



BEFORE THE
COMPETITION COMMISSION OF PAKISTAN

FIRST PHASE REVIEW

In the matter of acquisition of shares of M/s.
Cinepax Limited by M/s. Abraaj Cinema Holding Limited

CASE: 898/Mergers/CCP/17

Commission

Ms. Vadiyya S. Khalil

Chairperson



Mr. Ikram Ul Haque Qureshi

Member

I. BACKGROUND

1. On 09 June 2017, the Competition Commission of Pakistan ("**Commission**") received a pre-merger application (the "**Application**") filed by M/s Abraaj Cinema Holding Limited (the "**Acquirer**" or the "**Applicant**"), a wholly-owned subsidiary of the Abraaj Group of Dubai (the "**Abraaj Group**"), notifying and seeking clearance by the Commission of the acquisition of shares of M/s Cinepax Limited ("**Cinepax**" or the "**Target**") pursuant to a draft Share Subscription Agreement ("**SSA**") and a Shareholder's Agreement ("**SA**") dated 05 June 2017 (SSA and SA may be collectively referred to as the "**Agreements**"). The Application is filed under Section 11 of the Competition Act 2010 (the "**Act**") read with Regulation 6 of the Competition (Merger Control) Regulations 2016 (the "**Merger Regulations**").

II. PARTIES

Abraaj Group

2. The Abraaj Group is a company incorporated and existing under the laws of Mauritius. It has interests in a large number of companies by virtue of its investments across numerous sectors and jurisdictions.
3. The Abraaj Group's turnover for the year 2014/2015 remained USD (approximately PKR) while their total assets remained USD (approximately PKR) for the same period.

Acquirer

4. The Acquirer is a private limited company incorporated under the laws of Mauritius and having its place of business at Port Louis, Mauritius. The company is wholly owned subsidiary of the Abraaj Group, incorporated solely for the purpose of this transaction. As notified by the Application, the Acquirer's principal business is to acquire and hold membership interests in the Target and it will also be engaged in the business of making investments.



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5. Since the Acquirer is incorporated solely for the purpose of this transaction, it does not have a determinable turnover. Therefore, the Abraaj Group is the ultimate Acquirer for the purposes of this transaction.

Target

6. Cinepax is incorporated under the laws of the Islamic Republic of Pakistan and has its registered office in Karachi, Pakistan. The company is engaged in the business of operating one of Pakistan's largest multiplex cinemas in the major cities of Pakistan.
7. Cinepax's turnover for the year ended 30th June 2016 remained PKR _____ and its total assets remained PKR _____ for the same period.

III. TRANSACTION

8. The transaction envisages subscription of _____ ordinary shares by the Acquirer, representing _____ of the issued paid-up capital of the Target. The subscription price per share is PKR _____ to be paid by the Acquirer to the Target pursuant to the terms of the Agreement. The total consideration for the intended transaction is PKR _____.
9. 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 exceed PKR 1 billion while the combined annual turnover of the undertakings also exceeds PKR 1 billion. The transaction value is more than PKR 100 million and the percentage of shares to be acquired is also more than 10% of the voting shares of the Target.

IV. RELEVANT MARKET

10. Cinepax is Pakistan based one of the largest cinema groups owning and operating a chain of _____ multiplex cinema in over seven 7 cities at present. The relevant product market has been identified as the market for owning and operating multiplex commercial cinema



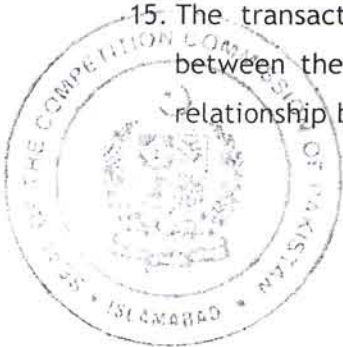
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screens which may include cinema exhibition, cinema screen advertising or display advertising market.

11. Given Cinepax's current structure and operations, the relevant geographic market can further be segmented based on Cinepax operation on a city-by-city basis and public's outreach and distance from the demand-side perspective. However, based on the geographic focus of the instant transaction, the relevant geographic market is considered to be the whole of Pakistan.

V. FINDINGS OF THE PHASE I COMPETITION ASSESSMENT

12. On the basis of the information provided by the Applicant, the Acquirer is a special purpose vehicle incorporated for the purposes of intended acquisition. The company is registered as a holding company, which in turn, is a wholly-owned subsidiary of the Abraaj Group. The Acquirer's principal business is to acquire and hold membership interests in the Target and it will also be engaged in the business of making investments.
13. The intended acquisition involves subscription of _____ ordinary shares in Cinepax by the Acquirer. With this investment, the Target plans to roll out a significant number of additional screens across the country and has already contracted a number of sites to be deployed.
14. According to the Applicant, based on the internal assessment of Cinepax, the total market size for movies ticket sales in Pakistan, also known as Gross Box Office (GBO) revenue remained approximately PKR _____ for the financial year 2016. It has been further submitted that on the basis Cinepax channel checks, GBO per screen across the country is approximately _____ lower than Cinepax's average GBO per screen. Hence, the established market share of Cinepax based on GBO revenue is approximately _____.
15. The transaction does not give rise to any significant horizontal or vertical overlaps between the activities of the merging parties. Rather, it gives rise to a conglomerate relationship between the businesses of the parties. The transaction is unlikely to result in



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an anticompetitive concentration of market power or any anticompetitive foreclosure in the relevant market.

16. Post-acquisition, the Acquirer will become a shareholder in the Target. The Commission considers, on the basis of information submitted by the Applicant/Acquirer, the transaction is not likely to result in adverse impact on competition in the relevant market. Moreover, the transaction does not meet the presumption of dominance as defined under Section 2 (1) (e) of the Act read with Section 3.

VI. CONCLUSION

17. The transaction is unlikely to result in substantial lessening of competition by creating or strengthening of dominant position in the relevant market. The Commission hereby authorizes the proposed transaction under Section 31 (1) (d) (i) of the Act.

18. It is so ordered.

Vadiyya S. Khalil

Vadiyya S. Khalil
Chairperson

Ikram Ul Haque Qureshi

Ikram Ul Haque Qureshi
Member



Islamabad the 12th July 2017