Sharp in Talks to Sell Chinese TV Plant to Lenovo

Reuters

Sharp Corp may sell its Chinese TV assembly plant to Lenovo Group as the cash-strapped Japanese TV maker looks to sell assets to bolster its finances, sources said.

Sharp is in talks with Lenovo about selling the LCD TV assembly plant in Nanking and also about tying up with the Chinese company in its other subsidiaries there, two industry sources familiar with the discussion told Reuters.

Sharp said in a statement to the Tokyo Stock Exchange that it had not announced any talks. The talks were first reported in the Nikkei business daily in Japan.

The maker of Aquos TVs in November said it may not be able to survive on its own after it doubled its full-year net loss to $5.6 billion. To repay short-term commercial paper loans and stave off failure in October it won a $4.4 billion bailout from its banks.

Sharp had been in talks to sell its Chinese TV plant to Taiwan's Hon Hai Precision industry along with an assembly plant in Mexico. Hon Hai, which is also in talks to buy a stake in Sharp and earlier bought a share in the Japanese company's advanced LCD panel plant in Sakai western Japan, may now buy only the North American facility.

Sharp mortgaged its domestic factories and offices to secure emergency financing from lenders including Mizuho Financial Group and Mitsubishi Financial Group, limiting its ability to raise cash from asset sales.

In December Qualcomm Inc agreed to invest as much as $120 million in Sharp, giving it a boost in its effort to remain viable. As part of the agreement Qualcomm, through its Pixtronix subsidiary, will work with Sharp - which supplies screens to Apple Inc for its latest iPhone - to develop new power-saving screens based on Sharp's IGZO technology.

In the second half of its business year ending March 31, Sharp expects to return to operating profit, allowing the banks to justify the fresh financing.

(Reporting by Reiji Murai, writing by Tim Kelly; Editing by Richard Pullin and Stephen Coates)

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