

## INDEPENDENT STATE OF PAPUA NEW GUINEA

### Independent Consumer and Competition Commission Act

Act, Sec 81

Form 2

#### NOTICE OF APPLICATION FOR CLEARANCE FOR A BUSINESS ACQUISITION

1. **FORM AND CONTENT:** In addition to providing a detailed submission in support of the application, the applicant/s is required to complete the application form in full. The Independent Consumer and Competition Commission (ICCC) may reject any applications that have not been filled out fully and properly in accordance with section 76 (4) (c) of the *Independent Consumer and Competition Commission Act, 2002*, (the Act)
2. **WHERE TO APPLY:** Applications for Clearance for Business Acquisitions should be lodged at the ICCC's office at Level 2 Garden City Building, Boroko, National Capital District or mailed to P.O. Box 6394, Boroko, National Capital District, Papua New Guinea. Ensure to supply one (1) hard copy and (1) soft copy of your application.
3. **WHEN TO APPLY.** It is a legal requirement to apply for clearance under section 81 of the Act if the proposed transaction would fall within the notification thresholds before proceeding to completion.
4. **PENALTIES:** Failure to apply and proceeding to complete a merger or an acquisition (which falls within either of the notification thresholds) will result in pecuniary penalty of K750 000.00. Transactions that were not authorised or cleared and it has raised competition concerns under section 69; and successfully prosecuted by the ICCC, the penalties (1) are up to K500, 000 for an individual, (2) K10, 000 000 for a body corporate under section 95 (3) of the Act, (3) divestiture of assets or shares under section 98 of the ICCC Act.
5. **FEE:** The fee for processing of a business acquisition clearance application is K20, 000. This must be paid by a cheque made out to the ICCC before any work is done on the application.
6. **COLLECTION OF DETERMINATION:** It is the ICCC's duty to inform an applicant of its determination, in writing, in accordance with section 81 (3). The ICCC must determine the application within 20 days after the date of registration of the notice or for such period as mutually agreed by the ICCC and the Applicant.
7. **LEGAL ADVICE:** Although it is not a requirement under the Act, the ICCC encourages applicants to seek independent legal advice before applying to the ICCC for authorization.
8. **CONFIDENTIALITY:** The consideration of applications for authorization is a public process. All documents provided to the ICCC that were intended to form part of the application, will be placed on public record on the ICCC's Public Register. The ICCC may reject any claim for confidentiality if it considers that disclosure is in the best interest of the public. If the ICCC decides to disclose any information claimed to be confidential, the applicant will be provided with an opportunity to withdraw the information. If confidential information has been withdrawn, they will not be considered in the assessment and determination of the application. Where the applicant would like to apply for confidentiality, the applicant must complete an Application for Confidentiality Form (*ICCC Form-4*). The ICCC will consider, make a decision and inform the applicant accordingly.

**PLEASE FOLLOW DIRECTIONS ON THE BACK TO COMPLETE THIS FORM**

**A Notice is hereby submitted under Section 81 of the Independent Consumer & Competition Commission Act of 2002 (ICCC Act) for Clearance for a Business Acquisition under Section 69, to acquire assets or shares in a business. All references made to provisions are to those provisions contained in the ICC Act of 2002.**

**1. Applicant (the Acquirer)**

**(a) Name of Applicant and registered office, including the IPA registration number:  
(Refer to direction 1)**

Seabreeze Poultry Limited (Registration Number 1-81821) of Cnr Lawes Road and Champion Parade, Konedobu, National Capital District, Papua New Guinea (**PNG**) (the **Applicant**).

A copy of the Applicant's certificate of good standing is attached as **Exhibit A**.

**(b) Address in PNG for service of documents:**

**(i) Physical address:**

Allens  
Level 8, Deloitte Haus, MacGregor Street  
Port Moresby, National Capital District  
Papua New Guinea

**(ii) Postal address:**

P O Box 1178, Port Moresby, Moresby South, National Capital District (Port Moresby), 121,  
Papua New Guinea

**(iii) Phone and email address:**

Telephone: 305 6000/305 6013  
Email: [Sarah.Kuman@allens.com.au](mailto:Sarah.Kuman@allens.com.au) / [John.Hedge@allens.com.au](mailto:John.Hedge@allens.com.au)

**(c) Provide details of the business carried on by the Applicant including the goods and services the Applicant supplies:  
(Refer to direction 2)**

The Applicant is currently a dormant company, wholly-owned by Associated Mills Limited (**AML**) which forms part of the Wilmar Group.

A copy of the Applicant's financial statement, for the year ended 31 December 2024, evidencing its dormant nature is attached as **Exhibit B**.

Following completion of this Proposed Transaction (as set out in further detail in Section 3 below), the Applicant will:

(a) own and operate the assets of the poultry business to be acquired from Mainland Holdings Limited (**MHL**) (**Target Business**); and

(b) be operated as an incorporated joint venture entity to be owned, following subscriptions for new shares, by AML (as to 51%) and MHL (as to 49%) (the **Joint Venture**).

**(d) Detailed description of all related business/es or company/ies of the Applicant including the goods and services that each of them provide including the IPA registration number: (Refer to direction 3)**

The Applicant is currently a wholly-owned subsidiary of AML and does not have any subsidiaries. As noted above, the Applicant is currently a dormant company, such that it does not currently produce or supply any goods and services.

Details of AML

- Country of Incorporation: Papua New Guinea
- Registered office address: C/- PricewaterhouseCoopers PNG, PWC Haus, Level 6, Harbour City, Konedobu, Port Moresby, National Capital District
- IPA registration numbers:
  - 1253 (Entity Type: foreign certification – local company); and
  - 1-5461 (Entity Type: Companies)

A corporate structure chart of the Applicant, showing its holding companies and their respective business activities, is attached as **Exhibit C**.

**(e) Name, address and phone number of any person/s (if any) for whose benefit or behalf the shares or assets acquired will be held:**

The Target Business of MHL will be acquired by the Applicant.

Following completion of this Proposed Transaction, the Applicant will be operated as a joint venture between AML (details of which are set out in Section 1(d) above) and MHL (details of which are set out in Section 2(a)(ii) below).

## 2. The Target Company

**(a) In the case of a registered business or company whose shares or assets are to be acquired:**

**(i) Name of the business or company including the IPA registration number**

Name of Seller: Mainland Holdings Limited  
IPA registration number: 1-6068

**(ii) Registered office of the business or company**

Registered office address of Seller (i.e., MHL) (Registration No. 1-6068): Portion 479, 8 Mile, Lae, Huon, Morobe, 411, Papua New Guinea

**(iii) Brief description of the business/es carried on by the business or company including the goods and services supplied**

MHL is a major agribusiness in PNG based in Lae, Morobe Province. MHL is a diverse conglomerate agribusiness trading as a single corporate entity. Relevant to this Proposed Transaction, MHL owns and operates the poultry farming and meat processing division to be sold, which supplies table eggs, day-old broiler chicks and fresh and frozen chicken meat.

MHL also produces flour, and commercial stockfeed, has a crocodile farm and coffee export facilities, and all of these businesses will be retained by MHL post-Completion.

MHL's head office, and meat processing facilities are in Lae, Morobe Province, whilst hatcheries and poultry farms are situated in the Lower Markham Valley also in the Morobe Province.

Current shareholders of MHL are:

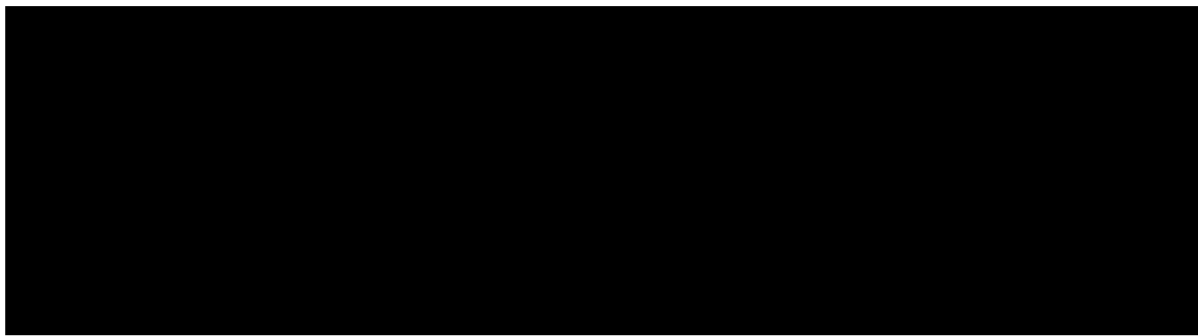
- Dara Business Group (Inc.) (Registration Number 4-14771);
- Fiwa Business Group (Inc.) (Registration Number 4-14492);
- Yonga Business Group (Inc.) (Registration Number 4-14463);
- Kum-gie Holdings Limited (Registration Number 1-9116); and
- National Superannuation Fund Limited (Registration Number 1-46031) (*Nasfund*)

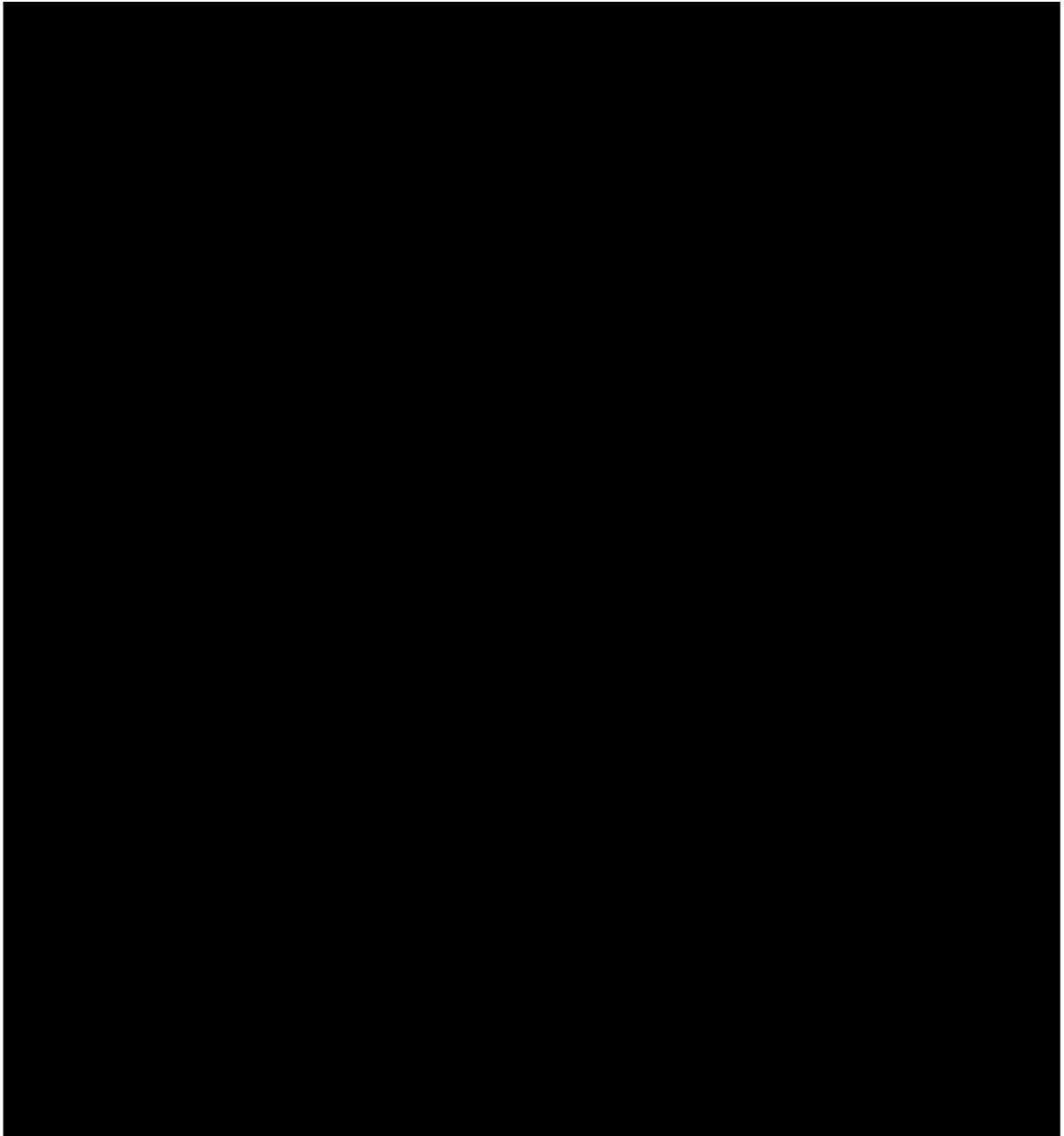
A certificate of good standing for MHL is provided at **Exhibit D**.

**(iv) Number and types of shares or description of assets to be acquired**

The Applicant (as the Purchaser), along with AML and AML's sole shareholder, Goodman Fielder Pte. Ltd. (*GFPL*), and MHL (as Seller) and its majority shareholder, Nasfund, have executed a Sale and Purchase Agreement on 15 January 2026 (*SPA*) (attached hereto as **Exhibit E**). All capitalised terms used in this Application that are not otherwise defined under this Application shall have the corresponding definitions set out in the SPA.

Pursuant to the SPA, the Applicant will, on the Completion Date, acquire the Target Business and certain assets owned by the Vendor as a going concern [REDACTED]





**(b) Where it is a company whose shares are to be acquired, provide details of:**

**(i) The issued capital of the company**

Not applicable – the transaction is a business acquisition.

**(ii) The holders of issued capital**

Not applicable – the transaction is a business acquisition.

- (c) Provide details of all related business/es or company/ies of the business or company whose shares or assets are to be acquired by the applicant.  
(Refer to direction 4)**

The Target Business is being acquired by way of a business acquisition from MHL (without acquiring shares in any company).

MHL has no subsidiaries and operates all of its various agribusinesses within the same company. While Nasfund is currently a related party to MHL through its majority ownership in MHL, on Completion of the Proposed Transaction, because the Applicant will then be majority-owned by AML (and ultimately AML's parent companies, i.e., GFPL and Wilmar International Limited), Nasfund will cease to be a related entity of the new owner of the Target Business.

- (d) Where it is a person whose assets are to be acquired**

- (i) Name and address of that person**

Not applicable

- (ii) Detailed description of the business/es carried on by the person including the goods and services that person supplies**

Not applicable

- (iii) Describe the assets to be acquired**

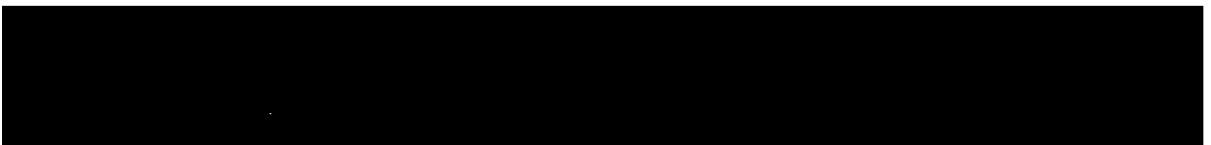
Not applicable

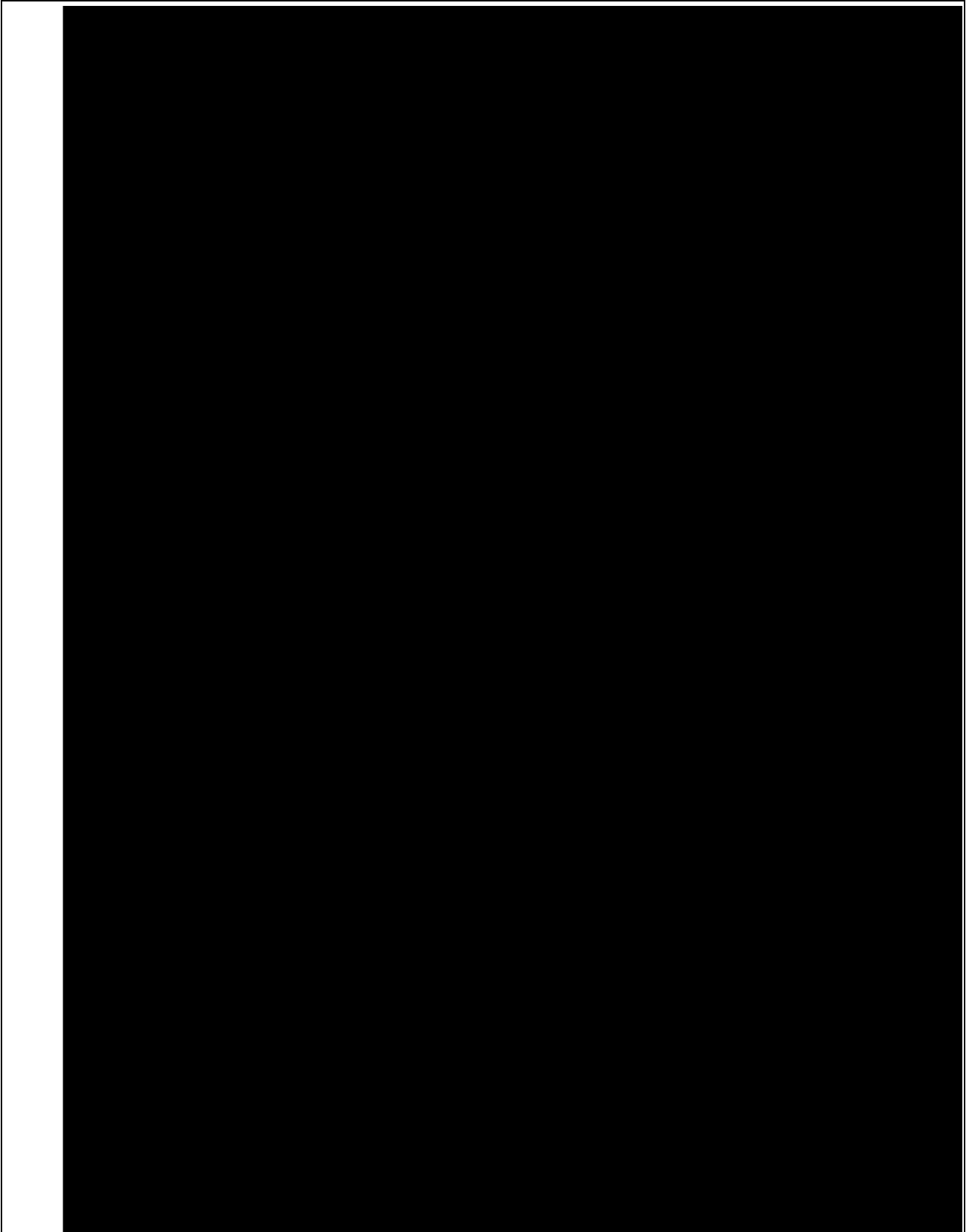
### 3. The Acquisition

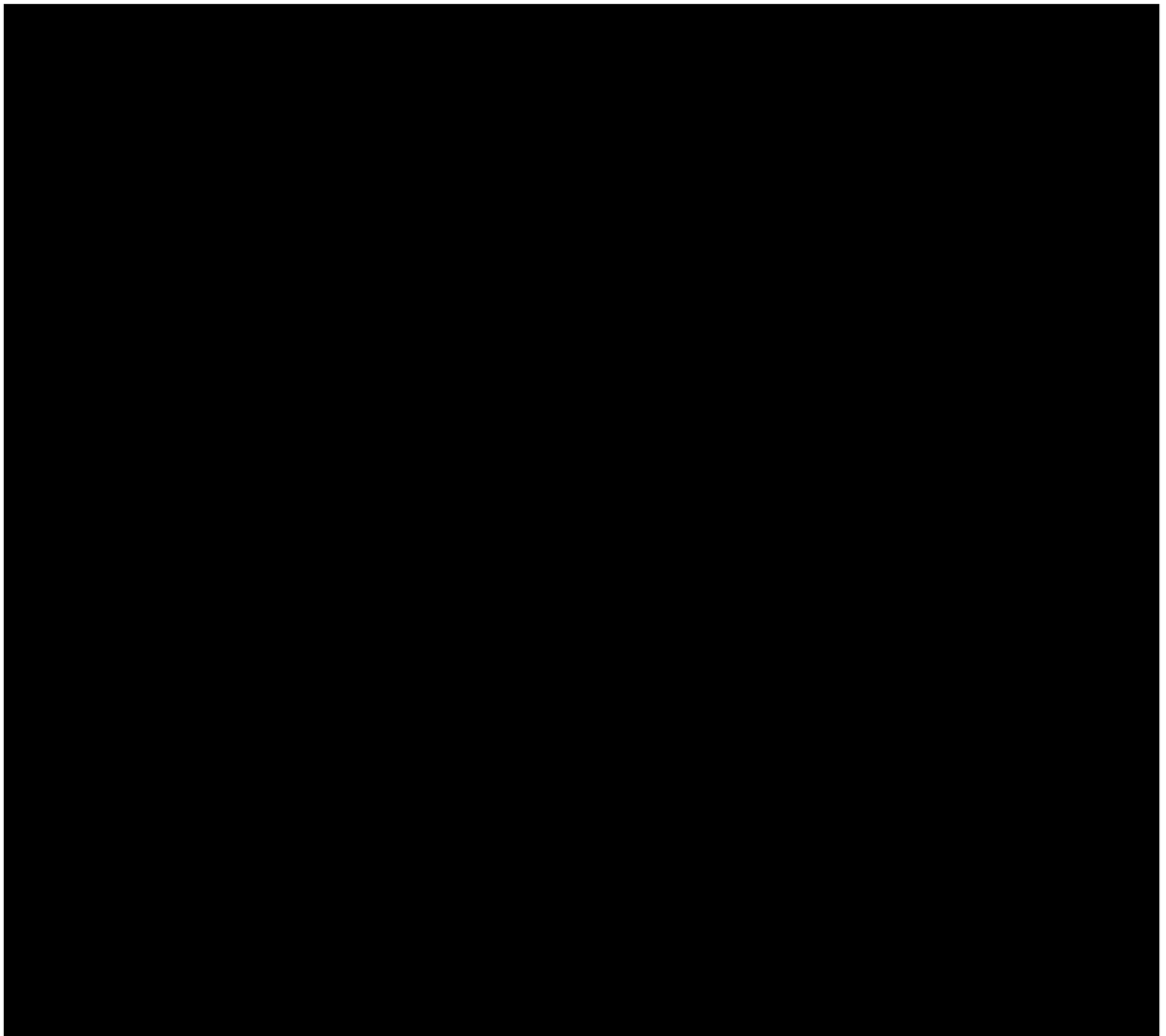
- (a) Outline the details of the offer contract, arrangement, understanding or proposal for the acquisition and, where possible also provide a copy of that document.  
(Refer to direction 5)**

As discussed in Response 2(a)(iv), the terms of the Proposed Transaction are agreed in the SPA (attached as **Exhibit E**).

Under the SPA, subject to the satisfaction of various conditions precedent (as detailed below), MHL will sell, and the Applicant will acquire, the poultry business of MHL, which includes all relevant assets as described at Section 2(a)(iv) above, to operate the acquired business as a joint venture between MHL and the Applicant (the **Proposed Transaction**).







**(b) Explain the commercial argument for the proposed acquisition and provide copies of all documents prepared specifically to assess the proposed acquisition with respect to the market/s affected and the nature of those effects.**

There is a growing demand for affordable protein in PNG but PNG currently does not have sufficient installed capacity to satisfy its local demand. This critical agriculture sector in PNG is seeking investors to bring in capital for farm expansions and technology to improve farming efficiencies which can therefore increase the volumes of poultry produced domestically and lower the cost of poultry in PNG.

Poultry expansion is also challenged by (a) high transport costs in PNG; (b) limited cold storage options that limit the expansion of the markets for frozen and fresh chicken and eggs; and (c) biosecurity restrictions imposed on importing regions, which have experienced an Avian Influenza outbreak, that has impacted the reliability of supply through imports.

The Wilmar group (which includes AML and the Goodman Fielder group) sees an opportunity to introduce the investment and operational model employed in, and learnings from, its poultry operations in Fiji, Malaysia and

China to the Target Business in PNG. This approach aims to achieve greater bird density, reduce mortality rates, improve feed conversion efficiency and shorten the grow-out time to broiler readiness.

MHL intends to enter into a joint venture with AML under which the joint venture entity, i.e., the Applicant, will acquire the poultry business currently operated by MHL in Lae, Morobe Province, and will operate that Target Business as a joint venture entity between AML and MHL.

That joint venture structure was adopted so as to (a) on one hand, merge MHL's local operational expertise and assets with AML's new equity investment and technical knowledge; and (b) on the other hand, modernise and expand farm capacity while enabling the integration of international industry expertise through the Wilmar Group (i.e., parent shareholder of AML). This integration is expected to improve operational efficiency, increase production output, and lower the costs of fresh and frozen chicken, and eggs, placing downward pressure on market prices.

Please refer to **Exhibit M** being information provided by management as part of obtaining internal approval within the Wilmar Group in respect of entry into the Proposed Transaction.

**(c) Indicate whether the acquisition involves any additional commercial arrangements and describe those arrangements.**

The Proposed Transaction will involve the following additional commercial arrangements which will only take effect on Completion:

- (a) AML will subscribe for shares in the Applicant under a Share Subscription Deed and upon payment of a subscription consideration, under which the Applicant will thereafter issue ordinary shares to AML, amounting to a 51%-shareholding in the Applicant;
- (b) MHL will subscribe for shares in the Applicant under the Share Subscription Deed and upon payment of the subscription consideration, under which the Applicant will thereafter issue ordinary shares to MHL, amounting to a 49%-shareholding in the Applicant;
- (c) Both MHL and AML have entered into a Shareholders' Agreement dated 15 January 2026 which sets out each of their respective rights and obligations as joint venture shareholders of the Applicant (including future governance of the Joint Venture);
- (d) The Applicant will enter into a lease agreement with MHL for the lease by MHL (from the Applicant) of land for MHL to access its crocodile ponds (as MHL is retaining its crocodile farming business);
- (e) The Applicant will enter into lease agreements with MHL for the lease by the Applicant (from MHL) of two properties (Wanaru Broiler Farm (Portion 230) and 9-Mile Hatchery) for its poultry business;
- (f) The Applicant will enter into a supply agreement with AML for the Applicant's purchase of stockfeed from AML; and
- (g) AML will enter into a management agreement with the Applicant for the provision of services by AML

relating to the management of the Applicant's poultry business.

**(d) Provide a copy of the draft Sale or Purchase agreement.**

A copy of the duly executed SPA is attached as **Exhibit E**.

Copies of the Share Subscription Deed and the Shareholders' Agreement are attached as **Exhibit F** and **Exhibit G** respectively.

**4. Threshold**

**(b) What are the market shares of the parties involved in the proposed transaction?**

For the purposes of this Application, the relevant markets are considered to be the markets for:

- (a) the production and wholesale supply of fresh and frozen chicken meat in Papua New Guinea;
- (b) the production and supply of eggs in Papua New Guinea; and
- (c) the production and supply of day-old chicks (***DOC***) in Papua New Guinea.

(collectively, the ***Relevant Markets*** and each, a ***Relevant Market***)

Market shares of the parties involved in the Proposed Transaction are:

**1. Applicant: Seabreeze Poultry Limited (and AML/Wilmar)**

Up until Completion of the Proposed Transaction, the Applicant will remain a dormant entity. Neither it, AML nor any other member of the Wilmar Group has any market share in the Relevant Markets identified above.

**2. Mainland Holdings Limited**

MHL operates its existing poultry business in and around Lae in the Morobe Province.

Based on internal estimates derived from historical production volumes of the Mainland poultry business and industry intelligence:

- (a) the fresh and frozen chicken business operated by MHL (under the Tablebirds brand) is estimated to account for approximately 36.4% of the entire fresh and frozen chicken market in PNG;

(b) the eggs business operated by MHL is estimated to account for approximately 46% of the entire eggs market in PNG; and

(c) the DOC business operated by MHL is estimated to account for approximately 44% of the entire DOC market in PNG.

The above source of estimation is derived from MHL's current local production as a proportion of the total demand requirements from the PNG market.

MHL's poultry operations are moderate in scale relative to the largest PNG domestic producer, Zenag Chicken.

### **3. Post-completion Joint Venture**

Following completion of the Proposed Transaction and establishment of Joint Venture, the Target Business will continue to operate at the same initial scale as the existing MHL poultry business. It is expected that the Joint Venture's initial market share in each Relevant Market to remain at the respective market share set out in the paragraph above, subject to future productivity growth and efficiency improvements enabling the Target Business to increase its Relevant Market's market share organically over time.

## **5. Background Information**

### **(a) Describe the industry sector/s in which the acquisition relates. (Refer to direction 6)**

The Proposed Transaction relates to the poultry industry (comprising of markets for eggs, DOC and fresh and frozen chicken).

MHL owns and operates broiler and egg laying poultry farms, and a meat processing division which supplies table eggs, day-old broiler chicks and fresh and frozen chicken meat. Broiler chickens are chickens bred for meat production.

PNG's poultry industry is made up of:

(a) Commercial scale suppliers, consisting of:

(i) Commercial scale domestic suppliers: Zenag Chicken, MHL's poultry business trading as Tablelands, Desh Besh, Sepik Fresh and Mt Fublian) – see Section 8 (Competitors) below for more details; and

(ii) Importers, principally from Australia and New Zealand;

(b) Smallholder broiler and layer farmers (approximately 50,000-60,000); and

(c) Village level poultry farming (with various estimates of around 25% – 40% of domestic households in PNG keeping poultry).

**(b) Describe the area/s where there is an overlap in the operations of the Applicant and the Target and any related businesses of the merger parties  
(Refer to direction 7)**

There is no overlap between the operations of the Applicant (which is currently dormant) or any of the Applicant's related entities (which supply other products in PNG, but not in any market supplied by the Target Business) and the Target Business.

For full disclosure, the Applicant's shareholder (i.e., AML) (a) produces flour, commercial stockfeed, bakery products, a range of snack food; (b) bottles edible oil and packs rice; and (c) distributes a range of other food-based products within PNG.

The Proposed Transaction only involves a change in ownership of an existing business operating in Relevant Markets within PNG in which the Applicant and its related entities do not currently operate, so it will not result in any increase in market concentration of any Relevant Market within PNG.

**(c) Provide details of any other acquisitions that may have been made by the Applicant or the Target Company and any other acquisitions made in the industry sector/s in the last five years**

Nil.

**(d) Provide details (if any) of existing vertical or horizontal relationship between the Applicant and the Target Company**

Nil.

**(e) Describe (if any) other cooperative agreements that the Applicant or Target Company may be a party to**

Nil.

**6. Market definition**

**Describe the relevant market/s the acquisition is most likely to have a competition effect on - this should include the market/s for the supply of goods and services and markets for the acquisition of goods and services.**

**(Refer to direction 8)**

As noted in Section 4(b) above, the Applicant considers that the Relevant Markets are markets in relation to the:

(a) production and wholesale supply of fresh and frozen poultry in Papua New Guinea;

(b) production and supply of eggs in Papua New Guinea; and

(c) production and supply of DOC in Papua New Guinea.

## 7. Suppliers

- (a) Describe the inputs into the production of goods or services by both the Applicant and the Target Company in the relevant market/s and indicate the value of those inputs as a proportion of total production. Where alternative inputs are available, provide a list of substitutes.

The Applicant is dormant and neither itself nor AML is currently involved in the production of goods or services in any Relevant Market, such that no supplier list is provided in respect of them.

For businesses in the Relevant Market, the below is an estimate of the major inputs based on the Target Business cost profile:

### Fresh and Frozen Chicken

Input	Approximate proportion of costs
Stock feed	48%
Fuel / Electricity	13%
Labour	10%
Packaging	7%

### Eggs

Input	Approximate proportion of costs
Stock feed	41%
Chicks	24%
Packaging	8%
Labour	6%

### DOCs

Input	Approximate proportion of costs
Stock feed	57%
Fuel/electricity	12%
Labour	4%
Packaging	4%

We note that the Target Business currently owns the properties it requires for farming (so that there is no lease cost) and sources stockfeed internally, although both of those matters will change follow completion (with some farms leased from MHL and stockfeed being purchased from AML).

A selection of MHL's suppliers in all Relevant Markets is included hereto as **Exhibit H**. It is expected that when the Joint Venture is formed post-Completion, these suppliers will become the suppliers of the Applicant as the Applicant will be continuing MHL's present poultry business.

- (b) Provide the names and contact details of a representative selection of suppliers of inputs to both the Applicant and the Target Company in the relevant market/s (Refer to direction 9)**

A selection of MHL's suppliers for the Target Business and their respective contact details is also included in **Exhibit H**.

The Applicant is dormant and is not currently involved in the production of goods and services in any Relevant Market, such that it has no separate supplier list.

- (c) Describe any purchasing arrangements in place with each of the suppliers identified above and outline whether it is expected or anticipated that these arrangements will continue or be varied in anyway post acquisition.**

The purchasing arrangements are a mix of term contracts and individual purchase orders. The only change anticipated post Completion is that AML will supply commercial stockfeed to the Applicant, whereas the Target Business has been using stockfeed produced by MHL while under MHL's ownership.

## 8. Competitors

- (a) Provide details of alternative suppliers of products now or shortly to be competitive with, or otherwise substitutable for, goods or services produced by the Applicant and Target company in the relevant market/s  
(Refer to direction 10)**

Set out below is a list of existing alternative suppliers who currently compete with MHL in each of the Relevant Markets.

Following establishment of the Joint Venture, it is expected that these alternative suppliers will still compete with the Applicant as the Applicant will be carrying on the existing Target Business.

Market	Alternative Suppliers	Substitutes
Table Eggs	Zenag Chicken Sepik Fresh (Innovative Agro Industry and Taylor Pacific – East Sepik and Sandaun) Mt Fublian (Innovative Agro Industry – West Province) Local small-scale sellers	Some degree of substitution for other animal protein (such as pork, fish, and canned/preserved meat or fish) See response to Q13 for more details
DOCs	Zenag Chicken Sepik Fresh (Innovative Agro Industry and Taylor Pacific – East Sepik and Sandaun) Desh Besh (POM) Local small-scale sellers	No real substitute – see response to Q13 for more details
Fresh & Frozen Poultry	Zenag Chicken Sepik Fresh (Innovative Agro Industry and Taylor Pacific – East Sepik and Sandaun) Mt Fublian (Innovative Agro Industry – West Province) Desh Besh (POM) Imports Local small-scale sellers	Some degree of substitution for other animal protein (such as pork, fish, and canned/preserved meat or fish) See response to Q13 for more details

- (b) If the suppliers identified above do not produce goods or services which are substantially the same as those goods and services produced by the merger parties in the relevant market/s, explain why it is considered that these goods or services are viable alternatives.**

The suppliers identified above produce goods (i.e., eggs, DOCs and fresh and frozen poultry) that are substantially the same as the corresponding products produced by the Target Business.

There is likely to be some degree of substitution for fresh and frozen chicken (and potentially eggs) for other animal proteins such as pork and fish and both canned meat and canned fish, because these products are available within similar geographical areas and fall within a similar price range as fresh and frozen chicken.

Both fresh and frozen lamb and beef are high value products and their high price in the local PNG market means that they are not likely to be regarded as substitutes for fresh and frozen chicken.

Similarly, while it may be possible to buy grown out chickens that are ready for sale rather than DOCs, the significant cost differential makes them unlikely to be regarded as viable substitutes.

## 9. Customers

- (a) Provide the names and contact details of a representative selection of the customers of each of the merger parties in the relevant market/s**  
***(Refer to direction 11)***

The Applicant is dormant and neither the Applicant nor AML is currently involved in business in any Relevant Market, such that no separate customer list is provided for them.

A selection of MHL's customers and their contact details, in the Relevant Markets, is attached hereto as **Exhibit I**. It is expected that when the Joint Venture is formed post-Completion, these customers will become the customers of the Applicant as the Applicant will be continuing the existing Target Business.

- (b) Describe the distribution channels available to the merger parties in supplying goods and services to customers and identify the relevant distribution channels in respect of each of the customers identified above.**

Each Relevant Market has a wholesale and retail dimension.

The Target Business does not sell fresh or frozen chicken or eggs to any end-customers. All sales channels for those products are through sales to distributors or retailers.

While the majority of sales of DOCs are also through distributors, the Target Business does sell small volumes of DOCs on an ad-hoc basis to smaller scale farmers.

The Target poultry business does not sell any products directly to the end customer. Rather, it principally sells to wholesalers, and to a lesser degree direct to individual retailers. The nature of the customers shown in the customer list is also included in **Exhibit I**.

- (c) Describe the existing supply arrangements that the Applicant and Target Company have in place with the customers identified above and whether it is expected or anticipated that these arrangements will continue or be varied in anyway post-acquisition**  
***(Refer to direction 12)***

The Applicant is dormant and has no existing supply arrangements.

The supply arrangements are a mix of term contracts and individual purchases.

It is expected that when the Joint Venture is formed post-Completion, these customers will become the customers of the Applicant and, as the Applicant will be continuing MHL's existing poultry business, these supply arrangements will remain in place.

### 10. Market concentration

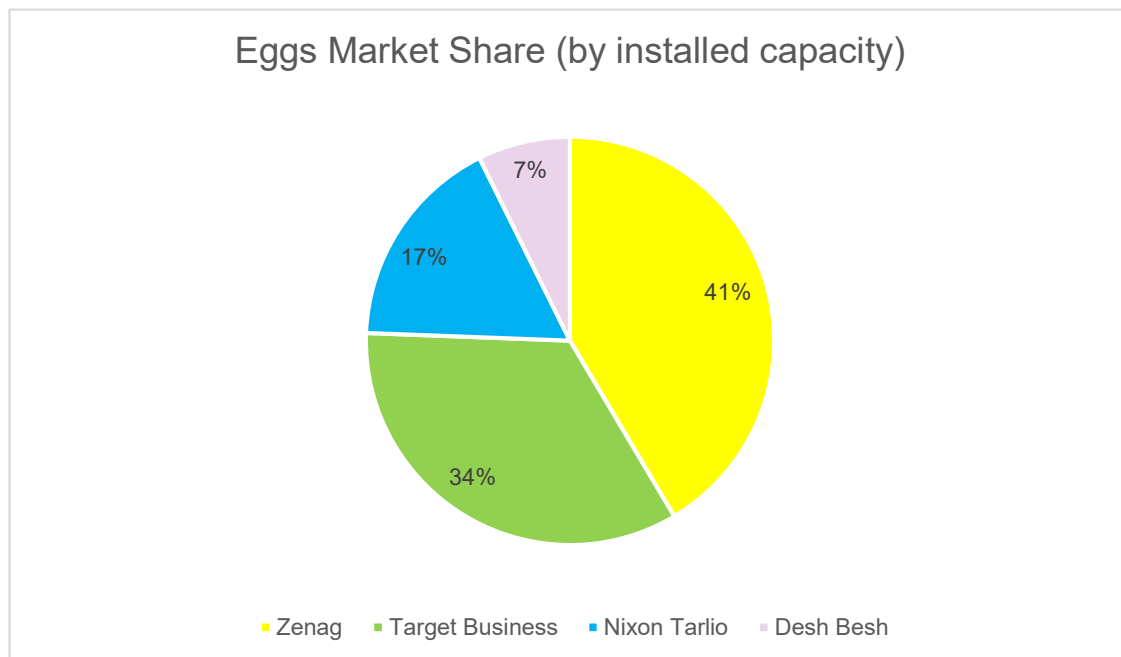
**Provide estimates of or actual current and post-acquisition market shares for the merger parties and market shares of the existing alternative suppliers or purchasers in the relevant market/s identified above.**

***(Refer to direction 13)***

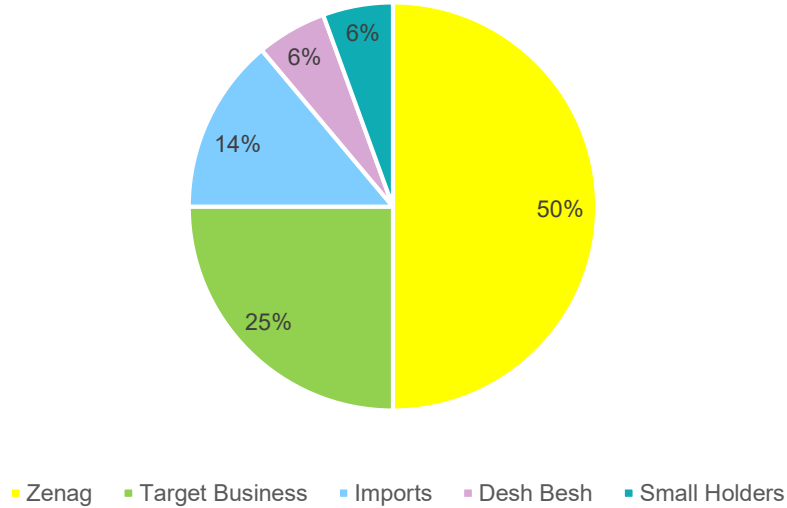
The Applicant is dormant and neither the Applicant nor its related entities are suppliers in any Relevant Market. Therefore, they have no relevant market share in any Relevant Market.

The diagrams below provide the Applicant's estimate of the market shares in each Relevant Market (noting that the imports and small holders share is made up of numerous different suppliers).

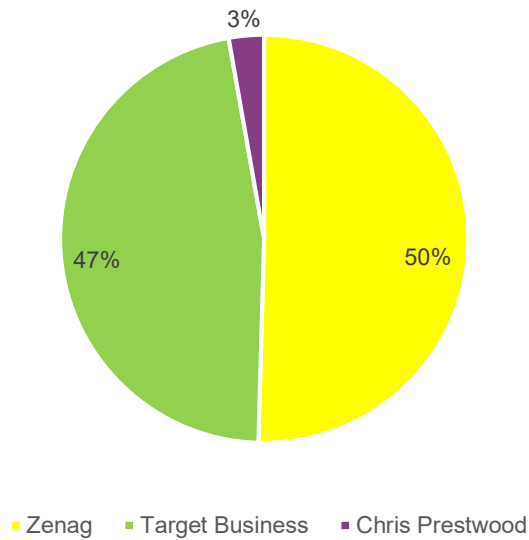
As shown in the diagrams, it is estimated that the Target Business (both pre and post Completion) holds market shares of 34% in the eggs market, 25% in the fresh and frozen chicken market and 47% in the DOC market.



### Fresh & Frozen Chicken Market Share



### DOC Market Share



As the Proposed Transaction involves a change of ownership of that existing business rather than a merger of two producers, Completion of the Proposed Transaction will not remove any competitors, increase concentration or cause a change in market share in any Relevant Market (and therefore will not lessen competition).

In the longer term, any change in market share over time after Completion would result from organic expansion in production and enhanced market presence across all Relevant Markets, achieved through competitive pricing or better product quality.

## 11. Countervailing Power

**(a) Describe the relative strength of bargaining power possessed by customers of the products in the identified markets;**

Countervailing power among customers differs across the Relevant Markets, with greater countervailing power held by customers of significant scale or located proximately to facilities of more than one supplier.

In the commercial scale segments served by the Target Business, customers generally maintain some capacity to switch amongst suppliers in each Relevant Market with low switching costs, affording them a good degree of bargaining leverage.

As noted previously, the Applicant is dormant and is not currently involved in any Relevant Market.

Completion of this Proposed Transaction is not expected to affect the bargaining power of customers in the Relevant Markets as it is a continuation of an existing business, albeit led by a new ownership.

**(b) Describe to what extent it is possible for customers to bypass the merger parties by either importing or producing the product or service themselves, vertically integrating, or utilizing an alternative supplier; and**

It may be possible for some type of customers to bypass the merger parties by either importing or utilising alternative suppliers in the Relevant Markets (or substitution for other animal protein sources) as shown in the table below.

However, the Proposed Transaction will result in the continuation of an existing poultry operation under the new ownership of the Applicant, rather than the removal of an independent competitor from the market. Accordingly, customers' ability to switch amongst suppliers will not be altered by the Proposed Transaction.

The customers identified in Section 9(a) fall into three main groups:

- (a) Wholesale distributors;
- (b) Large retailers; and
- (c) Independent growers

Wholesale customers and retailers typically have the ability to bypass through switching to other suppliers (or imports in the case of fresh and frozen chicken). Independent growers seeking DOCs have less switching/by-pass options, but there are at least 2 other suppliers (and one very major one in Zenag Chicken), and the Proposed Transaction does not impact on their ability to switch.

(a) In each Relevant Market, customers generally face low barriers to switching suppliers.

(i) The poultry sector features active competition, particularly among major integrated producers like Zenag Chicken and Tablebirds (the brand utilized by the Target Business), alongside growing small-to-medium enterprise (**SME**) farmers and emerging regional hatcheries.

(ii) For DOC, prices remain competitive because there is fierce competition between the Target Business and Zenag Chicken.

(iii) For eggs, prices remain highly competitive due to domestic production focus, with a greater number of domestic suppliers, and occasional import pressures.

(b) Customers, including farmers buying DOC or consumers purchasing eggs/ fresh and frozen chicken, can readily shift to another supplier if a better price emerges, as there are few sunk costs or contractual lock-ins for most transactions – especially in live bird markets, supermarkets, or direct farm sales. Any switching costs are minimal, often limited to basic transport or search efforts in urban areas like Lae or Port Moresby, making price the dominant driver of choice of supplier and switching decisions.

(c) The goods in each Relevant Market are highly homogeneous, with limited differentiation that would otherwise create strong preferences beyond price.

(i) DOC are largely standardized from major hatcheries, where quality is similar across suppliers (e.g., preferences may exist for one brand's availability or slight weight advantages, but these are secondary).

(ii) Eggs are essentially commodity items – "eggs are eggs" – with consumers in PNG focusing primarily on freshness, size and price rather than origin or minor variations.

(iii) Fresh and frozen chicken (whole birds, cuts like thighs or drumsticks) similarly lack significant distinguishing features; live or processed chicken from different producers competes directly on weight, cleanliness, and cost, with little scope for premium attributes like organic labeling or specialized breeds dominating purchases.

(d) Brand loyalty in PNG's relevant markets for day-old chicks, eggs, and fresh/frozen poultry is generally low, reflecting price sensitivity in PNG. Customers frequently switch based on availability, promotions or small price differences.

(e) Overall, competition from multiple suppliers, including imports in certain channels and growing local alternatives, keeps loyalty to specific suppliers weak and reinforces price as the key purchase factor across these markets.

(f) The Proposed Transaction will result in the continuation of MHL's existing poultry operation under the new ownership of the Applicant, rather than the removal of an independent competitor from the market. Therefore, Completion of this Proposed Transaction is not expected to affect suppliers' ability to switch customers, or in other words, customers' ability to switch suppliers.

**(c) Describe the ability of suppliers to identify and switch to alternative customers.**

*(Refer to direction 14)*

Suppliers may readily identify and switch to supplying alternative customers in the Relevant Markets, particularly where dealing with customers at a commercial scale.

As discussed above, the goods are relatively homogenous in nature, and customers are price sensitive – such that suppliers that increase their production would have the ability to entice additional customers through price competition (and the Applicant considers this would be effective in terms of attracting customers like small holders even if they were not individually identified by the supplier pursuing that strategy).

As the proposed transaction will result in the continuation of MHL's existing poultry operation under the new ownership of the Applicant, rather than the removal of an independent competitor from the market, completion of the Proposed Transaction is not expected to affect suppliers' ability to switch customers.

## 12. Imports

**(a) Provide estimates of the actual and potential level of import competition in the relevant market/s and details of the importers;  
(Refer to direction 15)**

It is typically not feasible to import eggs due to biosecurity restrictions. It is possible to import DOCs with appropriate permits.

The highest level of import competition occurs in respect of the fresh and frozen poultry market. Historically, significant imports were supplied from both Australia (approximately 11,000 tonnes per annum) and New Zealand (approximately 5,000 tonnes per annum), largely in the form of frozen portions such as leg quarters and mixed cuts.

There were certain periods between 2024-2025 where bans were imposed on imports of uncooked chicken from other countries in response to outbreaks of Avian Influenza in those countries. However, in mid-2025, those restrictions were lifted, such imports have recommenced.

Consequently, competition from imports will occur in respect of the fresh and frozen chicken market.

As shown in Section 10 above, it is estimated that imports account for over 10% of this fresh and frozen chicken market.

**(b) Provide historical importation figures;**

Please see **Exhibit J** which contains data on historical importation figures on fresh and frozen chicken that the merger parties were able to obtain.

The Applicant understands there is no similar historical importation figures available in respect of eggs or DOCs, which are typically locally produced within PNG.

**(c) List which products are imported into the relevant market/s, and who undertakes the importation and their relative share of the market;**

PNG traditionally imports frozen poultry portions (legs and wings) and mechanically deboned meat (MDM) used in the production of sausages by local producers.

Imports are managed by distributors / retailers directly through suppliers in Australia and New Zealand.

**(d) Show the relationship (if any) between domestic prices and import product prices; and**

The Applicant has very little visibility of imported product prices. It understands that imports are cost competitive (and may even be cheaper than local production when supply availability is higher out of Australia and or New Zealand), but have not displaced volumes of domestic production beyond the market shares shown in Section 10 above due to exposure to foreign exchange fluctuations and non-price issues such as greater needs for cold chain storage to hold stock and the risk of biosecurity barriers being implemented for any poultry disease outbreaks.

**(e) Provide details of the extent of which imports provide a constraint on domestic suppliers including the merger parties in the relevant market/s post acquisition  
(Refer to direction 16)**

Imports do (and will continue to post-Completion) impose a competitive constraint on domestic suppliers in the fresh and frozen chicken market. The Applicant estimates that imports of frozen chicken constitute approximately 14% of the total fresh and frozen chicken market (in 2025, which was a year where import supply was interrupted by biosecurity related barriers) . If domestic suppliers cannot be economic at a price at or below the cost of imports (taking into account additional costs like cold storage), domestic suppliers would lose further share to imports.

Imports are less likely to impose a constraint in relation to eggs or DOCs.

Consequently, producers of fresh and frozen chicken, including the proposed Joint Venture, need to extract local farming and processing efficiencies to ensure they can remain cost competitive to enable ongoing operations and future investment.

### 13. Substitutes

**Provide information concerning the extent to which substitutes are available in the relevant market/s or are likely to be available in the market  
(Refer to direction 17)**

**(a) Eggs market**

There are no close substitutes for eggs. However, other sources of protein are substitutable to some degree (as discussed below in relation to fresh and frozen chicken).

**(b) Fresh and Frozen Poultry market**

Other forms of animal protein are likely to be substitutable to some degree, including:

(i) Fresh pork and fish are available from local producers;

(ii) Pork and canned and preserved meat and fish are supplied by large supermarkets (and wholesale distributors);

(iii) Canned meat is also available from local producers, such as Hugo Canning Company Limited and WR Carpentars Ltd); and

(iv) Canned fish is available from local producers such as Frabelle (PNG) Ltd, R D Tuna Cannery, International Food Corporation, Majestic Seafood Corporation Ltd and South Seas Tuna Corporation).

**(c) Day Old Chicks market**

There are no substitutes for DOCs. It is possible to buy grown-out chickens, but they would be materially more expensive.

#### 14. Barriers to entry

**(a) Provide details of any barriers to entry and expansion in the relevant market/s  
(Refer to direction 18)**

Refer to **Exhibit K** for details of barrier to entry and expansion in the Relevant Markets.

It is hoped that Completion of the Proposed Transaction will improve the prospects of expansion in Relevant Markets through investment and productivity initiatives for the Target poultry business, but it will not impact on any barriers to entry and expansion that may exist in the Relevant Markets more broadly.

**(b) Provide details of the ability of any firm not currently producing goods or services in the relevant market/s but which could enter the relevant market quickly and provide an effective competitive constraint**

There are a number of cases of new and prospective entry into the Relevant Markets, including:

1. In March 2025, Taylor Pacific, the sole shareholder of Hugo Canning Company Limited, signed an agreement with the Central Province Business Investment Limited, the business arm of the Central Province government to build three new poultry farms in Central Province. Taylor Pacific owns the existing Hugo Canning factory land and may be able to access its existing facilities to for its new poultry business. If the new entity enters the poultry market in Central Province, it will directly provide competition to the Applicant because the assets of the Target Business, which the Applicant proposes to acquire, are located in the nearby Morobe Province.

2. Innovative Agro Industry and Taylor Pacific have also entered into a joint venture to establish Sepik Fresh to provide poultry meat, eggs and DOCs within the Sepik region (East Sepik and Sandaun).

3. Desh Besh Agro Limited, a related entity of Desh Besh Limited, has begun selling fresh and frozen chicken in the Desh Besh shops in Port Moresby. It is unclear whether they intend to expand their operations to include eggs and DOCs.

**(c) Provide details of any firms which have recently tried and failed to enter the relevant market/s, including the reasons (if known) for their failure**

No known failures of commercial scale suppliers.

#### 15. Dynamic characteristics

**Provide details of the dynamic characteristics of the relevant market/s, including growth, innovation and product and/or service differentiation.  
(Refer to direction 19)**

The Relevant Markets in Papua New Guinea are experiencing growth driven by increasing demand for cheap and affordable animal protein, which is fuelled by a rising population and an expanding middle class.

Given bans that have been imposed on poultry imports from Australia, New Zealand and various Asian countries in response to Avian Influenza, there is a need to increase local production of poultry products to increase PNG's food security and reduce the price impact of such constraints on imports.

There is significant opportunity for market participants to expand production capabilities and contribute in a constrained market to lower production costs by bringing increased competition and innovation leading to lower cost structures within the industry in PNG.

The Joint Venture combines MHL's local operating expertise with AML's fresh equity, and technical know-how to support the modernization and expansion of farm capacity, as well as the introduction of international industry expertise through the Wilmar Group. This integration is expected to improve efficiency, increase output and lower the costs of fresh and frozen chicken, and eggs, placing downward pressure on prices.

#### **16. Vigorous and effective competitor**

**Indicate whether the merger parties in the relevant market/s would separately be considered as a vigorous and effective competitor?**

***(Refer to direction 20)***

The Applicant is dormant and its related entities do not compete in the Relevant Markets.

MHL is a sizeable competitor in each Relevant Market given the size of its businesses as shown in Section 10 above. However, the Applicant considers the Target Business could be a much more vigorous and competitive business with the right focus on improvements in technology and innovation.

An important part of the investment rationale for the Proposed Transaction is the potential to make the Target Business a more vigorous and effective competitor through:

- (a) introducing new funding; and
- (b) facilitating the Target Business drawing on technology and innovation from the broader AML / Wilmar Group's intentional experience to increase productivity and efficiency of its operations.

#### **17. Vertical integration**

**(a) Describe whether the proposed acquisition would, or would be likely to, result in vertical integration between firms involved at different functional levels in the relevant market/s**  
***(Refer to direction 21)***

Under MHL's existing ownership, the Target Business involves some degree of vertical integration through MHL's:

(a) production and supply of stockfeed; and

(b) using its own stockfeed, as a material input, for feeding of DOCs which in turn grow to become poultry which are then marketed and sold as fresh and frozen chicken.

The Proposed Transaction does not introduce any additional market in which vertical integration occurs, but the existing vertical integration into the stockfeed market would continue (as both post-Completion shareholders, AML and MHL, produce and supply stockfeed).

**(b) Describe the extent to which vertical integration currently exists, where either merger party currently operates as a customer or supplier to competitors in the relevant market/s: and**

Neither merger party currently supplies stockfeed to the other major PNG poultry producer (Zenag Chicken). Zenag is understood to source the majority of its stockfeed from third party Australia stockfeed suppliers. Accordingly, there can be no risk of foreclosure or other adverse competitive impact on Zenag from the Applicant's shareholders being involved in the supply of stockfeed.

Both AML (the Applicant's current shareholder and 51%-owner of the Joint Venture post-Completion) and MHL (49% owner of the Joint Venture post-Completion) supply stockfeed to other smaller poultry producers (directly and indirectly via wholesalers/retailers) and will continue to do so post-completion.

The supply of stockfeed to these smaller producers will not be adversely impacted as:

(a) they are a sufficiently small part of each of the Relevant Markets and it is more profitable to continue to supply them stockfeed than to seek to take their share of the fresh and frozen chicken market (even assuming that ceasing supply would result in them having to exit the market); and

(b) smaller producers would have the ability to switch to alternative suppliers of stockfeed (such that the most likely outcome of a merger party hypothetically ceasing supply would be that merger party losing the stockfeed business, but the small producers continuing to supply in the fresh and frozen chicken market).

As discussed in Section 3(c) above, the Proposed Transaction involves AML agreeing to supply the Applicant with stockfeed on and from Completion.

**(c) Describe whether the proposed acquisition is likely to increase the risk of coordinated behavior.**

The Proposed Transaction is not likely to increase the risk of coordinated behaviour. The Joint Venture's scope is confined to the poultry business and does not extend to the stockfeed businesses of AML and MHL, which will continue to compete independently of each other.

**18. Prices and profit margins**

**(a) Provide details of recent and current levels of pricing in the relevant market/s including the use of rebates and discounts**

The Target Business' current pricing levels in the Relevant Markets are included in **Exhibit L**.

**(b) Provide details of supply costs of goods and services supplied by the merger parties including manufacturing, marketing and distribution costs in the relevant market/s**

Please refer to **Exhibit H** which provides details of the major supply costs of the Target Business in each Relevant Market.

**(c) Describe the competitive constraints, if any, which would, or would be likely to, prevent the merger parties from being able to significantly and sustainably increase, the prices paid by their customers, or lower the prices paid to their suppliers, post-acquisition in the relevant market/s**

The Applicant considers that the Joint Venture will not be able to increase prices to customers or lower prices to suppliers post-Completion without losing market share in the Relevant Markets.

In particular, it is principally constrained through:

- (a) customers' and suppliers' ability to switch to Zenag Chicken (as the largest PNG poultry producer, which also competes in all Relevant Markets); and
- (b) customers' ability to switch to imported fresh and frozen chicken.

There is also some level of constraint imposed by the ability to switch to other smaller local poultry producers and customers' ability to 'sponsor' new entry by supporting proposed new poultry developments.

As the Proposed Transaction is simply a change of ownership of an existing business, it does not change the Target Business' ability to sustainably increase prices paid by customers or decrease prices paid to suppliers.

**(d) Describe the impact of the acquisition on the potential for coordinated conduct between remaining competitors in the relevant market/s post-acquisition  
(Refer to direction 22)**

The Proposed Transaction will not increase the risk of coordinated behaviour because there is no reduction in the number of competitors or increase in concentration in any of the Relevant Markets post-Completion – it is simply a change of ownership of an existing business.

**(e) Describe the likely impact of the acquisition on the profit margins of the merger parties post-acquisition and the expected cause of any change**

Part of the rationale for the Proposed Transaction is the challenging margins faced by the Target Business, and a need for investment and productivity and efficient improvements to remain competitive.

The merger parties' intention is that in the initial years, the Joint Venture will undertake several significant investments across the poultry value chain to improve the conditions of existing assets, introduce new and more efficient poultry houses and upgrade the processing plant to bring on board additional capacity to meet unmet local demand.

These investments will deliver efficiencies which the Joint Venture parties intend to use to lower the cost of poultry in PNG.

Any increase in margin is anticipated to be delivered by improvements in productivity and efficiency – not through any ability to increase pricing. The merger parties also anticipate that any margin improvement from such productivity and efficiency improvements will be constrained by competitors which are likely to respond.

## 19. Related markets

**(a) Describe the extent of complementarity between products supplied by the merger parties  
(Refer to direction 23)**

The Applicant is dormant and neither it nor AML is involved in the production of goods and services in any of the Relevant Markets.

There is no complementarity between products currently supplied by MHL or to be supplied by the Applicant because the Applicant will continue to operate the existing poultry business after it acquires all of the poultry assets of MHL. Post-completion, neither AML nor MHL will be directly involved in the Relevant Markets outside of their interest in the Joint Venture.

**(b) Describe the extent to which the products identified above are, or could be, offered to customers as a product range through bundling or tying  
(Refer to direction 24)**

The Proposed Transaction results in the continuation of an existing poultry operation under a new ownership and governance structure, rather than the removal of an independent competitor from the market. Therefore, the Proposed Transaction is not expected to change the parties' ability to bundle or tie products in the poultry industry.

The experience of the Target Business is that bundling or tying arrangements do not form a common part of any of the Relevant Markets, and where other suppliers produce the same goods that the Target Business does it is considered unlikely that any attempt to impose such bundling or tying arrangements would be successful.

**(c) Describe the competitive constraints that would, or would be likely to, prevent such bundling or tying from significantly foreclosing the ability of the merged entity's competitors to compete, including foreclosure of access to distribution by the merged entity's competitors.**

Given other suppliers (domestic and, at least in respect of the fresh and frozen poultry market, importers) produce the same goods that the Target Business does, it is considered unlikely that any attempt to impose such bundling or tying arrangements would be successful in foreclosing a competitor.

## 20. Other grounds for grant of clearance

**Outline any grounds for the granting by the Commission of the clearance not already addressed above.**

The Proposed Transaction is pro-competitive because:

- (a) it enables the Applicant to continue and expand an existing domestic poultry operation in Lae, supporting growing demand for affordable protein in Papua New Guinea without removing an active market participant;
- (b) the continued operation of the poultry business, under the Joint Venture also preserves local employment for both skilled and unskilled workers within the Morobe Province;
- (c) the Joint Venture combines MHL's local operating expertise with AML's fresh equity, and technical know-how to support the modernisation and expansion of farm capacity, as well as the introduction of international industry expertise through the Wilmar Group. This integration is expected to be pro-competitive by improving efficiency, increasing output, and lowering the costs of fresh and frozen chicken, and eggs, placing downward pressure on prices; and
- (d) the Proposed Transaction supports import substitution and supply reliability and may result in an increase in local poultry production, which is highly desirable given the shortages (and resulting higher prices) which have been caused each time restrictions on imports have been imposed in response to Avian Influenza outbreaks.

## 21. The counterfactual

### **Describe the likely state of the relevant market/s in the future if the proposed acquisition does not take place, giving reasons**

If the Proposed Transaction and Joint Venture does not occur, the most likely outcome is that MHL will continue to operate its ailing poultry business. The shareholders of MHL have tried to revitalise the business by investing in more capital and expertise. However, there has been limited growth of the MHL poultry business over a material period of time. At the current rate, if the Proposed Transaction does not take place, the poultry business may continue to soak up investment capital which MHL could apply to other aspects of its business.

Importantly, in the absence of a turn-around in performance over the medium term, the Target Business would be at risk of ceasing to operate profitably and reducing supply (and particularly domestic supply) to the market.

## 22. International

### **(a) Does the acquisition involve:**

#### **(i) A company operating in PNG that has a foreign parent?**

The Target Business is owned by MHL, which has a PNG parent (Nasfund)

The acquirer (and Applicant) is currently ultimately wholly owned by Singaporean entities (GFPL and Wilmar International Limited), but following Completion, the Applicant will become 49%-owned by MHL and 51%-owned by AML.

Associated Mills Limited. Associated Mills Limited is wholly-owned by Goodman Fielder Pte Ltd, a Singapore entity. Refer to **Exhibit C** for a detailed corporate structure.

#### **(ii) PNG businesses or consumers affected by the occurring overseas?**

No – the Proposed Transaction involves an acquisition in PNG (rather than offshore), and the Target Business will continue to supply local PNG consumers.

**(iii) Foreign consumers affected by the conduct occurring in PNG**

No – the Target Business being acquired only supplies domestically in PNG.

**(b) Provide details of competition authorities in jurisdictions other than PNG to which the proposed acquisition has been, or is intended to be, notified and the timing of such notifications.**

N/A – as the Target Business only sells domestically there is no merger filings triggers or competition impacts anticipated in other countries.

**23. Further information**

**Name, postal address, telephone, facsimile and email contact details of the person authorized by the applicant to provide additional information in relation to this application.**

The Proposed Transaction supports import substitution and supply reliability resulting in better food security and foreign exchange savings. Overall, the Proposed Transaction is commercially justified and will bring competition within PNG through additional capacity to the relevant markets. is not expected to substantially lessen competition in any relevant market.

Any clarification required with regards to the Proposed Transaction may be sent to the following authorised person of the Applicant:

(a) Name: Tim Carter

(b) Designation: Director, General Manager, Papua New Guinea

(c) Postal Address: Cnr Lawes Road & Champion Parade, Konedobu, Port Moresby, Papua New Guinea

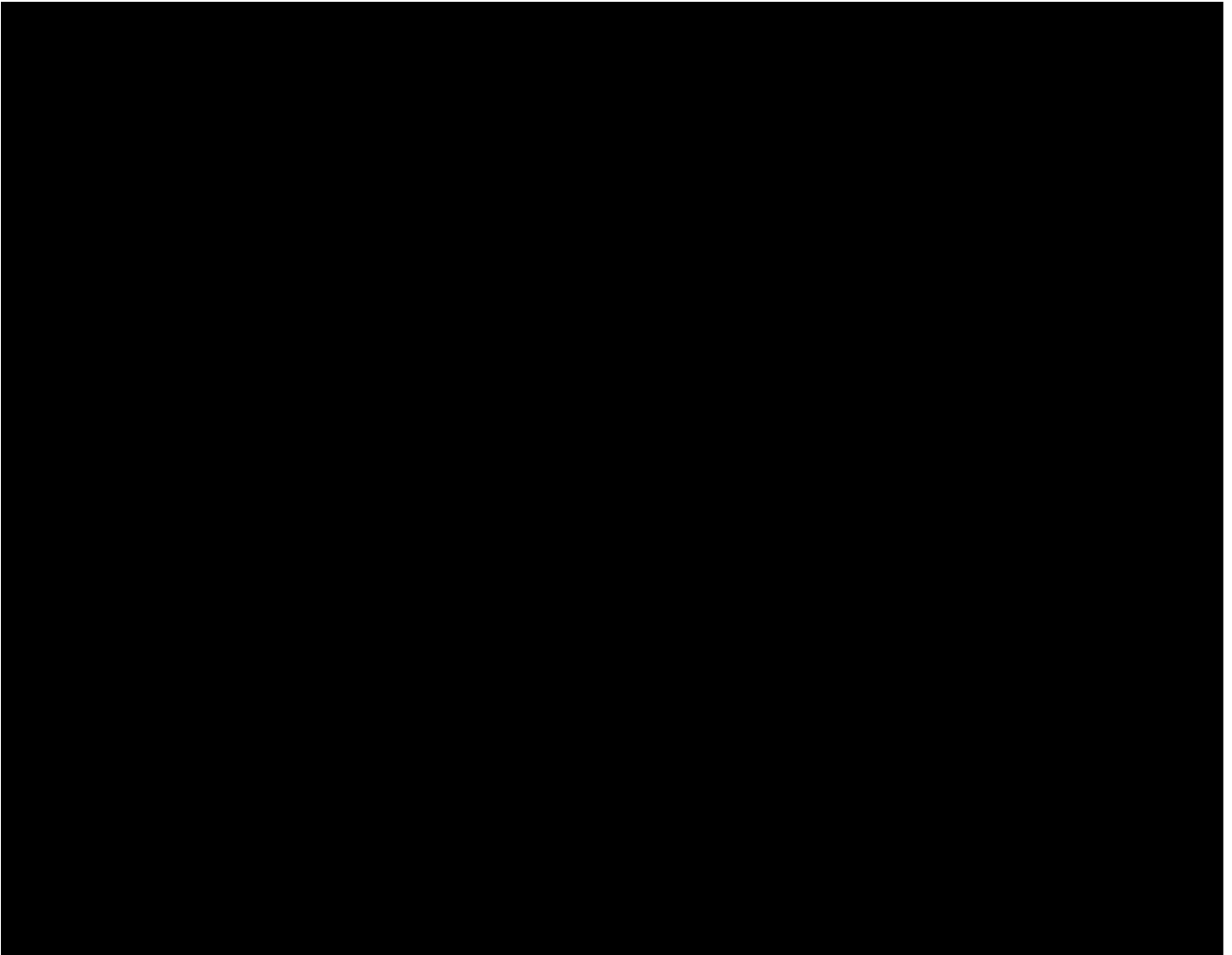
(d) 

(e) 

**24. Information provided in relation to the target**

**Where the target has been consulted during the preparation of information provided in response to the questions contained in this form relating to the target, an authorized representative of the target must indicate here that information relating to the target is complete and accurate.**





## DIRECTIONS

1. If you are an individual making this application on behalf of a company please state the name of the company. Note that the application must only be signed by a person authorized in writing by the company to do so and relevant correspondence confirming that the individual has been authorized to sign on behalf of the company must also be attached.

If the space on this form is insufficient to provide all the information required, the information must be provided on separate sheets of paper, numbered consecutively and signed by or on behalf of the applicant.

The Commission welcomes any other additional information that the applicant deems relevant in support of the application.

2. The response should detail the ownership structure, a list of the shareholders (where applicable) and the applicant's latest annual report (if any).
3. The response should disclose details of a holding company (if any) or subsidiary/ies (if any) as defined under *Section 5* of the *Companies Act of 1997*.
4. The response must disclose details of a holding company (if any) or subsidiary/ies (if any) as defined under *Section 5* of the *Companies Act of 1997*.
5. The response should disclose:
  - (a) the date the contract, arrangement, understanding or proposal was or is intended to be made,
  - (b) the date the public bid was advertised,
  - (c) the intended date the contract, arrangement, understanding or proposal was or is intended to be concluded,
  - (d) the intended date of consummation of the acquisition,
  - (e) the consideration proposed to be exchanged for the acquisition.

Also provide where possible, a copy of the contract, arrangement, understanding or proposal between the Applicant and the Target.

6. The response should include background information on the industry sector/s relating to the acquisition and the role of the Applicant and Target Company in the industry sector/s related to the acquisition. The information should also include a description of goods and services supplied both locally and internationally.
7. The response should detail all the goods and services produced and/or supplied and identify areas where there is an overlap (same or similar goods and services produced and/or supplied or same area of business conducted by the applicant and target) in the production and/or supply of goods and services by the Applicant and the Target.
8. In determining whether an acquisition breaches *Section 69* of the Act, an assessment of the relevant market/s must be made. The response must detail the product, functional, geographical and time dimensions of the market/s.
  - (a) The product dimension of the market must include the identification of goods and services supplied by the Applicant and the Target Company. The next step is to identify the goods or services that may be considered substitutable or interchangeable with goods and services supplied by the applicant and target by customers - Demand side substitutability. Also identify possibilities of customers to switch to alternative suppliers given a permanent price increase and other suppliers start producing the goods and services in question or produce a substitute product - Supply side substitutability.
  - (b) The functional dimension of the market must describe the vertical stages of productions and distribution that comprises the relevant arena of competition. Consider whether products produced or sold at several levels by vertically integrated firms, or by firms at another level of distribution than the merging

firms, should be included in the relevant market because the exercise of market power at one stage of distribution can be constrained by firms at an adjacent level of distribution.

- (c) The geographic dimension of the market must identify the areas over which the Applicant and the Target Company and their competitors currently supply, the relevant products and to which the customers could practically turn. Also identifies other areas where customers could purchase these products given the merged firms raise prices.
  - (d) The time dimension of the market must address the period over which substitution possibilities must be considered.
9. The response should provide details of at least 5 suppliers and should be an even representation of suppliers ranging from small, to medium and then to large suppliers. The response should also include a description of the goods and services supplied by each of the suppliers and an estimated value of the goods and services supplied.
  10. The response should include the location of each of the suppliers identified and the areas to which each of the identified entities supplies goods or services.
  11. The response should provide details of at least 5 customers (if there are less, list all of them) and should be an even representation of the customers ranging from small, to medium and then to large customers and must include a description of the goods or services and the value of the goods and services purchased by these customers.
  12. The response should provide details of any contracts, exclusivity rebates and discounts and identify any customers who have contracts which are about to expire within the next two years and indicate the supply volumes associated with such contracts.
  13. The response should describe the market share of the suppliers or purchasers identified earlier, the market share of the Applicant and the market share of the Target Company in the relevant market/s over the last 5 years, including the total size of the domestic market. The documents relied upon to estimate the total market share sizes must be provided. The response should also include the number of buyers and sellers in the market.

Also outline the extent to which the Acquirer would be constrained in its actions by existing competitors in the relevant markets

14. The response should detail:
  - (a) the ability of competitors in the relevant market/s to increase supply,
  - (b) the ease with which customers could change suppliers including any switching costs that they would incur
  - (c) whether goods and services produced in the relevant market/s should be considered homogeneous or
  - (d) whether there are variations in price or quality and whether the relevant market/s are characterized by brand loyalty.
15. The response should detail whether it is viable for customers to import substitutes. Also indicate the origin of imports and address issues including but not limited to:
  - options for the transportation of imports (e.g. by air, sea or land);
  - transportation costs;
  - whether the product is a high or low value product;
  - whether the product is of high or low density; and
  - whether the product is durable for transportation without damage or deterioration in quality.

The response should also cover any barriers to importation in the relevant market/s including whether significant investment in facilities or in distribution arrangements is needed to facilitate importation.

16. The response should provide details of the price of actual or potential imports (including, additional costs such as freight and customs duties), whether existing import suppliers can accommodate a significant expansion in capacity without the need for significant investment and whether import competition would provide a constraint on companies post acquisition in the downstream market. The response should also include details of existing importers and their customers.
17. The response should cover relative capacities, cost structures and the cost of expansion in the market.
18. The response should detail -
  - (a) the market conditions that may affect the ability to entry and the ability of existing firms to expand;
  - (b) the nature and height of barriers to entry and expansion;
  - (c) details of exit;
  - (d) entry and expansion in the relevant market/s in the last 5 years;
  - (e) any incentives or disincentives for new entry; and
  - (f) effective competitor.

Barriers which must be addressed include, but are not limited to, the following:

- (a) Sunk costs in production capacity;
  - (b) Accessing shelf space;
  - (c) Advertising and promotion;
  - (d) Legal and Regulatory restrictions such as licensing requirements, industry standards and capital requirements;
  - (e) Requirement for scarce inputs;
  - (f) the extent of Brand loyalty in the relevant market/s;
  - (g) Minimum efficient scales of operation;
  - (h) Goodwill;
  - (i) Access to scarce resources such as intellectual property; and
  - (j) Threat of retaliatory action by incumbents to new entry.
19. The response should have information including but not limited to the following -
    - (a) Growth (whether the relevant market/s is/are growing or declining);
    - (b) Levels of innovation;
    - (c) Technological change (information on new technology used in production); and
    - (d) Product and/or service differentiation in the relevant market/s.
  20. The response should include information of merger parties' respective historical and current pricing, quality, after sales service and purchasing behavior. The response should also include merger parties' record of innovation, its growth relative to the growth of the relevant market/s, and its history of independent behavior.
  21. The response should detail -
    - (a) whether the Acquirer has market power in any market which could be leveraged into a vertically related market;
    - (b) whether the target firm would have been a likely entrant to a vertically related market;

- (c) whether the merged firm will control access to an essential input;
22. The response should detail factors conducive to coordination in a market including, but not limited to, the following -
- (a) The number of participants in the relevant market/s
  - (b) Transparency
  - (c) Homogeneity of product
  - (d) Homogeneity of firms
  - (e) The size and frequency of purchases
  - (f) The presence of the same firms in more than one market
23. The response should address the complementarity that occurs where there is significant commonality of customers' products and whether the strength of demand for one product is positively correlated with the strength of demand for another, either because the products form part of a range that distributors need to carry because they must be consumed together for technical reasons.
24. The response should detail the circumstances where two or more products are, or could be, supplied only as a bundle (pure bundling) or, if supplied individually, are also offered as a bundle as a price that is lower than the price charged if sold individually (mixed bundling). The response must also address circumstances where customers seeking to acquire one product are required also to purchase a second product or carry amounts of the second product (tying).