



ASX Announcement
3 November 2014

Competition Commission of Singapore clears acquisition of Jobstreet Singapore (“the transaction”)

SEEK is pleased to announce a favourable decision from the Competition Commission of Singapore (“CCS”). The CCS has announced that it has given conditional clearance for the transaction based on the implementation of and compliance with behavioural and divestiture commitments¹ (“the Commitments”) offered by SEEK.

Please note the Commitments only apply to operations relating to Singapore. SEEK is comfortable with the Commitments for its Singaporean operations. Refer to the attached document from the CCS for further details.

Jason Lenga, Managing Director of SEEK International said,

“We are excited to complete this transaction and accelerate our efforts across South East Asia. JobStreet has continued to perform well and we are excited for JobStreet to be joining SEEK and JobsDB.”

“SEEK is looking forward to working closely with the management teams of both JobStreet and JobsDB to help more jobseekers and hirers meet their objectives. We believe that the combination of both businesses will create strong value for shareholders.”

The transaction is expected to be completed by the end of November 2014. At completion, SEEK will provide further financial information including the final consideration payable by SEEK and its co-investors (determined and dependent on working capital adjustments at completion and prevailing FX rates).

¹ Divestiture commitments are in relation to the aggregator site, jobs.com.sg in Singapore

For further information or to arrange an interview please contact:

Investors & Analysts

Jeff Tang
SEEK Limited
(03) 8517 4209

Media

Sarah Macartney
SEEK Limited
(03) 8306 0818

This announcement contains certain "forward-looking statements". Forward looking words such as, "expect", "should", "could", "may", "predict", "plan", "will", "believe", "forecast", "estimate", "target" and other similar expressions are intended to identify forward-looking statements within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Such forward-looking statements, opinions and estimates are not guarantees of future performance.

Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. This announcement contains such statements that are subject to risk factors associated with the markets in which SEEK operates. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a range of variables which could cause actual results or trends to differ materially. Such forward-looking statements only speak as to the date of this announcement and SEEK assumes no obligation to update such information.

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MEDIA RELEASE

31 October 2014

CCS grants conditional approval to the proposed acquisition of JobStreet Singapore by SEEK Asia Investments Pte. Ltd. on the basis of behavioural and divestiture commitments offered

1. The Competition Commission of Singapore (“**CCS**”) has today found that the proposed acquisition of JobStreet Singapore by SEEK Asia Investments Pte. Ltd. (“**Proposed Acquisition**”) will substantially lessen competition in the market for online recruitment advertising services in Singapore. However, after market consultations,¹ CCS has granted conditional approval of the merger on the basis of the behavioural and divestiture commitments offered by SEEK Ltd. and SEEK Asia Investments Pte. Ltd. (collectively, “**SEEK**”). With the implementation of and compliance with these commitments, the Proposed Acquisition will not infringe section 54 of the Competition Act. This concludes CCS’s Phase 2² review of the Proposed Acquisition and brings this merger assessment to a close.

Background

2. CCS received a merger notification for decision on 20 February 2014 on the Proposed Acquisition by SEEK of 100 per cent of the issued share capital in certain recruitment business assets of JobStreet Corporation Berhad, including JobStreet.com Pte. Ltd. (“**JobStreet Singapore**”), (collectively “**the Parties**”).
3. The Proposed Acquisition brings together the two main online recruitment advertising service providers in Singapore, being SEEK’s platform, JobsDB.com.sg and JobStreet’s platform, JobsStreet.com.sg.

The Online Recruitment Service Industry

4. The online recruitment advertising service industry runs on a two-sided platform bringing together two sets of users, recruiters and employers on one side, and jobseekers on the other side. The platform provides a matching service for the

¹ Refer to Annex 1 for information on the market consultation processes for the behavioural commitments and divestiture commitment.

² Refer to Annex 2 for explanation of Phase 1 and Phase 2 merger review.

recruiters and employers, and jobseekers. A successful portal in the online recruitment advertising services market must have a significant jobseeker pool to make it attractive to advertisers, and a significant number of job postings to make it attractive to jobseekers. Recruiters and advertisers derive greater value when more jobseekers use the portal, and jobseekers derive greater value when more recruiters and advertisers post jobs on the portal ("**indirect network effects**").

5. There is a mix of general and specialist job portals in Singapore. This includes aggregators, which collect and display job advertisements from various online sources into one search page. When aggregators display a job posting that originates from a different job portal, it enables smaller job portals to counteract the potential indirect network effects arising from the Proposed Acquisition and may allow smaller job portals to compete more effectively with larger job portals.
6. Barriers to entry and expansion are not so high that it prevents new entry and expansion in this market. There is evidence that jobseekers, employers and recruiters tend to use more than one online advertising service provider at any one time. The willingness of jobseekers and employers to use multiple platforms for job search and recruiting is likely to reduce the indirect network effects, which is a feature of the online recruitment advertising services market.
7. Even with the above features and the fact that the online recruitment advertising services market in Singapore is characterised by a degree of innovation and competition, CCS is unable to conclude that these features alone are likely to sufficiently constrain the merged entity in the near term.
8. During the Phase 2 review, CCS saw the official launch of the Singapore government's JobsBank, a new public portal facilitating online job matching between local jobseekers and employers. JobsBank follows the announcement of the new Fair Consideration Framework³ and is available free of charge to recruiters, employers and jobseekers.
9. CCS is of the view that while JobsBank constitutes a new and timely entry into the market, there is no clear market feedback to support the position that it is likely to be an effective and significant competitive constraint on the merged entity, at least in the short to medium term. CCS also takes the view that the potential impact of JobsBank as a competitive constraint on the merged entity, particularly given JobsBank's specific government mandate, is at this stage, an open question.

³ <http://www.mom.gov.sg/employment-practices/fair-consideration-framework/Pages/fair-consideration-framework.aspx>

CCS's Assessment

10. CCS's decision follows extensive consultation with third-party industry participants and representatives of the Ministry of Manpower and the Singapore Workforce Development Agency in relation to the recent launch of JobsBank.gov.sg.
11. Upon review of the Parties' submissions and feedback from various industry stakeholders, CCS considers that the Parties are each other's closest competitors. CCS is, therefore, of the view that the merger may give rise to non-coordinated effects.

Behavioural Commitments

12. To address the non-coordinated effects which may arise, SEEK has offered and CCS has, following market consultation, accepted the following behavioural commitments:
 - a. To address the concern that the merged entity may be able to alter the structure of the market by demanding exclusive, "lock-in" contracts which prevent customers from switching away from the merged entity, SEEK commits not to enter into exclusive agreements with employer and recruiter customers. By deterring exclusivity and lock-ins, the behavioural commitments aim to retain the current practice of multi-homing (the practice of using more than one online recruitment advertising platform) by employers and recruiters, as well as jobseekers and aims to keep barriers to entry and expansion low, thereby preserving competition in the market for online recruitment advertising services.
 - b. To address the concern that the merged entity may be able to increase prices post-merger, SEEK commits to maintain current pricing of its services capped at present day rate cards or current day negotiated prices, subject to Consumer Price Index variations. By capping pricing at current levels, the behavioural commitments seek to address concerns identified by market participants during the Phase 1 and 2 reviews that the closeness of competition between the Parties may cause prices to rise post-merger.
13. The term of the behavioural commitments is three years from the date of completion of the Proposed Acquisition. Given the nature and particular

characteristics of this industry, CCS considers that the three-year commitment period is appropriate.

Divestiture Commitments

14. SEEK owns and operates jobs.com.sg in Singapore. SEEK acquired jobs.com.sg on 26 November 2013 through the acquisition of all the shares in Job Seeker Pty Ltd., which is an online recruitment aggregator based in Australia. Jobs.com.sg is an aggregator site which aggregates recruitment advertisements listed on other online job portals. To alleviate potential competition concerns that may arise from SEEK's ownership of the aggregator site, Jobs.com.sg, SEEK offered to divest, as a going concern, the complete assets of jobs.com.sg including the domain name <http://www.jobs.com.sg> ("Divestment Business").
15. SEEK further commits to find a purchaser and to enter into a sale and purchase agreement for the sale of the Divestment Business within six (6) calendar months, commencing from the date of the completion of the Proposed Acquisition or the date of decision issued by CCS in relation to the Proposed Acquisition, whichever is later. Failing which, SEEK commits to appoint one or more independent persons to sell the Divestment Business at no minimum price to a purchaser.
16. After evaluating the industry feedback, CCS considers the divestiture commitment to be sufficient to address concerns, especially that relating to entrenching network effects, in that the merged entity may use jobs.com.sg as a further distribution and marketing platform for the merged entity; and/or may utilise its large database of listings to populate jobs.com.sg, leading to substantial increases in content and therefore traffic for jobs.com.sg. CCS therefore accepts the divestiture commitment.

Conclusion

17. Having regard to the nature and characteristics of the market, CCS has cleared the Proposed Acquisition following acceptance of the behavioural commitments and divestiture commitment offered by SEEK. CCS considers that the likely adverse effects of the merger will be mitigated by these commitments.
18. CCS's Grounds of Decision for the conditional clearance, will be made available under the "[Public Register – Mergers & Acquisitions](#)" tab on CCS's website.

About The Competition Commission of Singapore

CCS is a statutory board established under the Competition Act (Chapter 50B) on 1 January 2005 to administer and enforce the Act. It comes under the purview of the Ministry of Trade and Industry. The Act empowers CCS to investigate alleged anti-competitive activities, determine if such activities infringe the Act and impose suitable remedies, directions and financial penalties.

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

For media clarifications, please contact:

Ms. Lim Le-Anne
Senior Assistant Director
Strategic Planning Division
Competition Commission of Singapore
Email: lim_le-anne@ccs.gov.sg
DID: 6325 8304 / 9478 8824

Ms. Grace Suen
Assistant Director
Strategic Planning Division
Competition Commission of Singapore
Email: grace_suen@ccs.gov.sg
DID: 6325 8216 / 9835 8601

Annex 1

CCS's Review & Market Consultations

1. CCS completed the Phase 1 review of the notification in April 2014 but was unable to conclude that the Proposed Acquisition would not raise competition concerns, based on information furnished and market inquiries conducted during the Phase 1 review. The Parties filed Form M2 on 12 May 2014 and the Proposed Acquisition proceeded to a Phase 2 review.
2. On 21 August 2014, CCS commenced market consultation on a set of behavioural commitments offered by SEEK ("First Market Consultation") in order to address the potential competition concerns that may arise as a result of the Proposed Acquisition. The First Market Consultation concluded on 5 September 2014.
3. In the course of the First Market Consultation, CCS received information that SEEK owns and operates the aggregator site, jobs.com.sg in Singapore. This information had not been disclosed to CCS earlier by the Parties during the course of CCS's merger assessment and highlights the importance of market consultation in surfacing competition concerns.
4. In this connection, on 8 October 2014, CCS commenced market consultation on the proposed divestiture commitment ("Second Market Consultation") offered by SEEK to address the potential competition concerns that may arise from SEEK's ownership of the aggregator site, jobs.com.sg.
5. Following conclusion of the First and Second Market Consultations and taking into consideration feedback received, CCS considers that the behavioural commitments and divestiture commitment will address the likely adverse anti-competitive effects of the Proposed Acquisition.
6. CCS therefore has issued a conditional approval to the Parties, subject to the implementation of and compliance with the behavioural commitments and divestiture commitment.

Annex 2

Phase 1 and Phase 2 Merger Reviews

Set out below is a description of the Phase 1 and Phase 2 merger reviews conducted by CCS. Further details can be found in the *CCS Guidelines on Merger Procedures 2012*.

A Phase 1 review entails a quick review and allows merger situations which do not raise competition concerns under the section 54 prohibition to proceed. CCS expects to complete a Phase 1 review within 30 business days. By the end of this period, CCS will determine whether to issue a favourable decision and allow the merger situation to proceed. If CCS is unable, at the end of the 30-day period, to conclude that the merger situation will not result in a substantial lessening of competition, CCS will inform the merger parties and the merger parties may file Form M2. Upon receipt of Form M2, CCS will proceed to a Phase 2 review.

A Phase 2 review entails a more detailed and extensive examination of the merger situation. While the principles of substantive assessment are the same, CCS will require access to more extensive and detailed information regarding the merger parties and the markets in question.

As the Phase 2 review is more complex, CCS will endeavour to complete a Phase 2 review within 120 business days.