

Japan's Sharp in TV tie-up talks with Lenovo

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A visitor checks out Sharp's 80-inch touch screen TV set Aquos Board, an Interactive Display System, on the opening day of the International Consumer Electronics Show in Las Vegas, Nevada, on January 10, 2012. Shares Sharp shot up seven percent on Thursday on reports it is in talks with Chinese computer giant Lenovo Group to work together on the production of televisions.

Shares in struggling Japanese electronics maker Sharp shot up 7.30 percent on Thursday on reports it is in talks with Chinese computer giant Lenovo Group to work together on the production of televisions.

In the possible tie-up, the troubled firm is expected to sell all shares in a Chinese subsidiary operating an LCD TV [assembly plant](#) in Nanjing to Lenovo by the year-end, the Nikkei daily and Jiji Press said.

Sharp's other Chinese subsidiaries handling development and sales will also be turned into 50-50 joint ventures, the Nikkei said, without citing sources.

Sharp and Lenovo plan to sign a memorandum of understanding as early as this month, the [Nikkei](#) said.

The TVs sold in China will continue to bear the Sharp Aquos brand name, while plans call for the firms to jointly make inroads into other markets, including [Southeast Asia](#) and South America, it said.

Sharp hopes to raise the operating rates of these facilities by boosting TV sales through Lenovo's sales network in China, while Lenovo will use the partnership to make a full entry into the TV business, the report said.

Sharp said the firm has not made any decision related to its TV business.

Sharp shares closed at 338 yen after the reports.

Like rivals Sony and Panasonic, Sharp has suffered a series of credit rating downgrades. It has warned it expects to lose about \$5.6 billion in the fiscal year to March, and has been on the hunt for suitors.

In December, the company said it had struck a 9.9 billion yen (\$112 million) capital injection deal with chipmaker Qualcomm that would see the pair develop energy-efficient [LCD panels](#) for smartphones using the Japanese firm's technology.

The US company would initially get about 2.64 percent of Sharp's stock.

Last year, Sharp said it had reached an \$800-million capital injection deal with Taiwan's Hon Hai Precision, which makes Apple gadgets in China, but the deal stalled as Sharp's share price nosedived.

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