



MEDIA RELEASE

3 March 2021

CCCS consults on the Proposed Acquisition by GlobalWafers Co., Ltd. of Siltronic AG.

1. The Competition and Consumer Commission of Singapore (“**CCCS**”) is inviting public feedback on 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**”) (collectively, the “**Parties**”) by way of a voluntary public takeover bid under German law (and potentially additional share purchases) (the “**Proposed Transaction**”).
2. CCCS received an application from GWC for a decision on the Proposed Transaction, and accepted the application as complete on 26 February 2021. CCCS is now assessing whether the Proposed Transaction would infringe section 54 of the Competition Act (Cap. 50B), which prohibits mergers which have resulted, or may be expected to result, in a substantial lessening of competition within any market in Singapore.

The Parties

GWC

3. GWC manufactures and supplies a broad range of wafers for the semiconductor industry globally.¹ GWC has 17 manufacturing and operating sites, and around 7,000 employees in nine countries across Asia (i.e., China, Japan, Malaysia, Singapore, South Korea and Taiwan), Europe (i.e., Denmark and Italy), and the United States, with additional sales support locally to serve customers. GWC’s largest shareholder is Sino-American Silicon Products Inc. (“**SAS**”, including all other subsidiaries “**SAS Group**”). SAS Group is a global manufacturer and supplier of wafers. Its main products include semiconductor wafers, solar wafers, cells, and modules.

¹ GWC’s wafers are a commodity product that can be used to manufacture a range of semiconductor devices.

4. In Singapore, GWC supplies silicon wafers for the semiconductor industry. GWC does not have any manufacturing activities in Singapore but has a sales office in Singapore.
5. The brand names, business names and trading names used by GWC and its parent company, SAS, in Singapore include:
 - i. GlobalWafers;
 - ii. GlobalWafers Co., Ltd.;
 - iii. GlobalWafers GmbH; and
 - iv. Sino-American Silicon Products Inc.

Siltronic

6. Siltronic is a developer and manufacturer of silicon wafers. Siltronic has four manufacturing facilities comprising two facilities in Germany, one in Singapore, and one in the US, as well as a number of representations and branches to serve customers locally, with around 3,700 employees globally. Wacker Chemie AG is currently Siltronic's largest shareholder.
7. In Singapore, Siltronic manufactures and supplies silicon wafers for the semiconductor industry. Siltronic has a manufacturing facility and a sales office in Singapore.
8. The business/trading names used by Siltronic in Singapore include:
 - i. Siltronic AG Singapore Branch;
 - ii. Siltronic Singapore Pte. Ltd.; and
 - iii. Siltronic Silicon Wafer Pte. Ltd.

The Proposed Transaction

9. The Proposed Transaction will be implemented by way of a voluntary public cash takeover offer under German law (and potentially additional share purchases) by GlobalWafers GmbH, a wholly-owned indirect subsidiary of GWC incorporated under the laws of Germany, for all the outstanding ordinary shares of Siltronic. Completion of the voluntary public takeover bid is subject to a minimum acceptance threshold of currently 50% of Siltronic's issued and outstanding ordinary share capital at the end of the acceptance period, and customary regulatory approvals.
10. GWC submits that the Parties overlap in the supply of silicon wafers in Singapore and that the relevant market is the global supply of silicon wafers.
11. According to GWC, the Proposed Transaction will not result in a substantial lessening of competition in Singapore because:

- i. The Parties will remain subject to intense competition from global strong and sophisticated competitors, including a growing number of Chinese wafer suppliers;
- ii. The Parties will continue to face significant buyer power from large and sophisticated customers. Notably, a large majority of the Parties' customers are very large entities who purchase significant quantities of silicon wafers and they typically employ sophisticated purchasing strategies and source from multiple suppliers;
- iii. Generally, there is easy access to production equipment and raw materials which makes the barriers to entry and expansion low. Production equipment is available from a range of suppliers, and the key raw material for silicon wafers, semiconductor-grade polysilicon, is readily available from large international suppliers. While the silicon wafer production business is characterised by intensive initial set-up and capital costs, such costs are not insurmountable and have not deterred new entry. Similarly, existing suppliers are able to adjust capacity expansion dynamically and would be incentivised to invest in capacity expansion to meet increased demand and compete for greater market share;
- iv. Coordinated effects are unlikely to arise as: (a) there is no focal point in the market for coordination; (b) the market is not sufficiently transparent to enable tacit collusion; (c) there is a lack of incentive for competitors to collude as suppliers tend to opt for long term supply agreements given that silicon wafer manufacturing is capital intensive; (d) there is no credible retaliation against competitors who deviate from any agreed price or output given the lack of transparency in the market; and (e) customers possess significant countervailing buyer power; and
- v. The Parties are not each other's closest competitors for the supply of silicon wafers to customers globally.

Public Consultation

12. CCCS is inviting public feedback on the Proposed Transaction from 3 March 2021 to 16 March 2021, 2 p.m..
13. More information on the public consultation can be accessed and downloaded from the CCCS website at www.cccs.gov.sg under the section "[Public Consultation](#)". If the

submission or correspondence contains confidential information, please also provide CCCS with a non-confidential version of the submission or correspondence.

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About the Competition & Consumer Commission of Singapore (CCCS)

The Competition and Consumer Commission of Singapore (“CCCS”) is a statutory board of the Ministry of Trade and Industry. CCCS administers and enforces the Competition Act (Cap. 50B) which empowers CCCS to investigate and adjudicate anti-competitive activities, issue directions to stop and/or prevent anti-competitive activities and impose financial penalties. CCCS is also the administering agency of the Consumer Protection (Fair Trading) Act (Cap. 52A) or CPFTA which protects consumers against unfair trade practices in Singapore. Our mission is to make markets work well to create opportunities and choices for business and consumers in Singapore.

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

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