

# Wise Road's Acquisition of Magnachip and China's Strategy for Display Driver IC Development

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## Abstracts

South Korea's Magnachip Semiconductor announced on March 29 that it would accept the acquisition proposal of Wise Road Capital, a Chinese private investment fund. The all-cash transaction has an equity value of approximately US\$1.4 billion. Although the Committee on Foreign Investment in the United States (CFIUS) issued an interim order on June 15 blocking the deal, this deal has been put on hold. But, if the deal goes as planned, Magnachip shareholders will receive US\$29.00 in cash for each share of Magnachip's common stock they currently hold, while Wise Road will acquire Magnachip's OLED (Organic Light-Emitting Diode) display driver IC design business and 8-inch wafer facility (Fab 3) located in Gumi. This report analyzes the implications and significance of the acquisition and then discusses China's strategy to develop a display driver IC supply chain through this acquisition.

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