



FAIR MARKETS FOR **SUSTAINABLE GROWTH**

CCCS ANNUAL REPORT 2021/2022

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Theme

Environmental sustainability has become one of the most important priorities facing many economies, including Singapore. Consumers and businesses are more conscious of their actions on the environment. CCCS looks ahead to examine the role of competition and consumer protection in supporting this priority as stakeholders work together, to achieve "Fair Markets for Sustainable Growth".

ABOUT CCCS

The Competition and Consumer Commission of Singapore ("CCCS") administers and enforces the Competition Act 2004 which prohibits anti-competitive practices as well as the Consumer Protection (Fair Trading) Act 2003 or CPFTA which protects consumers against unfair trade practices in Singapore. CCCS also represents Singapore on competition matters and consumer protection matters in the international arena. In addition, CCCS has a statutory duty to advise the government or other public authorities on national needs and policies in respect of competition and consumer protection matters.

The functions of CCCS are supported by seven divisions, which include: (1) Business & Economics, (2) Consumer Protection, (3) Corporate Affairs, (4) Enforcement, (5) International, Communications & Planning, (6) Legal, and (7) Policy & Markets.

VISION

A vibrant economy with well-functioning and innovative markets.

MISSION

Making markets work well to create opportunities and choices for businesses and consumers in Singapore.

VALUES

- Integrity
- Professionalism
- Passion
- Teamwork

CHAIRMAN'S MESSAGE

Fair Markets for Sustainable Growth

In 2021, CCCS continued our efforts to take robust enforcement action against anti-competitive activities and errant suppliers who persist in unfair trade practices. We remain committed to our mission of making markets work well to create opportunities and choices for businesses and consumers in Singapore and will continue to improve and sharpen our skills and processes to adapt to the rapidly evolving economic and technological landscape.

Making Markets Work Well

Enforcement of the Competition Act 2004 and the Consumer Protection (Fair Trading) Act 2003 ("CPFTA") remains the core of our work. I am pleased to share the enforcement outcomes that CCCS has delivered in the past year.

CCCS issued a proposed infringement decision against four warehouse operators for engaging in price fixing of warehousing services at Keppel Distripark. The Parties communicated with one another on their plans to implement an identically named and priced "FTZ surcharge" on customers, for the provision of warehousing services for import cargo. In doing so, the operators knowingly substituted the risks of price competition in favour of practical cooperation between them and did not determine their prices independently. Price fixing, by its very nature, is harmful to competition, and businesses should independently determine their prices or pricing strategies.

Significant progress was made in consumer protection enforcement. CCCS investigated and obtained an undertaking from a beauty company in a case which involved false claims and pressure sales tactics, after the company failed to comply with the Voluntary Compliance Agreement entered with the Consumers Association of Singapore (CASE). CCCS continues to work closely with CASE to monitor the beauty industry, which consistently sees one of the highest rates of consumer complaints. Through enforcement and outreach, we hope to make headway in raising awareness of consumer protection laws, and to encourage businesses in the industry to adhere to good practices.

CCCS succeeded in an application to the State Courts for an injunction against a company owner and its ex-employees. These individuals had persistently engaged



Mr Max Loh Khum Whai
Chairman

in unfair practices under the CPFTA by making false and misleading claims while carrying out unsolicited door-to-door sales of fire extinguishers. The individuals were ordered by the State Courts to stop their unfair trade practices.

CASE and CCCS also issued a joint consumer advisory to alert consumers on the common tactics used by errant online retailers to mislead consumers into buying products. Consumers are advised to be alert and exercise caution when buying online to minimise the risk of falling prey to such tactics.

Enhancing the Competition Regulatory Regime

Emerging from the shadows of the COVID-19 pandemic, CCCS observed that businesses are transforming the way they operate in response to rapidly changing market conditions. While businesses may desire to collaborate with one another, they may be unfamiliar with how competition law would be applied to certain collaborations. During the year, CCCS issued a Business Collaboration Guidance Note to clarify its position on seven common types of business collaborations and the conditions under which competition concerns are less likely to arise.

In addition, CCCS reviewed its Guidelines on the Competition Act 2004, and revised them to provide greater clarity and guidance on the analytical and procedural frameworks used by CCCS in enforcing the Competition Act.

Following recommendations by CCCS, the Minister for Trade and Industry extended the Competition (Block Exemption for Liner Shipping Agreement) Order (the

"BEO") for three years, beginning 1 January 2022, in respect of vessel sharing arrangements for liner shipping services and price discussion agreements for feeder services, as they generate net economic benefits for Singapore.

Engagements in the International Fora

The adoption and enforcement of competition and consumer protection laws globally, alongside with increased cross-border trade, have increased the need for authorities to work together on common issues and to learn and share best practices with one another. CCCS continues to actively explore opportunities to establish closer ties with foreign counterparts through our participation in various regional and international platforms to strengthen cooperation in policymaking, capability-building and cross-border enforcement of competition and consumer protection laws.

CCCS is an active member of the International Competition Network ("ICN"), and since 2015, has been a member of the ICN's decision-making body, the ICN Steering Group. Currently, CCCS is also co-chair of the Agency Effectiveness Working Group ("AEWG"), alongside the Competition Authority of Botswana and the Swedish Competition Authority. During the year, we led and completed the AEWG project which examined how early case prioritisation and management would lead to the effectiveness and efficiency of enforcement.

In June 2021, CCCS became a partner of the International Consumer Protection Enforcement Network ("ICPEN"), a network of consumer protection authorities from 70 countries. Participation in ICPEN would enable CCCS to benefit from the regular exchanges with consumer protection agencies globally and to achieve greater impact in respect of consumer protection.

At the regional level, CCCS continued to share its expertise in strengthening cooperation in competition and consumer protection in ASEAN and participated in meetings and activities of the ASEAN Experts Group of Competition as well as the ASEAN Committee on Consumer Protection.

CCCS is also honoured to partner the Japan Fair Trade Commission and the Asian Development Bank Institute to virtually host the 16th East Asia Top Level Officials' Meeting on Competition Policy and the 13th East Asia Conference on Competition Law and Policy on 28 and 29 September 2021 respectively.

Cognizant of the importance of international cooperation, CCCS also established a Memorandum of Understanding ("MOU") with two of its long-standing partners. The first MOU with the Philippine Competition Commission was signed on 29 November 2021, and the second MOU with China's State Administration for Market Regulation was signed on 29 December 2021, making it a total of five MOUs that CCCS has concluded with foreign competition authorities to facilitate cooperation in enforcement of competition law. Moving ahead, CCCS will continue to actively explore opportunities to establish closer ties with foreign counterparts through such cooperation agreements.

Appreciation and a Warm Welcome

I would like to thank my fellow commission members for their support, guidance and invaluable contributions. I welcome Ms Aurill Kam, Director, Legal Clinic LLC and Associate Prof Walter Edgar Theseira, Associate Professor of Economics & Head, Master of Management (Urban Transportation), Singapore University of Social Sciences, who were appointed Board Members with effect from 1 January 2022.

On behalf of the Board, I extend my appreciation to the management team and staff of CCCS for their dedication and hard work during the year. I am also grateful to our partners and stakeholders who have supported CCCS through the years and look forward to your future contributions in achieving our vision of well-functioning and innovative markets for Singapore.



CHIEF EXECUTIVE'S MESSAGE



Ms Sia Aik Kor
Chief Executive

The pandemic has accelerated trends of consolidation, digitalisation and brought supply chain issues to the fore, raising several substantive challenges for competition authorities to deal with globally. Even as the world emerges from the pandemic, it continues to grapple with uncertainties and risks. CCCS remains steadfast in our mission to make markets work well to create opportunities and choices for businesses and consumers in Singapore. We value our partnerships with our stakeholders and will continue to collaborate with them to enhance the competition culture in Singapore.

Uptrend in Merger Notifications

CCCS adopts a voluntary merger regime. In FY2021, CCCS received a total of 11 merger notifications, the highest number of notifications received by CCCS in recent years. Of these, CCCS cleared acquisitions involving marine drilling equipment suppliers, airlines, manufacturers of aerospace control systems, suppliers of clinical trial services, and players in the semiconductor industry. Competition concerns were raised in a merger involving financial services providers London Stock Exchange Group ("LSEG") and Refinitiv Holdings. Following an in-depth review, CCCS cleared the merger after accepting a set of commitments from LSEG. Two merger notifications were ultimately withdrawn and the mergers terminated, after concerns were raised by competition authorities in other jurisdictions.

As we observe a continual trend towards collaborations and mergers, CCCS will continue to monitor developments in the market and may conduct an investigation into an unnotified merger if there are reasonable grounds for suspecting that the merger results in a substantial lessening of competition in the market.

Partnering Stakeholders to Enhance Competition and Fair Trading Culture

CCCS regularly reaches out to a wide range of stakeholders including industry associations, chambers, businesses and government agencies to promote awareness and understanding of competition and consumer protection laws, and to solicit feedback on specific competition and consumer protection matters.

During the year, CCCS organised networking sessions with the senior representatives of various trade associations and chambers. CCCS also participated as a speaker at the SCCC's SMEICC Conference 2021, where we introduced the Business Collaboration Guidance Note to a forum of SMEs from various industries. The Guidance Note provides businesses, including trade associations, with greater clarity so that businesses

can collaborate more confidently for better and more efficient outcomes without harming competition.

CCCS also organised targeted outreach efforts to address industry-specific competition and unfair trade practice issues. One of the focus sectors for the year, was the beauty and wellness industry, as it continues to experience one of the highest rates of consumer complaints. CCCS organised an online marketing campaign to raise awareness of anti-competitive agreements and unfair practices in the beauty industry. Three animation videos were produced, which collectively generated over 130,000 views on Facebook, and over 170,000 views on YouTube. A series of electronic direct mailers were disseminated to over 300 beauty businesses to raise awareness on unfair trade practices in the beauty sector. A series of talks on good business practices was also conducted to selected beauty companies in Singapore.

Another area of focus for CCCS is environmental sustainability. Combatting climate change is a priority item for many countries globally, including Singapore. Reconciling the objectives of environmental sustainability with competition law remains a challenge for competition authorities globally. On one hand, co-operation with competitors to achieve sustainable objectives is much required; on the other, businesses will still need to adhere to competition law principles. In this regard, CCCS has embarked on a series of activities to widen the discourse on sustainability to better inform its policy making process.

CCCS recently awarded a research grant of S\$50,000 to a team of researchers from the NUS Business School's Centre for Governance and Sustainability for a research project on "Promoting Best Practices in Online Marketing: An Examination of Greenwashing in Singapore". An Economics Roundtable jointly organised by CCCS and the Economic Society of Singapore ("ESS") on the topic "Sustainability, Competition and Consumer Protection" was also held to explore the different ways in which sustainability interfaces with competition and consumer protection laws. To further widen the public discourse on sustainability, CCCS and ESS launched the 5th CCCS-ESS Essay Competition on the topic "Environmental Sustainability: The role of competition and consumer protection laws and policies".

In line with our whole of government efforts to promote environmental sustainability, CCCS provided advice to several government agencies concerning such initiatives during the year. In FY2021, CCCS completed a total of 32 advisories to 18 government agencies. The advisories helped government agencies understand the likely competition impact and key competition risks and concerns in relation to their proposed policies or initiatives and consider possible alternatives that would

mitigate potential competition concerns while achieving their policy objectives. Topics that CCCS advised and discussed with other government agencies on included initiatives to promote environmental sustainability through the use of infrastructure/technology, advisories concerning fee guidelines or regulations which could harm competition, as well as those pertaining to industry development efforts, such as the development of common industry-specific platforms for businesses to share capacity.

Another focus area for CCCS relates to digital markets. The COVID-19 pandemic has accelerated digitalisation and the adoption of e-commerce, which is likely to be sustained post-pandemic. Digital platforms are playing a bigger role in markets around the world and countries are stepping up scrutiny of the actions of digital conglomerates. Following our e-commerce platforms market study, we proposed various changes to the Competition Guidelines and sought public feedback. The revised guidelines, which came into effect on 1 February 2022, now provide greater clarity on issues related to market definition, assessment of market power and types of potentially abusive conduct in the digital era. They also highlight the relevance of proprietary rights and data as barriers to entry or expansion. CCCS will continue to monitor international developments, and work closely with other government agencies to address overlapping issues such as data, privacy, and intellectual property rights.

Looking Ahead

In the coming year, CCCS will be working on the assessment of various agreements in the aviation sector. We will also be looking into the provision of funeral services, where purchasers may be emotionally distressed and vulnerable. We will continue to work on areas such as digital markets, sustainability, logistics, renovation, and beauty and wellness. We anticipate CCCS's work to increase in complexity in the face of evolving market trends, technological developments and an uncertain economic recovery. To keep pace with digital transformation, and to create a more well-rounded and effective workforce, upskilling our people remains a priority. We will also continue to review, streamline and enhance our processes and workflows.

As Singapore works towards post-pandemic recovery, our objective to ensure markets work well is now more relevant as ever. We aim to remain a nimble and informed regulator, ready to take on new challenges and issues posed by the changing economy.

As we move into our 17th year, I would like to take the opportunity to thank our stakeholders for their continuous support, and look forward to future years of collaboration. I would also like to thank our staff for the hard work that they have put in for the organisation.

COMMISSION MEMBERS



Chairman
Mr Max Loh Khum Whai
(Chairman of Human Resource Committee)



Member
Ms Sia Aik Kor
(Member of Human Resource Committee)

Chief Executive
Competition and Consumer
Commission of Singapore



Member
Prof Euston Quah
(Member of Audit Committee)
Albert Winsemius Chair Professor of Economics
Head of Economics
Director, Economic Growth Centre
Nanyang Technological University



Member
Prof Wong Poh Kam
(Member of Audit Committee)
Emeritus Professor
Dept. of Strategy & Policy
NUS Business School
National University of Singapore



Member
Mr Jaspal Singh S/O Gurbachan Singh
High Commissioner (Non-Resident)
to the Republic of Rwanda



Member
Mr Kan Yut Keong
(Chairman of Audit Committee)
Retired Accountant
PricewaterhouseCoopers



Member
Dr Faizal Bin Yahya
Senior Research Fellow
Institute of Policy Studies
National University of Singapore



Member
Ms Koh Puay Eng Agnes
(Member of Audit Committee)
Chief Risk Officer
Singapore Exchange



Member
Ms Chandra Mallika
Chief Operating Officer (Asia Pacific)
& Deputy Chief Country Officer
Deutsche Bank (Singapore)



Member
Ms Cindy Khoo
(Member of Human Resource Committee)

Deputy Secretary
Strategy Group
Prime Minister's Office



Member
Ms Loo Siew Yee
(Member of Human Resource Committee)

Assistant Managing Director
Policy, Payments & Financial Crime
Monetary Authority of Singapore



Member
Mr Hri Kumar Nair
(Member of Human Resource Committee)

Deputy Attorney-General
Attorney-General's Chambers



Member
(from 1 January 2022)
Assoc Prof Walter Edgar Theseira

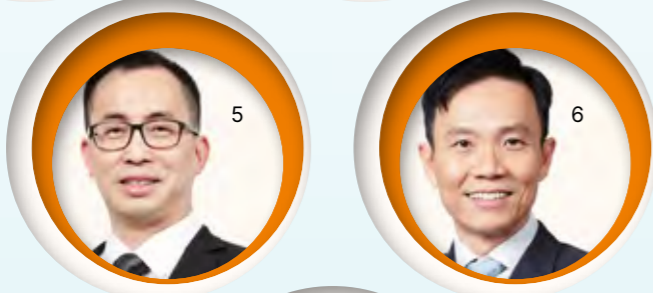
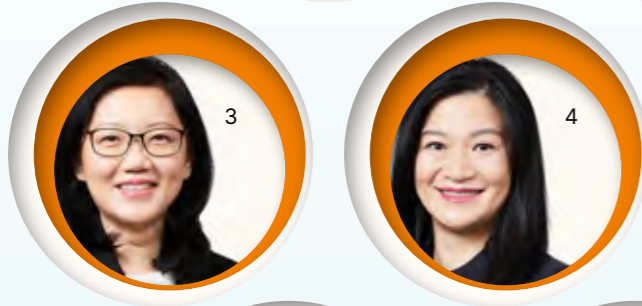
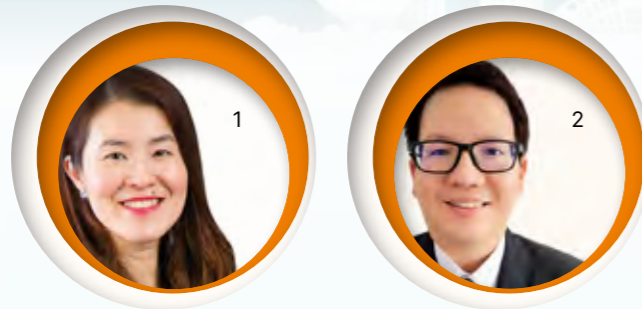
Associate Professor of Economics
& Head, Master of Management
(Urban Transportation)
Singapore University of Social Sciences



Member
(from 1 January 2022)
Ms Aurill Kam

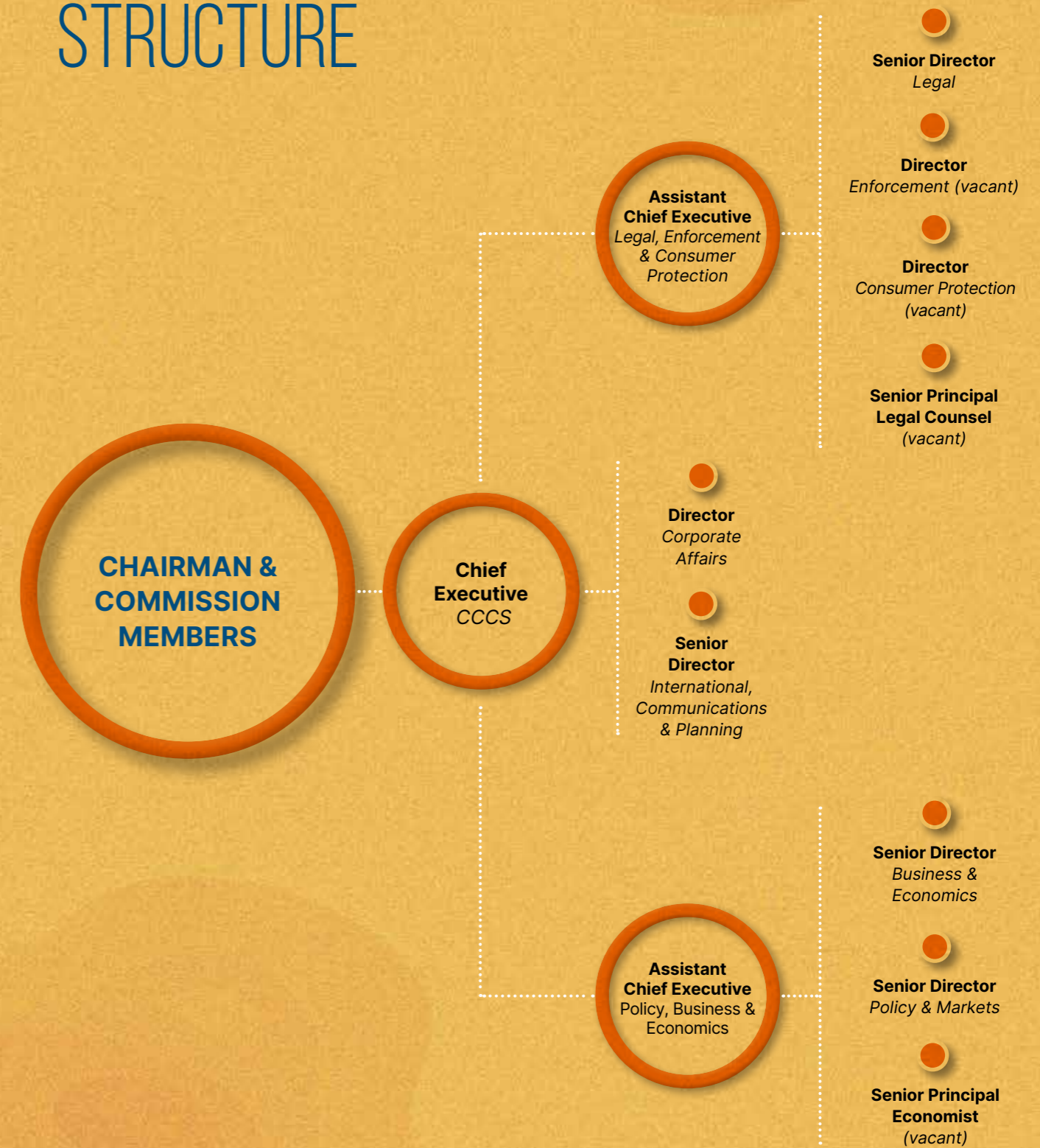
Director
Legal Clinic LLC

SENIOR MANAGEMENT



- 1 Ms Sia Aik Kor**
Chief Executive
- 2 Mr Loke Shiu Meng**
Assistant Chief Executive
(Legal, Enforcement & Consumer Protection)
- 3 Ms Ng Ee Kia**
Assistant Chief Executive
(Policy, Business & Economics)
- 4 Ms Winnie Ching**
Senior Director
(Legal)
- 5 Dr Tan Hi Lin**
Senior Director
(Policy & Markets)
- 6 Mr Teo Wee Guan**
Senior Director
(International, Communications & Planning)
- 7 Mr Herbert Fung**
Senior Director
(Business & Economics)
- 8 Mr Goh Aik Hon**
Director
(Corporate Affairs)

CCCS ORGANISATION STRUCTURE



CORPORATE GOVERNANCE

CHAIRMAN & COMMISSION MEMBERS

The Commission oversees the core work of CCCS. It comprises the Chairman and thirteen Commission Members. Appointed by the Minister for Trade and Industry, the Chairman and the Commission Members bring with them their expertise in legal, economic and financial domains from the public and private sectors.

The non-executive Commission Members are remunerated based on Public Service Division ("PSD") guidelines.

HUMAN RESOURCE ("HR") COMMITTEE

The HR Committee was set up in August 2007 and is currently chaired by our CCCS Chairman, Mr Max Loh Khum Whai with Mr Hri Kumar Nair, Ms Loo Siew Yee, Ms Cindy Khoo and Ms Sia Aik Kor as its members. The purpose of the Committee is to advise the Commission with regard to the formulation and implementation of HR policies in order to uphold a high standard of corporate governance within CCCS, and promote the organisation as an employer of choice. The Committee also oversees staff performance appraisals and decides on internal disclosure and staff disciplinary cases.

BUSINESS & ETHICAL CONDUCT

All CCCS officers are subject to the provisions of the Official Secrets Act, the Statutory Bodies and Government Companies (Protection of Secrecy) Act and the Public Sector (Governance) Act. In addition, the Competition Act contains provisions governing the disclosure of information by CCCS officers. CCCS officers are also bound by CCCS's Code of Conduct and are obliged to adhere to internal policies to avoid conflicts of interest.

EXTERNAL AUDIT FUNCTIONS

KPMG LLP was appointed by the Minister for Trade and Industry in consultation with the Auditor-General to audit the accounts of CCCS for FY2021. The audited accounts were duly approved by the Commission and the Minister for Trade and Industry, with the Auditor-General kept informed of the audited accounts.

AUDIT COMMITTEE

The Audit Committee is chaired by Mr Kan Yut Keong with Prof Euston Quah, Prof Wong Poh Kam and Ms Koh Puay Eng Agnes as its members. The purpose of the Committee is to assist the Commission in areas relating to audit, finance and accounting, regulatory compliance, and risk management. In addition, the Committee reviews the audited annual financial statements and the adequacy of CCCS's internal controls with the management, external auditors and internal auditors.

OVERVIEW OF COMPLETED CASES

Status As At 31 March 2022

Completed Cases

| COMPETITION | FY2019 | FY2020 | FY2021 | Since CCCS started (1 Jan 2005) |
|---------------------------------------|-----------|-----------|-----------|---------------------------------|
| Preliminary Enquiries | 8 | 10 | 2 | 148 |
| Investigations (excluding Leniency) | 4 | 4 | 1 | 53 |
| Leniency | 4 | 5 | 0 | 33 |
| Notification for Guidance or Decision | 0 | 1 | 0 | 33 |
| Merger Notifications (Phase 1) | 4 | 3 | 10 | 91 |
| Merger Notifications (Phase 2) | 1 | 1 | 1 | 12 |
| Confidential Advice | 2 | 2 | 1 | 21 |
| Appeals | 0 | 2 | 0 | 12 |
| Competition Advisories | 26 | 19 | 32 | 269 |
| Market Studies | 2 | 2 | 0 | 28 |
| Total | 51 | 49 | 47 | 700 |

| CONSUMER PROTECTION | FY2019 | FY2020 | FY2021 | Since 9 Dec 2016 |
|-----------------------|-----------|----------|----------|------------------|
| Preliminary Enquiries | 24 | 3 | 4 | 44 |
| Investigations | 11 | 3 | 3 | 18 |
| Government Advisory | 0 | 1 | 0 | 1 |
| Total | 35 | 7 | 7 | 63 |

Completed Complaints



FY2021 Completed Mergers by Industry



MAKING MARKETS WORK WELL



CCCS enforces the competition and consumer protection laws to ensure businesses compete on a level playing field and protect consumers' interests.

THE CARTEL CRACKDOWN FOUR WAREHOUSE OPERATORS CAUGHT PRICE FIXING

16 March 2022



4 warehouse operators suspected of price fixing

Syarafana Shafeeq

Four warehouse operators at Keppel Distripark have been issued a proposed infringement decision for price-fixing by the Competition and Consumer Commission of Singapore (CCCS).

The competition watchdog yesterday said its investigations found the operators had colluded to implement an identically named and priced surcharge for warehousing services, in breach of the Competition Act.

The four are CNL Logistic Solutions, Gilmon Transportation & Warehousing, Mac-Nels (KD) Terminal and Penanshin (PSA KD).

The CCCS started its investigations in August 2018 following a complaint about possible price fixing at Keppel Distripark, a cargo distribution complex in Kampong Bahru Road.

It found that between June 15 and 16 of 2017, the operators had discussed their respective plans to

implement an identically named and priced "FTZ Surcharge" for the warehousing of import cargo.

The companies applied this pricing in their operations from June 2017 to November 2019. They colluded to avoid the risks of competitive pricing, the commission said.

The CCCS said it considers the price fixing to be "by its very nature, harmful to competition".

It added: "Businesses should independently determine their prices or pricing strategies, including whether to impose any surcharge and the quantum of such surcharge."

The four companies have six weeks to make a formal response and provide any other information

for the CCCS' consideration before it makes its decision.

This includes operators that choose to provide information about the cartel's activities in exchange for immunity or a reduction in financial penalties under CCCS' leniency programme.

syarafanam@sph.com.sg

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CCCS issued a Proposed Infringement Decision ("PID") against four warehouse operators for infringing section 34 of the Competition Act 2004 by engaging in anti-competitive coordination to fix the price of warehousing services at Keppel Distripark.

The four operators are CNL logistic Solutions Pte. Ltd., Gilmon Transportation & Warehousing Pte Ltd, Penanshin (PSA KD) Pte. Ltd. and Mac-Nels (KD) Terminal Pte Ltd.

In August 2018, CCCS commenced an investigation following a complaint about possible price fixing at Keppel Distripark. CCCS found that the operators had engaged in anti-competitive coordination to fix the price of warehousing services by imposing an "FTZ Surcharge". Between 15 and 16 June 2017, representatives of the operators had communicated with one another on their respective plans to charge an

identically named and priced "FTZ Surcharge" to their customers for warehousing services for import cargo.

In doing so, they had knowingly substituted price competition in favour of practical cooperation between them and did not determine their prices independently. The price fixing conduct which occurred during the period 15 June 2017 to 19 November 2019 is, by its very nature, harmful to competition. Businesses should independently determine their prices or pricing strategies, including whether to impose any surcharge and its quantum.

The operators, including those who applied for lenient treatment under the CCCS Leniency Programme, can make representations to CCCS on the PID. CCCS will carefully consider the representations, as well as all available information and evidence, before finalising its decision.

BUSTING UNFAIR PRACTICES: TOKYO BUST EXPRESS CEASES FALSE CLAIMS AND PRESSURE SALES TACTICS

25 June 2021



Tokyo Bust Express (“TBE”) has given an undertaking to CCCS to cease making false claims about the qualities and benefits of some of its treatments and products as well as cease exerting undue pressure on consumers to buy them, among others.

The Consumers Association of Singapore (“CASE”) had referred the case to CCCS after TBE failed to comply with the Voluntary Compliance Agreement entered in May 2015 and consumer complaints about its pressure sale tactics persisted.

An investigation by CCCS under the Consumer Protection (Fair Trading) Act (“CPFTA”), revealed that TBE had engaged in unfair practices by using pressure tactics and making false and unsubstantiated claims that its treatments could increase bust cup sizes and prevent breast diseases, including cancer. During the investigations, TBE changed its business practices to comply with CPFTA and removed objectionable posts in its social media platforms and all claims in its marketing collaterals relating to the ability of its treatments to prevent or reduce bust related illnesses.

CCCS closed its investigation after considering all the facts and the steps taken by TBE to address CCCS’s concerns.

CCCS continues to work closely with CASE to monitor the beauty industry which has one of the highest rates of consumer complaints. Businesses should not engage in practices that deceive or mislead consumers about the benefits, performance and qualities of their products or services. Businesses should:

- Exercise due diligence to ensure that their claims are accurate
- Review their business practices to ensure that they do not commit unfair practices under the CPFTA.

Consumers should note that they can refuse any deals or packages offered by businesses and can decline products or services that are marketed with dubious claims or aggressive sales claims.

FALSE/UNSUBSTANTIATED CLAIMS ABOUT ATTRIBUTES OF PRODUCTS/SERVICES & PRESSURE SALES TACTICS

A False/unsubstantiated claims on performance, benefits and qualities of products/services:

Such claims would:

- > Mislead consumers on the results, effects or benefits of products/services.
- > Induce consumers to purchase products/services, and/or pay a premium.

Businesses should:

- > Ensure that claims about products/services are substantiated with objective, verifiable and reliable evidence.
- > Always provide clear and accurate information to consumers.
- > Make clear any disclaimers about products/services.

B Pressure sales tactics:

Such tactics would:

- > Overwhelm or intimidate consumers.
- > Compel consumers to purchase out of fear or confusion.

Businesses should not:

- > Exert pressure on the consumer to push for a sale.
- > Promote products services to consumers in circumstances when they are unable to comprehend or respond clearly.

QUICK TIPS

FOR CONSUMERS

- Be wary of exaggerated or dubious claims and refuse any products/services with such claims.
- Conduct research on products/services before committing to a purchase decision.
- Firmly say ‘No’ and walk away from pressure selling and aggressive sales tactics.
- Consider patronising CaseTrust accredited businesses which are committed to fair trading practices and transparency to consumers.



PLAYING WITH FIRE: COMPANY SELLING FIRE EXTINGUISHERS ORDERED TO STOP UNFAIR PRACTICES

11 October 2021

The State Courts have, on the application by CCCS, ordered the sole proprietor of Fire Safety & Prevention (SG) ("FSPSG") Kelvin Tan to cease engaging in unfair trade practices under the CPFTA involving the sale of fire extinguishers.

In March 2020, CASE published a Consumer Advisory to alert consumers to the unfair practices of certain fire extinguisher suppliers, including FSPSG. Investigations by CCCS, which commenced around the same time, revealed that Kelvin Tan and his ex-employees have persistently made false and misleading claims while carrying out unsolicited door-to-door sales.

They misrepresented to consumers that there was a new law requiring every household to have a fire extinguisher by a certain date when there was no such law, and that FSPSG was affiliated with or approved by the Government, the Singapore Civil Defence Force or various Community Centres to sell fire extinguishers, when it was not.

They also misled consumers by quoting \$17.90 for a fire extinguisher, but subsequently charging \$179 for the same product. In addition, they falsely claimed that Passion or NTUC cardholders and members of Pioneer Generation were entitled to a discount when no such discount existed, and offered free yearly replacements or servicing while replacement would in fact only be provided if the fire extinguisher had certain defects.

Among others, the State Courts further ordered FSPSG's ex-employees Adrian Tan, Zack Chai and Alex Neo to stop abetting or aiding FSPSG to engage in any unfair practices.



Fire extinguisher firm ordered to stop unfair trade practices

Sue-Ann Tan

A company that sells fire extinguishers has been ordered to stop its unfair trade practices by the state courts, after investigations by the Competition and Consumer Commission of Singapore (CCCS).

Fire Safety & Prevention (SG) made false and misleading claims during unsolicited door-to-door visits to sell fire extinguishers, said CCCS in a media release.

This included quoting buyers an initial price of \$17.90 for a fire extinguisher and then charging them \$179 for the same product.

It also led consumers to believe it was affiliated with or approved by the Government, the Singapore Civil Defence Force (SCDF) or community centres.

To sell the fire extinguishers, it told consumers there was a new law requiring each household to own one by a certain date.

It told buyers that Passion or NTUC card holders, Pioneer Generation members or Singaporeans could get a discount on the fire extinguishers, but there was no such discount.

It also said its fire extinguishers were non-refundable even though under consumer laws, buyers have the right to cancel a purchase and get a refund.

The firm told customers they would get free yearly replacements or servicing of the fire extinguishers, even though replacements would be made only if there were certain defects or the extinguishers were used under certain situations.

CCCS uncovered these practices when it was investigating the firm's sole proprietor Kelvin Tan and his former employees Adrian Tan, Zack Chai and Alex Neo. It had started its investigation in March last year, at about

the same time that the Consumers Association of Singapore (Case) published an advisory to alert consumers to the unfair practices of certain suppliers of fire extinguishers, including this firm.

Case said that from Jan 1, 2019, to Feb 29 last year, it had received 49 consumer complaints against fire extinguisher suppliers or their sales staff.

A breakdown of the numbers showed that Fire Safety & Prevention was involved in eight of those complaints.

CCCS chief executive Sia Aik Kor said: "CCCS will not hesitate to take action against persistently errant suppliers. Businesses should provide clear and accurate information on the prices, discounts and rights relating to their goods and services."

"They should not make false or misleading representations concerning the need for goods and services, or their affiliation to other organisations."

Case noted in its advisory that there is no regulatory requirement under the SCDF for home owners to buy fire extinguishers.

The SCDF is not involved in any sales of fire extinguishers and has not authorised any firm to conduct such activities on its behalf.

CCCS advises consumers to be cautious when approached by anyone claiming to be with a government agency and to ask for identification if in doubt.

They should also check the final amount on the invoice when making payment. If they do not want to buy the product, they should decline firmly.

Generally, consumers have the right to cancel an unsolicited door-to-door sales contract within five working days, CCCS said.

Refunds should then be made within 60 days.

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Businesses should provide clear and accurate information on the prices, discounts and rights relating to their goods and services. They should not make false or misleading representations concerning the need for goods and services, or their affiliation to other organisations. CCCS will not hesitate to take action against persistently errant businesses."

Ms Sia Aik Kor
Chief Executive, CCCS



UNFAIR TRADE PRACTICES BY FIRE SAFETY & PREVENTION (SG)

Through unsolicited door-to-door sales

- 

1 Falsely represented that the supplier was endorsed by or affiliated with the Government, Singapore Civil Defence Force or community centres to sell fire extinguishers to households.
- 

2 Falsely claimed that the households were required by laws or regulations to have a fire extinguisher.
- 

3 Represented that Passion and NTUC cardholders, as well as Pioneer Generation or Singaporeans, were entitled to discounts which did not exist.
- 





4 Charged consumers a substantially higher amount of \$179 for a fire extinguisher than the original quoted amount of \$17.90.
- 

5 Represented to consumers that their purchases were non-refundable which was untrue.
- 

6 Misled consumers that there would be free yearly replacement or servicing of purchased fire extinguishers when replacement would only be done in specific circumstances.



BE SMART WITH DOOR-TO-DOOR SALES:

-  Consumers should exercise caution when approached by anyone claiming to represent any government agency. If in doubt, request for proper identification or verification.
-  Check the final amount on the invoice or payment terminal before making payment. If unsure, immediately clarify with the salesperson and do not hand over cash or debit/credit cards until you are satisfied with the clarification given.
-  Be firm and turn down a salesperson if you do not want to purchase the product or service.
-  Consumers generally have the right to cancel a direct (unsolicited door-to-door) sales contract within five days (excluding Saturdays, Sundays and public holidays) after the date on which the contract is entered into. If the contract is cancelled, it will no longer be enforceable against you and any money that you have paid to the supplier under your contract will be repaid to you within 60 days.

BUYERS BEWARE: CASE AND CCCS ADVISORY ON ONLINE SHOPPING

2 September 2021



Online shopping has become more prevalent during the COVID-19 pandemic. Consumers are advised to be vigilant and exercise due care when making online purchases.

CASE and CCCS issued an advisory on "Online Consumer Transactions" to alert consumers to the common tactics used by errant online retailers to mislead consumers into buying products.

From January 2020 to 2 August 2021, CASE received 52 consumer complaints relating to transactions with overseas online retailers where consumers were misled into making purchases. Attempts to get a refund of money paid to such online retailers may be difficult as they may not have any presence in Singapore.

Commonly used tactics by errant online retailers include:

- Providing false or misleading information on business location, products sold and contact information for refund or redress
- Offering seemingly large discounts advertised as extremely low prices

Consumers are advised to be alert and exercise caution when buying online to minimise the risk of falling prey to such tactics. Before making a purchase, consumers should:

- Check and verify the claims made by the retailer about its business, location premises, products sold and accreditation or awards received
- Understand the terms and conditions including the return and refund policy stated on the retailer's website or advertisement
- Only make purchases through e-commerce websites that are verified, safe and secure
- Check the products upon delivery and reject them if they do not match the description given by the retailer
- Raise a dispute with the retailer through the bank or immediately make a return/refund request on the platform where the purchase was made if payment was made via credit card

Case, CCCS warn of misleading claims by some overseas sellers

Consumer watchdog received 52 complaints about such retailers from January last year to Aug 2 this year

Adeline Tan

Consumers have been warned to take precautions when making online purchases after reports have surfaced of online overseas retailers misleading consumers into buying products.

Some common tactics include advertisements claiming the retailer has a presence in Singapore. The URL of the retailer's website could also deliberately contain the abbreviation "sg" to give that impression.

In a joint advisory yesterday, the Consumers Association of Singapore (CASE) and the Competition and Consumer Commission of Singapore (CCCS) said that from January last year to Aug 2 this year, CASE received 52 complaints related to transactions involving overseas sellers.

The advisory said: "Attempts to get a refund of money paid to such online retailers may be difficult as they may not have any presence in Singapore. Consumers are advised to adopt certain precautions in order to minimise the risk of falling prey to some of these tactics."

Errant retailers may also include claims about a product in their advertisements or websites, including those related to the product's quality, country of origin or the accreditation it received.

"The product eventually delivered may turn out to be different," said CASE and CCCS.

Other tactics used include seemingly large discounts where retailers advertise extremely low prices, citing reasons such as warehouse clearance, when these discounts may not be genuine.

The advisory comes amid an e-commerce boom, with online sales here hitting an estimated US\$8 billion (S\$10.75 billion) this year, according to a report by Facebook and management consultancy Bain

& Company. The report, released on Tuesday, also said e-commerce sales in Singapore are expected to grow to US\$10 billion by the end of 2026.

Case and CCCS said in their advisory that some overseas sellers may attempt to mislead consumers by giving them fictitious contact information to seek refunds. The sellers may also claim to have products recognised by accredited bodies.

Case and CCCS said buyers should check against the accreditation a product is said to have received, for example, by verifying the authenticity against official sources like the website of the organisation that purportedly issued the award.

Consumers can also verify if the retailer is based in Singapore through the BizFile+ portal maintained by the Accounting and Corporate Regulatory Authority.

Escrow payments should also be opted for, where possible. This is when a third party releases the money to the retailer only after certain conditions are met.

When making a purchase, a padlock symbol on the address bar would indicate that the connection is encrypted.

Mr Samuel Tan, head of the Smart e-Commerce Centre at Temasek Polytechnic, said consumers are usually attracted to the marketing and illustration of these online offers. He said: "The 'fear of missing out' mentality will kick in, especially when there is limited quantity and tight deadlines."

Ms Megan Ong, director of Nanyang Polytechnic's Singapore Institute of Retail Studies, has this advice for consumers: "Make it difficult for these retailers to continue their practices, write bad reviews backed up with proof, and send complaints to the online platforms that hosted them."

tanipya@sph.com.sg

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BE VIGILANT WHEN SHOPPING ONLINE

Protect yourself from false claims by online retailers

COMMON TACTICS USED TO MISLEAD CONSUMERS

- Give false impression that retailer's business is based in Singapore.
- Put up false or misleading claims on brand, quality, country of origin or awards received.
- Offer branded products at extremely low prices due to clearance/closing down sales, when goods may not be genuine.
- Provide fictitious contact information (e.g. hotline or email) for refunds or redress.



CHECKLIST FOR SHOPPING ONLINE

BEFORE MAKING A PURCHASE:

- ✓ Ensure information on retailer's business location is consistent¹ (e.g. website, contact details).
- ✓ Research the authenticity of accreditation/awards linked to the product sold.
- ✓ Buy only when claims made by retailer can be verified.
- ✓ Check terms & conditions, and return/refund policy on retailer's website or advertisement.

WHEN MAKING A PURCHASE:

- ✓ Buy on verified and secured websites with a padlock symbol in the address bar.
- ✓ Use escrow payment² whenever available.

RECEIVING THE GOODS:

Check products when delivered. If they do not match the description given by retailer:

- ✓ Reject products.
- ✓ Do not make payment if you are paying by cash.
- ✓ If payment was made by credit card, initiate a return/refund or raise a chargeback request with credit card issuing bank.



¹ Companies registered in Singapore are verified through Bizfile+ (www.bizfile.gov.sg).

² Escrow payment refers to the payment arrangement where a third party holds the money paid by customers, and disburses the money paid to a retailer only after certain conditions are met.

ENSURING MERGERS DO NOT SUBSTANTIALLY AFFECT COMPETITION

MERGER OF INTEGRATED CIRCUITS MANUFACTURERS

16 April 2021

CCCS has given the all-clear to Analog Devices, Inc. ("ADI") to acquire Maxim Integrated Products, Inc. ("Maxim").

ADI and Maxim overlap in the supply of analogue integrated circuits ("ICs"), microprocessors ("MCUs") (a type of digital IC), and temperature and other sensors globally.

In its assessment, CCCS consulted 108 stakeholders, including customers and competitors of ADI and Maxim. CCCS found that the combined market shares of both companies in the global and Singapore markets from 2017 to 2019 were below the thresholds that might raise competition concerns. Further, CCCS found that the product portfolios of ADI and Maxim are generally complementary in nature, and they are not each other's closest competitor.



Post-merger, there remain many other strong competitors and customers can switch between alternative suppliers easily when they are sourcing for ICs to be designed into their products. Customers generally do not enter into long term supply arrangements with suppliers that may impede their ability to switch. Large customers may also be able to exert countervailing buyer power by influencing prices and sales terms.

CCCS also assessed that the risk of collusion between semiconductor suppliers post-merger is low because of the large number of competitors worldwide and in Singapore, the relatively low price transparency and product differentiation in the relevant markets.

MERGER OF SILICON WAFER SUPPLIERS

11 May 2021



CCCS has cleared the proposed acquisition by GlobalWafers Co., Ltd. ("GWC") of all or a substantial majority of at least 50% of the issued share capital and voting rights in Siltronic AG ("Siltronic") by way of a voluntary public takeover bid under German law (and potentially additional share purchases).

Taiwanese company GWC manufactures and supplies globally a broad range of silicon wafers used in the production of a range of semiconductor devices. In Singapore, it has no manufacturing activities but has a sales office supplying silicon wafers for the semiconductor industry. Siltronic, a German company, has a manufacturing facility and sales

office in Singapore where it is primarily involved in the manufacturing and supplying of silicon wafers for the semiconductor industry.

CCCS considered that the relevant markets are the global supply of certain types and sizes of silicon wafers to customers worldwide. Generally, CCCS is of the view that competition concerns are unlikely to arise in a merger situation unless the merged entity has a market share of 40% or more, or the merged entity has a market share of between 20-40% and the post-merger combined market shares of the three largest firms is 70% or more. In this case, the combined market shares of GWC and Siltronic in each relevant market range from 20-40%, while the post-merger combined market share of the three largest firms is over 70%. Further, barriers to entry to the relevant markets are high.

However, CCCS also found that GWC and Siltronic are unlikely to be each other's closest competitor in the relevant markets because of their differentiated products and at least three other large global suppliers will provide competitive constraint on the merged entity. Customers can also switch their demand easily as the silicon wafers supplied are generally substitutable. Although market concentrations in each relevant market will be high post-merger, available information does not indicate the merger will result in collusion between competing suppliers due to low price transparency, unique product mix for each customer and volatile demand in the relevant markets.

ENSURING MERGERS DO NOT SUBSTANTIALLY AFFECT COMPETITION

CONDITIONAL APPROVAL FOR LSEG TO ACQUIRE CERTAIN SUBSIDIARIES AND ASSETS OF REFINITIV

24 May 2021

CCCS has granted conditional approval for London Stock Exchange Group plc ("LSEG") to acquire certain subsidiaries and assets of Refinitiv Holdings Limited ("Refinitiv") after accepting commitments from the former. The commitments are effective from 24 May 2021.

Following its review, CCCS has identified competition concerns arising from the acquisition. Specifically, third parties have raised concerns about their continued access to Refinitiv's WM/Reuters foreign

exchange benchmarks ("WM/R FX benchmarks"), for which there are no reasonable substitutes for competing providers of index licensing and derivatives clearing services. CCCS is thus concerned that the acquisition will reduce the incentive for the merged entity to continue to supply WM/R FX benchmarks on a non-discriminatory manner as the acquisition will result in Refinitiv being merged or affiliated to a major clearing provider as well as a major index licensing provider with a global presence.

To address these concerns, LSEG proposed a set of commitments which include, among others, making WM/R FX benchmarks available to all existing and future customers and ensuring the pricing and other commercial terms applied to WM/R FX benchmarks shall not be changed in such a way as to constitute a de facto failure to make the benchmarks available to customers.

LSEG revised the commitments following suggestions from a public consultation. After evaluating third parties' feedback and revisions made by LSEG, CCCS deemed the final set of commitments sufficient to address the competition concerns arising from the acquisition.



MEMORY CHIPS PROVIDERS MERGE

21 July 2021

CCCS has cleared the proposed acquisition by SK Hynix Inc. ("SK Hynix") of Intel Corporation's ("Intel") NAND and Solid State Drive ("SSD") business (the "Target Business").

SK Hynix is active in memory semiconductors, such as NAND flash memory and Dynamic Random Access Memory ("DRAM") and storage solutions such as SSDs, and has a registered entity in Singapore which conducts sales and marketing activities. The Target Business is active in NAND flash memory and SSDs that utilise NAND flash memory technology, and does not have any operations in Singapore.

The relevant markets for CCCS's assessment are the global supply of NAND flash memory, Enterprise SSDs and Client SSDs. Among others, CCCS found that there is a high degree of competition in the relevant markets



and that SK Hynix and Intel are not each other's closest competitors. They will also continue to face competitive constraints from several other strong suppliers. Some large customers of NAND flash memory and SSDs may have the ability to enter the market and self-supply, suggesting that such customers have countervailing buyer power. Furthermore, it is not difficult for customers to switch to pre-qualified suppliers as they typically multi-source and qualify multiple suppliers for NAND flash memory and SSDs. Lastly, the merged entity is unlikely to foreclose suppliers of NAND flash memory and DRAM upstream or to foreclose suppliers of SSDs downstream given its combined market shares and the competitive constraints from other competitors in these markets.

ENSURING MERGERS DO NOT SUBSTANTIALLY AFFECT COMPETITION

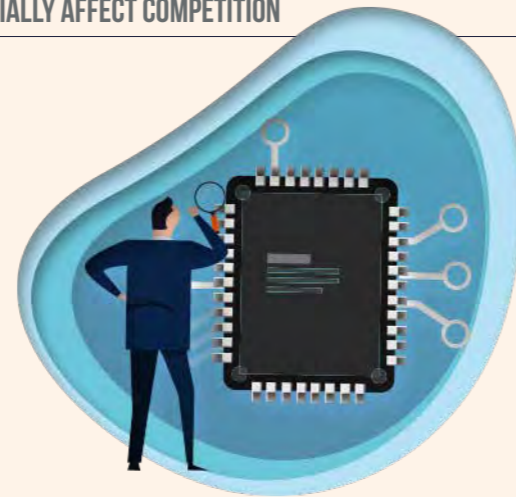
SEMICONDUCTOR COMPANIES CLEARED TO MERGE

30 August 2021

CCCS has cleared the proposed acquisition by Advanced Micro Devices, Inc. (“AMD”) of Xilinx, Inc. (“Xilinx”).

AMD, a global semiconductor company, supplies among others, central processing units (“CPUs”) and discrete graphic processing units (“GPUs”) whereas Xilinx, also a global semiconductor company, provides among others, field programmable gate arrays (“FPGAs”) which are a type of programmable logic device that can be configured by customers to perform logic and processing tasks.

CCCS assessed that there is no horizontal overlap between the products of AMD and Xilinx. There is also no vertical relationship between them as neither party supplies any products that are upstream or downstream relative to the products of the other. However, there are possible complementary relationships between certain products from Xilinx and AMD.



In finding that the proposed acquisition is unlikely to give rise to a substantial lessening of competition (“SLC”), CCCS found that the merged entity is unlikely to have the ability or incentive to foreclose competition in the markets for CPUs, discrete GPUs or FPGAs post-merger. This is because, among others, AMD does not have significant market shares in any markets for CPUs or discrete GPUs and even though Xilinx has significant market shares in the markets for FPGAs, there is presence of a strong competitor and other smaller competitors to exert a competitive constraint on the merged entity.

GLOBAL OFFSHORE DRILLING SERVICES COMBINED IN JOINT VENTURE

22 September 2021

CCCS has approved the proposed acquisition of joint control by Baker Hughes Company (“Baker Hughes”) and Akastor ASA (“Akastor”) of a proposed joint venture company which will combine Baker Hughes’s Subsea Drilling Services (“SDS”) business and Akastor’s subsidiary MHWirth AS (“MHWirth”). The joint venture will combine SDS’s equipment for drilling rigs, notably pressure control equipment and marine drilling risers and MHWirth’s topside drilling equipment, marine drilling risers as well as drilling waste management services.

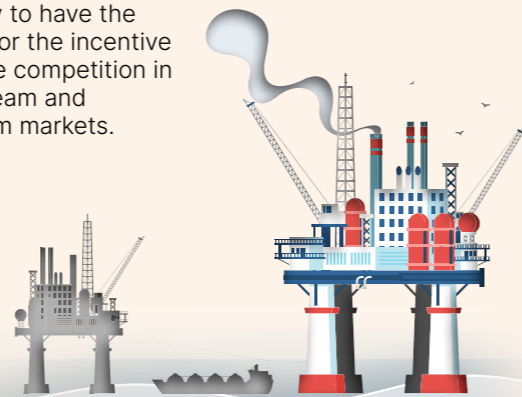
In its assessment, CCCS contacted 56 stakeholders, including the competitors and customers of the Parties. CCCS determined that the relevant market affected by the proposed acquisition is the global supply of marine drilling risers to customers worldwide, including aftermarket services and spare parts for marine drilling risers and marine drilling riser accessories.

The combined market shares of Baker Hughes and Akastor in the relevant market range from 20-40%, while the post-merger combined market share of

the three largest firms is over 70%. Further, barriers to entry are high and it is unlikely that there will be a potential new entrant in the near term. While large customers may have some countervailing buyer power, it is inconclusive whether other customers do.

However, CCCS also found that Baker Hughes and Akastor are unlikely to be each other’s closest competitor and will continue to face competitive constraints from at least two other large global suppliers. In addition, there is currently over-capacity for marine drilling risers globally and existing suppliers can expand their capacity quickly as an important competitive constraint on the joint venture. Furthermore, marine drilling risers are generally substitutable at the point of purchase and customers may easily switch suppliers post-joint venture.

There is also no indication that the joint venture will result in collusion between competing suppliers and it is unlikely to have the ability and/or the incentive to foreclose competition in both upstream and downstream markets.



ENSURING MERGERS DO NOT SUBSTANTIALLY AFFECT COMPETITION

CLINICAL RESEARCH SERVICES PROVIDERS CLEARED TO MERGE

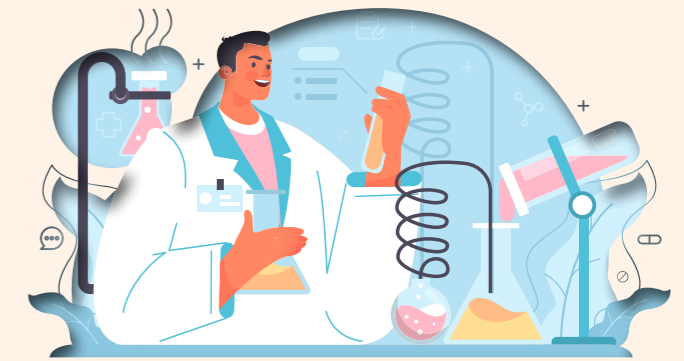
25 November 2021

CCCS has given the all-clear for Thermo Fisher Scientific, Inc. (“Thermo Fisher”) to Acquire PPD, Inc. (“PPD”).

In its assessment, CCCS focused on Thermo Fisher’s supply of Clinical Trial Support Services to clinical research organisations (“CROs”) and laboratories that compete with PPD in Singapore. Mainly, CCCS considered whether, post-transaction, the vertically-integrated merged entity may have the ability and incentive to foreclose rivals in the upstream markets for the Clinical Trial Support Services and downstream market for CRO services.

CCCS found that customer foreclosures are unlikely for the upstream markets for Clinical Trial Support Services because for new clinical trials, Thermo Fisher’s competitors can supply to many alternative CROs that make up a large majority of the CRO services market. Given significant costs and time to change suppliers in the middle of a clinical trial, the likelihood of PPD shifting its purchases of Clinical Trial Support Services away from Thermo Fisher’s competitors for existing clinical trials is low.

CCCS also found that input foreclosure concerns are unlikely for the downstream market for CRO Services because there are multiple viable competitors to



Thermo Fisher and switching to alternative suppliers between clinical trials is relatively easy. Further, there is little incentive for Thermo Fisher to engage in input foreclosure against PPD’s competitors for existing clinical trials because any such strategy will be unlikely to result in a significant number of end-customers switching to PPD. Competitors of Thermo Fisher have capacity to expand supply and absorb additional demand from customers that switch away from it.

CCCS also considered that the proposed acquisition is unlikely to result in coordinated effects in the relevant markets as foreclosure of Thermo Fisher’s or PPD’s competitors is unlikely. Hence, the number of market players is unlikely to be reduced and the ability of market players to coordinate to reduce competition among themselves will not be increased. Prices are also not transparent and contracts are highly customised to each clinical trial’s complex and varied requirements.



KOREAN AIRLINES MERGE

8 February 2022

CCCS has cleared the proposed acquisition by Korean Air Co., Ltd. ("Korean Air") of Asiana Airlines, Inc. ("Asiana").

Korean Air is a South Korea-based full-service carrier ("FSC") with international operations providing passenger air transport services, air cargo transport services, and has aerospace and hotel businesses. In Singapore, it provides only passenger air transport services and air cargo transport services. Asiana is a South Korea-based FSC, providing domestic and international airline services, including both passenger and cargo, amongst others. In Singapore, it provides only passenger air transport services and air cargo transport services.

In its assessment, CCCS sought feedback from more than 150 stakeholders, including aviation regulatory bodies and Korean Air's and Asiana's competitors and customers.

CCCS found that, in the market for the provision of direct bi-directional passenger air transport services along the Singapore - Incheon ("SIN-ICN") route and vice versa, the merged entity will continue to face strong competition from Singapore Airlines. The entry and potential entry of new players will limit the merged entity's ability to raise prices and disrupt any coordinated price and sales terms arrangements between market players. In the markets for the provision of direct and indirect unidirectional air cargo transport services along the Singapore-Korea ("SIN-KOR") route and the Korea-Singapore ("KOR-SIN") route, the merged entity will also face significant competition from Singapore Airlines and competitive pressure from existing competitors, providers of indirect cargo flights between Singapore and Korea as well as potential new entrants. Further, the low price transparency, the high level of excess capacity and the entry and potential entry of new players will likely be sufficient to disrupt any coordination between market players.

AEROSPACE COMPONENTS SUPPLIERS COMBINE

28 March 2022



CCCS has cleared the proposed acquisition by Parker-Hannifin Corporation ("Parker") of Meggitt PLC ("Meggitt").

In its assessment, CCCS conducted a public consultation and sought feedback from more than 30 key stakeholders including competitors and customers. None indicated that they had competition concerns with respect to the proposed acquisition.

CCCS considered that the relevant markets were the global supply of aerospace sensors, aircraft wheels and brakes, aerospace pneumatic valves, utility actuators and aerospace seals, with each comprising both the original equipment ("OE") and aftermarket.

Competition in the relevant markets occurs largely outside of Singapore during the selection of the OE part supplier by the aircraft original equipment manufacturer ("OEM") or engine OEM. Once the OEM for the part is selected and certified for use on an aircraft, customers will generally procure the OE spare parts from the OEM if they need to replace the spare

part. In the aftermarket, Parker and Meggitt do not compete to provide maintenance, repair and overhaul services, as they largely provide such services for their own OE products.

CCCS found that the proposed acquisition is unlikely to give rise to a substantial lessening of competition in Singapore as at the OE level, there is limited horizontal overlap between Parker and Meggitt as the aerospace products are highly specific to their application and to the supplier. In addition, they are generally not each other's closest competitors, with the only overlap in Singapore being the supply of aerospace sensors. Also, their large customers are likely to have considerable countervailing buyer power. There are also generally significant competitors with larger or similar market shares post-merger. Further, there was no evidence that the merged entity would have the ability to foreclose competition in the upstream products or the downstream applications of these products. There was also no evidence that Parker and Meggitt would engage in bundling or tying practices post-merger.

BLOCK EXEMPTION ORDER FOR CERTAIN LINER SHIPPING AGREEMENTS EXTENDED FOR THREE YEARS TILL 31 DECEMBER 2024

15 November 2021



The Minister for Trade and Industry has extended the Competition (Block Exemption for Liner Shipping Agreements) Order (the "BEO") for three years, from 1 January 2022 to 31 December 2024, following the recommendation by the CCCS.

The BEO applies to vessel sharing agreements for liner shipping services and price discussion agreements for feeder services. Extension for the former will improve the connectivity and competitiveness of Singapore's port while the latter will support the presence of feeders in Singapore, which in turn attracts and anchors main lines to Singapore.

In its recommendation, CCCS has considered responses from a three-week public consultation exercise and has assessed that vessel sharing agreements for liner shipping services and price discussion agreements for feeder services generate net economic benefits for Singapore.

Vessel sharing agreements among liners improve Singapore's port connectivity and contribute to Singapore's status as a major transshipment hub with consequent broader benefits to the economy. These agreements also enhance competition among liners, by enabling smaller liners to compete with larger liners or with another alliance of liners.

Price discussion agreements remain relevant to feeders operating in Singapore. Feeders expand Singapore's shipping network to support its transshipment hub. Further, anti-competitive effects arising from the use of such price discussion agreements by feeders appear to be limited. Surcharges imposed by feeders are still subject to negotiation with main lines, which are likely to possess bargaining power.

CCCS also considered that a duration of three years for the extension would be sufficient to provide reasonable legal certainty and lead time for investments, while allowing CCCS to conduct more regular reviews to ensure the BEO remains relevant and current to conditions within the industry.

REVISION OF CCCS GUIDELINES TO PROVIDE GREATER CLARITY AND GUIDANCE

31 December 2021



With changes to the broader legal and business landscapes within Singapore, CCCS has revised nine of its competition Guidelines to provide greater clarity and guidance to businesses and competition practitioners on the conceptual, analytical and procedural framework under which CCCS administers and enforces the Competition Act 2004 (the "Act").

In revising the Guidelines, CCCS has considered the 2018 amendments to the Act, findings and recommendations

from CCCS's E-commerce Platforms Market Study and CCCS's experience in applying the Act since the Guidelines were last revised in 2016 as well as international best practices. The revised Guidelines have incorporated suggestions and feedback from law firms, the business community, academia and a bar association, which was largely supportive of the changes.

With effect from 1 February 2022, the revised Guidelines include the following clarification and revisions:



CCCS Guidelines on Market Definition were revised to provide greater clarity on issues related to market definition that may be relevant in the digital era;



CCCS Guidelines on the Section 47 Prohibition were revised to provide greater clarity on issues relating to the assessment of market power and types of potentially abusive conduct in the digital era;



CCCS Guidelines on the Substantive Assessment of Mergers were revised to better guide businesses and competition practitioners on issues relating to CCCS's assessment of mergers, such as that for conglomerate mergers and the relevance of proprietary rights and data as barriers to entry or expansion;



CCCS Guidelines on Merger Procedures were revised to enhance and clarify the process of notifying mergers to CCCS and provide clarity on CCCS's practices in relation to notification of mergers;



CCCS Guidelines on Enforcement were renamed the **CCCS Guidelines on Directions and Remedies** to give effect to legislative amendments to the Act relating to commitments and remedies and to provide clarity on CCCS's practices on substantive and procedural matters in assessing commitments and remedies;



CCCS Guidelines on the Appropriate Amount of Penalty in Competition Cases were revised to clarify the list of mitigating factors in the calculation of financial penalties in a section 34 infringement;



CCCS Guidelines on the Treatment of Intellectual Property Rights were revised due to the changes in the intellectual property rights legal landscape, and to provide greater clarity on the interface between intellectual property and competition law; and



CCCS Guidelines on the Major Competition Provisions and **CCCS Guidelines on the Section 34 Prohibition** were revised to make consequential amendments to reflect the same changes to the other guidelines above.



CCCS ISSUES GUIDANCE NOTE ON BUSINESS COLLABORATIONS

28 December 2021

To provide businesses with more certainty when entering into collaborations together, CCCS has issued a Business Collaboration Guidance Note ("Guidance Note") to clarify its position on seven common types of business collaborations, and the conditions under which competition concerns are less likely to arise from the collaborations.

The Guidance Note takes into consideration the feedback received from a public consultation exercise involving stakeholders from the business community, bar and business associations, law firms and government agencies, which expressed support for CCCS's initiative to issue the Guidance Note.



Many collaborations between businesses can have pro-competitive effects. The Guidance Note specifies conditions under which competition concerns are unlikely for common types of collaboration so that businesses can collaborate more confidently for better and more efficient outcomes without harming competition."

Ms Sia Aik Kor
Chief Executive, CCCS



企业合作而不违反竞争法令 竞消委发布商业合作指导说明

周文龙 报道
chewbl@sph.com.sg

为应对迅速变化的经营环境，企业正转变经营方式，以适应和抓住新的机会。这包括企业之间的相互合作。

但一些企业或因不熟悉竞争法令，造成它们和其他企业的合作可能违反竞争法令。

新加坡竞争与消费者委员会（CCCS）周二发布了商业合作指导说明，以澄清当局对七项常见商业合作的立场，并就当局一般上如何评估这类合作是否符合竞争法令第34条提供指南。

这七项常见的商业合作包括价格和非价格信息共享、合作生产产品或分包生产、合作销售分销或推广产品、共同采购、合作研发，设定行业和技术标准，以及设定合约中的条款和条件标准。

其中，指导说明又特别列出合作的特定因素和条件，例如合作性质和范围，以及预示市场份额。在特定因素和条件下，企业合作将不太可能产生竞争问题。

竞消委说：“我们了解到企业为应对迅速变化的经营环境，正试图转变它们的经营方式，以适应和抓住新的机会。它们希望相互合作，但可能不熟悉竞争法令如何适用于这些合作。该指导说明旨在为企业，包括商会，提供必要的指

南，使企业能在遵守竞争法的前提下，更有信心和把握地进行合作。”

它也表示，它了解商会在促进成员、行业和经济利益方面所发挥的重要作用，因此，它加入了商会如何支持成员之间合作的额外内容。

参考公众反馈意见

指导说明参考了今年7月30日至8月27日举行的公众咨询活动所收到的反馈意见。竞消委表示，它共收到来自商业界、律师协会和商业协会、律师事务和政府机构等利益相关者的10份意见书。这些利益相关者表示支持发布指导说明的举措，不少人也提出改善指导说明的建议。

竞消委首席执行官余奕可说：“企业之间的许多合作可促进竞争。指导说明在特定条件下，商业合作不太可能引起竞争问题，好让企业能在不违反竞争法令的情况下，更有信心地进行合作，从而取得更好、更有效的合作成果。”

竞消委的完整指导说明已上载到竞消委的网站（www.cccs.gov.sg）。它希望下来继续与企业及商会交流，协助它们使用该指导说明。有兴趣为会员举办此类交流会的和企业及商会，可通过电邮cccs_feedback@cccs.gov.sg与竞消委联系。

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7 COMMON TYPES OF BUSINESS COLLABORATIONS



1 INFORMATION SHARING

Exchange of both price and non-price information among businesses



2 JOINT PRODUCTION

Collaboration to jointly produce a product, share production capacity or subcontract production



3 JOINT COMMERCIALISATION

Collaboration in selling, tendering, distribution or promotion of a product



4 JOINT PURCHASING

Collaboration to jointly purchase from one or more suppliers



5 JOINT RESEARCH & DEVELOPMENT

Collaboration on R&D activities, such as joint investment



6 STANDARDS DEVELOPMENT

Setting of industry or technical standards



7 USE OF STANDARD TERMS BY COMPETITORS IN CONTRACTS WITH CUSTOMERS

Usage of terms shared amongst competitors establishing conditions of sale and purchase of goods and services between them and their customers

ENGAGING OUR STAKEHOLDERS



CCCS adopts a multi-faceted approach to promote awareness and understanding of competition and consumer protection laws to encourage greater compliance. In FY2021, we participated in over 40 outreach initiatives, which covered different groups of stakeholders. CCCS also advises government agencies on national needs and policies in respect of competition matters.

SPOTLIGHT

CCCS AWARDS RESEARCH GRANT TO NUS TEAM FOR STUDY ON GREENWASHING IN ONLINE MARKETING



CCCS has awarded a research grant to Prof Lawrence Loh, Director, and Ms Yvonne Yock, Research Associate, of the National University of Singapore (“NUS”) Business School, Centre for Governance and Sustainability for their research project titled “Promoting Best Practices in Online Marketing: An Examination of Greenwashing in Singapore”.

Greenwashing refers to misleading claims about the environmental benefits of products. This include ambiguous and unsubstantiated claims of products being eco-friendly or sustainable in the absence of evidence, the display of unaccredited eco-labels and withholding negative environmental information about products, to give the guise of environmental friendliness.

The research will identify the prevalence and types of greenwashing in Singapore, focusing on e-commerce websites that are widely visited by Singapore residents. It aims to inform policies regarding advertisement and consumer protection so that companies can avoid greenwashing and consumers will less likely fall prey to greenwashing.

The research grant, worth a total of S\$50,000, seeks to encourage research on competition and consumer protection issues in Singapore relating to sustainability. Three proposals were received by CCCS, and they were evaluated by an academic evaluation panel comprising: Ms Sia Aik Kor



As Singapore and the world advance in the pursuit of sustainability, it is critical for business entities to furnish accurate disclosures for the stakeholders. This is particularly pertinent for consumers who often do not have resources to verify the information. Our funded project on greenwashing and corporate marketing will set the baselines which may guide good business actions, consumer choices and policy formation.”

Prof Lawrence Loh
NUS Business School

(Chief Executive, CCCS), Prof Julian Wright (Lim Chong Yah Professor, Department of Economics, NUS), Prof Klaus Wertenbroch (Novartis Chaired Professor of Management and the Environment, INSEAD), A/Prof Burton Ong (Associate Professor, Faculty of Law, NUS) and A/Prof Chang Young Ho (Head, Business and Management Minors, School of Business, Singapore University of Social Sciences). This is the second research grant that CCCS has awarded since 2018.



SPOTLIGHT

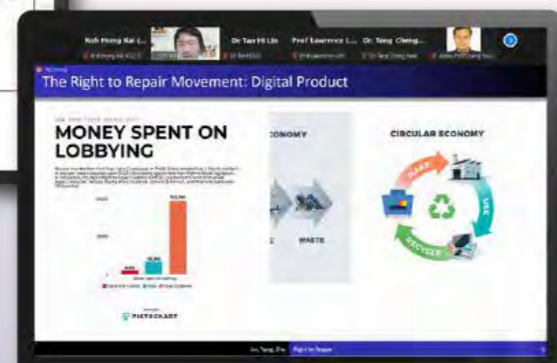
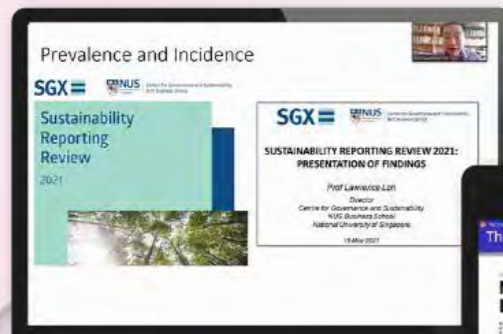
CCCS-ESS ECONOMICS ROUNDTABLE 2021: SUSTAINABILITY, COMPETITION AND CONSUMER PROTECTION

Sustainability is becoming an increasingly important issue taking the forefront of national agendas, both domestically and internationally. Singapore has rolled out a slew of sustainability initiatives, including the launch of the Singapore Green Plan 2030 to catalyse the national sustainability movement. Given the increased focus on sustainability by government, CCCS and the Economics Society of Singapore (“ESS”) organized an Economics Roundtable on the topic of “Sustainability, Competition and Consumer Protection” on 17 September 2021.

Chief Executive, Ms Sia Aik Kor gave the opening address, which highlighted the growing relevance of sustainability to CCCS’s work. Senior Director (Policy & Markets) Dr Tan Hi Lin chaired the session which saw presentations by academics from the Singapore



University of Social Sciences (“SUSS”), Nanyang Technological University (“NTU”) and NUS, exploring the diverse ways in which sustainability interfaces with competition and consumer laws. The panel of speakers included A/Prof Chang Young Ho, Head, Business and Management Minors, School of Business, SUSS and Honorary Secretary, ESS, Dr Tang Cheng Keat, Assistant Professor, School of Social Sciences, NTU, Prof Lawrence Loh, Director, Centre for Governance and Sustainability, NUS, Dr Jin Chen, Assistant Professor, Department of Information Systems and Analytics, NUS. They discussed the role of sustainability considerations in net economic benefits assessment, the impact of sustainability product mislabelling (i.e., greenwashing) on competition and consumers, and whether sustainability concerns are compatible with competition and consumer concerns in respect of the right to repair movement.



SPOTLIGHT

CCCS LAUNCHES ESSAY COMPETITION ON ROLE OF COMPETITION AND CONSUMER PROTECTION LAWS AND POLICIES IN ENVIRONMENTAL SUSTAINABILITY



CCCS and ESS launched the 5th CCCS-ESS Essay Competition on 7 February 2022 with the topic “Environmental Sustainability: The role of competition and consumer protection laws and policies”.

In Singapore, a whole-of-nation approach is adopted to drive sustainable development. Businesses are encouraged to make the shift towards more sustainable practices as well as to capture opportunities in the green economy. For example, some businesses are moving towards reducing carbon emissions by adopting the use of sustainable alternatives, while others are looking to maximise energy efficiency to cut costs. Consumers championing a green environment are also changing their consumption behaviour, which may impact businesses and government.



The essay competition invites contestants to examine the role of competition and consumer protection laws and policies in supporting environmental sustainability in Singapore. Specifically, contestants may discuss how businesses can collaborate yet compete fairly in achieving sustainability goals, how “externalities” to the society accruing from sustainability should be accounted, and how consumers can be better protected against greenwashing.

The essay competition has two categories: “School” and “Open”. The best essays of each category stand to win prizes of up to \$3,000.

OVERVIEW OF FY2021 GOVERNMENT ADVISORIES



In FY2021, CCCS completed a total of 32 advisories to 18 government agencies. The advisories helped government agencies to understand the likely competition impact and key competition risks of their proposed policies and initiatives and consider alternatives that would mitigate potential competition concerns while achieving their policy objectives.

Several advisories concerned fee guidelines or regulations. CCCS advised that fee guidelines or regulated fees could be harmful to competition, particularly where they are set by industry players or their association. Where fee guidelines need to be developed by the government agency, CCCS advised on how the fees should be objectively and reasonably determined, and periodically updated, and how the process and methodology should be fair, transparent and justifiable. CCCS also recommended that, instead of imposing an upper or lower bound fee benchmark, the agency could consider presenting the fees in ranges by key percentiles to reduce the risk of firms converging towards the upper bound or increasing their fees when it was originally below the lower bound.

In line with efforts by government agencies to encourage industry transformation and to encourage business, especially SMEs, to collaborate in developing common infrastructure and solutions to reap the benefits of digitalisation, there were several advisories concerning industry development efforts, such as the development of common industry-specific platforms for businesses to share capacity or transact. CCCS advised agencies that competitors in the market should

not be using the platform as a medium to exchange commercially sensitive information or share markets.

On industry initiatives to promote sustainability, CCCS advised on mitigating the exploitation of market power by infrastructure/technology owners and service providers to keep costs of electrical infrastructure/ services needed for sustainable energy use affordable. For example, to minimise the risk of industry players being subject to any abusive conduct by the incumbent technology owner, CCCS recommended designing technology standards in such a way that provides flexibility to accommodate alternative systems and methodologies while meeting the objectives of the standard. Several industry initiatives on common infrastructure/logistics capacity shared by industry players also helped with sustainability efforts by optimising the use of fuel. CCCS highlighted conduct that industry players should avoid, such as anti-competitive information sharing, and set out the parameters within which certain conduct is allowed. CCCS also recommended the exploration of alternative means to achieve the objectives of the initiative, particularly in the scenario where the capacity sharing arrangement expands beyond a certain scale.



HIGHLIGHTS

Advisory to EnterpriseSG on Last-Mile Delivery Vehicle Sharing amongst Logistics Service Providers

In February 2021, Enterprise Singapore (“EnterpriseSG”) proposed a collaboration for logistics service providers to share their vehicles for last-mile delivery services on common routes in Singapore to optimise goods delivery and logistics providers’ resources, reduce congestion, shorten waiting times at pick up points, and save on fuel. CCCS provided advice on whether the collaboration would raise competition concerns, shared solutions on measures to mitigate these issues, and provided guidance on the design of capacity sharing arrangements to optimise resource usage while safeguarding the process of competition.



Advisory to Government Agency on Evaluation of Joint Tender Submissions

CCCS was asked to advise on the evaluation of tender submissions where bids were received from, amongst others, a consortium comprising multiple firms where one member of the consortium had also submitted a separate, standalone bid.

CCCS noted that as a matter of general guidance, the submission of a joint bid by a consortium comprising multiple firms is not in and of itself prohibited under the Competition Act 2004. While joint bidding between actual or potential competitors may raise competition

concerns, joint bidding between firms that are not competitors (for example, where each joint bidder only supplies goods or services in respect of different scopes of work) would generally not raise competition concerns because it enables firms that would otherwise not be able to participate in the tender to do so. In the present case, CCCS advised that the bids may be assessed as per the government agency’s standard tender evaluation process, similar to receiving two bids from the same bidder, noting that the two bids were non-independent.

CCCS also noted that tender design can facilitate competitive bidding and suggested that the government agency consider, for future tenders, adjusting the scope of its tenders and allowing for partial bids or splitting the award of its tender.

This would enable more players to submit independent bids and encourage a sufficient number of qualified bidders to participate in tenders.



SHAPING GOVERNMENT POLICIES AND INITIATIVES TO ADDRESS COMPETITION ISSUES AND SAFEGUARD CONSUMERS' INTERESTS

Working with EnterpriseSG on Job Sharing amongst Hauliers

EnterpriseSG proposed an initiative to facilitate job sharing amongst hauliers to optimize their operations and container capacities. CCCS worked with EnterpriseSG to improve capacity sharing

arrangements for container haulage in Singapore to ensure that the market remains competitive, while still encouraging resource-optimisation within the industry.



Advisory to Government Agency on Adoption of New Technology

A government agency sought advice regarding the adoption of new technology to improve a process that was previously done manually. The agency had funded the research and was looking at how to best deal with the intellectual property rights of the new technology. CCCS advised that an assignment of the IP rights might restrict competition given a lack of alternative suppliers in view of the nascent technology. To ameliorate this, the agency could consider limiting the scope of the assignment of the IP rights rather than assigning the IP rights of the product in its entirety so as to lower the barriers to entry for potential competitors. The terms, conditions and duration of the licensing of the IP rights should also be designed appropriately to ensure that the market remains contestable.

Advisory to Government Agency on Proposed Merger under Funding Agreement

CCCS was approached by a government agency for advice on whether there were competition concerns relating to a proposed merger that was subject to its approval under a funding agreement.

While CCCS noted that the proposed merger was unlikely to give rise to competition concerns on a national level considering the merged entity's market shares and the post-merger combined markets shares of the three largest players, CCCS assessed that the relevant geographic markets were unlikely to be Singapore-wide given the likely preferences of customers and the planning of such services in Singapore. CCCS accordingly undertook a detailed assessment on a narrower geographic basis (i.e., for different planning areas in Singapore where the merger parties overlap). Considering the size and location of competing players, CCCS assessed that, amongst other factors, competing players would likely provide sufficient competition to the merged entity within the respective planning areas post-merger. CCCS also noted that regulatory oversight over the industry may also limit to some extent the scope for the merged entity to exploit any market power. Hence, CCCS advised the agency that the proposed merger was unlikely to raise competition concerns.



SHAPING GOVERNMENT POLICIES AND INITIATIVES TO ADDRESS COMPETITION ISSUES AND SAFEGUARD CONSUMERS' INTERESTS

Advisory to Government Agency on Proposed Distribution Arrangement between a Distributor and Manufacturers

A government agency intended to facilitate a collaboration between a number of manufacturers and a distributor, which would enable each manufacturer to reach out to more customers and reap economies of scale through aggregating the output of the manufacturers. Under the proposed arrangement, the selling price to customers would be set by the distributor. But, depending on the selling price, the distributor would share a significant part of the profits with the manufacturer, but would not bear any losses.

CCCS advised that the distributor may have an ability and incentive to coordinate the manufacturers' selling prices, as the distributor is able to set the selling prices of the competing manufacturers and receive a significant share of the profits from the sale. CCCS advised that the arrangement would less likely give rise to competition concerns if the distributor is a reseller that bears all the financial and commercial risks after purchasing the output from the manufacturers. Alternatively, the distributor may operate as an agent, with the manufacturers making their own independent decisions on their respective selling prices.

Outreach on Tender Design and Bid Rigging

CCCS presented to procurement officers across the Government on bid rigging and promoted competition in public procurement on 28 April 2021. The virtual session was organised by the Ministry of Finance and Civil Service College, which reached out to about 125 participants.



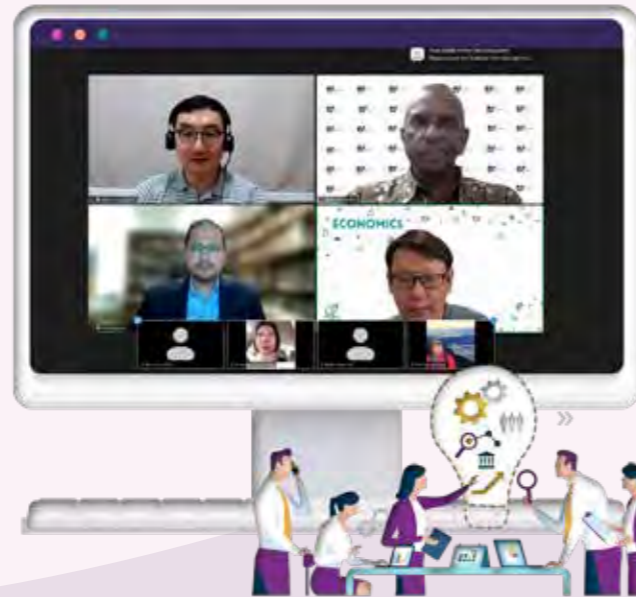
WIDENING AND DEEPENING STAKEHOLDER ENGAGEMENTS TO FOSTER A CULTURE OF COMPETITION AND FAIR TRADING PRACTICES

OUTREACH TO SCHOOLS

ESS-MOE ANNUAL ECONOMICS SEMINAR 2021

10 April 2021

CCCS's Senior Director (Business & Economics) Mr Herbert Fung gave a presentation on "Competition in Post-Pandemic Network Industries" at the Economic Society of Singapore ("ESS")-Ministry of Education("MOE") Annual Economics Seminar on 10 April 2021. The virtual event themed "Post-Pandemic Domestic, Regional and Global Challenges" had a record turnout of 560 junior college economics teachers and students from 18 schools.



PRESENTATION ON "MARKET STUDIES AND GOVERNMENT ADVISORIES" TO SMU STUDENTS

24 April 2021



CCCS gave a presentation on its work on market studies and government advisories to 30 students at Singapore Management University ("SMU") on 24 April 2021. The session was part of the Economics of Competition Law course requirements for SMU's Masters Programme. The presentation generated robust discussions on issues ranging from impact of CCCS's work to collaboration with stakeholders in conducting market studies and advising government on competition matters.

ECONOMICS SYMPOSIUM 2021 AT ST. JOSEPH'S INSTITUTION

17 August 2021

Officers from CCCS's Business and Economics Division delivered a presentation on the Competition Act and the Consumer Protection (Fair Trading) Act to 246 economic students at the Economics Symposium 2021 held on 17 August 2021 at St. Joseph's Institution. In its presentation, CCCS used case studies such as its past investigation into an abuse of dominance by SISTIC and the anti-competitive merger of Grab and Uber to illustrate the adverse impact on competition brought about by an abuse of market dominance and an anti-competitive merger in the digital market respectively.



WIDENING AND DEEPENING STAKEHOLDER ENGAGEMENTS TO FOSTER A CULTURE OF COMPETITION AND FAIR TRADING PRACTICES

OUTREACH TO PRACTITIONERS

ASHURST'S ASIA PACIFIC ANTITRUST DEVELOPMENTS WEBINAR

9 September 2021

CCCS's Senior Director (Legal), Ms Winnie Ching participated as a panellist in Ashurst's Asia Pacific Antitrust Developments webinar series held on 9 September 2021. The webinar, which was attended by 90 participants from regional competition agencies and in-house counsels, discussed antitrust developments in the region in the areas of enforcement and mergers as well as future priority areas in these jurisdictions.

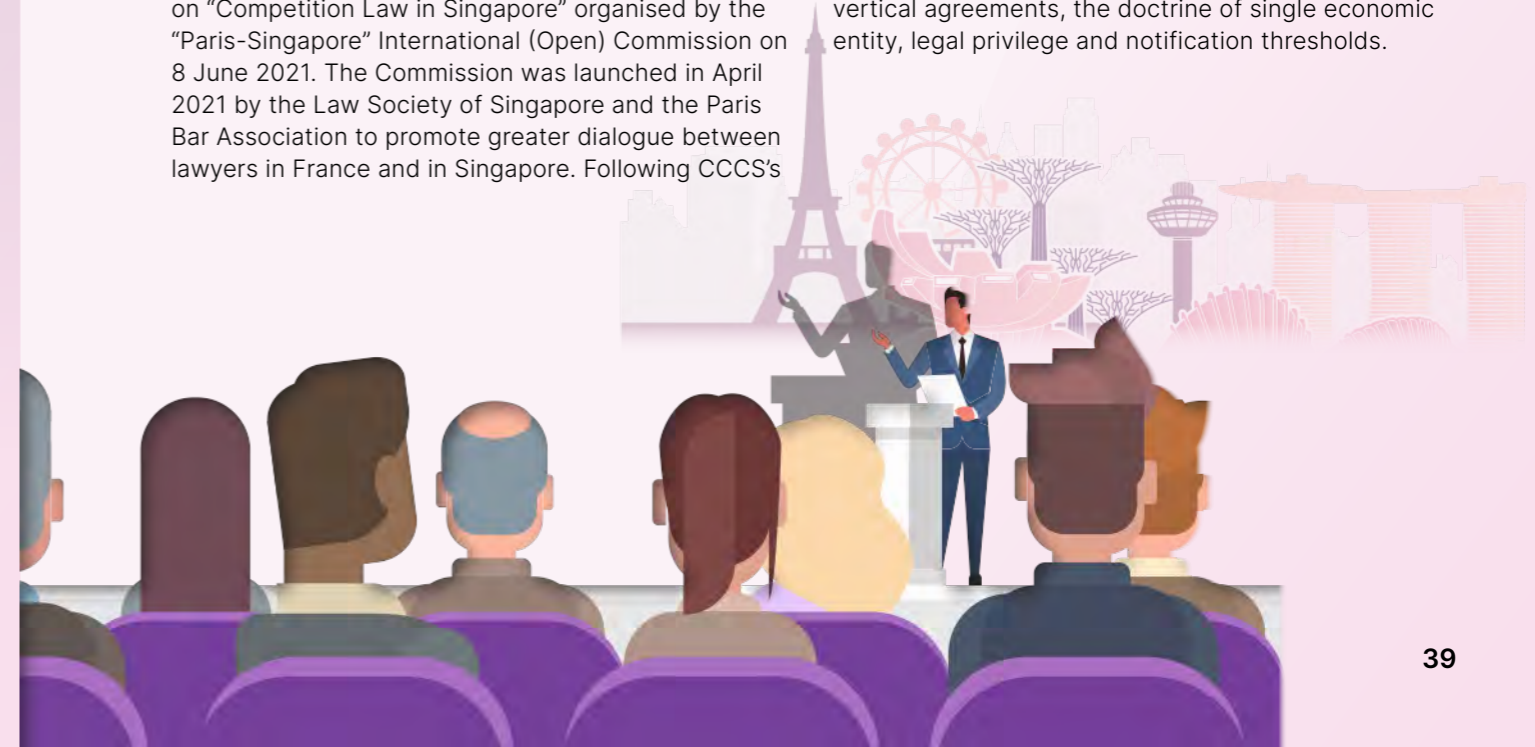


"PARIS-SINGAPORE" INTERNATIONAL (OPEN) COMMISSION

8 June 2021

The Legal Division of CCCS gave a presentation on the fundamentals of Singapore's competition laws to an audience of legal practitioners, including members of the Paris Bar Association, at an online conference on "Competition Law in Singapore" organised by the "Paris-Singapore" International (Open) Commission on 8 June 2021. The Commission was launched in April 2021 by the Law Society of Singapore and the Paris Bar Association to promote greater dialogue between lawyers in France and in Singapore. Following CCCS's

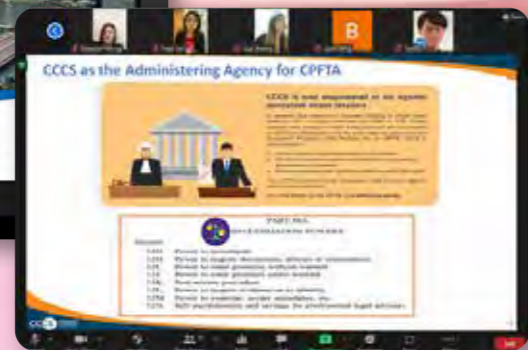
presentation, a panel discussion, involving competition partner representatives from law firms in Paris and Singapore, shared their perspective on various competition law topics, such as the exclusion of vertical agreements, the doctrine of single economic entity, legal privilege and notification thresholds.



WIDENING AND DEEPENING STAKEHOLDER ENGAGEMENTS TO FOSTER A CULTURE OF COMPETITION AND FAIR TRADING PRACTICES

OUTREACH TO BUSINESSES

ENGAGING THE BEAUTY INDUSTRY



CCCS regularly engages specific sectors of the business community to raise awareness of the relevant competition laws and fair trading practices. In FY2021, CCCS reached out to the beauty industry which was observed to have one of the highest rates of consumer complaints made to CASE. In 2021, CASE received 1,434 complaints against the beauty industry, a 5% increase over 2020. Approximately 25% of the complaints pertained to pressure sales tactics and misleading claims.

CCCS adopted a multi-channel approach to promote awareness and understanding of common conduct in the industry which constitutes unfair practices under the Consumer Protection (Fair Trading) Act ("CPFTA") among beauty and wellness companies.

An online marketing campaign leveraging the reach of social media platforms was launched on YouTube and Facebook from 30 June to 20 July 2021, featuring animation videos depicting unfair practices under the CPFTA such as pressure-selling and falsely offering free gifts, as well as anti-competitive conduct prohibited under the Competition Act such as exchange of commercially sensitive information between competitors. Titled "Fairest of Them All", "A Hairy Problem" and "Curiosity Killed the Cat", the animation videos brought to life stories from CCCS's manga comic book series

"Fudged", and amplified relevant educational messages on consumer protection and competition. The campaign achieved good traction with the videos garnering a total of over 100,000 views.

Points to note/Good trade practices

- > **Good service brings returning customers versus sales targets and commission based on rewards**
- > **Sustainability versus short term gains**
- > **Taking "NO" as customers' final decision**

- Obtain customers' express consent before proceeding with any transactions.
- Respect customers' decision, especially when they have declined the sales offer.
- Ensure that staff treat customers with respect and do not excessively pressure customers into buying products/services/packages.
- Be transparent with the price and the various components of treatment packages and sales transactions.
- Be forthcoming about all terms and conditions relating to the sale.



WIDENING AND DEEPENING STAKEHOLDER ENGAGEMENTS TO FOSTER A CULTURE OF COMPETITION AND FAIR TRADING PRACTICES



CCCS also reached out to over 300 beauty businesses from 12 August to 3 September 2021 via a series of electronic direct mailers to increase awareness and encourage the adoption of fair trade practices in the industry. Information provided included conduct which constitutes pressure sales tactics, tips for beauty retailers, and related collaterals and videos on CPFTA.

CCCS's Consumer Protection Division also conducted a series of educational talks, comprising over 20

online sessions with beauty companies and relevant trade associations from May to October 2021. In these sessions, CCCS gave an overview of the CPFTA, and talked about specific common unfair practices as well as good fair trading practices and CCCS's recent enforcement actions. The talks were conducted in Mandarin and were attended by about 700 participants, including representatives and members of the Hair & Cosmetology Association of Singapore and the Nailist Association for International Licences.

WIDENING AND DEEPENING STAKEHOLDER ENGAGEMENTS TO FOSTER A CULTURE OF COMPETITION AND FAIR TRADING PRACTICES

PARTNERING TRADE ASSOCIATIONS AND CHAMBERS



Trade Associations and Chambers (“TACs”) are a valued partner of the Government. They serve as effective aggregators and multipliers in the business ecosystem and facilitate CCCS’s engagement with the business community. TACs also act as

a key enabler for CCCS to deepen and widen communication to businesses on competition and consumer protection regulations and policies and to receive feedback on ground sentiments and concerns faced by them.



Briefing on Business Collaboration Guidance Note at SMEICC 2021

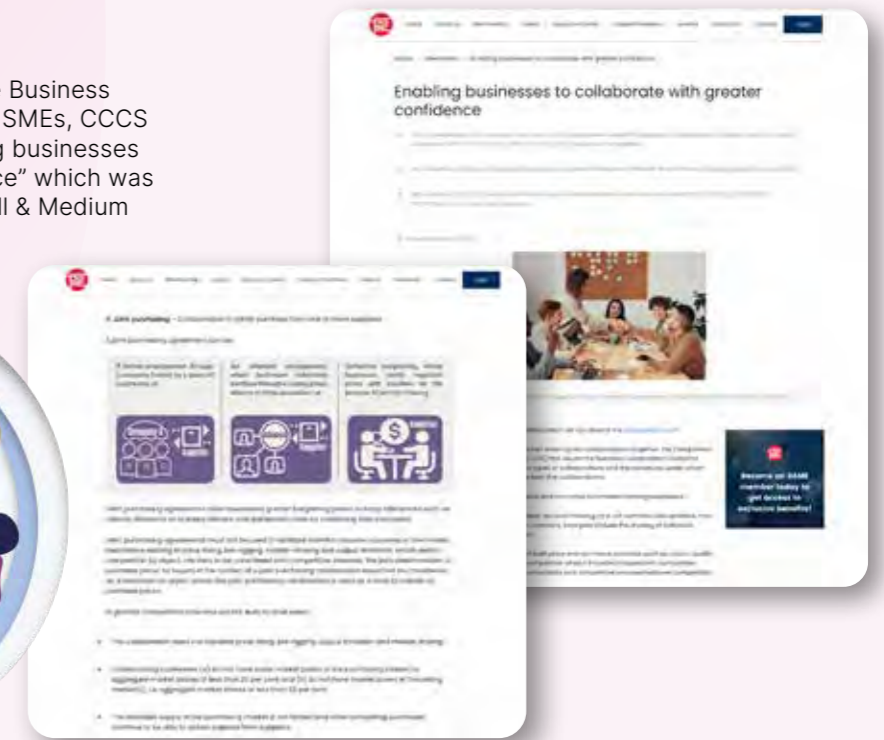
CCCS briefed over 257 SME representatives from various industries, on the proposed Business Collaboration Guidance Note at the Annual SME Conference & Infocomm Commerce Conference & SME Expo (“SMEICC”) 2021 organised by the Singapore Chinese Chamber of Commerce and Industry (“SCCCI”) on 13 October 2021. The online briefing was held as part of the plenary session titled “Re-Balancing Your Business Strategy with the Government” for government agencies to interface with local businesses. CCCS introduced the Guidance Note, which clarifies the seven common types of business collaborations and provides general guidance on how it will assess whether collaborations comply with section 34 of the Competition Act.



WIDENING AND DEEPENING STAKEHOLDER ENGAGEMENTS TO FOSTER A CULTURE OF COMPETITION AND FAIR TRADING PRACTICES

Partnering ASME to Educate on Business Collaboration

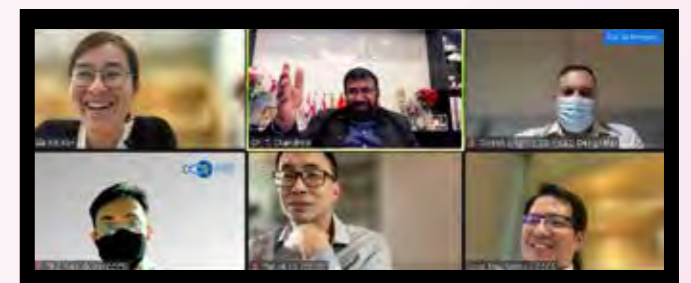
To further increase awareness of the Business Collaboration Guidance Note among SMEs, CCCS contributed an article titled “Enabling businesses to collaborate with greater confidence” which was published on the Association of Small & Medium Enterprises (“ASME”) website.



CCCS held various discussion sessions with management of TACs in FY2021. Other TAC engagement sessions, including one with the Singapore Malay Chamber of Commerce & Industry will be conducted in FY2022.

Networking Session with Singapore Chinese Chamber of Commerce and Industry

CCCS organised an online networking session with the Chairman and council members of the Singapore Chinese Chamber of Commerce and Industry (“SCCCI”) on 19 January 2022. During the session, CCCS introduced the Business Collaboration Guidance Note and highlighted the section on “Additional Information for Trade Associations” which provides guidance on the role TACs such as SCCCI can play to facilitate collaborations without infringing competition law. Alongside the discussion on business practices of SMEs, CCCS explained the various types of anti-competitive conduct such as price fixing and the abuse of dominance, as well as merger notification procedures. CCCS also shared the Chinese collaterals available for SCCCI members to learn more about the Competition Act and what they can do to protect their businesses.



Networking Session with Singapore Indian Chamber of Commerce and Industry

A networking session with the Chairman and CEO of the Singapore Indian Chamber of Commerce and Industry (“SICCI”) was organised by CCCS on 1 March 2022. During the session, CCCS highlighted the Business Collaboration Guidance Note and the revised CCCS Competition Guidelines. Among the various issues discussed were the prohibitions of the Competition Act as well as on the unfair practices under the Consumer Protection (Fair Trading) Act, and future collaboration activities such as educational outreach sessions to SICCI members, comprising SMEs and micro-SMEs in the Indian business community.



INTERNATIONAL RELATIONS



CCCS works with our foreign counterparts to promote the global and regional development of competition and consumer protection.

SPOTLIGHT

CCCS HOSTS THE 16TH EAST ASIA TOP LEVEL OFFICIALS' MEETING ON COMPETITION POLICY AND 13TH EAST ASIA CONFERENCE ON COMPETITION LAW AND POLICY

CCCS hosted the 16th East Asia Top Level Officials' Meeting on Competition Policy ("EATOP") and the 13th East Asia Conference on Competition Law and Policy ("EAC") virtually on 28 and 29 September 2021 respectively.

Held in collaboration with the Japan Fair Trade Commission and the Asian Development Bank Institute, EATOP brought together 60 senior officials, including heads of agencies, from competition agencies in ASEAN, Australia, Chinese Taipei, Hong Kong, Japan, Korea, Mongolia, and New Zealand virtually to discuss key developments on competition policy and law amidst the COVID-19 pandemic.

The EAC welcomed about 190 participants from government, academia, business leaders and competition practitioners to discuss how digital technologies have impacted competition policy and law in the region.



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Opportunities for candid dialogue between antitrust enforcers and competition practitioners at the EAC help to bridge the gap between government agencies and businesses in tackling competition issues in the digital economy and in ensuring certainty when businesses apply the rules. Ultimately, an effective and robust competition regime will foster a healthy and competitive marketplace which encourages economic growth, as well as increased vibrancy and innovation in our economies.”

Mr Max Loh
Chairman, CCCS

SPOTLIGHT

LAUNCH OF REPORTS ON THE COMPETITION ASSESSMENT OF THE LOGISTICS SECTOR IN SINGAPORE

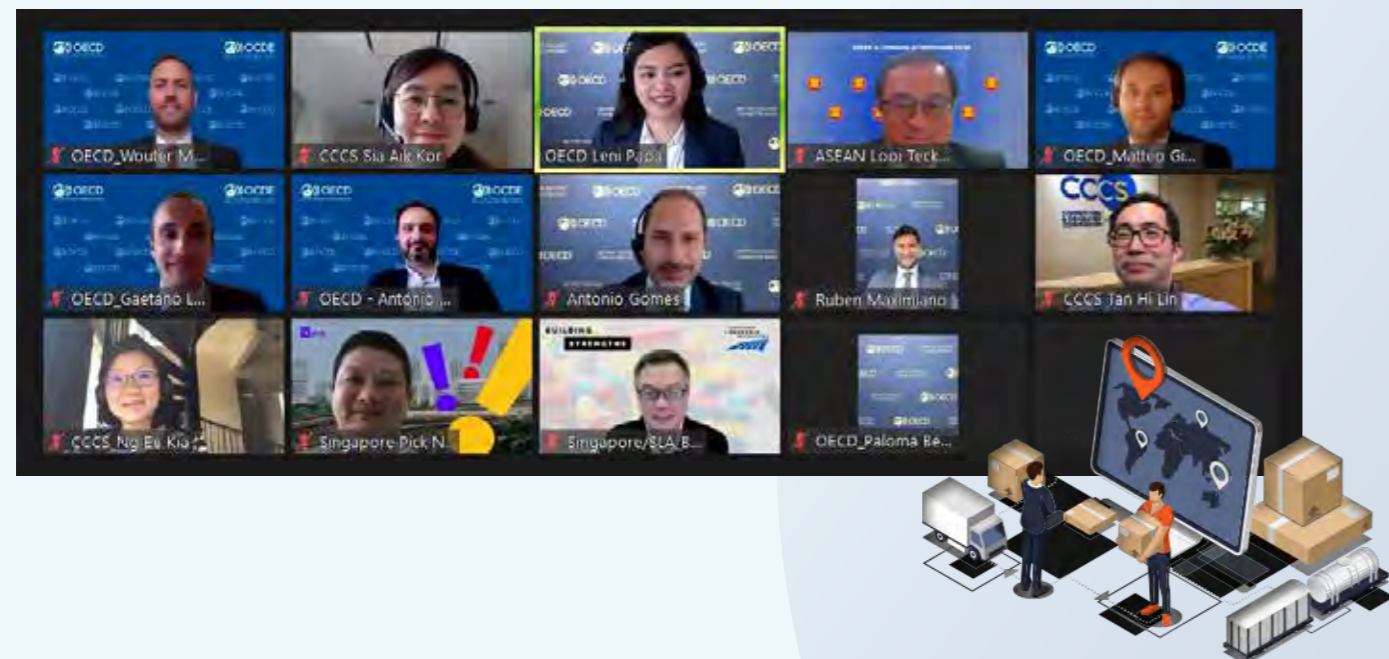


from the public and private sectors in Singapore as well as officials from other ASEAN competition authorities. Speaking at the event, Ms Sia Aik Kor, Chief Executive of the CCCS, noted that the ASEAN Experts Group on Competition (“AEGC”) decided to work with the OECD to undertake assessments on the logistics sector in ASEAN, in view of the significant contributions the logistics sector has on economies of ASEAN by facilitating trade and enhancing connectivity in the region. With the rise of the digital economy, the logistics sector plays a critical role in fostering economic development and in serving consumers of each ASEAN Member State.

CCCS and the Organisation for Economic Cooperation and Development (“OECD”) co-organised the launch of two reports on the competition assessment of the logistics sector in Singapore. The reports, “OECD Competition Assessment Reviews: Logistics Sector in Singapore” and “OECD Competitive Neutrality Reviews: Small-Package Delivery Services in Singapore”, provide independent analysis and recommendations by the OECD as part of its project on Fostering Competition in ASEAN and are undertaken within the framework of the ASEAN Competition Action Plan.

Opening remarks were delivered by H.E. Kara Owen, UK High Commissioner, Singapore, Mr Antonio Gomes, Deputy Director for Financial and Enterprise Affairs, OECD and Mr Looi Teck Kheong, Head of Competition, Consumer Protection, and IP Regulations Division, ASEAN Secretariat. This was followed by a panel discussion on OECD’s findings and the key issues in the logistics sector in Singapore. The panel speakers included: Mr Oh Bee Lock, Chief Executive Officer, Singapore Logistics Association, Mr New Soon Tee, Chief Executive Officer, Pick Network Pte. Ltd. and Dr Tan Hi Lin, Senior Director (Policy & Markets), CCCS, and was moderated by Ms Ng Ee Kia, Assistant Chief Executive, Policy, Business and Economics, CCCS.

The reports were launched at a virtual event on 4 June 2021 which was attended by more than 100 representatives



SPOTLIGHT

CCCS STRENGTHENS FRAMEWORK FOR INTER-AGENCY COOPERATION WITH PHILIPPINES AND CHINA



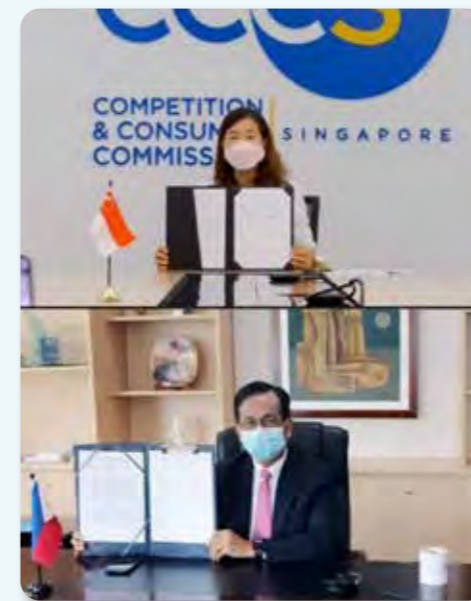
Cooperation agreements with competition agencies of various jurisdictions provide CCCS with a framework for mutual cooperation on competition law enforcement in areas such as notification of cases of mutual interest or significant impact, coordination of enforcement activities, exchange of information, as well as technical cooperation and experience sharing. These agreements also enhance CCCS’s capabilities to handle a broad spectrum of cases, including many with a cross-border dimension. In FY2021, CCCS inked two Memorandums of Understanding (“MOU”) with the Philippines and China respectively.

CCCS and Philippine Competition Commission Sign MOU on Enforcement Cooperation of Competition Law

On 29 November 2021, CCCS and the Philippine Competition Commission (“PCC”) signed a MOU to facilitate enforcement cooperation and to strengthen the long-standing relationship between the two authorities. The MOU establishes a cooperation framework which will enhance effective enforcement of competition laws in Singapore and the Philippines and facilitate exchange of information as well as enforcement coordination for cases of mutual interest.

CCCS and China’s State Administration for Market Regulation Sign MOU on Cooperation of Competition Law

The State Administration for Market Regulation of the People’s Republic of China (“SAMR”) and CCCS signed a MOU on 29 December 2021 to enhance understanding and cooperation between both agencies in the field of competition law. The MOU facilitates technical cooperation, experience sharing, information exchange and coordination for cases of mutual interest. It will also enhance the development of competition policy and law in both agencies and in the region.



ASEAN EXPERTS GROUP ON COMPETITION (“AEGC”)



Singapore plays an active role in working with other ASEAN Member States to develop sound competition and consumer protection policies and best practices for the region. CCCS represents Singapore at the AEGC, an official body that looks into competition policy and law issues in ASEAN.

The 27th Meeting of the AEGC and its related meetings were held virtually from 11 to 15 October 2021. One of the projects that the AEGC is undertaking in 2021 is to develop an ASEAN Investigation Manual on Competition Policy and Law for the Digital Economy. The manual will provide guidance to ASEAN competition authorities on how to investigate anti-competitive activity in the context of the digital economy. CCCS is the country lead for this project.

On 11 October 2021, the inaugural ASEAN Heads of Competition Agencies (“AHCA”) Meeting was held. During the meeting, the ASEAN Heads of Competition Agencies discussed the status of the ASEAN Competition Action Plan (“ACAP”) 2025, as well as

various upcoming AEGC projects. The meeting also noted the findings from Indonesia’s study “Impact of COVID-19 Pandemic and Economic Recovery to Competition Law and Policy” and issued a joint statement on its findings and recommendations.

The 28th Meeting of the AEGC and its related meetings were held virtually from 28 March 2022 to 1 April 2022. Discussions on the implementation of various AEGC projects continued, and CCCS also sought inputs from other ASEAN Member States on the approach for developing the ASEAN Investigation Manual on Competition Policy and Law for the Digital Economy.

On 27 January 2022 and 15 February 2022, the AEGC also met to begin preliminary discussions on the development of an ASEAN Framework Agreement on Competition. Proposed by Cambodia, the ASEAN Chair for 2022, the Framework Agreement aims to provide a cooperation framework for cooperation on competition policy in the region.

ASEAN COMPETITION COMPLIANCE EXPERIENCE SURVEY-STUDY (“ACCESS”) WORKSHOP

CCCS partnered the EW Barker Centre for Law & Business (“EWBCLB”) to organise a workshop on the ACCESS study on 27 April 2021. The study, which was led by Dr Burton Ong, Associate Professor, Faculty of Law, National University of Singapore, analysed the views of stakeholders on the competition law regimes of the various ASEAN Member States and provided recommendations on measures that could facilitate greater convergence in the region.

Ms Ng Ee Kia, CCCS Assistant Chief Executive (Policy, Business & Economics), delivered the opening remarks at the workshop, which gathered feedback



from competition authorities in ASEAN on the ACCESS study. During the workshop, CCCS also shared its experiences on cross-border cooperation.

9TH ASEAN COMPETITION CONFERENCE (“ACC”)



Mr Loke Shiu Meng, CCCS Assistant Chief Executive (Legal, Enforcement & Consumer Protection), spoke at the session on “The Rapid Shift Towards the Digital Economy and the Risk to Competition Enforcement” at the 9th ACC, which was hosted virtually by Vietnam on 1 and 2 December 2021. During the conference, Mr Loke shared Singapore’s experiences and approach towards regulating competition in digital markets.

The ACC is the flagship conference organised by the AEGC to discuss key competition developments and their impact on competition authorities and businesses in ASEAN. Key issues discussed at the 9th ACC include the implications of the COVID-19 pandemic for ASEAN, and the role of competition in regional economic recovery.

UPGRADE OF THE COMPETITION CHAPTER OF THE ASEAN-AUSTRALIA-NEW ZEALAND FREE TRADE AREA (“AANZFTA”)

In FY2021, ASEAN, Australia, and New Zealand engaged in negotiations to upgrade the AANZFTA Competition Chapter. Three rounds of negotiations were held virtually.

Singapore was appointed as the chair of the negotiations, with Mr Teo Wee Guan, CCCS Senior Director (International, Communications & Planning) representing CCCS as the chair.

Negotiations for the upgrade of the AANZFTA were concluded after three rounds. The upgraded AANZFTA will be the first Free Trade Agreement (“FTA”) for



ASEAN that includes comprehensive coverage of consumer protection. Key benefits from the upgraded AANZFTA Competition Chapter include stronger commitments to protect consumer protection among parties as well as avenues for parties to cooperate on matters relating to consumer protection.

AANZFTA PANEL DISCUSSION ON REGULATING COMPETITION IN DIGITAL MARKETS

Ms Ng Ee Kia, CCCS, spoke at a panel discussion on Regulating Competition in Digital Markets on 27 July 2021. The discussion was organised by the Australian Competition and Consumer Commission (“ACCC”) as part of a capacity building programme under AANZFTA for officials of competition agencies in ASEAN. The panel, which also included Ms Morag Bond from the ACCC, Prof William Kovacic from the George Washington University Law School, and Prof Steven Van Uytsel from Kyushu University, discussed various approaches to regulating competition in digital markets.



WEBINAR ON THE REGIONAL COMPREHENSIVE ECONOMIC PARTNERSHIP (“RCEP”) AGREEMENT



On 16 December 2021, the ASEAN Secretariat and the East Asia Business Council organised a webinar “Unlocking RCEP for Business: Competition, Government Procurement, SMEs and Economic and Technical Cooperation” to raise awareness of the RCEP Agreement among businesses in East Asia. Speaking on the RCEP Competition Chapter, Mr Teo Wee Guan, CCCS, highlighted its key features and how its implementation could be beneficial to businesses.

2022 MANILA FORUM ON COMPETITION IN DEVELOPING COUNTRIES



Held virtually on 3 and 4 February 2022, the Manila Forum on Competition in Developing Countries is the Philippine Competition Commission’s flagship competition conference for competition authorities, policymakers, industry leaders, and academics to discuss competition policy developments, particularly in the context of developing countries. Mr Herbert Fung, CCCS Senior Director (Business & Economics) spoke at a plenary session on the topic “The Competition Landscape and Direction of Regulation in Digital Markets”.

ASEAN COMMITTEE ON CONSUMER PROTECTION (“ACCP”)

CCCS supports the Ministry of Trade and Industry in contributing to the various initiatives of the ACCP, which serves as a focal point to implement and monitor regional arrangements and mechanisms to foster consumer protection in the ASEAN economic community.



MEETINGS OF THE ACCP



The 22nd ACCP meeting was held virtually between 3 and 6 May 2021. At the meeting, ASEAN Member States (“AMS”) discussed the progress of deliverables on initiatives under the ASEAN Strategic Action Plan on Consumer Protection 2021 – 2025. CCCS also presented Singapore’s efforts on regional information campaigns on misleading or deceptive advertising in the marketplace and consumer redress, as well as the latest developments in Singapore’s consumer protection law and policy for the period October 2020 to March 2021, as well as the Singapore Government’s responses to COVID-19 which impacted consumers.

At the 23rd meeting held between 22 and 25 November 2021, Singapore, in the capacity of country lead for the project, led the discussion on the development of the ASEAN Handbook on Consumer Protection Laws and Regulations in 2023. CCCS also shared on the developments of consumer protection law in Singapore.

ACCP BRAINSTORMING WORKSHOP ON CONSUMER IMPACT ASSESSMENT

CCCS officers attended a brainstorming workshop Consumer Impact Assessment on 26 August 2021 where AMS provided input on the key considerations, methodologies and indicative outline of the ASEAN Consumer Impact Assessment Toolkit. Experts from Canada and the OECD also shared relevant international experiences and best practices.



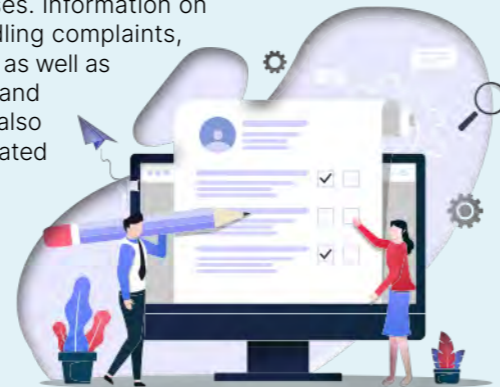
INTERNATIONAL HIGHLIGHTS

INTERNATIONAL COMPETITION NETWORK (“ICN”)

The ICN is the only dedicated international body devoted to competition law enforcement. ICN’s mission is to advocate the adoption of superior standards and procedures in competition policy around the world, formulate proposals for procedural and substantive convergence, and seek to facilitate effective international cooperation for the benefit of member agencies, consumers, and economies worldwide. CCCS is an active member of the ICN, and since 2015, has been a member of the ICN’s decision-making body, the ICN Steering Group. Currently, CCCS is also co-chair of the Agency Effectiveness Working Group (“AEWG”), alongside the Competition Authority of Botswana and the Swedish Competition Authority.

ICN AEWG PROJECT ON “CASE PRIORITISATION AND INITIATION”

CCCS led and completed the AEWG project which examined how early case prioritisation and management would lead to the effectiveness and efficiency of enforcement. A survey was conducted to review ICN member agencies’ methods and principles in prioritising cases. Information on practices in handling complaints, tip-offs, referrals, as well as its effectiveness and challenges were also analysed and collated into a report.



2021 ICN ANNUAL CONFERENCE



CCCS participated in the ICN Annual Conference hosted virtually by the Hungarian Competition Authority from 13 to 15 October 2021. CCCS Chief Executive, Ms Sia Aik Kor, was a panel member on the plenary session on “Competition law enforcement at the intersection between competition, consumer protection, and privacy”. She shared Singapore’s perspective on the interaction between data protection and privacy; and highlighted how competition and consumer protection complements data protection. CCCS officers from the Business & Economics and the International, Communications & Planning divisions also spoke at the breakout sessions on “Re-thinking the ICN Advocacy Toolkit” and “ICN Third Decade Project” respectively.

ENFORCER’S PANEL, POST-ICN FORUM

Mr Loke Shiu Meng, CCCS, spoke at the Enforcers Panel at the post-ICN Forum organised by the International Bar Association Antitrust Section and the International Chamber of Commerce on 23 November 2021. He shared Singapore’s perspectives on challenges in cross-border mergers and differences in approaches to unilateral conduct investigations across jurisdictions.



INTERNATIONAL HIGHLIGHTS

INTERNATIONAL CONSUMER PROTECTION ENFORCEMENT NETWORK (“ICPEN”)



In June 2021, CCCS became a partner of ICPEN, an organisation of consumer protection authorities from 70 countries, representing some 5 billion global consumers. ICPEN provides a forum for information

sharing about cross-border commercial activities that may affect consumer interests and encourages international cooperation and collaboration among consumer law enforcement agencies.

ICPEN VIRTUAL HIGH-LEVEL MEETING AND CONFERENCE CANADA 2021

At the ICPEN Virtual High-Level Meeting and Conference Canada 2021 held from 22 to 24 June 2021, CCCS Chief Executive Ms Sia Aik Kor gave an acceptance speech on the agency becoming an ICPEN Partner organisation. This was CCCS’s first event attendance in its capacity as an ICPEN Partner. CCCS also shared on Singapore’s Consumer Protection (Fair Trading) Act at the meeting, which discussed enforcement and consumer protection issues relating to COVID-19, environmental claims, digital economy and artificial intelligence.



INTERNATIONAL HIGHLIGHTS

ASIA-PACIFIC ECONOMIC COOPERATION (“APEC”)

CCCS contributes to the APEC Competition Policy and Law Group that strives to develop an understanding of regional competition laws and policies, to examine the

impact on trade and investment flows, and to identify areas for technical cooperation and capacity building among member economies.

APEC COMPETITION POLICY AND LAW GROUP (“CPLG”) MEETING

The CPLG is responsible for practical aspects of competition law and enforcement to develop and enhance competition law and policy in APEC member economies. CCCS represented Singapore at the APEC CPLG meeting, which was held virtually on 18 Feb 2022, and updated the meeting on the recent competition policy and law developments in Singapore. Members also had a policy dialogue on the topic “Competition Policy and Digital Transformation”.



6TH MEETING OF HIGH-LEVEL REPRESENTATIVES OF ASIA-PACIFIC COMPETITION AUTHORITIES

Ms Sia Aik Kor, CCCS Chief Executive, and Dr Tan Hi Lin, CCCS Senior Director (Policy & Markets), attended the 6th Meeting of High-Level Representatives of Asia-Pacific Competition Authorities held virtually on 13 December 2021. The forum was organised by OECD for heads and senior officials of competition agencies in the Asia Pacific to discuss topics of mutual interests. Ms Sia shared CCCS’s policy approach towards digital markets, including CCCS’s market study on e-commerce platforms and plans to update its existing guidelines based on insights and recommendations from the market study.

Dr Tan spoke on CCCS’s collaborative efforts with other government agencies to promote competition and industry development during the panel discussion on “Industrial Policy or Competition? Are they Compatible and How can Competition Authorities contribute?”.



INTERNATIONAL HIGHLIGHTS

GLOBAL COMPETITION REVIEW (“GCR”) CONNECT: LAW LEADERS ASIA-PACIFIC 2021

An ASEAN Enforcers Roundtable was held as part of the GCR Connect: Law Leaders Asia-Pacific Conference organised by the GCR on 26 and 27 August 2021, comprising



senior officials from ASEAN competition authorities. Ms Sia Aik Kor, CCCS Chief Executive, delivered a presentation at the session on key competition developments in Singapore over the past year.

MEETING BETWEEN CCCS CHIEF EXECUTIVE AND JFTC CHAIRMAN, MR KAZUYUKI FURUYA

CCCS Chief Executive Ms Sia Aik Kor met virtually with the Japan Fair Trade Commission (“JFTC”) Chairman Mr Kazuyuki Furuya on 15 September 2021, during which they updated each other on the competition policy and law developments in their respective countries. They discussed ways to deepen collaboration between both agencies, in particular, in sharing insights and experiences on dealing with competition issues in digital markets. CCCS entered into its first cooperation agreement with a foreign competition agency with JFTC in 2017.



KOREA CONSUMER AGENCY 8TH ASIAN FORUM ON CONSUMER POLICY

The Korea Fair Trade Commission and the Korea Consumer Agency held the 8th Asian Forum on Consumer Policy on 28 September 2021, where representatives from Asia-Pacific



consumer protection authorities shared the latest consumer policy issues and establishing cross-border cooperation plans. CCCS shared its work on consumer protection pertaining to digital online platforms, including its Digital Platform and Online Travel Booking market studies, Price Transparency Guidelines and the investigation on the operator of the Expedia Singapore website making false claims on validity period of promotions. The Forum was attended by around 50 representatives from consumer protection authorities in the Asian-Pacific region, US Federal Trade Commission, European Consumer Centres Network and UN Conference on Trade and Development.

11TH SEOUL INTERNATIONAL COMPETITION FORUM

Ms Sia Aik Kor, CCCS Chief Executive, delivered a video presentation at the session on “Platform Economy and Competition Policy” at the 11th Seoul International Competition Forum organised by the Korea Fair Trade Commission on 4 November 2021. She highlighted the importance of keeping competition policies and frameworks relevant and robust to market, continuously monitoring key developments in the digital markets and reviewing competition frameworks to provide clarity and guidance to businesses. Ms Sia also elaborated on CCCS’s policy approach towards digital platforms, including conducting market studies, reviewing the competition guidelines, and their application for enforcement in digital markets.





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Competition and Consumer Commission of Singapore

Annual Report
Year ended 31 March 2022

Statement by the Members of the Commission

In our opinion,

- (a) the accompanying financial statements of the Competition and Consumer Commission of Singapore (the “Commission”), set out on pages FS1 to FS31 are properly drawn up in accordance with the provisions of the Public Sector (Governance) Act 2018 (the “PSG” Act), the Competition Act 2004 (the “Act”) and Statutory Board Financial Reporting Standards (“SB-FRS”) so as to present fairly, in all material respects, the state of affairs of the Commission as at 31 March 2022 and the results, changes in equity and cash flows of the Commission for the financial year ended on that date;
- (b) proper accounting and other records have been kept, including records of all assets of the Commission whether purchased, donated or otherwise; and
- (c) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Commission during the financial year are in accordance with the provisions of the PSG Act, the Act and the requirements of any other written law applicable to moneys of or managed by the Commission.

The Members of the Commission have, on the date of this statement, authorised these financial statements for issue.

On behalf of the Commission



Max Loh Khum Whai
Chairman



Sia Aik Kor
Chief Executive

13 July 2022



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Independent auditors' report

Members of the Commission
Competition and Consumer Commission of Singapore

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Competition and Consumer Commission of Singapore (the "Commission"), which comprise the statement of financial position as at 31 March 2022, the statement of income and expenditure and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS31.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Public Sector (Governance) Act 2018 (the "PSG" Act), the Competition Act 2004 (the "Act") and Statutory Board Financial Reporting Standards ("SB-FRS") so as to present fairly, in all material respects, the state of affairs of the Commission as at 31 March 2022 and the results, changes in equity and cash flows of the Commission for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Commission in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained the List of Commission Members and List of Senior Management of the Commission prior to the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair representation of these financial statements in accordance with the provisions of the PSG Act, the Act and SB-FRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements are free from material misstatement, whether due to fraud or error.

A statutory board is constituted based on its Act and its dissolution requires Parliament's approval. In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is intention to wind up the Commission or for the Commission to cease operations.

The management and those charged with governance are responsible for overseeing the Commission's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.



- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

Report on other legal and regulatory requirements

Opinion

In our opinion:

- (a) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Commission during the year are, in all material respects, in accordance with the provisions of the PSG Act, the Act and the requirements of any other written law applicable to moneys of or managed by the Commission; and
- (b) proper accounting and other records have been kept, including records of all assets of the Commission where purchased, donated or otherwise.



Basis for opinion

We conducted our audit in accordance with SSAs. Our responsibilities under those standards are further described in the 'Auditor's Responsibility for the Compliance Audit' section of our report. We are independent of the Commission in accordance with the ACRA Code together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our ethical responsibilities in accordance with these requirements and the ACRA code. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion on management's compliance.

Responsibilities of management for compliance with legal and regulatory requirements

Management is responsible for ensuring that the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the PSG Act, the Act and the requirements of any other written law applicable to moneys of or managed by the Commission. This responsibility includes monitoring related compliance requirements relevant to the Commission, and implementing internal controls as management determines are necessary to enable compliance with the requirements.

Auditor's responsibility for the compliance audit

Our responsibility is to express an opinion on management's compliance based on our audit of the financial statements. We planned and performed the compliance audit to obtain reasonable assurance about whether the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the PSG Act, the Act and the requirements of any other written law applicable to moneys of or managed by the Commission.

Our compliance audit includes obtaining an understanding of the internal control relevant to the receipts, expenditure, investment of moneys and the acquisition and disposal of assets; and assessing the risks of material misstatement of the financial statements from non-compliance, if any, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Because of the inherent limitations in any internal control system, non-compliances may nevertheless occur and not be detected.

A handwritten signature in black ink, appearing to read 'KPMG LLP'.

KPMG LLP
*Public Accountants and
Chartered Accountants*

Singapore
13 July 2022

Statement of financial position
As at 31 March 2022

| | Note | 2022 | 2021 |
|---|-------------|-------------------|-------------------|
| | | \$ | \$ |
| Assets | | | |
| Plant and equipment | 4 | 540,071 | 818,749 |
| Right-of-use assets | 5 | 4,481,324 | 5,767,277 |
| Intangible assets | 6 | 487,989 | 555,997 |
| Non-current assets | | <u>5,509,384</u> | <u>7,142,023</u> |
| Other receivables | 7 | 90,800 | 80,395 |
| Prepayments | | 334,111 | 379,443 |
| Cash and cash equivalents | 8 | 29,653,548 | 26,279,708 |
| Current assets | | <u>30,078,459</u> | <u>26,739,546</u> |
| Total assets | | <u>35,587,843</u> | <u>33,881,569</u> |
| Equity | | | |
| Share capital | 9 | 2,097,892 | 2,097,892 |
| Accumulated surpluses | | 24,006,713 | 21,123,956 |
| Total equity | | <u>26,104,605</u> | <u>23,221,848</u> |
| Liabilities | | | |
| Lease liabilities | 10 | 3,319,800 | 4,602,660 |
| Provision for reinstatement costs | | 324,489 | 324,489 |
| Deferred capital grants | 11 | 545,581 | 866,775 |
| Non-current liabilities | | <u>4,189,870</u> | <u>5,793,924</u> |
| Lease liabilities | 10 | 1,282,860 | 1,257,589 |
| Trade and other payables | 12 | 2,937,585 | 2,572,585 |
| Amounts payable to the supervisory ministry | 13 | – | – |
| Provision for contribution to consolidated fund | 14 | 590,444 | 527,645 |
| Deferred capital grants | 11 | 482,479 | 507,978 |
| Current liabilities | | <u>5,293,368</u> | <u>4,865,797</u> |
| Total liabilities | | <u>9,483,238</u> | <u>10,659,721</u> |
| Total equity and liabilities | | <u>35,587,843</u> | <u>33,881,569</u> |

The accompanying notes form an integral part of these financial statements.

Statement of income and expenditure and other comprehensive income
Year ended 31 March 2022

| | Note | 2022 \$ | 2021 \$ |
|--|------|---------------------|---------------------|
| Income | | | |
| Interest income | | 94,534 | 174,270 |
| Application fee income | | 952,000 | 364,453 |
| Other operating income | | 113,791 | 595,017 |
| | 15 | <u>1,160,325</u> | <u>1,133,740</u> |
| Expenditure | | | |
| Depreciation of plant and equipment | 4 | (282,769) | (348,728) |
| Depreciation of right-of-use assets | 5 | (1,285,953) | (1,285,131) |
| Amortisation of intangible assets | 6 | (208,300) | (184,104) |
| Salaries, wages and staff benefits | | (12,597,456) | (11,580,764) |
| Staff training and development costs | | (128,967) | (95,844) |
| Information technology expenses | | (1,982,647) | (1,613,802) |
| Operating lease expenses | | (360,233) | (371,579) |
| Other operating expenses | | (1,271,448) | (1,568,574) |
| Finance cost | 10 | (112,615) | (139,575) |
| | | <u>(18,230,388)</u> | <u>(17,188,101)</u> |
| Deficit before government grants | | (17,070,063) | (16,054,361) |
| Government grants | | | |
| Operating and other grants | 16 | 20,052,187 | 18,665,330 |
| Deferred capital grant amortised | 11 | 491,077 | 492,828 |
| | | <u>20,543,264</u> | <u>19,158,158</u> |
| Surplus before contribution to consolidated fund | 17 | 3,473,201 | 3,103,797 |
| Contribution to consolidated fund | 14 | (590,444) | (527,645) |
| Net surplus for the year representing total comprehensive income for the year | | <u>2,882,757</u> | <u>2,576,152</u> |

The accompanying notes form an integral part of these financial statements.

Statement of changes in equity
Year ended 31 March 2022

| | Share capital \$ | Accumulated surpluses \$ | Total \$ |
|---|---------------------------------|---|---------------------|
| Balance at 1 April 2020 | 2,097,892 | 18,547,804 | 20,645,696 |
| Net surplus for the year, representing total comprehensive income for the year | — | 2,576,152 | 2,576,152 |
| Balance at 31 March 2021 | <u>2,097,892</u> | <u>21,123,956</u> | <u>23,221,848</u> |
| Balance at 1 April 2021 | 2,097,892 | 21,123,956 | 23,221,848 |
| Net surplus for the year, representing total comprehensive income for the year | — | 2,882,757 | 2,882,757 |
| Balance at 31 March 2022 | <u>2,097,892</u> | <u>24,006,713</u> | <u>26,104,605</u> |

The accompanying notes form an integral part of these financial statements.

Statement of cash flows
Year ended 31 March 2022

| | Note | 2022 \$ | 2021 \$ |
|---|------|---------------------|---------------------|
| Cash flows from operating activities | | | |
| Deficit before government grants | | (17,070,063) | (16,054,361) |
| Adjustments for: | | | |
| Depreciation of plant and equipment | 4 | 282,769 | 348,728 |
| Depreciation of right-of-use assets | 5 | 1,285,953 | 1,285,131 |
| Amortisation of intangible assets | 6 | 208,300 | 184,104 |
| Interest income | 15 | (94,534) | (174,270) |
| Finance cost | 10 | 112,615 | 139,575 |
| | | <u>(15,274,960)</u> | <u>(14,271,093)</u> |
| Changes in: | | | |
| Other receivables | | 14,268 | (19,967) |
| Prepayments | | 45,332 | (246,009) |
| Trade and other payables | | 250,708 | (1,148,438) |
| Cash used in operations | | <u>(14,964,652)</u> | <u>(15,685,507)</u> |
| Contribution to consolidated fund | | (527,645) | (71,123) |
| Amounts payable to the supervisory ministry | | – | (160,956) |
| Decrease in cash with AGD not available for general use | | – | 160,956 |
| Net cash used in operating activities | | <u>(15,492,297)</u> | <u>(15,756,630)</u> |
| Cash flows from investing activities | | | |
| Purchase of plant and equipment | | (4,091) | – |
| Purchase of intangible assets | | (26,000) | (70,000) |
| Interest received | | 69,861 | 362,540 |
| Net cash generated from investing activities | | <u>39,770</u> | <u>292,540</u> |
| Cash flow from financing activities | | | |
| Government grants received | | 20,196,571 | 18,786,300 |
| Payment of lease liabilities | | (1,257,589) | (1,229,774) |
| Interest paid | | (112,615) | (139,575) |
| Net cash generated from financing activities | | <u>18,826,367</u> | <u>17,416,951</u> |
| Net increase in cash and cash equivalents | | 3,373,840 | 1,952,861 |
| Cash and cash equivalents at the beginning of the financial year | | <u>26,279,708</u> | <u>24,326,847</u> |
| Cash and cash equivalents at the end of the financial year | 8 | <u>29,653,548</u> | <u>26,279,708</u> |

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Members of the Commission on 13 July 2022.

1 Domicile and activities

The Competition and Consumer Commission of Singapore (the “Commission”) was established as a statutory board in Singapore under the provisions of the Competition Act 2004 (the “Act”).

As a statutory board, the Commission is subjected to the control of its supervisory ministry, Ministry of Trade and Industry (“MTI”). The Commission is required to follow the policies and instructions issued from time to time by MTI and other government ministries and departments such as the Ministry of Finance (“MOF”).

The principal place of business and registered office is located at 45 Maxwell Road, #09-01, The URA Centre, Singapore 069118.

The Commission’s functions and duties are principally to:

- a. maintain and enhance efficient market conduct and promote overall productivity, innovation and competitiveness of markets in Singapore;
- b. eliminate or control practices having adverse effect on competition in Singapore;
- c. promote and sustain competition in markets in Singapore;
- d. promote a strong competitive culture and environment throughout the economy in Singapore;
- e. act internationally as the national body representative of Singapore in respect of competition matters and consumer protection matters;
- f. promote fair trading practices among suppliers and consumers and enable consumers to make informed purchasing decisions in Singapore;
- g. prevent suppliers in Singapore from engaging in unfair practices;
- h. administer and enforce the Consumer Protection (Fair Trading) Act 2003;
- i. advise the Government, any public authority or any consumer protection organisation on national needs and policies in respect of competition matters and consumer protection matters generally; and
- j. perform such other functions and discharge such other duties as may be conferred on the Commission by or under any other written law.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the provisions of the PSG Act, the Act and the Statutory Board Financial Reporting Standards (“SB-FRS”), including Interpretations of SB-FRS (“INT SB-FRS”) and SB-FRS Guidance Notes as promulgated by the Accountant-General.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the functional currency of the Commission.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with SB-FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have most significant effect on the amount recognised in the financial statements is included in the following note:

- Note 3.10 – Revenue recognition

2.5 Changes in significant accounting policies

The Commission has applied the following SB-FRSs, amendments to and interpretations of SB-FRS for the first time for the annual period beginning on 1 April 2021:

- *COVID-19 Related Rent Concessions* (Amendments to SB-FRS 116)
- *Interest Rate Benchmark Reform* (Amendments to SB-FRS 109, SB-FRS 39, SB-FRS 107, SB-FRS104 and SB-FRS 116)

The application of these amendments to standards and interpretations did not have a material effect on the financial statements.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Commission at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

3.2 Financial instruments

Recognition and initial measurement

(i) Non-derivative financial assets and financial liabilities

Other receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Commission becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Commission changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets: Business model assessment

The Commission makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Commission's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Commission's continuing recognition of the assets.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Commission considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Commission considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Commission's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the statement of income and expenditure and statement of comprehensive income. Any gain or loss on derecognition is recognised in the statement of income and expenditure and other comprehensive income.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the statement of income and expenditure and other comprehensive income. Directly attributable transaction costs are recognised in the statement of income and expenditure and other comprehensive income as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the statement of income and expenditure and other comprehensive income. These financial liabilities comprised trade and other payables and amounts payable to the supervisory ministry.

(iii) Derecognition

Financial assets

The Commission derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred;
 - or
 - the Commission neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Commission enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

The Commission derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Commission also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the statement of income and expenditure and other comprehensive income.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Commission currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalent

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Commission in the management of its short-term commitments.

(vi) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.3 Plant and equipment

Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Commission has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If significant parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain or loss on disposal of an item of plant and equipment is recognised in the statement of income and expenditure and other comprehensive income.

Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Commission, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in the statement of income and expenditure and other comprehensive income.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in the statement of income and expenditure and other comprehensive income on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment, unless it is included in the carrying amount of another asset. Capital work-in-progress is not depreciated.

Depreciation is recognised from the date that the plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

- | | |
|-------------------------------------|---------------|
| • Furniture, fixtures and equipment | 8 years |
| • Office equipment | 5 to 10 years |
| • Computer equipment | 3 to 5 years |

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.4 Intangible assets

Intangible assets that are acquired by the Commission and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in the statement of income and expenditure and other comprehensive income on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives for the current and comparative periods are from 3 to 5 years. Development work-in-progress is not amortised.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.5 Leases

At inception of a contract, the Commission assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Commission allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Commission recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Commission by the end of the lease term or the cost of the right-of-use asset reflects that the Commission will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses. Depreciation is recognised as an expense in the statement of income and expenditure and other comprehensive income on a straight-line basis over the estimated useful lives of the assets as follows:

| | |
|------------------|----------------------|
| Office premises | Remaining lease term |
| Office equipment | Remaining lease term |

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Commission's incremental borrowing rate. Generally, the Commission uses the Government's borrowing rate as an estimate of its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Commission is reasonably certain to exercise, lease payments in an optional renewal period if the Commission is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Commission is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Commission's estimate of the amount expected to be payable under a residual value guarantee, if the Commission changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Commission has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Commission recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.6 Impairment

(i) Non-derivative financial assets

The Commission recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised costs.

Loss allowances of the Commission are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

The Commission applies the simplified approach to provide for ECLs for other receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Commission applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Commission assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Commission considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Commission's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Commission considers a financial asset to be in default when the receivables is unlikely to pay its credit obligations to the Commission in full, without recourse by the Commission to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Commission is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Commission expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Commission assesses whether financial assets carried at amortised cost and debt investments at fair value through other comprehensive income ("FVOCI") are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the receivables or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Commission on terms that the Commission would not consider otherwise;
- it is probable that the receivables will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Commission determines that the receivables do not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Commission's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Commission's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in the statement of income and expenditure and other comprehensive income. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amount of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.7 Provisions

A provision is recognised if, as a result of a past event, the Commission has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provision for reinstatement costs

Provision for reinstatement costs in respect of the leased office premise is recognised at the date of inception of the lease in accordance with the applicable terms and conditions in the lease arrangement.

3.8 Employee benefits

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Commission has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

3.9 Government grants

Government grants are recognised initially at their fair value where there is a reasonable assurance that the grants will be received and the Commission will comply with the conditions associated with grants.

Government grants utilised for the purchase of depreciable assets are initially recorded as “deferred capital grants” on the statement of financial position of the Commission. Deferred capital grants are then recognised in the statement of income and expenditure and other comprehensive income over the periods necessary to match the depreciation of the assets purchased, with the related grants. Capital grants are recognised in the statement of income and expenditure and other comprehensive income on a systematic basis over the useful life of the asset. Upon disposal of the asset, the balance of the related deferred capital grants is recognised in the statement of income and expenditure and other comprehensive income to match the net book value of assets written off.

Other government grants are recognised as income over the periods necessary to match the expenditure for which they are intended to compensate, on a systematic basis.

3.10 Revenue recognition

Revenue from sale of services in the ordinary course of business is recognised when the Commission satisfies a performance obligation (“PO”) by transferring control of a promised service to the applicant. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised services. The individual standalone selling price of a service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the POs if it relates specifically to those POs.

The transaction price is the amount of consideration in the contract to which the Commission expects to be entitled in exchange for transferring the promised services. Consideration payable to an applicant is deducted from the transaction price if the Commission does not receive a separate identifiable benefit from the applicant.

Application fees

Application fees income is recognised over time when the service is being provided.

Interest income

Interest income is accrued on a time-proportion basis, by reference to the principal outstanding and at the effective interest rate applicable.

3.11 Financial penalties

Financial penalties are imposed on undertakings found to have infringed the prohibitions under the Competition Act, Chapter 50B. Financial penalties are collected on behalf of the supervisory ministry, and together with the interest accrued on financial penalties, are transferred to the Consolidated Fund at least once every quarter. Financial penalties are accounted for on a cash basis.

3.12 Contribution to consolidated fund

The Commission is required to make contribution to the Consolidated Fund in accordance with the Statutory Corporations (Contributions to Consolidated Fund) Act 1989. The provision is based on the guidelines specified by the Ministry of Finance. It is computed based on the net surplus of the Commission for each of the financial year at the prevailing corporate tax rate for the Year of Assessment. Contribution to consolidated fund is provided for on an accrual basis.

3.13 New standards and interpretations not adopted

The following amendments to SB-FRSs have been issued but are not yet effective for the reporting period ended 31 March 2022:

| Description | Effective for annual periods beginning on or after |
|--|---|
| Amendment to SB-FRS 116: <i>Covid-19-Related Rent Concessions beyond 30 June 2021</i> | 1 April 2021 |
| Amendments to SB-FRS 103: <i>Reference to the Conceptual Framework</i> | 1 January 2022 |
| Amendments to SB-FRS 16: <i>Property, Plant and Equipment – Proceeds before Intended Use</i> | 1 January 2022 |
| Amendments to SB-FRS 37: <i>Onerous Contracts – Cost of Fulfilling a Contract</i> | 1 January 2022 |
| Annual Improvements to SB-FRSs 2018 – 2020 (<i>Amendments to SB-FRS 101, SB-FRS 109, Illustrative Examples Accompanying SB-FRS 116, and SB-FRS 41</i>) | 1 January 2022 |
| Amendments to SB-FRS 1: <i>Classification of Liabilities as Current or Non-current</i> | 1 January 2023 |
| Amendments to SB-FRS 8: <i>Definition of Accounting Estimates</i> | 1 January 2023 |
| Amendments to SB-FRS 1 and SB-FRS Practice Statement 2: <i>Disclosure of Accounting Policies</i> | 1 January 2023 |
| Amendments to SB-FRS 12: <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> | 1 January 2023 |

The Commission does not expect that the adoption of the amendments to SB-FRSs above to have any significant impact on the financial statements.

4 Plant and equipment

| | Furniture, fixtures and equipment | Office equipment | Computer equipment | Assets under construction | Total |
|---------------------------------|--|-----------------------------|-------------------------------|--------------------------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Cost | | | | | |
| At 1 April 2020 | 1,473,122 | 936,992 | 2,172,798 | – | 4,582,912 |
| Additions | – | – | – | 50,970 | 50,970 |
| Disposals/Write off | (3,429) | (10,831) | (358,596) | – | (372,856) |
| At 31 March 2021 | <u>1,469,693</u> | <u>926,161</u> | <u>1,814,202</u> | <u>50,970</u> | <u>4,261,026</u> |
| At 1 April 2021 | 1,469,693 | 926,161 | 1,814,202 | 50,970 | 4,261,026 |
| Additions | – | – | – | 4,091 | 4,091 |
| Reclassification | – | – | 55,061 | (55,061) | – |
| Disposals/Write off | – | (34,640) | – | – | (34,640) |
| At 31 March 2022 | <u>1,469,693</u> | <u>891,521</u> | <u>1,869,263</u> | <u>–</u> | <u>4,230,477</u> |
| Accumulated depreciation | | | | | |
| At 1 April 2020 | 1,295,882 | 802,963 | 1,367,560 | – | 3,466,405 |
| Depreciation | 36,723 | 62,165 | 249,840 | – | 348,728 |
| Disposals/Write off | (3,429) | (10,831) | (358,596) | – | (372,856) |
| At 31 March 2021 | <u>1,329,176</u> | <u>854,297</u> | <u>1,258,804</u> | <u>–</u> | <u>3,442,277</u> |
| At 1 April 2021 | 1,329,176 | 854,297 | 1,258,804 | – | 3,442,277 |
| Depreciation | 33,241 | 15,689 | 233,839 | – | 282,769 |
| Disposals/Write off | – | (34,640) | – | – | (34,640) |
| At 31 March 2022 | <u>1,362,417</u> | <u>835,346</u> | <u>1,492,643</u> | <u>–</u> | <u>3,690,406</u> |
| Carrying amounts | | | | | |
| At 1 April 2020 | <u>177,240</u> | <u>134,029</u> | <u>805,238</u> | <u>–</u> | <u>1,116,507</u> |
| At 31 March 2021 | <u>140,517</u> | <u>71,864</u> | <u>555,398</u> | <u>50,970</u> | <u>818,749</u> |
| At 31 March 2022 | <u>107,276</u> | <u>56,175</u> | <u>376,620</u> | <u>–</u> | <u>540,071</u> |

5 Right-of-use assets

Leases as lessee

The Commission leases office premises and office equipment. The leases typically run for a period of one to three years, with an option to renew the lease after that date. For lease of office premises, the rental rates are renegotiated every three years to reflect market rentals.

The Commission leases IT equipment with contract terms of one to three years. These leases are of low-value items. The Commission has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Commission is a lessee is presented below.

| | Office premises | Office equipment | Total |
|---------------------------------|----------------------------|-----------------------------|------------------|
| | \$ | \$ | \$ |
| Cost | | | |
| At 1 April 2020 | 8,303,428 | 10,947 | 8,314,375 |
| Additions | – | 15,260 | 15,260 |
| At 31 March 2021 | <u>8,303,428</u> | <u>26,207</u> | <u>8,329,635</u> |
| At 1 April 2021 | 8,303,428 | 26,207 | 8,329,635 |
| Derecognition | (633,138) | (3,494) | (636,632) |
| At 31 March 2022 | <u>7,670,290</u> | <u>22,713</u> | <u>7,693,003</u> |
| Accumulated depreciation | | | |
| At 1 April 2020 | 1,272,329 | 4,898 | 1,277,227 |
| Depreciation | 1,278,382 | 6,749 | 1,285,131 |
| At 31 March 2021 | <u>2,550,711</u> | <u>11,647</u> | <u>2,562,358</u> |
| At 1 April 2021 | 2,550,711 | 11,647 | 2,562,358 |
| Depreciation | 1,278,383 | 7,570 | 1,285,953 |
| Derecognition | (633,138) | (3,494) | (636,632) |
| At 31 March 2022 | <u>3,195,956</u> | <u>15,723</u> | <u>3,211,679</u> |
| Carrying amounts | | | |
| At 1 April 2020 | <u>7,031,099</u> | <u>6,049</u> | <u>7,037,148</u> |
| At 31 March 2021 | <u>5,752,717</u> | <u>14,560</u> | <u>5,767,277</u> |
| At 31 March 2022 | <u>4,474,334</u> | <u>6,990</u> | <u>4,481,324</u> |

Extension options

The office premises lease contains two extension options of 3-year duration each exercisable by the Commission after the current non-cancellable lease period ends on 30 September 2022. Where practicable, the Commission seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Commission and not by the lessors. The Commission assesses at lease commencement date whether it is reasonably certain to exercise the extension options. Based on the assessment performed, the Commission is reasonably certain that the Commission will exercise the 1st extension option. Consequently, the lease period is computed based on the lease term of 6 years. The Commission did not perform any reassessment as there is no significant event or significant change in circumstances within its control in current year.

The Commission has estimated that the potential future lease payments, should it exercise the 2nd extension option, would result in an increase in lease liability of \$3.5 million.

6 Intangible assets

| | Acquired computer software | Total |
|---------------------------------|---|--------------|
| | \$ | \$ |
| Cost | | |
| At 1 April 2020 | 1,562,161 | 1,562,161 |
| Additions | 70,000 | 70,000 |
| At 31 March 2021 | 1,632,161 | 1,632,161 |
| Additions | 140,292 | 140,292 |
| At 31 March 2022 | 1,772,453 | 1,772,453 |
| Accumulated amortisation | | |
| At 1 April 2020 | 892,060 | 892,060 |
| Amortisation charge | 184,104 | 184,104 |
| At 31 March 2021 | 1,076,164 | 1,076,164 |
| Amortisation charge | 208,300 | 208,300 |
| At 31 March 2022 | 1,284,464 | 1,284,464 |
| Carrying amounts | | |
| At 1 April 2020 | 670,101 | 670,101 |
| At 31 March 2021 | 555,997 | 555,997 |
| At 31 March 2022 | 487,989 | 487,989 |

7 Other receivables

| | 2022 | 2021 |
|---------------------|-------------|-------------|
| | \$ | \$ |
| Interest receivable | 45,347 | 20,674 |
| Other receivables | 45,453 | 59,721 |
| | 90,800 | 80,395 |

Other receivable amounts are not past due and not impaired.

8 Cash and cash equivalents

| | 2022 | 2021 |
|---|-------------|-------------|
| | \$ | \$ |
| Cash with AGD | 25,801,426 | 23,450,529 |
| Deposits with AGD | 3,852,122 | 2,829,179 |
| | 29,653,548 | 26,279,708 |
| Less: Cash with AGD not available for general use | — | — |
| | 29,653,548 | 26,279,708 |

The Commission participates in the AGD's Centralised Liquidity Management ("CLM") Scheme whereby the Commission's cash is pooled together and managed centrally by AGD, a related party. This does not affect the daily liquidity of the Commission. AGD pays interest on the Commission's cash with AGD. The weighted average effective interest rates range between 0.29% to 0.41% (2021: 0.28% to 1.52%) per annum.

Cash with AGD not available for general use relates to the financial penalties collected on behalf of the supervisory ministry, Ministry of Trade and Industry.

9 Share capital

| | 2022 | 2021 | 2022 | 2021 |
|--|---------------|-----------|-----------|-----------|
| | No. of shares | | \$ | \$ |
| Issued and fully paid ordinary shares, with no par value: | | | | |
| At 1 April and 31 March | 2,097,892 | 2,097,892 | 2,097,892 | 2,097,892 |

The shares have been fully paid for and are held by the Minister of Finance, a body corporate incorporated by the Minister for Finance (Incorporation) Act 1959. The holder of these shares, which has no par value and do not carry any voting rights, is entitled to receive dividends from the Commission. There is no dividend payable in current year.

10 Lease liabilities

| | 2022 | 2021 |
|-------------|------------------|------------------|
| | \$ | \$ |
| Current | 1,282,860 | 1,257,589 |
| Non-current | 3,319,800 | 4,602,660 |
| | <u>4,602,660</u> | <u>5,860,249</u> |

Amounts recognised in profit or loss

| | 2022 | 2021 |
|---|---------|---------|
| | \$ | \$ |
| Interest on lease liabilities | 112,615 | 139,575 |
| Expenses relating to leases of low-value assets | 70,927 | 81,838 |

Amounts recognised in statement of cash flows

| | 2022 | 2021 |
|-------------------------------|------------------|------------------|
| | \$ | \$ |
| Total cash outflow for leases | <u>1,370,204</u> | <u>1,369,349</u> |

11 Deferred capital grants

| | Note | 2022 \$ | 2021 \$ |
|--|------|------------|------------|
| At 1 April | | 1,374,753 | 1,746,611 |
| Transfer from operating grants | 16 | 144,384 | 120,970 |
| Transfer to the statement of income and expenditure and other comprehensive income | | (491,077) | (492,828) |
| At 31 March | | 1,028,060 | 1,374,753 |
| | | | |
| Representing | | | |
| Current | | 482,479 | 507,978 |
| Non-current | | 545,581 | 866,775 |
| | | 1,028,060 | 1,374,753 |

Reconciliation of movements of lease liabilities, operating and deferred capital grants to cash flows arising from financial activities

| | Lease liabilities \$ | Operating and other grants \$ | Deferred capital grants \$ | Total \$ |
|--|-------------------------|-------------------------------------|----------------------------------|--------------|
| Balance at 1 April 2020 | 7,074,763 | – | 1,746,611 | 8,821,374 |
| Changes from financing cash flows | | | | |
| Payment of lease liabilities | (1,229,774) | – | – | (1,229,774) |
| Interest paid | (139,575) | – | – | (139,575) |
| Government grants received | – | 18,665,330 | 120,970 | 18,786,300 |
| Total changes from financing cash flows | (1,369,349) | 18,665,330 | 120,970 | 17,416,951 |
| Other charges | | | | |
| New lease | 15,260 | – | – | 15,260 |
| Interest expense | 139,575 | – | – | 139,575 |
| Government grants income | – | (18,665,330) | (492,828) | (19,158,158) |
| Total other charges | 154,835 | (18,665,330) | (492,828) | (19,003,323) |
| Balance as at 31 March 2021 | 5,860,249 | – | 1,374,753 | 7,235,002 |
| Balance at 1 April 2021 | 5,860,249 | – | 1,374,753 | 7,235,002 |
| Changes from financing cash flows | | | | |
| Payment of lease liabilities | (1,257,589) | – | – | (1,257,589) |
| Interest paid | (112,615) | – | – | (112,615) |
| Government grants received | – | 20,052,187 | 144,384 | 20,196,571 |
| Total changes from financing cash flows | (1,370,204) | 20,052,187 | 144,384 | 18,826,367 |
| Other charges | | | | |
| Interest expense | 112,615 | – | – | 112,615 |
| Government grants income | – | (20,052,187) | (491,077) | (20,543,264) |
| Total other charges | 112,615 | (20,052,187) | (491,077) | (20,430,649) |
| Balance as at 31 March 2022 | 4,602,660 | – | 1,028,060 | 5,630,720 |

12 Trade and other payables

| | 2022 | 2021 |
|---|-----------|-----------|
| | \$ | \$ |
| Trade payables | – | 112,461 |
| Accrual for payroll related costs | 1,593,760 | 764,500 |
| Accrual for operating and other expenses | 1,061,700 | 1,242,821 |
| Accrual for purchase of plant and equipment and intangible assets | 114,292 | 50,970 |
| Contract liabilities | 167,833 | 401,833 |
| | 2,937,585 | 2,572,585 |

The average credit period for trade payables is of 30 days (2021: 30 days). No interest is charged on outstanding balances.

13 Financial penalties

Financial penalties are imposed on undertakings found to have infringed the prohibitions under the Competition Act 2004. In accordance with the Finance Circular Minute No. M5/2016, legislated financial penalties are considered public moneys and are collected by the Commission on behalf of its supervisory ministry, MTI. All financial penalties collected by the Commission are paid into the Consolidated Fund in accordance with Section 13(2) of the Competition Act 2004.

Movements in the amount payable to supervisory ministry on financial penalties collected are as follows:

| | 2022 | 2021 |
|--|-----------|--------------|
| | \$ | \$ |
| At 1 April | – | 160,956 |
| Financial penalties collected | 221,948 | 18,798,026 |
| Financial penalties paid to the supervisory ministry | (221,948) | (18,958,982) |
| At 31 March | – | – |
| <i>Represented by:</i> | | |
| Cash with AGD | – | – |

14 Provision for contribution to consolidated fund

The Commission is required to make contributions to the Consolidated Fund in accordance with the Statutory Corporations (Contributions to Consolidated Fund) Act 1989 and in accordance with the Finance Circular Minute No. 5/2005 with effect from 2004/2005. The amount to be contributed is based on 17% (2021: 17%) of the net surplus of the Commission, after netting off the prior years' accounting deficit.

15 Income

| | 2022 | 2021 |
|--|-------------|-------------|
| | \$ | \$ |
| Interest income on cash balances placed with AGD | 94,534 | 174,270 |
| Application fee income | 952,000 | 364,453 |
| Other operating income | 113,791 | 595,017 |
| | 1,160,325 | 1,133,740 |

Other operating income mainly comprises a one-off reimbursement of costs of appeal \$23,000 (2021: \$581,577) from appellants.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with applicants, including significant payment terms, and the related revenue recognition policies:

Application fee income

| | |
|-----------------------------------|---|
| Nature of services | The Commission provides guidance or decision in relation to agreement, conduct, mergers or anticipated mergers to the applicants. |
| When revenue is recognised | Revenue is recognised over time when the service is being provided. |
| Significant payment terms | Payment is received in advance, i.e. upon submission of application form. |

Disaggregation of revenue from contracts with applicants

In the following table, revenue from contracts with applicants is disaggregated by primary geographical market.

| | 2022 | 2021 |
|-------------------------------------|-------------|-------------|
| | \$ | \$ |
| Primary geographical markets | | |
| Domestic | 952,000 | 364,453 |

Contract balances

The following table provides information about contract liabilities from contracts with applicants.

| | Note | 2022 | 2021 |
|----------------------|-------------|-------------|-------------|
| | | \$ | \$ |
| Contract liabilities | 12 | 167,833 | 401,833 |

The contract liabilities primarily relate to advance consideration received from applicants in respect of the services to be provided.

Significant changes in the contract liabilities balances during the period are as follows:

| | 2022 | 2021 |
|--|------------------|------------------|
| | \$ | \$ |
| Revenue recognised that was included in the contract liability balances at the beginning of the year | 401,833 | 161,287 |
| Increases due to application fee received* | <u>(167,833)</u> | <u>(401,833)</u> |

* *Excluding amounts recognised as application fee income during the year.*

16 Operating and other grants

| | Note | 2022 | 2021 |
|---|-------------|-------------------|-------------------|
| | | \$ | \$ |
| Grants received from government during the year | | 20,150,000 | 17,176,300 |
| Project grants received from government during the year | | 46,571 | 1,610,000 |
| Transfer to deferred capital grants | 11 | <u>(144,384)</u> | <u>(120,970)</u> |
| | | <u>20,052,187</u> | <u>18,665,330</u> |

17 Surplus before contribution to consolidated fund

Surplus for the year has been arrived at after charging:

| | 2022 | 2021 |
|--|------------------|------------------|
| | \$ | \$ |
| Salaries, wages and other allowances | 11,378,422 | 10,258,475 |
| Contribution to defined contribution plans, included in salaries, wages and staff benefits | <u>1,219,034</u> | <u>1,322,289</u> |

18 Related parties

For the purpose of these financial statements, parties are considered to be related to the Commission if the Commission has the ability, directly or indirectly, to control the party, exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Commission and the party are subject to common control or significant influence. Related parties may be individuals or other entities. In accordance with SB-FRS paragraph 28A, the Commission is exempted from disclosing transactions with government-related entities other than Ministries, Organs of State and other Statutory boards, unless there are circumstances to indicate that these transactions are unusual and their disclosure would be of interest to readers of financial statements.

Key management personnel compensation

Key management personnel of the Commission are those persons have the authority and responsibility for planning, directing and controlling the activities of the Commission. The core management are considered as key management personnel of the Commission.

Key management personnel compensation comprises:

| | 2022 | 2021 |
|--|-------------|-------------|
| | \$ | \$ |
| Short-term benefits and salaries paid to directors and above | 3,586,053 | 3,481,295 |
| Allowances paid to non-executive Commission Members | 104,024 | 91,818 |
| | 3,690,077 | 3,573,113 |

Transactions with Ministries, Organs of State, Statutory Boards and other Government Agencies

The Commission leases an office premise from Urban Redevelopment Authority. In addition, the Commission engages information technology services from Government Technology Agency.

| | 2022 | 2021 |
|---|-------------|-------------|
| | \$ | \$ |
| Operating grants received from government | 20,150,000 | 17,176,300 |
| Project grants received from government | 46,571 | 1,610,000 |
| Office premises lease | 1,651,161 | 1,652,161 |
| Computer and IT related expenses | 146,318 | 100,422 |
| | 146,318 | 100,422 |

19 Financial instruments

Financial risk management

Overview

The Commission has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- interest rate risk

This note presents information about the Commission's exposure to each of the above risks, the Commission's objectives, policies and processes for measuring and managing risk, and the Commission's management of capital.

Risk management framework

The Members of the Commission have overall responsibility for the establishment and oversight of the Commission's risk management framework. Management is responsible for developing and monitoring the Commission's risk management policies. Management reports regularly to the Members of the Commission on its activities.

The Commission's risk management policies are established to identify and analyse the risks faced by the Commission, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Commission's activities. The Commission, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Commission if an applicant or counterparty to a financial instrument fails to meet its contractual obligations, and arises from its financial assets.

The carrying amounts of financial assets in the statement of financial position represent the maximum exposure to credit risk, before taking into account any collateral held. As at 31 March 2022 and 2021, the Commission does not hold any collateral in respect of its financial assets.

Other receivables

Exposure to credit risk

A summary of the Commission's exposures to credit risk for other receivables are as follows:

| | 2022 | | 2021 | |
|------------------------------------|---------------------------------|-----------------------------|---------------------------------|-----------------------------|
| | Not credit- impaired | Credit- impaired | Not credit- impaired | Credit- impaired |
| | \$ | \$ | \$ | \$ |
| Not past due | 90,800 | – | 80,395 | – |
| Total gross carrying amount | 90,800 | – | 80,395 | – |
| Loss allowance | – | – | – | – |
| | <u>90,800</u> | <u>–</u> | <u>80,395</u> | <u>–</u> |

Cash and cash equivalents

The Commission held cash and cash equivalents of \$29,653,548 at 31 March 2022 (2021: \$26,279,708). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated Aaa to Aa1 (2021: Aaa to Aa1) based on Moody's ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Commission considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

Liquidity risk

Liquidity risk is the risk that the Commission will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Commission is not subject to regulatory requirement to maintain minimum cash level. It is the policy of the Commission to maintain a level of cash deemed adequate by the management to finance its operations and mitigate the effects of fluctuations in cash flows.

To manage liquidity risk, the Commission places surplus funds with AGD which are readily available where required. The undiscounted cashflow of the Commission's current financial liabilities at the reporting date approximate their carrying amounts and are expected to be settled within the next 12 months.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate arising from changes in interest rates.

The Commission's exposure to interest rate risk primarily arises from the cash participation in AGD's CLM Scheme. Interest rate risk on cash balances are managed through AGD's CLM Scheme. Surplus funds are placed with AGD.

Sensitivity analysis

The sensitivity analysis has been determined based on the exposure to interest rates for cash and cash equivalents balances at the reporting date. If interest rates had been 100 basis points higher or lower and all other variables held constant, the Commission's surplus before tax for the year ended 31 March 2022 would have increased or decreased by \$ 258,014 (2021: \$234,505).

Capital management

The Commission manages its capital base in consideration of current economic conditions and its plan for the year in concern. The request for grants from the Ministry of Trade and Industry is made through the annual budget exercise. The Commission is not exposed to any external capital requirements. However, it is required to comply with FCM No. 26/2008 under the Capital Management Framework for Statutory Boards. The capital structure of the Commission consists of accumulated surpluses and share capital. The Commission's capital structure remains unchanged since 31 March 2021.

Accounting classification and fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are included in the table below. Further, for the current year the fair value disclosure of lease liabilities is also not required.

| | Note | Amortised cost \$ | Other financial liabilities \$ | Total carrying amount \$ | Fair value \$ |
|------------------------------|------|-------------------------|---|-----------------------------------|---------------------|
| 2022 | | | | | |
| Financial assets | | | | | |
| Other receivables | 7 | 90,800 | – | 90,800 | 90,800 |
| Cash and cash equivalents | 8 | 29,653,548 | – | 29,653,548 | 29,653,548 |
| | | 29,744,348 | – | 29,744,348 | 29,744,348 |

| | Note | Amortised cost \$ | Other financial liabilities \$ | Total carrying amount \$ | Fair value \$ |
|------------------------------|------|-------------------------|---|-----------------------------------|---------------------|
| 2022 | | | | | |
| Financial liabilities | | | | | |
| Trade and other payables* | 12 | – | 2,769,752 | 2,769,752 | 2,769,752 |
| | | – | 2,769,752 | 2,769,752 | 2,769,752 |
| 2021 | | | | | |
| Financial assets | | | | | |
| Other receivables | 7 | 80,395 | – | 80,395 | 80,395 |
| Cash and cash equivalents | 8 | 26,279,708 | – | 26,279,708 | 26,279,708 |
| | | 26,360,103 | – | 26,360,103 | 26,360,103 |
| Financial liabilities | | | | | |
| Trade and other payables* | 12 | – | 2,170,752 | 2,170,752 | 2,170,752 |
| | | – | 2,170,752 | 2,170,752 | 2,170,752 |

* *excludes contract liabilities*

The carrying amounts are assumed to approximate the fair value for all financial assets and liabilities with maturity periods less than one year and where the effect of discounting is immaterial.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying amounts of financial assets and financial liabilities as reported in the financial statements approximate their respective fair values due to the relatively short-term maturity of these financial instruments.