

Chinese Opera Takeover Fails

Written by Marco Attard
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Back in February Opera announced it received a \$1.2 billion buyout offer from a Chinese consortium-- but it failed to get regulatory approval, leading to a partial acquisition of the company.



Dubbed the Kunqi Consortium, the buyer-to-be includes ISP mobile games distributor Beijing Kunlun Tech and billionaire Zhou Hongyi, owner of security and search company Qihoo 360.

According to Reuters, "U.S. privacy concerns would have led to an investigation into some of Opera's products that risked delaying the acquisition for up to a year." As a result, the involved parties to bypass regulatory issues by buying parts of Opera-- specifically its mobile phone and desktop computer browser business, performance and privacy apps division, technology licensing business and a stake in Chinese joint venture nHorizon-- for \$500 million.

Not acquired are the Opera advertising and marketing business, TV operations and game-related apps.

"According to what we know, it was because of Opera's other services, and involves very many users' privacy. This would be extremely rigorously investigated during the U.S. government's audit and probably would have delayed the entire acquisition process by 6 months to a year," Kunlun tells Reuters. "So we opted for a better method, and chose Opera's core assets, namely the consumer business, as the target of the acquisition. That greatly accelerates the acquisition process."

Why would a group of Chinese companies want to buy a Norwegian company best known for an

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obscure web browser? Opera also offers the SurfEasy VPN service and owns a range of IP covering mobile and slimline web browsers for smart devices. As such, it owns technology attractive to companies wanting to rival current Chinese giants Alibaba and Tencent, as well as expand into emerging Asian and African markets.

However the deal left Opera disappointed, leading to falling share prices despite a promise of an "extraordinary dividend" payment to shareholders. Either way the deal should close by end Q3 2016.

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