

Germany stalls Chinese takeover of tech firm Aixtron

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The German government on Monday said it had withdrawn approval for a Chinese firm to acquire Aixtron, a supplier to the semiconductor industry, amid growing unease over Chinese investment in German companies.

Germany's Aixtron said the economy ministry had cancelled the so-called "clearance certificate" it issued last month that paved the way for the 670-million-euro (\$730-million) takeover by China's Grand Chip Investment to go ahead.

The ministry will now reopen a review of the "proceedings in connection with the takeover offer by Grand Chip Investment", Aixtron said in a statement, adding that it had been informed of the decision on Friday.

Matthias Machnig, state secretary in the economy ministry, was quoted by daily Die Welt as saying that the U-turn came after "the government received previously unknown information related to security".

The unexpected move comes at a time of concern over a string of Chinese takeovers in Germany, which has prompted German Economy Minister Sigmar Gabriel to urge Brussels to shield key EU industries from foreign investors.

Gabriel was particularly alarmed by appliance giant Midea's purchase of leading German robotics firm Kuka in August, which fed into fears of high-end intellectual property, technology and know-how departing for

China.

A spokeswoman for the economy ministry confirmed that approval for the Aixtron deal had been withdrawn pending review, but declined to shed light on the reasons behind the move.

If the outcome of the review is negative the deal could in theory be cancelled altogether, she told reporters in Berlin.

Investors in Frankfurt did not respond well to the news, described by analyst Harald Schnitzer of DZ Bank as "a bad surprise", with shares in Aixtron plummeting nearly 11 percent to 5.18 euros around 1310 GMT.

Gabriel is scheduled to travel to China and Hong Kong in early November.

The ministry's spokeswoman said he was due to attend an Asia-Pacific conference and would hold talks with senior officials there but she could not say whether Aixtron would be on the agenda.

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