

Hyundai says it will not bid for Hynix stake

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South Korea's Hynix Semiconductor Wednesday lost its sole potential buyer after shipmaking giant Hyundai Heavy Industries said it would not bid for a stake in the world's second-largest memory chip maker.

Hyundai Heavy, the world's largest shipbuilder, announced it would not seek the 15 percent stake held by creditors despite growing speculation it was interested.

The announcement left no potential buyers for Hynix's creditors, who wanted to select a preferred bidder in August and complete the sale by the end of the year.

The creditors have been trying for years to sell their shares in Hynix after taking control of it in 2001 following several debt-for-equity swaps when the [chip maker](#) almost collapsed due to weak market conditions.

The creditors, led by Korea Exchange Bank (KEB), earlier said they would accept preliminary bids by Friday.

"We have decided not to submit a bid for [Hynix Semiconductor](#)," Hyundai said in a regulatory filing.

"Acquiring Hynix would not generate business synergies with our existing businesses. There seems to be no win-win, or complementary, effect between the shipbuilding industry and the [semiconductor industry](#)."

The creditors' previous attempts to sell their stakes have been dogged by uncertainties over the chipmaking sector and the need for huge investment.

In February they invited bids but failed to attract any interest. In November 2009 Hyosung Corp, the sole bidder in the first sale attempt, dropped out.

KEB is the biggest shareholder with a 3.42 percent stake, followed by Woori Bank with 3.34 percent, state policy lender Korea Finance Corp with 2.58 and smaller stakeholders.

The chief of Korea Finance Corp said in late March that creditors are considering issuing new shares, a move that would bolster the chip maker's financial strength and ease the need for extra investment.

The [creditors](#) injected \$4.6 billion to rescue Hynix by swapping their debt holdings into shares in 2001 and 2002.

The company's first-quarter net profit slumped 66 percent year-on-year because of falling computer memory chip prices.

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