Hon Hai buying 10 percent stake in Sharp

The Associated Press

Taiwan electronics manufacturer Hon Hai Precision Industry Co. is taking a 10 percent stake in struggling Japanese electronics company Sharp Corp.

Hon Hai, owner of the Foxconn factories in China, is a key producer of iPads and iPhones for Apple Inc., the world's most valuable company.

Sharp and Hon Hai will form an alliance in liquid crystal displays and other electronics sectors to cut costs. Sharp makes flat-screen TVs and LCD displays for TVs, game consoles, tablet computers and smartphones, appliances and other products.

Like other Japanese electronics makers, Sharp has been hurt by falling prices, competition from other Asian companies and a stronger yen. The tsunami disaster in 2011 and flooding in Thailand also have disrupted supply chains.

In February, Sharp said it expected to lose 290 billion yen for the fiscal year ending in March.

Hon Hai will buy up to 50 percent of the LCD displays made at Sharp's Sakai plant in Japan. Sharp will sell a 46.5 percent stake in that plant to Hon Hai chief Terry Gou and other investors. Japanese rival Sony Corp. will keep its 7 percent stake. Sharp's share of the plant will drop to 46.5 percent from 93 percent.

Sharp said Tuesday that it issuing 66.9 billion yen ($806 million) of new shares for Hon Hai to buy.

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