

## Chinese Investor Exit Complicates WD SanDisk Buy

Written by Marco Attard  
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A wrench gets thrown in [Western Digital's plans to buy SanDisk](#) -- Chinese IT company Unisplendour Corporation Limited (Unis) scraps its [\\$3.78 billion investment deal with WD.](#)



Unis, a unit of Tsinghua Holdings, dropped plans to buy a 15% stake in WD after the US Committee on Foreign Investment (CFIUS) announced an investigation of the deal. The decision triggered a 15-day period where either period could end the transaction... and that's exactly what the Chinese company did.

WD hopes to be still able to buy SanDisk, but the lack of Unis investment demands a change in asking price. Whereas it originally offered \$19bn in cash and stock, WD is now asking shareholders to consider selling for \$15.8bn.

"We continue to look forward to our transformational combination with SanDisk and capitalising on the growth opportunities ahead of us as the demand for data storage continues to increase, despite the inability to carry out the equity investment by Unis," WD says. "We believe the strategic rationale for this acquisition is even more compelling today than when we first announced it in October last year given industry trends and strong execution by both companies."

But why did Unis drop its investment in WD? According to the Wall Street Journal the company actually had "a big incentive to walk away," as the deal demanded of a 30% premium for each WD share, making it "detrimental" for investors.

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Adding further pressure are national security concerns leading to authorities looking more closely into Chinese takeovers of US corporations. Such concerns have already stopped a Tsinghua Holdings acquisition-- the company considered buying Micron Technology last year, but never pursued the bid following fears the US would not allow such an acquisition.

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