

Japan's Sharp accepts takeover, Foxconn not ready to sign

February 25 2016, by Yuri Kageyama



A shopper walks in front of an advertisement of Sharp's Aquos at an electronics store in Tokyo, Thursday, Feb. 25, 2016. Troubled Japanese electronics maker Sharp has agreed to a takeover offer from Taiwanese company Hon Hai, also known as Foxconn, Japanese media reported Thursday. The Japanese reads "Pioneering pride." (AP Photo/Shizuo Kambayashi)

Sharp Corp. announced Thursday it will accept a 489 billion yen (\$4.4 billion) takeover by Taiwan's Hon Hai Precision Industry Co., also known as Foxconn, but Foxconn said it was not ready to sign the deal.

"We will have to postpone any signing of a definitive agreement until we

have arrived at a satisfactory understanding and resolution of the situation," Foxconn Technology Group said in a statement.

It did not elaborate. If the deal goes through, Sharp would become the first major Japanese electronics maker to be acquired by a foreign company.

Foxconn is a major contractor to Apple Inc., assembling products such as iPhones.

Sharp chose Foxconn as its preferred partner in a two-day board meeting ending Thursday, and said Foxconn would gain a 66 percent stake in the company under the deal.

Sharp spokeswoman Nali Li said the company had no official comment on the statement from Foxconn.

It was unclear whether Foxconn was questioning the content of Sharp's announcement, or just requesting more time to look at details.

Sharp had been considering both Foxconn's bid and an offer from a Japanese government-backed consortium of Japanese investors.

Despite Japan's rapid globalization, some have expressed fears a Foxconn takeover will result in the country losing technology to foreign interests.



Sharp President Kozo Takahashi, center, is surrounded by the media as he left the company's Tokyo office in Tokyo, Thursday, Feb. 25, 2016. Sharp Corp. agreed Thursday to a 489 billion yen (\$4.4 billion) takeover by Taiwan's Hon Hai Precision Industry Co., also known as Foxconn, becoming the first major Japanese electronics maker to be acquired by a foreign company. (Kyodo News via AP)

Media reports in Japan that a deal might be imminent had sent Sharp share prices initially higher on the Tokyo Stock Exchange, but they finished 14 percent lower after details of the deal leaked. Sharp made the announcement after trading ended.

Osaka-based Sharp has long been a prized brand in Japan, beginning with its sale of mechanical pencils, still known as "sharp pencils" here. It

also pioneered hand-held electronic devices.

Sharp had its beginnings as a Tokyo-based metalworking shop in 1912. It later made its fame with Aquos flat-panel TVs and nifty Internet-connecting cellphones, long before the arrival of iPhones in Japan.



In this Feb. 4, 2016 file photo, employees enter and exit Taiwan's Hon Hai Precision Industry Co. headquarters in New Taipei City, Taiwan. Japanese media report on Thursday, Feb. 25, 2016 that troubled Japanese electronics maker Sharp has agreed to a takeover offer from Taiwanese company Hon Hai, also known as Foxconn. (AP Photo/Wally Santana, File)

But its finances deteriorated in recent years as prices of LCD panels dropped, and it could not beat competition from Asian rivals.

Analysts say Sharp's future remains uncertain even with the takeover because of challenges in restructuring its consumer electronics operations.

Sharp suffered a 108 billion yen (\$964 million) loss over the nine months through December. It has not released a full year profit or loss forecast.



A man walks in front of an advertisement of Sharp's Aquos in Tokyo, Thursday, Feb. 25, 2016. Troubled Japanese electronics maker Sharp has agreed to a takeover offer from Taiwanese company Hon Hai, also known as Foxconn, Japanese media reported Thursday. The Japanese reads "Beauty is in the details." (AP Photo/Shizuo Kambayashi)



A man walks past the log of Sharp Corp. in Tokyo, Thursday, Feb. 25, 2016. Troubled Japanese electronics maker Sharp has agreed to a takeover offer from Taiwanese company Hon Hai, also known as Foxconn, Japanese media reported Thursday. (AP Photo/Shizuo Kambayashi)

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