



MEDIA RELEASE

11 September 2018

CCCS Consults on Private Clinical Laboratories Merger

The Competition and Consumer Commission of Singapore (“**CCCS**”) is conducting a public consultation from 11 September to 25 September 2018 to invite feedback on the acquisition of Innovative Diagnostics Private Limited (“**Innovative**”) and Quest Laboratories Pte Ltd (“**Quest**”) by Pathology Asia Holdings Pte. Ltd. (“**PAH**”), through its subsidiaries (collectively, the “**Parties**”) and the intended integration of the businesses of Innovative and Quest (the “**Transaction**”).

2. On 7 September 2018, CCCS received an application from PAH for a decision on whether the Transaction infringes section 54 of the Competition Act (Cap. 50B), which prohibits mergers that have resulted, or may be expected to result, in a substantial lessening of competition within any market in Singapore.
3. PAH has submitted that it intends to implement the Transaction progressively, i.e.
 - a. PAH has, through its subsidiaries, completed the acquisition of 100% of the issued share capital of Innovative, following on from an earlier acquisition of 100% of the issued share capital of Quest; and
 - b. Moving forward, PAH intends to merge the businesses of Innovative and Quest.

In this regard, PAH has submitted that the business operations of Innovative and Quest will not merge pending CCCS’s assessment of the Transaction and in the meantime, will continue to be operated separately and independently from each other.

The Parties

PAH

4. PAH was established in 2018 and does not currently directly conduct any business activities in Singapore or worldwide. PAH is part of TPG, a leading global private investment firm founded in 1992, which has extensive experience with global public and private investments executed through leveraged buyouts, recapitalisations,

spinouts, growth investments, joint ventures and restructurings. TPG has been present in Asia since 1994, and is currently investing out of its seventh Asia-focused fund.

Innovative

5. Innovative is a Singapore-based private laboratory which offers a comprehensive range of medical laboratory pathology services in Singapore. Innovative currently serves over 1000 customers, including general practitioners (“GPs”), clinics, medical centres, hospitals, dialysis centres, not-for-profit organisations and third-party payers.

Quest

6. Quest was established in Singapore in 1995 and has positioned itself as a premier laboratory and a preferred partner to clinicians through the delivery of personalised, high quality, and efficient laboratory services. Quest serves GPs, clinics, medical centres, hospitals, dialysis centres, not-for-profit organisations and third-party payers. Quest was previously a subsidiary of Healthscope Limited, one of Australia’s largest providers of integrated healthcare, operating over 4,800 inpatient beds and 45 hospitals across Australia.

The Transaction

7. The Parties submit that Innovative and Quest overlap in the provision of in-vitro diagnostic (“IVD”) tests in Singapore, which are tests done on samples such as blood or tissue that have been taken from the human body.¹

8. The Parties are of the view that the relevant market should be defined as the market for clinical laboratories services² in Singapore (“**Laboratories Market**”), or, at its narrowest, further segmented into:

- a. the market for clinical laboratory services provided by private laboratories in Singapore (“**Private Laboratories Market**”); and

¹ According to PAH, IVD tests can detect diseases or other conditions, and can be used to monitor a person’s overall health to help cure, treat, or prevent diseases. IVD tests may also be used in precision medicine to identify patients who are likely to benefit from specific treatments or therapies.

² According to PAH, “clinical laboratory services” is wider than “IVD tests” and includes the performance of IVD tests, along with other ancillary services such as pre and post analytical services like phlebotomy, the collection of samples, delivery of test reports and delivery of consumables. Certain laboratories also provide additional educational seminars and technical lectures to further educate clinicians on the latest developments and technology in the medical science field. The analytical services provided by laboratories include analysing patient samples, performing quality control checks, participating in external quality control programs, attaining international quality accreditation standards etc.

- b. the market for clinical laboratory services provided by public laboratories in Singapore.
9. According to the Parties, the Transaction will not give rise to anti-competitive effects, given the following:
- a. The presence of strong competition from existing competitors who can provide a similar range of IVD tests, including public hospitals, some private hospitals, and other private laboratories. There are also smaller private laboratories that are alternatives for specific categories of tests, and foreign laboratories that could also enter and compete in the Singapore market;
 - b. Customers would not view IVD tests provided by Innovative and Quest as the next best alternative to each other;
 - c. Low barriers to entry and expansion;
 - d. Low switching costs and strong bargaining power of larger customers such as hospitals, medical centres and third-party payors;
 - e. The market is also highly fragmented, prices are difficult to monitor, and there are many different types of IVD tests available, such that coordination amongst the merged entity and other competitors post-Transaction would be difficult; and
 - f. Prices charged by private laboratories are effectively constrained by the prices charged by public hospitals for the same IVD tests.

Public Consultation

10. CCCS is inviting public feedback in relation to the Transaction.

11. More information on the public consultation can be accessed and downloaded from the CCCS website at www.cccs.gov.sg under the section "[Public Register and Consultation](#)". The closing date for submissions is on or before **25 September 2018**. If the submission/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

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 / 9835 8601