Far EasTone Telecommunications Co., Ltd.,
New Century Infocomm Tech Co., Ltd.
and InSynerger Technology Co., Ltd.

1776th Commissioners' Meeting (2025)

Case: Far EasTone Telecommunications Co., Ltd., filed a pre-merger notification concerning its acquisition, by its subsidiary New Century InfoComm Tech Co., Ltd., of shares of InSynerger Technology Co., Ltd.

Keyword(s): Mobile broadband services and fixed communications network services; energy management systems; mechanical and electrical engineering

Reference: Fair Trade Commission Decision of November 5, 2025(the 1776th Commissioners' Meeting); Letter Kung Fu Tzu No. 1141260576

Industry: Telecommunications (6100)

Relevant Law(s): Articles 10, 11 and 13 of the Fair Trade Act

Summary

1. New Century InfoComm Tech Co., Ltd. (hereinafter referred to as "New Century InfoComm"), a subsidiary of Far EasTone Telecommunications Co., Ltd. (hereinafter referred to as "Far EasTone"), resolved at a meeting of its board of directors to participate, at NT$47 per share, in a cash capital increase by InSynerger Technology Co., Ltd. (hereinafter referred to as "InSynerger") and to purchase shares already held by InSynerger's existing shareholders. Following the merger, New Century InfoComm, together with the 30% shareholding it already held, would hold a total of 80% of the shares in InSynerger. The transaction constitutes the merger types specified in Article 10(1)(ii) and (v) of the Fair Trade Act. Far EasTone's market share in the mobile communications services market exceeded one quarter, thereby meeting the merger-filing threshold prescribed in Article 11(1)(ii) of the Fair Trade Act. As none of the exemptions under Article 12 of the same Act applied, the parties filed a pre-merger notification with the FTC.

2. Market definition and market shares:

(1) Far EasTone and New Century InfoComm provide smart energy management solutions and related turnkey services by applying mobile broadband services and fixed communications networks. They therefore compete horizontally with InSynerger in providing customers with energy management system installation and application services. In addition, when Far EasTone and New Century InfoComm provide energy management system installation services, they outsource part of the mechanical and electrical engineering work to InSynerger and do not perform such work themselves. Accordingly, the relevant product markets were defined as the "mobile broadband services market," the "fixed communications network services market," the "energy management system installation and application services market," and the "mechanical and electrical engineering market," with the nationwide area defined as the relevant geographic market.

(2) Market shares: Far EasTone held approximately 28.51% of the shares in mobile broadband services market; New Century InfoComm held approximately 5.36% of the shares in fixed communications network services market; the merging parties together held only approximately 1.06% of the shares in energy management system installation and application services market; and InSynerger held less than 1% of the shares in mechanical and electrical engineering market.

3. Review process and result:

(1) Assessment of the competitive effects of the horizontal merger:

(i) Unilateral effects: Customers primarily procure energy management system installation and application services through open tendering. The tendering process is transparent, and the merging parties' bargaining power is constrained by procuring entities and other bidders. The merging parties also face competitive pressure from existing competitors and new entrants on the market. Consequently, their ability to raise prices or reduce service quality after the merger would be limited.

(ii) Synergy effects: There are numerous suppliers of energy management system installation and application services, and the content of such services must be individually tailored to the requirements of each procuring entity. As there is low service homogeneity in the market, the market as a whole is not

conducive to the formation of concerted action, and the likelihood that firms would engage in coordinated conduct after the merger is low.

(iii) Entry Barriers: Except that licenses or certificates are required for the installation of certain energy management system hardware, there are no other regulatory, capital, technological, or other barriers to market entry. Entry barriers for potential competitors are low, and existing firms face substantial competitive pressure.

(iv) Countervailing power: In addition to competing with other suppliers, the merging parties' bargaining power is constrained by the reserve prices set by procuring entities. Given the large number of market participants and the intense competition on the market, trading counterparts possess countervailing power.

(2) Assessment of the competitive effects of the vertical merger:

(i) The likelihood that, after the merger, the merging parties would abuse market power, raise rivals' costs, or affect other competitors' choice of trading counterparties: There is low homogeneity in energy management system installation services, and the mechanical and electrical engineering work required for individual projects also differs significantly. Moreover, there are numerous suppliers in the mechanical and electrical engineering market, the merging parties have low shares in the relevant markets, and transactions are conducted through open tendering. The market structure is therefore not conducive to cause competition restraints, and the merger is unlikely to give rise to concerns regarding the extension of market power or vertical foreclosure.

(ii) The degree of difficulties for non-merging firms to enter the relevant markets: There are no regulatory restrictions on entry into the markets for energy management system installation and application services or the associated turnkey mechanical and electrical engineering services. The conditions of entry would not change as a result of completion of the merger. Potential competitors would remain free to enter, and the merger would not increase barriers to entry into the relevant markets.

(iii) Likelihood of facilitating concerted actions: There are numerous participants in the markets for energy management system installation and application services and mechanical and electrical engineering. The market structures are fragmented and are not conducive to the formation of concerted actions. In addition, none

of the merging parties is a market leader in these markets. The likelihood that the merger would facilitate concerted action is therefore low.

(3) In conclusion, the merger is unlikely to have a significant restrictive effect on market competition and would facilitate the integration of the merging parties' resources and improve operational efficiency. The overall economic benefits of the merger may therefore be deemed to outweigh the disadvantages resulting from restrictions on market competition. Therefore, the FTC cited Article 13(1) of the Fair Trade Act and did not prohibit the merger.

Appendix:

Far Eastone Telecommunications Co., Ltd.'s Uniform Invoice Number: 97179430

New Century Infocomm Tech Co., Ltd.'s Uniform Invoice Number: 70774626

Insynerger Technology Co., Ltd. 's Uniform Invoice Number: 52883637

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