



MEDIA RELEASE

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CCS CLEARS PROPOSED MERGER BETWEEN CHINA CNR CORPORATION LIMITED AND CSR CORPORATION LIMITED IN RESPECT OF SUPPLY OF METRO TRAINS FOR SINGAPORE'S MRT

1. The Competition Commission of Singapore (“**CCS**”) has cleared the proposed merger between China CNR Corporation Limited (“**CNR**”) and CSR Corporation Limited (“**CSR**”) (the “**Transaction**”). CCS has concluded that the Transaction will not result in a substantial lessening of competition in the market for the supply of metro trains for Singapore’s MRT.
2. Both CSR and CNR (collectively “the Parties”) are companies established in the People’s Republic of China (“**PRC**”). The Parties are involved in the supply of metro trains for the Mass Rapid Transit (“**MRT**”) system in Singapore.
3. CNR focuses on the manufacture and refurbishment of rolling stock.¹ CNR is also engaged in the manufacture of mechanical and electrical products and clean energy and environmental protection equipment, trading of raw materials, finance leasing of rolling stock and machines and equipment, and project management contracting service for urban rail and other related projects.
4. CSR is a supplier of rolling stock.² CSR has also expanded its business into other industries such as new energy equipment, new materials, AC transmission and industrial automation, and engineering machinery, as well as contracting business, financial leasing, finance business, assets investment and management, and capital operation.
5. The Land Transport Authority (“**LTA**”) is the major purchaser of metro trains in Singapore. The procurement of metro trains in Singapore is primarily conducted by LTA by way of open tender, where all bidders who meet the LTA tender requirements, are eligible to participate and be considered equally based on the LTA’s selection criteria.
6. CCS found that the relevant product market is the supply of metro trains to Singapore and the relevant geographic market for the supply of metro trains is

¹ Including high-speed multiple units, locomotives, passenger coaches, freight wagons, rapid transit vehicles, railway engineering machinery and equipment and core system and components of rolling stock.

² Including high speed multi-units, high-powered electric locomotives, transit vehicles, heavy haul freight trains and high-end passenger carriages.

global, in view of global players, who can, and do, qualify and participate in tenders for the purchase of metro trains in Singapore. There is no local manufacturing or production of metro trains in Singapore.

7. After reviewing the Parties' submissions and consulting with the industry, CCS concludes that the Transaction is unlikely to result in a substantial lessening of competition for the supply of metro trains to Singapore for the following reasons:
 - a. The incremental increase in market shares arising from the merger would be small;
 - b. CSR and CNR supplied metro trains to Singapore as part of consortiums led by other metro train suppliers;
 - c. There is evidence of competition from other globally active metro train manufacturers that could supply metro trains to Singapore; and
 - d. LTA exercises significant negotiating power as the primary purchaser of metro trains in Singapore. LTA also decides on the eligibility criteria for metro train suppliers. Furthermore, LTA conducts open tenders to procure metro trains and such tenders have attracted multiple bidders to date.
8. Therefore, in light of the considerations mentioned above, CCS has assessed that the Transaction, if carried into effect, will not result in a substantial lessening of competition in the market for the supply of metro trains for Singapore's MRT system.
9. CCS has issued its clearance decision for the Transaction to the Parties within the 30 working days period for Phase 1 review.
10. More information on the clearance decision for the proposed acquisition will be available in due course under "Public Register – Mergers & Acquisitions" on the CCS website (<https://www.ccs.gov.sg/public-register-and-consultation/public-register/mergers-and-acquisitions>).

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

Section 54 of the Competition Act prohibits mergers that have resulted, or may be expected to result, in a substantial lessening of competition 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 effect on competition of the merger and decide if the merger has resulted, or is likely to result, in substantial lessening of competition in Singapore. CCS will endeavour to issue a decision within 30 -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 situation.

About The Competition Commission of Singapore (CCS)

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

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

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