

One of Wales' leading tech firms expected to come under Chinese ownership

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One of Wales' leading technology firms Newport Wafer Fab (NWF) is expected to come under Chinese ownership this week in a multi-million pound deal.

NWF, a semiconductor firm based in Newport and the UK's biggest manufacturer of chips, is close to being acquired by Dutch-based firm Nexperia, which is wholly-owned by Chinese venture Wingtech Technology in a deal expected to be in the region of £67m. Wingtech manufactures smartphone parts for Chinese companies such as Huawei and Xiaomi.

Following a contract supply dispute Nexperia has had representation on NWF's board since the spring. NWF is seen as a key industrial partner in South Wales' emerging compound semiconductor cluster which aims to create 2,000 plus high skilled jobs in an ecosystem ranging from early stage research and development through to commercialisation.

According to documentations lodged with Companies House, Nexperia now has charges over NWF for all of its current and future intellectual property assets as well as its land and property assets.

A Nexperia spokesperson said: "We are in constructive

conversations with NWF and Welsh Government about the future of NWF. Until we have reached a conclusion we cannot further comment.

The Welsh Government have been asked whether they could be part of a new ownership structure for NWF by taking equity alongside Nexperia.

Last year the Westminster government said it was removing Chinese firm Huawei from the UK's 5G network by 2027.

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Tory MP and chairman of the Foreign Affairs Select Committee, Tom Tugendhat, last month wrote to Business Secretary Kwasi Kwarteng raising concerns over a Chinese takeover of NWF on national strategic asset and security grounds..

He wrote: "I must stress again that having the UK's leading 200mm silicon and semiconductor technology development and processing facility being taken over by a Chinese entity – in my view – represents a significant economic and national security concern."

Last year the Westminster government said it was removing Chinese firm Huawei from the UK's 5G network by 2027.

A spokesman for the UK Government said: "We are aware of the expected takeover by Nexperia of Newport Wafer Fab. While we do not consider it appropriate to intervene at this time, we will continue to monitor the situation closely and will not hesitate to use our powers under the Enterprise Act should the situation change.

"We remain committed to the semiconductor sector, and the vital role it plays in the UK's economy."

NWF, which employs more than 400, was taken over by Neptune 6 in 2017 from German firm Infineon.

The buy-in management buy-out deal was supported with £13m financial support by the Welsh Government and a funding line from HSBC.

Directors of Neptune Six include the outgoing chief executive of Cardiff headquartered compound semiconductor firm IQE Drew Nelson.

Mr Nelson, who is the biggest shareholder in NWF, has been a strong advocate for the UK re-establishing a sovereign capacity in semiconductors.