Section 57 of the Competition Act 2004

Grounds of Decision issued by the Competition and Consumer Commission of Singapore

In relation to the proposed acquisition of certain assets by Zuellig Pharma Holdings Pte. Limited from Eli Lilly and Company

Date: 5 May 2026

Case number: CCS 400-140-2026-003

Confidential information in the original version of this Decision will be redacted from the published version on the public register. Redacted confidential information in the text of the published version of the Decision is denoted by [✂].

I. Introduction

1. On 27 March 2026, the Competition and Consumer Commission of Singapore ("**CCS**") accepted a sole application by Zuellig Pharma Holdings Pte. Limited and/or its relevant affiliates (the "**Applicant**"), for a decision pursuant to s 57 of the Competition Act 2004 (the "**Act**") as to whether the proposed acquisition of certain assets by the Applicant from Eli Lilly and Company and its relevant affiliates ("**Lilly**") (the "**Proposed Transaction**") will infringe s 54 of the Act, if carried into effect.

2. In reviewing the Proposed Transaction, CCS conducted a public consultation from 2 April 2026 to 16 April 2026 and sought feedback from 21 stakeholders. None of the third parties raised concerns.

3. At the end of the consultation process and after evaluating the available information, CCS has concluded that the Proposed Transaction would not, if carried into effect, infringe s 54 of the Act.

II. The Parties

4. The Applicant is a privately owned integrated healthcare services company that is headquartered in Singapore with operations across Asia. It operates through three business units globally and in Singapore: (i) distribution[1]; (ii) commercialisation[2]; and (iii) clinical trial support[3].[4]

5. Lilly is a publicly listed company that researches, develops, manufactures, markets and distributes pharmaceutical products globally.[5]

6. The target asset in relation to the Proposed Transaction refers to the rights owned by Lilly to manufacture (including supply), register, commercialise, distribute and otherwise exploit all strengths of the prescription pharmaceutical, *Cialis*[6], a prescription medication used to treat erectile dysfunction ("**ED**") in Singapore.[7]

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[1] Distribution of pharmaceutical products, consumer healthcare products, medical devices and animal health products.
[2] Sales and marketing services for pharmaceutical products as well as consumer healthcare products.
[3] Logistics services for clinical trials.
[4] Paragraphs 7.1 and 10.5 of the Form M1.
[5] Paragraphs 7.3 and 10.6 of the Form M1.
[6] Tadalafil is the active ingredient used in *Cialis*.
[7] Paragraph 15.1 of the Form M1.

III. Competition issues

7. Prior to the Proposed Transaction, the Applicant and Lilly did not have any vertical relationship in respect of the supply of *Cialis* in Singapore.[8] Lilly manufactures *Cialis* and engages DKSH Singapore Pte. Ltd. ("**DKSH**") to distribute *Cialis* in Singapore. The Applicant distributes other competing ED medications in Singapore. The Proposed Transaction will result in the Applicant becoming a vertically integrated firm for the supply and distribution of *Cialis* in Singapore, while continuing to distribute other competing ED medications. Given the nature of the Proposed Transaction, CCS's assessment focused on the potential vertical effects[9] arising from the Proposed Transaction.

IV. Relevant markets

8. Based on the information received from the Applicant and third parties, for the purposes of assessing the Proposed Transaction, CCS assessed that the relevant market to comprise:

   a. The upstream global-to-local market for the manufacture (including supply) of ED medications into Singapore (the "**Upstream Supply of ED Medication**"); and

   b. The downstream local-to-local market for the distribution of ED medication (excluding non-pharmaceutical products) in Singapore (the "**Downstream Distribution of ED Medication**").

V. Competition assessment

9. Notwithstanding the Applicant's high market shares in both the Upstream Supply of ED Medication[10] and the Downstream Distribution of ED Medication[11], CCS assessed that the Proposed Transaction is unlikely to foreclose competition in either the Upstream Supply of ED Medication or the Downstream Distribution of ED Medication in Singapore, for the following reasons:

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[8] Paragraph 38.1 of the Form M1.

[9] Paragraph 7.8 of *CCS Guidelines on the Substantive Assessment of Mergers* states that the potential theory of harm raised by a vertical merger may involve: (1) market foreclosure (e.g. by restricting downstream rival's access to a necessary input; or restricting upstream rival's access to customers) and/ or (2) increasing the ability and incentive of parties to collude in a market.

[10] Following the Proposed Transaction, in respect of Cialis, Applicant will hold an estimated market share of [✂45-55]% by sales revenue and [✂20-30]% by sales volume, based on Lilly's market share in 2024.

[11] Following the Proposed Transaction, the Applicant will hold a combined estimated market share of [✂90-100]% by sales revenue and [✂70-80]% by sales volume, based on an aggregation of the market share of the Applicant and DKSH in 2024.

Unlikely to Foreclose Competition in the Upstream Supply of ED Medication

a. There are multiple alternative distributors in Singapore that other suppliers of ED medications can turn to should the Applicant raise prices or impose terms that impede their ability to compete effectively. Additionally, [✂].

b. In light of the availability of multiple alternative distributors, the barriers to entry and expansion in Downstream Supply of ED Medication is not insurmountable.

c. The Applicant, following the Proposed Transaction, can only determine the price of *Cialis* and [✂].[12] [✂].

d. [✂][13] [✂][14] [✂]. [✂]. CCS's assessment on this point is premised on [✂].[15]

e. Prescription and purchasing decisions are driven primarily by clinical judgement, patient needs, and institutional procurement processes, rather than distributor preference.

Unlikely to Foreclose Competition in the Downstream Distribution of ED Medication

f. Suppliers of ED medications typically appoint one distributor in Singapore and there is no indication that *Cialis* is a must have product for existing distributors in Singapore to distribute other types of medications, including ED medications.

g. In light of the availability of alternative ED medication and that *Cialis* is not a must-have, barriers to entry in the Upstream Supply of ED Medication is not a concern.

h. Neither the public nor any third party raised any competition concerns on the Proposed Transaction.

VI. Ancillary Restrictions

10. The Proposed Transaction restricts Lilly from selling quantities of *Cialis* (in all its strengths) above Lilly's existing forecast of sales of *Cialis* in Singapore (the "**Submitted Restriction**").

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[12] Paragraph 15.2 of the Form M1; and paragraph 16.1 of the Applicant's response dated 3 April 2026.
[13] Sales and marketing services for pharmaceutical products as well as consumer healthcare products.
[14] Distribution of pharmaceutical products, consumer healthcare products, medical devices and animal health products.
[15] Paragraphs 10.5 and 37.2 of the Form M1; and paragraph 16.6 of the Applicant's response dated 3 April 2026.

11. The Applicant submitted that although the Submitted Restriction constitutes a restriction of output, it is an ancillary restriction that is directly related and necessary to the Proposed Transaction as it allows the Applicant to receive the full benefit of any goodwill or know-how acquired under the Proposed Transaction.

12. CCS accepts the Applicant's submission. The Submitted Restriction applies only during the interim period between the signing of the asset purchase agreement and the transfer of the *Cialis* assets to the Applicant, [✂][16]. During this period, the limitation of production restriction prevents Lilly from selling quantities of *Cialis* beyond its ordinary-course forecast, which would otherwise undermine the Applicant's ability to commercialise *Cialis* upon acquisition. CCS considers the restriction to be proportionate, as it is limited in scope to Singapore and in duration to the interim period. Hence, CCS concludes that the Submitted Restriction constitutes an ancillary restraint which benefits from the exclusion under paragraph 10 of the Third Schedule to the Act, insofar as it applies to Singapore.

VII. Conclusion

13. For the reasons above and based on the information available, CCS has assessed that the Proposed Transaction, if carried into effect, would not lead to a substantial lessening of competition in Singapore and, consequently, would not infringe s 54 of the Act.

14. In accordance with s 57(7) of the Act, the decision will be valid for a period of one year from the date of CCS's decision.

ALVIN KOH
CHIEF EXECUTIVE
COMPETITION AND CONSUMER COMMISSION OF SINGAPORE

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[16] Form M1, Annex 5, Asset Purchase Agreement, Appendix F.