

Upcoming/New CFIUS Filing: Unic Capital Management, China Integrated Circuit Industry Investment Fund and Xcerra, Inc.

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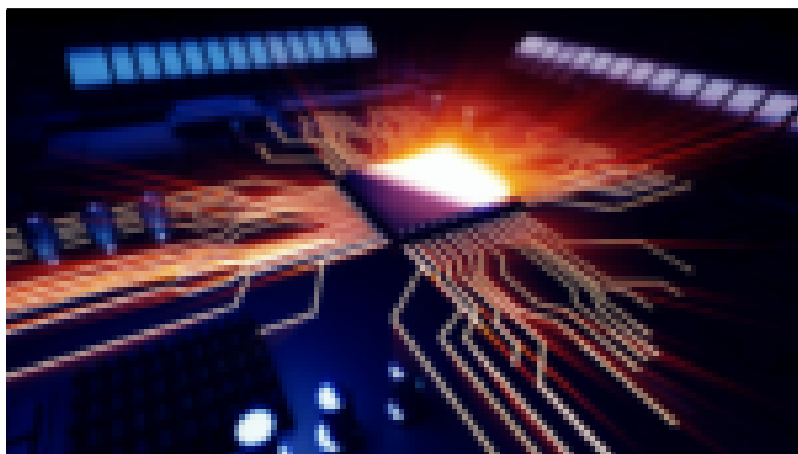
Status: Upcoming/New Filing

Acquirer: Unic Capital Management Co., Ltd. (China); China Integrated Circuit Industry Investment Fund Co. (China)

Acquired: Xcerra, Inc. (U.S.)

Value: Approx. US\$580 million

Industry: Semiconductor



On April 7, 2017, Xcerra Corporation, a Massachusetts corporation entered into an Agreement and Plan of Merger with Unic Capital Management Co., Ltd. (an affiliate of SINO IC Capital Co. Ltd.) and China Integrated Circuit Industry Investment Fund Co., Ltd., all private Chinese investment companies, providing for the merger of a wholly owned subsidiary of Unic Capital Management with and into Xcerra, with Xcerra surviving as a wholly owned subsidiary of Unic Capital Management. (See Xcerra [Form 8-K, Apr. 10, 2017](#), SEC Filing; Agreement and Plan of Merger, Xcerra [Form 8-K, Ex-2.1, Apr. 10, 2017](#), SEC Filing.) Xcerra is the parent company of four brands in the semiconductor and electronics manufacturing industries (atg-Luther & Maelzer, Everett Charles Technologies, LTX-Credence and Multitest) that combined offer a “broad spectrum of semiconductor and PCB test expertise that drives innovative new products

and services, and the ability to deliver to customers fully integrated semiconductor test cell solutions.” (Xcerra [Press Release, Form 8-K, Ex-99.1, Apr. 10, 2017](#), SEC Filing.) Unic Capital, an affiliate of Sino IC Capital, was founded in 2016 and focuses on long-term investments in semiconductor and other advanced technology industries. (see *id.*) Sino IC Capital was established in August, 2014, with RMB138.7 billion (equivalent to approximately US\$20.9 billion) and it is the fund manager and a shareholder of government backed China IC Fund. (see *id.*; see also Shanghai Daily news article, Mar. 16, 2016.) Finally, the China Integrated Circuit Industry Investment Fund Co. was reportedly founded by the Ministry of Industry and Information Technology and Ministry of Finance and has been described “as the main vehicle used by the [Chinese] state to drive the development of the domestic semiconductor industry, which continues to rely heavily on imported chips amid the country’s vast electronics manufacturing supply chain.” (South China Morning Post, *China’s chip industry bolstered by acquisitions worth US\$6.61 billion by government-backed fund*, Mar. 30, 2016.)

According to the Merger Agreement, a Committee on Foreign Investment in the United States (CFIUS) Clearance is a condition to closing (Section 7.1(b)(iii)), but Unic Capital Management is not required to accepted any mitigation that could “reasonably be expected to reduce the reasonably expected benefits of the Merger . . . in an amount that is financially material relative to the value of the Company . . .” (Section 7.1(g), Agreement and Plan of Merger, Xcerra [Form 8-K, Ex-2.1, Apr. 10, 2017](#), SEC Filing.) The merger agreement specifically calls out that Unic Capital Management is not required to accept mitigation that “would adversely affect the LTX-Credence and/or ECT businesses or material product lines in any material way.” (*Id.*) LTX-Credence and Everett Charles Technologies (ECT) businesses specialize in advance test equipment for semiconductors. Unic Capital Management will also be required to pay a termination fee of US\$22.8 million if the deal is terminated for failure to obtain CFIUS Clearance, among other reasons. (See Xcerra [Form 8-K, Apr. 10, 2017](#), SEC Filing.)

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