



MEDIA RELEASE

20 January 2023

CCCS consults on the proposed acquisition of Daewoo Shipbuilding & Marine Engineering Co., Ltd. by Hanwha Group

1. The Competition and Consumer Commission of Singapore (“**CCCS**”) is inviting public feedback on the proposed acquisition of Daewoo Shipbuilding & Marine Engineering Co., Ltd. (“**DSME**”), by the following companies within the Hanwha Group:
 - (a) Hanwha Aerospace Co., Ltd.;
 - (b) Hanwha Systems Co., Ltd.;
 - (c) Hanwha Convergence Co., Ltd.;
 - (d) Hanwha Impact Partners Inc.;
 - (e) Hanwha Energy Corporation Singapore Pte. Ltd. (“**HECS**”); and
 - (f) Hanwha Energy Corporation Japan(the “**Proposed Transaction**”).
2. CCCS accepted an application from Hanwha Corporation (the “**Applicant**”) on behalf of the Hanwha Group on 16 January 2023 for a decision on whether the Proposed Transaction would infringe section 54 of the Competition Act 2004, which prohibits mergers that have resulted, or may be expected to result, in a substantial lessening of competition within any market in Singapore.

The Parties

Hanwha Group

3. The Hanwha Group is a conglomerate based in South Korea, with business areas that generally cover gunpowder manufacturing, wholesale and retail, chemical manufacturing, construction, leisure/service, solar photovoltaic generation, and finance.

4. The Hanwha Group's business operations in Singapore are divided into four business groups, namely: (i) Hanwha Corp, which provides products such as naphtha, ethylene, and other petrochemical products; (ii) Solutions, which provides chemicals and solar modules; (iii) HECS, which provides trade brokerage for petrochemical products, bituminous coal, coal, feedstock, oil etc.; and (iv) Financial Services, which provides investment services such as outsourcing, advisory services, fund management, and brokerage.

DSME

5. DSME is a South Korean company that specialises in shipbuilding and other maritime businesses. It builds various types of ships such as Liquefied Natural Gas ("**LNG**") carriers, oil tankers, container ships, and Liquefied Petroleum Gas ("**LPG**") carriers; offshore facilities such as floating production storage and offloading facilities, fixed platforms, floating production units, crude oil rigs and drill ships; and special vessels such as submarines, destroyers, salvage ships, and patrol ships. DSME's subsidiaries produce ship blocks and parts, provide computer systems integration service and comprehensive advice on computer systems, and support onshore plant construction.
6. DSME's business in Singapore in 2021 consisted of the building of ships ordered by Singapore shipowners, such as LNG carriers and very large crude carriers.

The Proposed Transaction

7. The Proposed Transaction will result in the Hanwha Group (i) becoming the largest shareholder of DSME with 49.33% of the outstanding shares; and (ii) gaining the right to appoint 50% or more of the board of directors of DSME.
8. The Applicant submitted that the Hanwha Group and DSME do not overlap in the supply of any goods or services in any market in Singapore. However, the Proposed Transaction is likely to result in vertical integration in the global markets for:
 - (a) **Supply of LNG carriers:** the Hanwha Group is engaged in manufacturing and supplying compressors (used as components in LNG carriers), while DSME is engaged in the building of LNG carriers (among other types of vessels).
 - (b) **Supply of production and storage facilities for offshore plants:** the Hanwha Group is engaged in manufacturing and supplying compressors required for production and storage facilities to manufacturers that build offshore plant facilities, while DSME manufactures and sells production and storage facilities for offshore plants (as well as for facilities related to drilling, installation, and services).

- (c) **Supply of military naval vessels:** the Hanwha Group is engaged in manufacturing and supplying munitions and weapon systems mounted on surface vessels and submarines built by DSME.
9. The Applicant also submitted that the Proposed Transaction is unlikely to exclude any upstream or downstream suppliers in any of the above markets in Singapore because:
- (a) The Hanwha Group's market shares in the upstream global supply of air compressors and gas compressors are very small and other major market players dominate the markets. DSME does not have high market shares in the downstream LNG carrier, offshore storage facility, and offshore production facility markets and shipbuilders like DSME have to obtain the consent of their customers when choosing the suppliers for compressors.
- (b) The Hanwha Group's global market share in the upstream munitions and weapon systems market outside of South Korea is negligible and DSME's global market share in the downstream supply of military naval vessels is very low.
10. According to the Applicant, the Proposed Transaction could lead to efficiencies which will result in cost reduction.

Public Consultation

11. CCCS is inviting public feedback on the Proposed Transaction from 20 January 2023 to 5.00pm on 3 February 2023.
12. 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 and 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 2004 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 2003 which protects consumers against unfair trade practices in Singapore. Our mission is to make markets work well to create opportunities and choices for businesses and consumers in Singapore.

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

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