



Section 57 of the Competition Act 2004

Grounds of Decision issued by the Competition and Consumer Commission of Singapore

In relation to the proposed acquisition of shares of Dyna-Mac Holdings Ltd by Hanwha Ocean SG Holdings Pte Ltd

Date: 15 November 2024

Case number: 400-140-2024-002

Confidential information in the original version of this Decision will be redacted from the published version on the public register. Redacted confidential information in the text of the published version of the Decision is denoted by [X].

I. Introduction

1. On 3 October 2024, the Competition and Consumer Commission of Singapore (“**CCCS**”) accepted a sole application by Hanwha Ocean SG Holdings Pte Ltd (“**Hanwha**”), through Rajah & Tann Singapore LLP, for a decision pursuant to section 57 of the Competition Act 2004 (the “**Act**”) as to whether the proposed acquisition of shares of Dyna-Mac Holdings Ltd (“**Dyna-Mac**”) (the “**Proposed Transaction**”) will infringe section 54 of the Act, if carried into effect.
2. In reviewing the Proposed Transaction, CCCS conducted a public consultation from 4 to 18 October 2024 and sought feedback from various stakeholders, including competitors and customers of Hanwha and Dyna-Mac (collectively, the “**Parties**”). Most respondents had no competition concerns in relation to the Proposed Transaction.
3. At the end of the consultation process and after evaluating the available information, CCCS has concluded that the Proposed Transaction, if carried into effect, would not infringe section 54 of the Act.

II. The Parties

4. Hanwha is a Singapore-incorporated special purpose vehicle for the Proposed Transaction and is not engaged in any business activity. After the Proposed Transaction, Hanwha will engage in the same businesses as Hanwha Ocean Co., Ltd (“**Hanwha Ocean**”). Hanwha Ocean is incorporated in South Korea and is publicly listed on the Korean Stock Exchange. It operates in the shipbuilding and offshore industry for ship, offshore plant, and specialty ship businesses. Both Hanwha and Hanwha Ocean are part of the Hanwha Group, a South Korean conglomerate. Hanwha Ocean produces offshore plants in South Korea.
5. Dyna-Mac is publicly listed on the Singapore Exchange and is a topside module manufacturing company serving the energy and marine sectors, specialising in the fabrication of topside modules. Dyna-Mac produces topside modules in Singapore.

III. Competition issues

6. Dyna-Mac engages in the fabrication of offshore topside modules, while Hanwha, through Hanwha Ocean, engages in the construction of offshore plants, such as production facilities (*eg*, Floating Production Storage and Offloading vessels (“**FPSOs**”)) and drilling rigs. In this regard, offshore topside modules supplied by Dyna-Mac can be used as an input by Hanwha in their construction of offshore plants.
7. Therefore, CCCS’s assessment focused on the vertical effects¹ of the Proposed Transaction. Specifically, CCCS focused on whether competition may be foreclosed in the downstream supply of offshore plants, if after the Proposed Transaction, the Parties do not sell Dyna-Mac’s topside modules to rival downstream suppliers of offshore plants

¹ For completeness, CCCS considered that customer foreclosure (*ie*, competition in upstream supply of topside modules is impacted because other topside module suppliers lose Hanwha as a customer) is not relevant, as Hanwha does not currently procure topside modules from another upstream supplier.

or sell the topside modules at a price that makes downstream rivals uncompetitive (i.e. input foreclosure).

IV. Relevant markets

8. Based on the information received, CCCS assessed that the relevant markets for this assessment are the global supply of topside modules (upstream) and the global supply of offshore plants (downstream).

V. Competition assessment

9. Based on information received from Hanwha and third parties, CCCS assessed that the Proposed Transaction is unlikely to give rise to input foreclosure for the three reasons below.
 - a. Dyna-Mac's market share is unlikely to be high in the global supply of topside modules and hence it is unlikely to possess significant market power.
 - b. Customers continue to have sufficient choice of suppliers for topside modules on a global basis. In particular, while there may not be a strong alternative supplier of topside modules in Singapore to Dyna-Mac, feedback from third parties indicated that customers of topside modules can and do use alternative topside suppliers sourced globally.
 - c. Dyna Mac's topside modules represent only a small portion of those used in the global supply of offshore plants. In relation to FPSOs, for which Dyna-Mac most commonly supplies topside modules, there can be multiple suppliers providing different types of topside modules to the same FPSOs. Further, the proportion of the global supply of FPSOs in recent years that used Dyna-Mac's topside modules was not high. It follows that Dyna-Mac's topside modules make up only a small portion of the wider offshore plants market.

VI. Conclusion

10. For the reasons above and based on the information available, CCCS has assessed that the Proposed Transaction, if carried into effect, would not lead to a substantial lessening of competition in Singapore and consequently, would not infringe section 54 of the Act.
11. In accordance with section 57(7) of the Act, the decision will be valid for a period of one year from the date of CCCS's decision.



Arvin Koh
Chief Executive
Competition and Consumer Commission of Singapore