



MEDIA RELEASE

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CCCS clears Proposed Acquisition by GlobalWafers Co., Ltd. of Siltronic AG

1. The Competition and Consumer Commission of Singapore (“**CCCS**”) has cleared 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. Following its assessment, CCCS has concluded that the Proposed Transaction, if carried into effect, will not infringe the section 54 prohibition of the Competition Act (Cap. 50B) (the “**Act**”).

Background

3. CCCS accepted an application by GWC on 26 February 2021 for a decision on whether the Proposed Transaction would infringe section 54 of the Act, which prohibits mergers that have resulted, or may be expected to result, in a substantial lessening of competition within any market in Singapore.
4. GWC is a Taiwanese company that manufactures and supplies a broad range of silicon wafers for the semiconductor industry globally. GWC’s silicon wafers can be used to manufacture a range of semiconductor devices. In Singapore, GWC supplies silicon wafers for the semiconductor industry. GWC does not have any manufacturing activities but has a sales office in Singapore.
5. Siltronic is a German company that develops and manufactures silicon wafers. In Singapore, Siltronic is primarily active as a manufacturer and supplier of silicon wafers for the semiconductor industry. Siltronic has a manufacturing facility and a sales office in Singapore.

CCCS's Assessment

6. As part of its assessment, CCCS conducted a public consultation from 3 March 2021 to 16 March 2021, and contacted 47 stakeholders including the competitors and customers of the Parties for their views.

Relevant Markets Affected by the Proposed Transaction

7. CCCS considered that the relevant markets for its assessment of the Proposed Transaction are the global supply of the following types and sizes of silicon wafers to customers worldwide:

- (a) 200mm polished wafers;
- (b) 200mm epitaxial wafers;
- (c) 300mm polished wafers; and
- (d) 300mm epitaxial wafers.

(collectively, the “**Relevant Markets**”)

Competition Assessment for the Relevant Markets

8. CCCS found that the combined market shares of the Parties in each Relevant Market range from 20-40% while the post-merger combined market share of the three largest firms (CR3) is over 70%.¹
9. The barriers to entry to the Relevant Markets are high as the extent of time required for credible new entry can be significant. The barriers to expansion also range between moderate to high given that significant capital expenditure and time is required for suppliers to add new capacity to the Relevant Markets via greenfield expansion.
10. However, CCCS also found that:
 - (a) The Parties are unlikely to be each other's closest competitor in the Relevant Markets, given that their product offerings are differentiated and they each have a different business focus;
 - (b) The Parties will continue to face competitive constraints in the Relevant Markets from at least three (3) other large global suppliers whom the Parties compete closely with;

¹ Paragraph 5.15 of *CCCS Merger Guidelines*. CCCS is generally of the view that competition concerns are unlikely to arise in a merger situation unless the merged entity has a market share of 40% or more, or the merged entity has a market share of between 20% to 40% and the post-merger combined market shares of the 3 largest firms (“CR3”) is 70% or more.

(c) Customers typically multi-source and would qualify multiple suppliers for each silicon wafer product. Customers in general, are also able to switch their demand relatively easily among these qualified suppliers as silicon wafers supplied by them are generally substitutable. While CCCS understands that there might be insufficient capacity in the supply of silicon wafers (particularly in the supply of 300mm polished and 300mm epitaxial wafers) in the near term to cater to the projected increase in demand for semiconductor devices in the next few years which may result in customers facing difficulties switching between qualified suppliers post-transaction, CCCS takes the view that a global capacity shortage in the Relevant Markets is not directly attributable to the Proposed Transaction; and

(d) While market concentrations in each Relevant Market will be high post-transaction, information available does not indicate that the Proposed Transaction will result in collusion between competing suppliers due to the following: (i) low price transparency in the Relevant Markets as customers typically employ different sourcing strategies and engage in separate negotiations with each silicon wafer supplier, (ii) unique product mix for each customer, and (iii) volatile demand in the Relevant Markets.

11. Further information on the notification and CCCS's Grounds of Decision will be made available in due course on [CCCS's Public Register](#) at www.cccs.gov.sg.

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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.

For media clarifications, please contact:

Ms. Grace Suen

Senior Assistant Director (Communications)

Competition and Consumer Commission of Singapore

Email: grace_suen@cccs.gov.sg

DID: 6325 8216

Ms. Nawwar Syahirah

Senior Assistant Director (Communications)

Competition and Consumer Commission of Singapore

Email: nawwar_syahirah@cccs.gov.sg

DID: 6325 8313