

HOYA and BOE Vision

1609th Commissioners' Meeting (2022)

Case: Japanese company HOYA and Chinese company Beijing BOE Vision filed a pre-merger notification with the FTC regarding their intention to set a joint venture

Keyword(s): Flat panel display photomask, large-sized panel

Reference: Fair Trade Commission Decision of July 27, 2022 (the 1609th Commissioners' Meeting)

Industry: Manufacture of Integrated Circuits (2611), Manufacture of Panel and Components (2641)

Relevant Law(s): Articles 10, 11 and 13 of the Fair Trade Law

Summary:

1. Japanese company HOYA Corporation (hereinafter referred to as HOYA) intended to set up a joint venture with Chinese company Beijing BOE Vision Electronic Technology Co., Ltd. (hereinafter referred to as BOE Vision) in China. Each company would hold more than one third of the shares of the joint venture and both companies would jointly make management and personnel appointment and dismissal decisions of the joint venture. The condition fell under the category of the merger patterns described in Article 10(1)(ii)(iv)(v) of the Fair Trade Law. Meanwhile, the shares of the merging parties in the flat panel display photomask market and the sales of the merging parties in the previous fiscal year both achieved the filing thresholds respectively specified in Article 11(1)(ii)(iii) of the same act whereas the exemption regulation set forth in Article 12 was inapplicable. Therefore, HOYA filed the intended merger with the FTC according to law.
2. Findings of the FTC after investigation:
 - (1) HOYA was the parent company of HOYA Group and BOE Vision was a subsidiary of Chinese company BOE Technology Group Co., Ltd. (hereinafter referred to as BOE). Both HOYA and the joint venture would market photomasks for flat panel display photomasks and the latter would supply photomasks for large-sized panels to BOE. As a result, this case involved horizontal merger and vertical merger at the same time.
 - (2) The joint venture would operate in China and the flat panel display photomasks the company produced would not be sold across the

Taiwan strait. Therefore, no significant changes would occur to the structure of the domestic market and its competition. Moreover, there were many international corporations competing in the flat panel display photomask market whereas large-sized panel makers also cooperated with a number of photomask suppliers. For this reason, the merger would not lead to any foreclosure in the market and the influence on the domestic flat panel display photomask market and large-sized panel market would not be significant at all.

(3) For the reasons mentioned above, the FTC concluded that the merger would not cause any concern about restraints on market competition and, therefore, by citing Article 13 of the Fair Trade Law, approved the merger.

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