

Taiwan's Hon Hai gets Chinese green light for Sharp deal

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Taiwanese tech giant Hon Hai said antitrust authorities in China had approved its takeover of ailing Japanese electronics maker Sharp, clearing the last obstacle to the drawn-out deal.

The purchase, which was supposed to close last month, has reportedly been held up by China—one of the countries that was reviewing the deal over concerns that it could lead to a monopoly on LCD screens.

Hon Hai gains Sharp's cutting-edge LCD panel technology with the \$3.5-billion buyout, giving it a 66 percent controlling stake.

"Our application for antitrust review in various regions is completed," the company said in a statement to the Taiwan stock exchange late Thursday.

"Both sides will carry out the handover procedures as soon as possible according to the contract," it said.

The announcement fulfils an ambition of Hon Hai founder Terry Gou, whose firm first pursued Sharp four years ago.

Gou's company—also known as Foxconn—is the world's biggest electronics supplier, with Apple a key customer for smartphone components.

But the smartphone giant is squeezing its suppliers as sales of its iPhones

slow, dropping 15 percent last quarter year-on-year.

Hon Hai shares slumped in Taipei Friday on weaker-than-expected quarterly earnings.

"From the results, we can see that Apple is pressuring its supply chain on prices," Fubon analysts led by Arthur Liao said in a note.

Hon Hai said Thursday that its net profit dropped 31 percent to Tw\$17.7 billion (\$565 million) in the April-June period, the third straight quarterly decline.

It missed the Tw\$24.6 billion estimate by analysts polled by Bloomberg News.

Shares slumped 3.69 percent Friday. underperforming the benchmark index.

Analysts are expecting better performance in the third quarter, when Apple's new iPhone 7 series is rumoured to be launched.

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