



BEFORE THE
COMPETITION COMMISSION OF PAKISTAN

IN THE MATTER OF

FIRST PHASE REVIEW

ACQUISITION OF SHARES OF WESTERN ENERGY PRIVATE
LIMITED BY SHANGHAI PILOT FREE TRADE ZONE WELL ENERGY
TECHNOLOGY CO. LIMITED

CASE: 813/MERGER-CCP/16

Commission

Ms. Vadiyya Khalil
Chairperson

Mr. Mueen Batlay
Member



ORDER

I Background

- 1 Western Energy Private Limited ("Target") through its authorized representative submitted a pre-merger application (the "Application") to the Competition Commission of Pakistan (the "Commission") dated 24 May 2016 (received on 25 May 2016), notifying the acquisition of its shares by Shanghai Pilot Free Trade Zone Well Energy Technology Co. Limited ("Acquirer"). The Application was submitted along with the applicable processing fee and complete supporting documentation in accordance with the provisions of the Competition Act, 2010 (the "Act") and the Competition (Merger Control) Regulations 2007 (the "Merger Regulations").

The Commission's review of the intended merger is as under:

II Merger Parties

Acquirer

- 2 Shanghai Pilot Free Trade Zone Well Energy Technology Co. Limited is a sole proprietorship to be engaged in the development, consulting, technical services and in the transmission of energy in industrial and project investments in China. It is newly incorporated company, as such acquirer is yet to commence any business activities, so the transaction cost will be met by its holding company (Shanghai Marine Diesel Engine Research Institute). Total turnover of Shanghai Marine Diesel Engine Research Institute for the year ending on 31-12-2015 was PKR _____ and value of total assets remained PKR _____ for the same period.

Target

- 3 Western Energy Private Limited was incorporated in Pakistan on 09 July 2013 as a private Limited Company under Companies Ordinance 1984. It is incorporated to develop, own, manage and operate 50 MW wind power generation plant for sale of electricity. At present it is in the stage of development so currently it has no turnover.

III Transaction

- 4 The envisaged merger involves an acquisition of _____ shares of the Western Energy Private Limited by the acquirer at a consideration of PKR _____ (at the face value of Rs. _____). At present target is in the development stage and currently have no assets, the amount shown as assets in the balance sheet depicts project development cost, loans and advances and bank balance.

- 5 The transaction meets the notification thresholds prescribed in Regulation 4(2)(a)(b)&(d) of the competition (Merger Control) Regulations, as acquirer's assets valuing more than PKR 300 Million and combined assets of the merging entities being more than PKR 1.0 Billion rupees and turnover of acquirer more than PKR 500 million and combined turnover being more than PKR 1.0 Billion and percentage of the voting shares to be acquired exceeds 10% of the total shareholding of the target.



IV Findings of the Phase I investigation on the competition assessment

6 The competition assessment in Phase I has resulted in the following finding:

- Acquirer is newly incorporated Chinese based company intended to be involved in providing technical services and in the transmission of energy, as acquirer is incorporated in 2015 that's why it is yet to commence business activities to generate revenue, while target is still in the stage of development to manage, develop and own 50MW wind power generation plant. Both merger parties are inoperative, post-merger the transaction does not meet the presumption of dominance as determined under Section 2(1)(e) read with Section 3 of the Competition Act 2010 (the "Act").

V Conclusion

7 It is therefore proposed that the said transaction is hereby authorized under Section 31(1) (d) (i) of the Act

8 It is so ordered.

Vadiya Khalil

(Vadiya Khalil)
Chairperson

Mueen Batlay

(Mueen Batlay)
Member



Islamabad, 30th, September 2016.