



**BEFORE THE  
COMPETITION COMMISSION OF PAKISTAN**

**FIRST PHASE REVIEW**

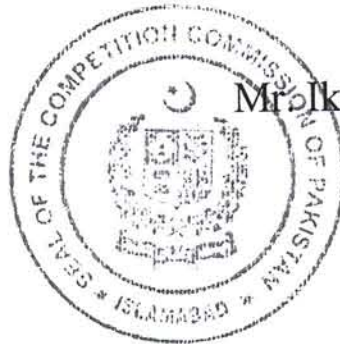
**In the Matter of Acquisition of shareholding in Cinepax  
Limited by Abraaj Cinema Holdings Limited from Mr. Jens  
Yahya Zimmermann**

**CASE: 915/Mergers/CCP/17**

**Commission:**

Ms. Vadiyya Khalil

*Chairperson*



Mr. Ikram Ul Haque Qureshi

*Member*

## BACKGROUND

1. The Competition Commission of Pakistan ("The Commission") is in receipt of a pre-merger application (The "Application") dated September 25<sup>th</sup>, 2017, for the acquisition of [redacted] shareholding in Cinepax Limited (Cinepax" or "The Target") by Abraaj Cinema Holdings Limited ("Abraaj Holdings" or "The Acquirer") from Mr Jens Yahya Zimmermann ("The Seller").

## PARTIES

### Acquirer

2. Abraaj Holdings is a private limited company incorporated under the laws of Mauritius. It is a holding company incorporated solely for the purpose of investing in the Target. Its principal business is to acquire and hold membership interests in the Target and it will also be engaged in the business of making investments. Abraaj holdings has yet to achieve its financial year end.
3. The Acquirer is a wholly owned subsidiary of the Abraaj Group. Abraaj group is incorporated and existing under the laws of Mauritius and has interests in a large number of companies by virtue of its investments across numerous sectors and jurisdictions. The total revenue for Abraaj group for year end 30 June 2016 is PKR [redacted] (USD [redacted]), and total Assets amount to PKR [redacted], USD [redacted].

### Target

4. Cinepax is incorporated under the laws of Islamic Republic of Pakistan and has its registered office in Civil Lines, Karachi. It is in the business of owning and operating cinema screens across Pakistan.
5. Turnover for Cinepax for year ended 30 June 2016 amounts to PKR [redacted] and total assets in the same period were recorded as PKR [redacted].

## THE TRANSACTION

6. The transaction involves the purchase of [redacted] voting ordinary shares representing [redacted] of the paid up share capital in the Target, for the purchase price of PKR [redacted] per share, pursuant to the terms of the Share and Purchase agreement dated 12 September 2017 entered into by and between the Acquirer and the Seller, Mr Jens Yahya Zimmermann.

The value of proposed transaction is PKR [redacted]



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8. The transaction meets the thresholds prescribed in Regulation 4 (2) (a), (b), (c) and (d) of the Merger Regulations as the combined assets of the undertakings are greater than PKR 1 billion. The combined annual turnover of the undertakings is greater than PKR 1 billion, the transaction value is greater than 100 million rupees and the percentage of total shares acquired are more than 10%.

#### THE RELEVANT MARKET

9. The relevant product market is taken as the market for owning and operating cinema screens, as the Target's primary business is that of owning and operating cinema screens.
10. The relevant geographic market is taken to be Pakistan as the conditions of competition are homogeneous across the country.

#### COMPETITION ASSESSMENT

11. The Acquirer has presence in the relevant market by virtue of holding \_\_\_\_\_ shareholding in the Target. The purpose of this transaction is to strengthen the acquirer's shareholding in the Target, and as a result of the proposed transaction, the acquirer's shareholding will increase to \_\_\_\_\_.
12. Neither the Acquirer nor its affiliates are involved in any business or have any presence in the Pakistan which is similar to that of the business of the Target or any business which is downstream or upstream from that of the Target's business in Pakistan.
13. According to the information provided by the applicant, the total market size for movie ticket sales in Pakistan, also known as the Gross box office revenues, is estimated to be PKR \_\_\_\_\_. As the industry is fragmented and largely undocumented the total market size can only be estimated. The GBO for the Target is PKR \_\_\_\_\_.
14. Based on the information provided above the market share is \_\_\_\_\_.
15. The market share of the Target will remain the same post transaction as the Acquirer is not in the same business as the Target.
16. Potential entry barriers may be considered as high capital cost and licensing requirement from the Government of Pakistan.

The proposed transaction will not substantially lessen competition by creating or strengthening a dominant position in the relevant market as determined by section 2(1) (e) read with Section 3 of the Competition Act, 2010.



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**CONCLUSION**

19. In conclusion, there is no evidence to suggest a substantial lessening of competition by creating or strengthening a dominant position in the relevant market. The proposed transaction is hereby authorized under Section 31 (1) (d) (i) of the Act.

20. It is so ordered.

*Vadiya Khalil*

(Vadiyya Khalil)  
**Chairperson**

*Ikram Ul Haque Qureshi*

(Ikram Ul Haque Qureshi)  
**Member**



Islamabad the 9<sup>th</sup> Oct, 2017