

Sony Gets Second Manufacturing Base of Low-Temperature Polysilicon TFT LCD Display Panel for Mobile-Products

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Sony Corporation and Chi Mei Optoelectronics have agreed on the basic terms of a transaction whereby Sony will acquire CMO's wholly-owned Japanese subsidiary, International Display Technology.

Sony and CMO have agreed that Sony will purchase all the shares of a new company spun-off from IDTech. Sony plans to produce low-temperature polysilicon thin film transistor liquid crystal (LTPS-TFT-LCD) display panels in the new company. The acquisition price has been set at approximately 18.5 Billion Japanese Yen for all the shares of the new company and includes purchase of all of the production equipment, facilities, and personnel at IDTech's plant in Yasu-shi, Shiga prefecture, Japan.

IDTech is a world leader in the design, development, and production of amorphous silicon thin film transistor liquid crystal (a-Si TFT LCD) displays. Among IDTech's leading edge products are the world's highest resolution TFT LCDs for medical displays, wide-angle view in-plane switching (IPS) display monitors, twisted nematic LCD notebook displays, and specialized TFT substrates.

The IDTech facility will complement Sony's present LTPS-TFT-LCD manufacturing base, which was established in 1997 as the STLCD Corporation, a joint venture between Sony and Toyota Industries Corporation, for the production of LTPS TFT LCD display panels for mobile products, such as cell phones and cameras. A second production

line at STLCD was completed in 2002 in which production was expanded to 40,000 (600x720mm) base plates per month; Sony expects to continue the expansion of production and its acquisition of IDTech is part of those plans.

Sony will make an investment for equipment and facility modification of approx. 27 Billion Yen level, leading to building a manufacturing facility with production capability of 25,000 550x650mm base plates /month. This will lead to further enhance the business in the field of LTPS-TFT-LCD display panel for use in mobile products, such as mobile phones. The name of the new company is due to be decided by the end of Mar.2005, when the necessary procedures for the acquisition and new company formation is planned to be completed. The commercial base mass production for LTPS-TFT-LCD display panel is scheduled to start from Apr. 2006.

CMO acquired IBM's Third Generation TFT LCD plant in 2001, and formed IDTech in a precedent-setting Taiwan-Japan joint venture. From this acquisition, CMO has successfully leveraged IDTech's leading technology, its skilled workforce, advanced management system, global logistics system and profitable customer base, which provided a strong starting base for CMO's LCD production in a very competitive industry. Since that time, CMO has been aggressively building its next generation fabs. in Taiwan, including a 5.5 Generation fab., which will begin mass production this year. Because of the fact that the new fabs. will operate with new state-of-the-art equipment and greater efficiency, to better manage its total production capacity, CMO ultimately agreed to sell IDTech's Yasu fab. to Sony.

CMO's Chairman, Mr. Liao Ching Siang stated:

“The sale of IDTech will in no way lessen our commitment to our customers, rather it will improve our customer relations because of improved efficiency. The sale to Sony was based on CMO and Sony's

strong business relationship, particularly in the area of LCD business. We are glad we can help Sony to strengthen its production capacity in the mobile devices business. We firmly believe that IDTech's production capabilities together with Sony's world-class management and technology will fulfill Sony's plans.”

Sony's Executive Deputy President and COO, Dr. Ryoji Chubachi stated:

”LTPS-TFT-LCD display panels are used in various mobile products such as video cameras, digital still cameras and mobile telephones and we expect the market to dramatically grow from now onwards as well. The basic agreement with CMO and IDTech this time leading to the acquisition of Yasu Business Facility, IDTech will further expand Sony's mobile display production and will strengthen the business. Through the succession of the personnel asset of Yasu Business Facility, we target to promptly launch Sony's 2nd manufacturing base following STLCD Corporation, leading to the supply of excellent products to customers in the world.”

This agreement has been well-accepted by Toyota Industries Corporation as well, and initial capital participation by approximately 20% is being considered. From the cooperation by Toyota Industries Corporation, Sony will target the technology convergence of the new company and STLCD Corporation, leading to the build-up of an enhanced quality and production efficiency in the LTPS-TFT-LCD display panels production line to better satisfy the customers' needs.

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