as "Parent," is a newly formed exempted company with limited liability incorporated under the laws of the Cayman Islands. Parent is an affiliate of IDG-Accel China Capital II L.P., a limited partnership organized under the laws of the Cayman Islands and referred to as "Sponsor," and of the IDG Funds (as such term is defined below; for additional information, see "Important Information Regarding Parent, Merger Sub, IDG, and the Individual Rollover Holders Parent, Merger Sub and the IDG Filing Persons"). Parent has not engaged in any business other than in connection with the merger and related transactions. See "The Parties to the Merger MZ Investment Holdings Limited and MZ Investment Holdings Merger Sub Limited" on page            of this proxy statement.

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***MZ Investment Holdings Merger Sub Limited***

MZ Investment Holdings Merger Sub Limited, referred to as "Merger Sub," is a newly formed Delaware corporation. Merger Sub is a wholly owned subsidiary of Parent and was formed solely for the purpose of engaging in the merger and related transactions. Merger Sub has not engaged in any business other than in connection with the merger and related transactions. See *"The Parties to the Merger MZ Investment Holdings Limited and MZ Investment Holdings Merger Sub Limited"* on page [redacted] of this proxy statement.

**The Purpose of the Special Meeting (Page [redacted] )**

As holders of our common stock, par value \$0.00001 per share, which we refer to as the "Common Stock," you will be asked to consider and vote upon the proposal to adopt the Merger Agreement (a copy of which is attached to this proxy statement as Annex A), which we refer to as the "Merger Proposal." The Merger Agreement provides that, at the closing, Merger Sub will be merged with and into our company, and each outstanding share of Common Stock (other than shares held by: (i) our company as treasury stock; (ii) Parent or Merger Sub, whether directly or indirectly; (iii) any of our subsidiaries; or (iv) stockholders who have properly exercised and perfected and not withdrawn or lost their appraisal rights under Delaware law), will be cancelled and converted into the right to receive \$4.225 per share in cash (the "merger consideration"), without interest and less any applicable withholding taxes.

Upon the effectiveness of the merger, we will become a privately held company, wholly owned by Parent. Parent will be owned by entities and individuals which will consist of:

the Sponsor, which has agreed to provide up to \$86.3 million in cash consideration in exchange for equity shares of Parent, to aid Parent's financing of the merger and related expenses;

IDG-Accel China Growth Fund II L.P., IDG-Accel China Investors II L.P., IDG Technology Venture Investments, L.P., IDG Technology Venture Investments, LLC, and IDG Technology Venture Investment III, L.P. (collectively, the "IDG Funds," and together with Sponsor, "IDG"), which beneficially own 4,725,223 shares of Common Stock, and intend to roll over these shares in exchange for equity shares of Parent; and

sixteen of our executive officers and employees, including, among others, Dr. Yang Zhao, our President and Chief Executive Officer, Dr. Paul Zavracky, our President of North American and European Operations, and Ms. Patricia Niu, our Chief Financial Officer (such officers and employees, together with IDG, the "Rollover Holders"), who collectively have beneficial ownership of 683,550 shares of Common Stock, and who will acquire equity shares of Parent in exchange for cash consideration and/or contributions of Common Stock beneficially owned by them.

**The Special Meeting (Page [redacted] )**

The special meeting will be held at the offices of Foley Hoag LLP located at Seaport West, 155 Seaport Boulevard, Boston, Massachusetts 02210 on [redacted], 2013, at 10:00 a.m., local time.

**Record Date and Quorum (Page [redacted] )**

The holders of record of the Common Stock as of the close of business on [redacted], 2013 (the "record date"), are entitled to receive notice of and to vote at the special meeting.

The presence at the special meeting, in person or by proxy, of the holders of a majority of the shares of Common Stock outstanding on the record date will constitute a quorum, permitting us to conduct our proposed business at the special meeting.



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**Required Vote for the Merger (Page      )**

To adopt the Merger Agreement, under Delaware law and under the Merger Agreement, the holders of a majority of the voting power of our outstanding Common Stock at the close of business on the record date must vote "FOR" the Merger Proposal. A failure to vote your shares of Common Stock or an abstention from voting will have the same effect as a vote against the merger.

On April 22, 2013, we entered into a voting agreement with Parent, the IDG Funds and certain other Rollover Holders (which we refer to as the "Voting Agreement") pursuant to which, and subject to certain exceptions, the IDG Funds and those Rollover Holders party to the Voting Agreement committed to vote the shares of Common Stock over which they exercise voting control in favor of the Merger Proposal, against certain Competing Transactions (as such term is defined in the Merger Agreement and described under "*The Merger Agreement Other Covenants and Agreements*"), and agai