

Irico Shares Rise to Two-Year High on LCD-Glass Maker Agreement

May 16, 2007 (Bloomberg) -- Shares of Irico Group Electronics Co., China's biggest maker of cathode-ray tubes for color televisions, rose to a two-year high after the company said it plans to buy a unit of its parent that makes glass for flat-panel TVs.

The company will buy a 70 percent stake in Shaanxi Irico Electronics Glass Co. from parent Irico Group, Hong Kong-listed Irico Group Electronics said today in a statement to the city's stock exchange, without giving financial details.

Shares of Irico Group Electronics rose 5.7 percent to HK\$1.11 today, their highest close since March 2005. The stock has more than tripled this year, compared with a 4.9 percent gain in the benchmark Hang Seng Index.

Buying the unit that makes glass for liquid-crystal display TVs will help Xianyang, China-based Irico Group Electronics boost sales as more Chinese consumers chose to buy LCD sets instead of traditional cathode-ray TVs. Sales of flat-panel TVs in China, both LCD and plasma, may surpass cathode-ray tube TVs for the first time this year, according to researcher DisplaySearch.

Sales of LCD TVs in China may more than double to \$12.8 billion in 2010 from \$4.9 billion last year, according to research company ISuppli Corp. The number of LCD TVs sold may rise to more than 20 million units from 4 million in 2006, the researcher said.

Irico Group Electronics signed a non-binding letter of intent for the acquisition with its parent on May 15, according to the statement. The parent owns 75 percent of the Hong Kong- listed unit.

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