

MEDIA RELEASE

16 March 2015

CCS'S PROVISIONAL DECISION TO BLOCK PARKWAY HOLDINGS LTD'S PROPOSED ACQUISITION OF RADLINK-ASIA PTE LIMITED

1. On 11 March 2015, the Competition Commission of Singapore ("CCS") issued letters¹ to Parkway Holdings Ltd ("Parkway") and Fortis Healthcare Singapore Pte. Limited ("Fortis Singapore") (Parkway and Fortis Singapore collectively, the "Parties"), informing the Parties that CCS had taken a provisional decision to block the proposed acquisition of RadLink-Asia Pte Limited ("RadLink") and its subsidiaries by Medi-Rad Associates Ltd, an indirect wholly-owned subsidiary of IHH Healthcare Berhad (the "Proposed Transaction"). In the letters, CCS stated that the Proposed Transaction would result in a substantial lessening of competition ("SLC") in the affected markets² and would infringe section 54 of the Competition Act (Cap. 50B) (the "Act").
2. On 13 March 2015, Fortis Healthcare Limited ("Fortis") announced on the National Stock Exchange of India Ltd.³ that its subsidiary, Fortis Singapore, had received a "decision" from CCS that if the Proposed Transaction is completed as contemplated, the "combination may result in lessening of competition in the relevant market in Singapore". Consequently, Fortis will "continue to explore alternative strategic opportunities related to RadLink".
3. On the same day, IHH Healthcare Berhad announced on Bursa Malaysia⁴ and the Singapore Exchange⁵ that the Sale and Purchase Agreement entered into between Medi-Rad Associates Ltd and Fortis Singapore in relation to the Proposed Transaction had lapsed and ceased to be of effect.

CCS's review process of the Proposed Transaction

4. CCS received a joint notification for decision on 15 October 2014 from the Parties. The notification was made in relation to section 54 of the Act which prohibits mergers that have resulted, or may be expected to result, in an SLC within any market in Singapore.

¹ The letters were issued in light of the Long Stop Date of the Proposed Transaction of 12 March 2015.

² The affected markets are the Parties' overlapping markets for the supply of radiopharmaceuticals, and the provision of radiology and imaging services in Singapore.

³ http://nseindia.com/corporate/FORTIS_update_03132015155001_1.zip

⁴ <http://www.bursamalaysia.com/market/listed-companies/company-announcements/1902905>

⁵ http://infopub.sgx.com/Apps?A=COW_CorpAnnouncement_Content&B=AnnouncementLast3Months&F=0GBMAUC722LG6V4P&H=e226036d343eb57f63b7ba7961d602637518c537151668441c62e73024a19702

- Phase 1 review of the Proposed Transaction was completed on 26 November 2014. Based on information obtained from the Parties, relevant industry stakeholders and members of the public, CCS was unable to conclude that the Proposed Transaction would not raise competition concerns. Phase 2 review of the Proposed Transaction was initiated on 10 December 2014, following CCS's receipt of the Parties' Form M2 and other relevant documents.⁶

CCS's provisional findings

- In arriving at its provisional decision to block the Proposed Transaction, CCS made the following provisional findings after extensive consultation with the Parties, industry stakeholders and members of the public:

Supply of radiopharmaceuticals⁷

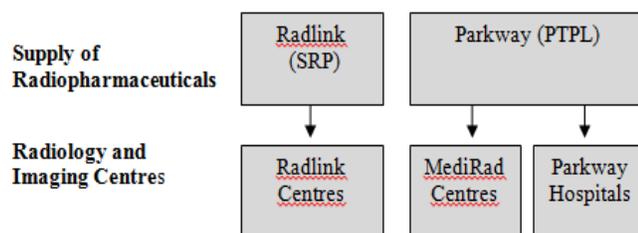
- Post-merger, Parkway would become the only commercial supplier of radiopharmaceuticals in Singapore, through its 33% shareholding of Positron Tracers Pte Ltd ("PTPL")⁸ and the acquisition of 100% of RadLink. CCS's market inquiries indicated that no potential new radiopharmaceutical supplier would enter the market in the next two to three years to compete with the merged entity.

Provision of radiology and imaging services⁹

- In the provision of radiology and imaging services for private outpatients in Singapore, evidence suggests that Parkway and RadLink are each other's closest competitors pre-merger. In addition, CCS notes that post-merger, the merged entity would have very substantial market share. Evidence also suggests that entry barriers are moderate to high, and the bargaining power of customers is weak.

Vertical effects

- An SLC is also likely to arise from the vertical integration of the Parties' operations between the supply of radiopharmaceuticals and provision of radiology and imaging services, as per the figure below:



⁶ <https://www.ccs.gov.sg/media-and-publications/media-releases/ccs-initiates-phase-2-review-of-proposed-acquisition-by-parkway>

⁷ Radiopharmaceuticals are drugs containing radioactive ingredients used for as tracers for radiology imaging diagnosis.

⁸ CCS provisionally finds that Parkway has decisive influence over PTPL.

⁹ Radiology and imaging services relate to the provision of scans such as X-rays, Ultrasounds, Mammograms, Bone Mineral Densitometry, Magnetic Resonance Imaging, Computed Tomography, Fluoroscopy, Positron Emission Tomography and Single-Photon Emission Computed Tomography.

10. CCS's market inquiries indicated that the merged entity would be able to restrict competition in the market for radiology and imaging services by controlling the supply, the prices and/or the range of radiopharmaceuticals available to its downstream competitors.

Conclusion

11. For the reasons above and based on the information available, CCS provisionally concluded that the Proposed Transaction, if carried into effect, would infringe the section 54 prohibition.

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About Parkway and RadLink

Parkway's business is focused on the Singapore market, apart from a 21 bed cardiac centre in Brunei, Gleneagles JPMC Sdn Bhd, which is through a joint venture with the government of Brunei Darussalam, as well as a 30% shareholding in Parkway Group Healthcare. Its ultimate parent, IHH Healthcare Berhad Group, has a presence in several countries including Singapore, Malaysia, Turkey, China and India. Parkway has a network of hospitals, primary care clinics, radiology and imaging service facilities and laboratories in Singapore. Parkway is a 33% shareholder in PTPL, which owns a cyclotron machine in Singapore.

RadLink was founded in 2000 as a radio diagnostic imaging business. RadLink does not operate any business outside Singapore. Its ultimate parent, Fortis Healthcare Limited, is a leading pan Asia-Pacific integrated healthcare delivery provider and operates its healthcare delivery services in India, Singapore, Dubai, Mauritius and Sri Lanka. RadLink operates imaging centres, a small chain of general practitioner clinics and a cyclotron machine in Singapore.

About the Section 54 Prohibition under the Competition Act & Merger Procedures

Section 54 of the Act prohibits mergers that have resulted, or may be expected to result, in an SLC in Singapore.

CCS is generally of the view that competition concerns are unlikely to arise in a merger situation unless:

- The merged entity has/will have a market share of 40% or more; or
- The merged entity has/will have a market share of between 20% to 40% and the post-merger combined market share of the three largest firms is 70% or more.

Merging entities are not required to notify CCS of their merger but they should conduct a self-assessment to ascertain if a notification to CCS is necessary. If they are concerned that the merger has infringed, or is likely to infringe, the Act, they should notify their merger to CCS. In such cases, CCS will assess the merger's effect on competition and decide if the merger has resulted, or is likely to result, in an

SLC in Singapore. CCS will endeavour to issue a decision within 30 to 120 working days, depending on case complexity.

In the event that CCS makes an unfavourable decision, CCS has the power to issue directions to remedy, mitigate or eliminate the adverse effects arising from the merger.

About The Competition Commission of Singapore

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

For more information, please visit www.ccs.gov.sg.

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