



**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 11<sup>th</sup> 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 % 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 % of the issued share capital of the Target companies. The transaction consideration is RMB (Approx. PKR ' ).
  - 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 % , while the estimated market share of ChemChina's subsidiaries that are involved in the crop protection products is below % .
  - 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.

