

BEFORE THE
COMPETITION COMMISSION OF PAKISTAN

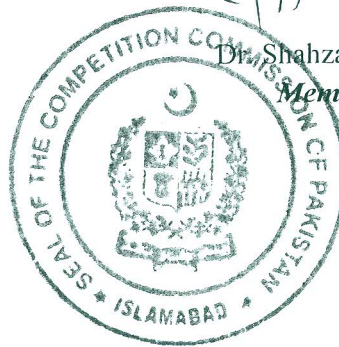
FIRST PHASE REVIEW

IN THE MATTER OF ACQUISITION OF % EQUITY INTEREST IN M/S. ASHKOT ENERGY (PVT.) LTD BY SICHUAN ENERGY INDUSTRY INVESTMENT POWER DEVELOPMENT CO. LIMITED, CHANGSHU FENGFAN POWER EQUIPMENT CO. LIMITED AND M/S. SICHUAN WESTERN YANGGUANG ELECTRIC POWER DEVELOPMENT CO. LIMITED THROUGH M/S. CHINA PAK ENERGY INVESTMENT (SUZHOU) CO. LIMITED, FROM MR. KHALID FAIZI AND MR. ABDUL WAHAB ABBASI.

CASE: 972/Merger-CCP/18

Commission


Ms. Vadiyya Khalil
Chairperson




Dr. Shahzad Ansar
Member

ORDER

1. On the 1st of June, 2018, the Competition Commission of Pakistan ("**Commission**") received a pre-merger application ("**Application**") sent M/s. Ashkot Energy (Pvt.) Ltd ("Ashkot" or "Target") notifying the Commission of the acquisition of % shares of Ashkot by M/s. Sichuan Energy Industry Investment Power Development Co. Limited ("**SCEIPD**"), M/s. Changshu Fengfan Power Equipment Co. Limited ("**Fengfan**"), M/s. Sichuan Western Yangguang Electric Power Development Co. Limited ("**Yangguang**"), indirectly through M/s. China Pak Energy Investment (Suzhou) Co. Limited ("**CPEI**") (collectively "**Acquirers**"), from Mr. Khalid Faizi ("**KF**") and Mr. Abdul Wahab Abbasi ("**AW**") (collectively "**Sellers**"), pursuant to Section 11 of the Competition Act, 2010 ("**Act**") read with Regulation 6 of the Competition (Merger Control) Regulations, 2016 ("**Merger Regulations**").
2. The Commission has examined the pre-merger application as well as all the documents attached therewith, the market scenario, and its observations on the basis of independent research/investigation in the relevant market. The Phase I competition assessment of the intended acquisition has resulted in the following findings:
 - i. The business activities of the concerned parties are:
 - a. For the Acquirers:
 1. CPEI: Investment Vehicle for current transaction.
 2. SCEIPD: Development, construction, management and operation of renewable energy power-projects.
 3. Fengfan: Research, develop, process and manufacture steel towers for the power industry, steel structures of substation, electricity facilities and communication towers.
 4. Yangguang: Production and sale of electric power, technical consultation services, leasing of electric power equipment and real estate management.
 - b. For the Target: Design, finance, build, own and operate a 1000 MW Hydel Power Station on Neelum River at District Neelum in Azad Jammu & Kashmir.
 - ii. As per the Application, the Acquirers collectively intend to purchase % equity interest in Ashkot from KF and AW. This represents million shares at a par value of PKR each, for a total of PKR million, which is the transaction value in this case.
 - iii. The relevant product market is that of Power Generation, while the relevant geographic market is Pakistan except for the area served by M/s. K-Electric. The Target's share of the relevant market will be approximately %, based on capacity, which will remain unchanged post-transaction.
 - iv. The transaction is not likely to result in the creation or strengthening of dominant position in the relevant market. The intended merger does not meet the presumption of dominance as determined under Section (2) (1) (e) read with Section 3 of the Act.
3. In conclusion, the proposed transaction is unlikely to substantially lessen competition through the creation or strengthening of a dominant position in the relevant market. The proposed transaction is hereby authorized under Section 31 (1) (d) (i) of the Act.
4. It is so ordered.

Vadiyya Khalil

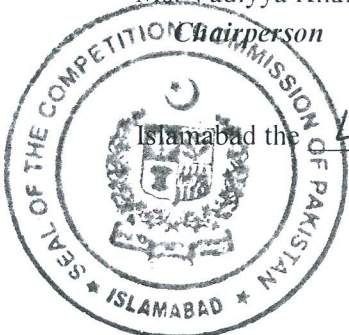
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Islamabad the

4th July 2018