



BEFORE THE
COMPETITION COMMISSION OF PAKISTAN

FIRST PHASE REVIEW

IN THE MATTER OF ACQUISITION OF % SHARES OF M/S. SINOCHEM
GROUP CO. LIMITED & M/S. CHINA NATIONAL CHEMICAL
CORPORATION LIMITED BY M/S. HOLDING COMPANY

CASE: 1100/Merger-CCP/20

Commission

Ms. Shaista Bano Gilani
Member

Ms. Bushra Naz Malik
Member



ORDER

1. On 11th May 2020 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**") from M/s. Sinochem Group Co. Limited ("**Sinochem**" or "**Target 1**") & China National Chemical Corporation Limited ("**ChemChina**" or "**Target 2**"), whereby M/s. Holding Company ("**Holding Company**" or "**Acquirer**") intends to acquire $\frac{1}{3}$ shareholding in the Target companies from M/s. State-owned Assets Supervision and Administration Commission of the State Council China ("**SASAC**" or "**Seller**") pursuant to a Strategic Restructuring Memorandum.
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: Exercise shareholder's rights and assume shareholder's obligations for both Target companies.
 - b. For the Target 1: Engaged in four strategic units of business ("**SBU**"); Energy SBU, Chemicals SBU, Real Estate SBU and Finance SBU
 - c. For the Target 2: New chemical materials and specialty chemicals, agrochemicals, oil processing and refined products, tire and rubber products, chemical equipment and R&D.
 - d. For the Seller: Supervising the preservation and increment of the value of the state-owned assets of supervised enterprises.
 - ii. The proposed transaction involves Holding Company acquiring $\frac{1}{3}$ % of the issued share capital of the Target companies. The transaction consideration is RMB (Approx. PKR 4,000,000,000).
 - iii. The relevant product market has been identified as "**Crop protection Products**" while the geographic market is "**Pakistan**". The estimated market share of Sinochem's subsidiaries that are involved in crop protection products is below 1%, while the estimated market share of ChemChina's subsidiaries that are involved in the crop protection products is below 1%.
 - iv. Post-transaction, these market shares will remain unchanged.
 - v. 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.

(Ms. Shaista Bano Gilani)
Member

(Ms. Bushra Naz Malik)
Member

Islamabad the July 15, 2020.

