



## **MEDIA RELEASE**

28 March 2018

### **PROPOSED POULTRY SLAUGHTERING HUB: CCS CONSULTS ON PROPOSED COMMITMENTS PROVIDED BY JOINT VENTURE PARTIES TO ADDRESS COMPETITION CONCERNS**

1. The Competition Commission of Singapore (“CCS”) is conducting a public consultation from 28 March 2018 to 3 April 2018 and invites interested parties to provide feedback on the commitments proposed by Mr. Tan Chin Long (“TCL”),<sup>1</sup> Kee Song Holdings Pte. Ltd. (“KSH”), Sinmah Holdings (S) Pte. Ltd, Tong Huat Poultry Processing Factory Pte. Ltd. (“Tong Huat”) and Tysan Food Pte. Ltd. (“Tysan”) (each an “Applicant” and collectively the “Applicants”) to address competition concerns identified by CCS in relation to the Applicants’ formation of Singapore Poultry Hub Pte. Ltd. (“SPH”) to provide poultry slaughtering services<sup>2</sup> (the “Joint Venture”).<sup>3</sup> The proposed SPH will provide slaughtering services for and on behalf of each Applicant (or its respective affiliates).

2. Following CCS’s review of the Applicants’ submissions, CCS had identified certain competition concerns arising from the Joint Venture. Specifically, CCS’s competition concerns arise from the fact that the Applicants are, and will remain as,

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<sup>1</sup> TCL, together with his wife, is the controlling shareholder of Boong Poultry Pte. Ltd.

<sup>2</sup> This comprises killing and bleeding, scalding and de-feathering, evisceration, inspection of eviscerated carcasses, cooling of carcasses, and tagging of dressed poultry.

<sup>3</sup> CCS received a complete joint notification for decision from the parties on 12 September 2017 in relation to the Joint Venture. The notification was made in relation to section 34 of the Competition Act (Cap. 50B) (the “Act”), which prohibits agreements between undertakings, decisions by associations of undertakings or concerted practices which have as their object or effect the prevention, restriction or distortion of competition within Singapore. Please see CCS’s media release of 14 September 2017 for further details, at the following: <https://www.ccs.gov.sg/media-and-publications/media-releases/public-consult-proposed-jv-poultry-slaughtering-hub>

competitors in the poultry industry in Singapore. The Applicants have submitted that they (or their affiliates) will separately continue with commercial activities that are upstream<sup>4</sup> and downstream<sup>5</sup> to the slaughtering services (collectively, “the Retained Activities”), i.e., they remain as competitors in the Retained Activities even whilst SPH undertakes chicken slaughtering on their behalf. As the Applicants are in the unique position of being shareholders of the SPH, with directors whom they will appoint to the SPH’s Board, the Joint Venture may potentially facilitate the sharing of confidential and commercially sensitive information relating to the respective Applicants’ chicken supplies and slaughtering requirements. The sharing of such information among the Applicants is in turn likely to adversely affect competition in the markets for the Retained Activities.

3. To address these competition concerns, the Applicants have proposed commitments (“Proposed Commitments”) which include:

- a) The Applicants’ undertaking not to exchange any form of ‘Highly Confidential Information’;<sup>6</sup>
- b) Establishing a ‘Clean Team’<sup>7</sup> to manage ‘Commercially Sensitive Information’<sup>8</sup> within SPH;
- c) Mandating the signing of non-disclosure agreements to enforce (a) and (b) above;
- d) Establishing an effective competition compliance programme which includes training/briefing sessions, compliance manuals, a whistle-blower programme and annual declarations of compliance; and

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<sup>4</sup> The upstream Retained Activities relate to the procurement of live poultry from AVA-approved farms in Malaysia.

<sup>5</sup> The downstream Retained Activities relate to (i) further processing services for chicken products (such as marinating, cooking and freezing services); and (ii) the marketing and distribution of fresh chilled chickens (whole and parts), frozen chickens (whole and parts) and/or frozen processed chicken-related food products to the wholesale market in Singapore (e.g., wet markets, supermarkets, hotels, hawker centres, etc.).

<sup>6</sup> ‘Highly Confidential Information’ refers to confidential and commercially sensitive information relating to the Applicants’ upstream and downstream Retained Activities (where applicable), which is not necessary for the day-to-day operations of SPH.

<sup>7</sup> The ‘Clean Team’ will comprise SPH’s senior management and SPH employees that require access to ‘Commercially Sensitive Information’ for the day-to-day operations of SPH, such as accounts staff. It will be independent from the Applicants and their affiliates.

<sup>8</sup> ‘Commercially Sensitive Information’ refers to confidential information pertaining to SPH’s customers (including the Applicants), which the Applicants have submitted is necessary for the day-to-day operations of SPH.

- e) Appointing a Monitoring Trustee<sup>9</sup> to monitor compliance with all of the above.

It is also proposed that the commitments be in place for the lifetime of the Joint Venture.

### **Public Consultation**

4. CCS now seeks feedback on the Proposed Commitments at **Annex A** to assist in its determination of whether they will sufficiently address the competition concerns arising from the Joint Venture. CCS will issue its decision relating to the Joint Venture and the Proposed Commitments, following the public consultation.

5. More information on the Joint Venture can be accessed and downloaded from the CCS's website at [www.ccs.gov.sg](http://www.ccs.gov.sg) under the section "Public Register and Consultation". The closing date for submissions is **3 April 2018**. If such submissions contain confidential information, please also provide CCS with a non-confidential version of the same.

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### **About The Competition Commission of Singapore (CCS)**

CCS is a statutory board established under the Competition Act (Chapter 50B) on 1 January 2005 to administer and enforce the Act. It comes under the purview of the Ministry of Trade and Industry. The Act empowers CCS to investigate alleged anti-competitive activities, determine if such activities infringe the Act and impose suitable remedies, directions and financial penalties.

For more information, please visit [www.ccs.gov.sg](http://www.ccs.gov.sg).

### **For media clarifications, please contact:**

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<sup>9</sup> The Monitoring Trustee will monitor the Applicants' compliance with the commitments for such time until the Applicants successfully apply to CCS for the cessation of the monitoring period, after an initial three years. The Monitoring Trustee will be able to conduct unannounced inspections and audits at SPH's premises, in addition to other forms of checks. The Applicants' appointment of the Monitoring Trustee is subject to CCS's approval.

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