

Taiwan Fair Trade Commission Cleared 3-in-1 Merger in LCD Industry

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On December 22, 2009 the Taiwan Fair Trade Commission cleared the proposed merger among Innolux Display Corp. ("Innolux"), TPO Display Corp. ("TPO") and Chi Mei Optoelectronics ("CMO"), with Innolux being the surviving company and renamed Chimei Innolux Corporation ("CIC").

The proposed transaction involved three major market players in the thin film transistor liquid crystal display business ("TFT LCD"). The TFTC pointed out that CIC would still encounter strong competition from six other domestic competitors, including the market leader, AUO, as well as international competitors from Japan, Korea and China, such as Samsung, LG and Sharp, after the completion of the proposed transaction. In addition, as LCD products have no tariff barrier in Taiwan, and downstream customers can easily procure LCD products from offshore companies, CIC's ability to raise product prices at will would likely be restricted, and the proposed transaction would not create or strengthen a single or collective dominant position. As the benefit to the overall economy resulting from the proposed transaction is greater than the disadvantage of restriction on competition, the TFTC decided not to object to the proposed transaction.

The 3-in-1 merger is scheduled to conclude on April 30, 2010.

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