

Wanxiang approved to acquire A123 Systems

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Wanxiang Group has stated that the Committee on Foreign Investment in the United States (CIFUS) has approved its application to acquire A123 Systems. Wanxiang defeated Johnson Control and NEC in the bankruptcy auction by bidding USD256.6 million to take over all of the assets under A123 Systems except for the company's government and military business.

Significance: Established in 2001 and listed on NASDAQ in 2009, A123 Systems was once the largest lithium-ion battery manufacturer with the most advanced technology in the United States. However, weakened demand in the US new-energy vehicle (NEV) market put the company under huge economic pressure, and the battery recall in March 2012 plunged it into crisis. Wanxiang Group is the largest auto-parts manufacturer in China. It began working in energy research in 1999, specifically in the lithium-ion battery and electric powertrain segments. Lu Guanqiu, chairman of the board of Wanxiang Group, has stated his reasons for wanting the two companies to merge, stating to local media that the A123 team of engineers and advanced **Li FePO4** battery technology are the two major reasons for the acquisition. A123 Systems filed for bankruptcy protection on 16 October 2012; Wanxiang won the auction on 1 December after Kevin Carvey, a bankruptcy judge in Delaware, announced the approval of the acquisition; and CIFUS announced its approval of the acquisition on 28 January 2013.

SOURCE IHS

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