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M.9075 - CONTINENTAL / AVIATION INDUSTRY CORPORATION OF CHINA / JV

SECTION 1.2

Description of the concentration

On 3 October 2018, the Commission received a notification of a proposed concentration pursuant to which Continental Automotive Holding Co., Ltd. (Shanghai) (“*Continental*”) and Sichuan Chengfei Integration Technology Corp., Ltd (“*CITC*”) would acquire joint control of a proposed full-function joint venture, Continental CALB Battery Power System Co. Ltd. (“*JVC*” or the “*Company*”).

Continental AG, headquartered in Hanover (Germany), is an international technology company which mainly manufactures and supplies various components and spare parts, notably for the automotive industry.

CITC is a company incorporated in China which is active in designing and manufacturing batteries and power systems. CITC will hold its shareholding in the JVC via China Aviation Lithium Battery Research Institute (“*CALBRIC*”), which is a R&D institute jointly controlled by CITC (35%) and Jiangsu Jintan Hualuogeng Technology Development Ltd. (“*JHTD*”) (65%). CITC is a company incorporated and existing under the laws of the PRC and is ultimately controlled by Aviation Industry Corporation of China (“*AVIC*”), which is, in turn, supervised and managed directly by the State-owned Assets Supervision and Administration Commission of the State Council (“*SASAC*”). JHTD is controlled by two investment companies, Changzhou Investment Holding Co., Ltd. (20%) and Jintan Investment Holding Co., Ltd (80%), which are in turn each controlled (100%) by two local governments, Changzhou City Government and Changzhou City Jintan District Government, respectively. These two are, in turn, controlled by the Chinese State as well.

The JVC will combine Continental’s expertise in battery management systems with CITC’s experience and know-how in battery cells to produce 48-voltage battery systems for application in hybrid electric vehicles. The joint venture will be based in China and the product portfolio will feature: 48-voltage battery systems, 48- voltage battery system application software, 48-voltage battery cells and 48-voltage battery management systems and supply chain management of 48-voltage battery systems.