



**BEFORE THE  
COMPETITION COMMISSION OF PAKISTAN**

**FIRST PHASE REVIEW**

**IN THE MATTER OF ACQUISITION OF .% SHAREHOLDING OF M/S.  
PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED BY M/S. PIA  
HOLDING COMPANY LIMITED**

**CASE: 1444/Merger-CCP/2024**

Commission

Dr. Kaib Anmeed Sidnu



Mr. Saeed Ahmad Nawaz  
Member

## ORDER

1. On 08<sup>th</sup> April, 2024, the Competition Commission of Pakistan ("**Commission**") received a pre-merger application (hereafter the "**Application**") submitted jointly by the following parties:
  - i. M/s. Pakistan International Airlines Corporation Limited (hereafter the "**Target**" or "**PIA**"); and
  - ii. M/s. PIA Holding Company Limited (hereafter the "**Holdco**" or "**Acquirer**").
2. The Application was made pursuant to Section 11 of the Competition Act, 2010 (hereafter the "**Act**") read in conjunction with Regulation 6 of the Competition (Merger Control) Regulations, 2010 (hereafter the "**Merger Regulations**").
3. The proposed transaction entails acquisition of 100% shareholding of PIA by the Holdco pursuant to a Scheme of Arrangement (hereafter the "**Scheme**") as part of the Government of Pakistan's privatisation process.
4. The Commission has examined the Application as well as all the documents attached therewith and the information provided by the concerned undertaking(s). The Phase I competition assessment of the intended transaction has revealed the following facts:

4.1. The business activities of the undertakings concerned are:

- a) Holdco: A public limited company incorporated in Pakistan and is wholly-owned by the Government of Pakistan through its nominees i.e., Secretary Aviation Division, Secretary Privatisation Division and Secretary Finance Division. It has recently been incorporated to succeed to specified assets, liabilities and subsidiaries of PIA including specific business, property, rights, liabilities and obligations of PIA both inside and outside Pakistan.
- b) Target: A public listed company incorporated in Pakistan and is engaged in the provision of Aviation and allied services including engineering, handling, cargo, flight kitchen and training.

4.2. As per the submitted Application, the Federal Government approved the proposal contained in the summary titled 'Divestment of PIACL – Legal Segregation Plan and Transaction Structure' submitted by the Privatisation Division vide its decision on 06<sup>th</sup> February 2024.

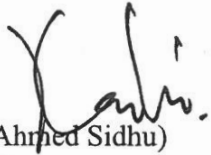
4.3. The transaction is being effected by way of a Scheme of Arrangement filed by PIA and Holdco before the Securities and Exchange Commission of Pakistan ("**SECP**") pursuant to Sections 279-282 and 285(8) of the Companies Act, 2017 (the "**Companies Act**") on 28<sup>th</sup> March 2024.

As approved by the Federal Government, PIA is to undergo a restructuring process through the Scheme. As per the Scheme, the Acquirer will be transferred 100% shareholding of the Target. Additionally, Non-Core Assets and Non-Core Liabilities will split from PIA and it will also be transferred to the Acquirer.

The relevant market in this case has been identified as "**Real Estate**" while the relevant geographic market is "**Pakistan**", as properties owned by PIA are across the country where the conditions of competition are sufficiently homogenous.



- 4.6. The core aviation activities and allied services are not being transferred through the Scheme and will remain with PIA. The Non-Core Assets being transferred to Holdco includes real estate. Furthermore, these Non-Core Assets represent statistically insignificant portion of the total real estate market in the relevant geographic market.
5. The proposed transaction will not result in dominance of the Acquirer in the relevant market, post-transaction, as determined under Section 2(1)(e) read with Section 3 of the Act. Therefore, it is hereby authorized under Section 31(1)(d)(i) of the Act.
6. In the subject transaction, matters which may fall outside the scope of the Commission's purview, remain subject to applicable laws.
7. It is so ordered.



(Dr. Kabir Ahmed Sidhu)

Chairman



(Mr. Saeed Ahmad Nawaz)

Member



Islamabad

MAY 3<sup>rd</sup>

, 2024.