



MEDIA RELEASE

28 November 2017

CCS issues Infringement Decision for bid-rigging in electrical services and asset tagging tenders

1. The Competition Commission of Singapore (“CCS”) has issued an Infringement Decision against the following entities for their involvement in bid-rigging¹ in the tenders for the provision of:
 - (a) electrical services² for the Formula 1 Singapore Grand Prix for 2015 to 2017 (“F1 Tender”),
 - (i) Chemicrete Enterprises Pte. Ltd. (“Chemicrete”), Cyclect Electrical Engineering Pte. Ltd. (“Cyclect Electrical”) and Cyclect Holdings Pte. Ltd. (“Cyclect Holdings”) (together the “Cyclect Group”);
 - (ii) HPH Engineering Pte. Ltd. (“HPH”); and
 - (iii) Peak Top Engineering Pte. Ltd. (“Peak Top”).
 - (b) asset tagging services for GEMS World Academy (Singapore) (“GEMS Tender”),
 - (i) Cyclect Group; and
 - (ii) HPH.

CCS’s Investigation

2. CCS investigated the conduct set out in the Infringement Decision after it received a complaint in relation to the alleged anti-competitive agreements in the F1 and GEMS tenders.

¹ Bid-rigging occurs when tenderers or bidders coordinate their bids in tenders or auctions.

² This comprises the design and calculation, the provision and management of labour, the provision of materials and equipment to transport, the installation and removal of electrical works, the inspection of existing electrical switchboards, the distribution of boards and equipment and the provision of maintenance and service support to lighting and electrical items during the Formula 1 Singapore Grand Prix event.

F1 Tender

3. On 8 December 2014, the F1 Tender was advertised by Faithful+Gould Project Management Pte. Ltd. (“F+G”)³, on behalf of Singapore GP Pte. Ltd.⁴, to invite suppliers to bid for the provision of lighting and electrical items for the Formula 1 Singapore Grand Prix events from 2015 to 2017. F+G received a total of four bids from Chemicrete, Cyclect Electrical, HPH and Peak Top. On 23 April 2015, after assessing the bids, including a technical evaluation, price evaluation and tender interviews, F+G awarded the F1 Tender to Cyclect Electrical.
4. CCS’s investigations revealed that the Cyclect Group had approached and separately colluded with HPH and Peak Top to rig the bids in their submissions for the F1 tender. Instead of HPH and Peak Top independently preparing their own competitive bids, the Cyclect Group had prepared different price schedules with final bid prices for HPH’s and Peak Top’s submissions for the F1 Tender, which were higher than Cyclect Electrical’s final bid price for the F1 Tender to enable that the Cyclect Group had a higher chance of winning the F1 Tender with its prepared lower bid price. The Cyclect Group also assisted in preparing HPH’s responses to F+G’s tender clarification questions.

GEMS Tender

5. The GEMS Tender was called by GEMS World Academy (Singapore) (“GEMS”) to invite suppliers to bid for the provision of asset tagging services for its campus in Yishun. On 5 March 2015, GEMS approached Chemicrete to quote. GEMS received a total of three quotes, including quotes from Chemicrete and HPH. On 31 March 2015, the GEMS Tender was awarded to Chemicrete.
6. CCS’s investigations revealed that Chemicrete had sought HPH’s assistance to support Chemicrete in winning the GEMS Tender. To this end, Chemicrete prepared a quote for HPH that was higher than Chemicrete’s own quote for the GEMS Tender. HPH then submitted this to GEMS.

CCS’s Analysis and Findings

7. On 21 March 2017, CCS issued a Proposed Infringement Decision to the Cyclect Group, HPH and Peak Top. Thereafter CCS received written and oral representations from the Cyclect Group.⁵
8. Having carefully considered the evidence gathered in the course of its investigation and the Cyclect Group’s representations, CCS has determined that

³ F+G is the Engineering Project Manager for the Formula 1 Singapore Grand Prix.

⁴ Singapore GP Pte. Ltd. is the race promoter for the FORMULA 1™ SingTel Singapore Grand Prix. It holds five-year renewable rights to stage the Singapore Grand Prix, beginning with the 2008 Season.

⁵ HPH and Peak Top did not make any representations to CCS after the Proposed Infringement Decision was issued to them.

the Cyclelect Group, HPH and Peak Top are liable for an infringement of section 34 of the Competition Act (Cap. 50B) (the “Act”)⁶ in relation to the F1 Tender, and that the Cyclelect Group and HPH are liable for an infringement of section 34 of the Act in relation to the GEMS Tender. CCS considers that the infringing conduct created the false impression that the winning bids were the outcome of a competitive tender process when it was not, as a result of which the customer was not able to genuinely ascertain if the bids were offering value for money.

Financial Penalties

9. CCS considers that the agreements and/or concerted practices regarding the bid-rigging conduct in the F1 Tender and the GEMS Tender had as their object the prevention, restriction and distortion of competition and are by their very nature, serious infringements of the Act.
10. Accordingly, CCS has imposed the following financial penalties on the Cyclelect Group, Peak Top, and HPH:

	Financial Penalty for F1 Tender
The Cyclelect Group	S\$559,297.00
HPH	S\$28,128.00
Peak Top	S\$21,693.00
Total	S\$609,118.00

	Financial Penalty for GEMS Tender
The Cyclelect Group	S\$12,000.00
HPH	S\$5,000.00
Total	S\$17,000.00

In levying the financial penalties, CCS took into account the nature of the infringements, the turnover of the Parties, any aggravating and mitigating factors, as well as the representations made by the Cyclelect Group. The Cyclelect Group was also awarded with a discount further to its application for leniency under CCS’s leniency programme which accords lenient treatment to companies that come forward to CCS with information on their cartel activities. More details on the CCS leniency programme can be found at: <https://www.ccs.gov.sg/tools-and-resources/education-resources/ccs-leniency-programme>.

⁶ Section 34 of the Competition Act prohibits agreements which have their object or effect the prevention, restriction or distortion of competition within Singapore, unless they are excluded or exempted under the Act.

11. Mr. Toh Han Li, Chief Executive, CCS said,

“Bid-rigging is one of the most harmful types of anti-competitive conduct as it distorts the competitive bidding process, thereby preventing businesses from getting the best value for their tenders. Tenderers must independently prepare their bids and refrain from participating in any discussion, coordination, or plan which is anti-competitive in nature.”

12. Further information on the investigation, analysis of the case and the basis of calculation of the financial penalties imposed on the Parties are set out in the Infringement Decision, which can be accessed here: <https://www.ccs.gov.sg/public-register-and-consultation/public-register>.

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About The Competition Commission of Singapore (CCS)

CCS is a statutory board established under the Competition Act (Chapter 50B) (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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