



BEFORE THE
COMPETITION COMMISSION OF PAKISTAN

FIRST PHASE REVIEW

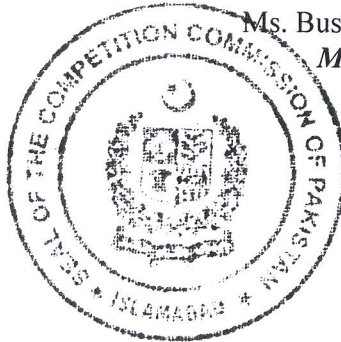
IN THE MATTER OF ACQUISITION OF SHAREHOLDING IN M/S. DATANG
PAKISTAN KARACHI POWER GENERATION (PRIVATE) LIMITED BY
M/S. K-ELECTRIC LIMITED FROM M/S. CHINA DATANG OVERSEAS
INVESTMENT CO. LTD

CASE: 1055/Merger-CCP/19

Commission

Ms. Vadiyya S. Khalil
Chairperson


Ms. Bushra Naz Malik
Member



ORDER

1. On 28th August 2019 the Competition Commission of Pakistan ("**Commission**") received a pre-merger application ("**Application**") of a proposed acquisition pursuant to Section 11 of the Competition Act, 2010 ("**Act**") read with Regulation 6 of the Competition (Merger Control) Regulations, 2016 ("**Merger Regulations**") where M/s. K-Electric Limited ("**Acquirer**" or "**Applicant**") will acquire _____ shareholding in M/s. Datang Pakistan Karachi Power Generation (Private) Limited ("**Target**") from M/s. China Datang Overseas Investment Co. Ltd ("**Seller**") pursuant to a Memorandum of Understanding.
2. The Commission has examined the 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 transaction has resulted in the following findings:
 - i. The business activities of the undertakings concerned are:
 - a. For the Acquirer: A vertically integrated investor-owned utility managing all three key stages – generation, transmission and distribution – of producing and delivering energy to consumers.
 - b. For Target: Set up for the purpose of setting up a _____ MW coal-fired power plant in Karachi, Pakistan.
 - c. For the Seller: An Investment company.
 - ii. The proposed transaction consists of the Acquirer intending to acquire _____ of the total issued ordinary shares of the Target from the Seller. Previously, Acquirer, Seller and M/s. China Machinery Engineering Company had entered into a binding tripartite Joint Development Agreement ("**JDA**") for the development of the Target entity at Port Qasim. Approval for such joint collaboration was given by the Commission through order dated August 4, 2016 bearing case number 818/Merger-CCP/2016.
 - iii. Although, the Target has not commenced operations yet, it is involved in the relevant product market of "**Electricity Generation**" having a geographic market identified as of "**Karachi and the nearby areas of Dhabeji, Gharo in Sindh and Hub, Uthal, Vindhhar and Bela in Balochistan**". Following the contemplated transfer, Acquirer will hold _____ of the total issued share capital of the Target and this will boost Acquirer's generation portfolio in the power sector.
 - iv. The transaction is not likely to result in the creation or strengthening of a 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 Competition Act 2010 ("**Act**").
3. In conclusion, the proposed transaction is not likely 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 S. Khalil)
Chairperson


(Ms. Bushra Naz Malik)
Member

Islamabad the 14th September, 2019.

