



## MERGER DECISION NO 03: 2022

### Notice in Terms of Section 53(4)(a)(ii) of the Competition Act

#### **THE PROPOSED ACQUISITION OF 50.75% OF THE ISSUED SHARES IN DAEWOO ENGINEERING & CONSTRUCTION CO. LTD BY JUNGHEUNG ENGINEERING & CONSTRUCTION LTD AND JUNG HEUNG CONSTRUCTION LIMITED**

##### Introduction of the Merging Parties

- i. Pursuant to Section 53(4)(a)(ii) of the Competition Act of 2018 (“the Act”), notice is hereby given on the decision made by the Competition and Consumer Authority (“the Authority”) in respect of the proposed acquisition of 50.75% of the issued shares in Daewoo Engineering & Construction Co. Ltd (Daewoo E & C) by Jungheung Engineering & Construction Ltd (JEC) and Jung Heung Construction Limited (JHC). The transaction was notified to the Authority on 17<sup>th</sup> December 2021 and was completed on 25<sup>th</sup> January 2022.
- ii. The Acquiring Enterprises, JEC and JHC, are incorporated in accordance with the Laws of the Republic of Korea. Both companies are controlled by the Chung Family (natural persons). Neither JEC nor JHC directly or indirectly controls any company in Botswana. However, it suffices to state that the Acquirers are construction companies which engage in civil engineering, residential building construction, non-residential building construction, urban development and maintenance. These services are currently only offered in South Korea.
- iii. The target enterprise, Daewoo E & C, is a company incorporated in accordance with the Laws of Republic Korea. Daewoo E & C directly controlled by KDB Investment No. 1 Limited, which in turn is involved in the investment business. On the other hand, Daewoo E & C is involved in the construction business and mainly engaged in civil engineering, plant construction, residential building construction, non-residential building construction and urban development and maintenance business. Daewoo E & C provides these services only in Kazungula.

##### Relevant Markets

- iv. In Botswana, the Acquiring Enterprises do not have any business operations. Additionally, the Acquirers do not control any companies with operations in Botswana.

- v. On the other hand, the target entity, Daewoo E & C, is involved in the construction business and mainly engaged in civil engineering, plant construction, residential building construction, non-residential building construction and urban development and maintenance business. In Botswana, Daewoo E & C was involved in the construction of the Kazungula Bridge where all these services were provided.
- vi. Therefore, due to the absence of an overlap in the activities of the merging parties, the Authority maintains that it is not necessary to reach a definitive view on the exact scope of the product market as the market structure is not expected to change post implementation of the proposed transaction.

#### Competitive Analysis and Public Interest

- vii. The Authority's assessment revealed that the proposed transaction is not likely to result in the prevention or substantial lessening of competition, or endanger the continuity of the service offered in the relevant market.

#### The Determination

- viii. The Authority determined through the analysis of the facts of the merger, that the proposed transaction is not likely to result in the prevention or substantial lessening of competition, or endanger the continuity of the services offered in the relevant market. Furthermore, no public interest concerns have been identified.
- ix. Pursuant to the provision of section 53 of the Competition Act, the Authority has decided to unconditionally approve the proposed acquisition of 50.75% of the issued shares in Daewoo Engineering & Construction Co. Ltd by Jungheung Engineering & Construction Ltd and Jung Heung Construction Limited.

However, as stated under section 61 of the Act, this approval does not override or negate any other mandatory statutory approvals or processes that any of the parties to this merger must comply with under the Laws of Botswana.

Dated at Gaborone on this 25<sup>th</sup> day of January 2022.

Tebelelo Pule, Chief Executive Officer, Competition and Consumer Authority,  
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