
Tengzhong Explores Hummer Options

Created: 2010-2-24

CHINA'S Tengzhong could use an offshore vehicle to buy General Motors' Hummer brand if it fails to win Chinese regulatory approval.

Sichuan Tengzhong Heavy Industrial Machinery Co, a little known construction machinery maker with no experience in the auto industry, had started communicating with Chinese regulatory bodies after signing an initial deal with GM in October 2009.

The partners had to push back the deadline of the deal to the end of February from a previous deadline of January 31.

However, China's Ministry of Commerce, which is responsible for the approval of outbound investment by Chinese companies, has repeatedly said it has not received an application from Tengzhong.

One source said earlier this month that the chances of having the deal approved had dropped to 50-50, adding that the Hummer's image as a gas-guzzler was working against it as China pushes for a greener economy and the global trend shifts to low-emission cars.

"Tengzhong has not given up hope yet to win government approval, but buying Hummer through an offshore investment vehicle could be an option if it can't get the green light," said a source close to the deal.

Agencies