



MEDIA RELEASE

15 October 2019

CCCS Clears Proposed Acquisition by Bread Talk Group Limited of Food Junction Management Pte Ltd

1. The Competition and Consumer Commission of Singapore (“**CCCS**”) has cleared the proposed acquisition by Bread Talk Group Limited (“**BT**”), through its subsidiary Topwin Investment Holding Pte Ltd (“**Topwin**”), of 100 per cent of the issued share capital in Food Junction Management Pte Ltd (“**FJM**”) (collectively, the “**Parties**”) (the “**Proposed Transaction**”). CCCS has concluded that the Proposed Transaction, if carried into effect, will not infringe the section 54 prohibition of the Competition Act (Cap. 50B)(the “**Act**”).
2. After consulting stakeholders and evaluating all relevant information, CCCS concluded that the Proposed Transaction, if carried into effect, will not lead to a substantial lessening of competition within the relevant markets in Singapore.

Background

3. CCCS received a notification from Topwin on 4 September 2019 for a decision on whether the Proposed Transaction would infringe section 54 of the Act, which prohibits mergers that have resulted, or may be expected to result, in a substantial lessening of competition within any market in Singapore.
4. Topwin is a wholly-owned subsidiary of BT and its principal business activity is that of investment holding and provision of management services. BT’s business of operating food courts and food court stalls in Singapore is solely operated by Food Republic Pte Ltd (“**Food Republic**”), a wholly-owned subsidiary of Topwin. FJM and its subsidiaries, namely Food Junction Singapore Pte Ltd (“**FJS**”) and T&W Food Junction Sdn Bhd (“**TWFJ**”) are principally in the business of operating food court premises and food court stalls in Singapore and Malaysia, respectively. The Parties do not operate or manage any coffee shops or hawker centres in Singapore.
5. As part of its assessment, CCCS conducted a public consultation and contacted key stakeholders including landlords, competitors, food vendors and individual consumers to

gather relevant information. Most stakeholders indicated that they have no concerns with the Proposed Transaction, with a few raising concerns.¹

CCCS's Assessment

Relevant markets affected by the Proposed Transaction

6. CCCS considered that the relevant markets for its assessment of the Proposed Transaction are:

- (a) The sale of hot meals to individual consumers in food court premises, using catchment areas of 500 metres radius; and
- (b) The rental of stalls in food court premises to food vendors within Singapore.

Competition assessment for each relevant market

(a) The sale of hot meals to individual consumers in food court premises, using catchment areas of 500 metres radius

7. **CCCS found that the Parties only directly sell hot meals in a very limited number of stalls located within the food court premises they operate.** The Parties will continue to compete with many stalls operated by third-party food vendors within their own premises as well as within other food court premises in the catchment areas after the Proposed Transaction.

8. With respect to the feedback on possible reduction in terms of food quality and variety and price points offered by the Parties post-Transaction, CCCS found that, besides the presence of many competing third-party food vendors, shopping mall operators place significant emphasis on food court operators' ability to differentiate their food court concepts, food mix and price points, particularly if there is more than one food court premises in the mall. The shopping mall operators also retain sufficient control over the prices, quality and choices of food available to individual consumers in their food court premises as they seek to attract more customer footfall to their malls. These concerns are therefore unlikely to materialise.

¹ The concerns relate mainly to (a) increase in rent to food vendors post-merger; (b) fewer food court operators for landlords and food vendors to choose from; (c) higher prices for food sold in food court premises; and/or (d) a reduction in food quality and food options for food sold in food court premises to individual consumers post-merger. Feedback that do not have an impact on competition was not considered in CCCS's assessment.

(b) The rental of stalls in food court premises to food vendors within Singapore

9. CCCS found that the **combined market share of the Parties post-merger remains below 20% which is considerably lower than the larger food court operators** such as NTUC Kopitiam and Koufu. The merged entity may instead be able to better compete with the other larger food court operators post-merger.

10. The **barriers to entry** to set up food court operations in Singapore, as well as the **barriers existing food court operators face in expanding** to locations where the Parties currently operate at and/or any other locations in Singapore, **are low**. Examples of successful recent entry include Kimly Group, Fei Siong and Yu Kee that are operating across different locations (both prime² and neighbourhood³ areas) in Singapore.

11. There is **considerable competition not just between the Parties, but with the other food court operators**, such that the **Parties may not be each other's closest competitor**. For example, there are other food court operators besides the Parties that landlords of shopping malls typically consider when leasing out their food court premises and consider to be able to satisfy their requirements post-merger.

12. CCCS further noted that **food vendors operating in food court premises would generally have some bargaining power** given that they are likely, and are able, to switch to food court premises operated by competing food court operators in other locations across Singapore, if these locations offer them better business prospects. They therefore have a wide pool of stalls in food court premises across Singapore to choose from. The bargaining power of reputable food vendors or corporate entities which tend to operate multiple stalls across the premises operated by a food court operator, is likely to be higher as food court operators will seek to keep them within their food court premises.

13. CCCS also considered that **collusion between food court operators is unlikely** due to the number of competing operators operating food courts with different cost structures, the low degree of transparency on the rental fees charged by landlords which makes it difficult for food court operators to monitor one another's costs, and the low barriers to entry and expansion.

14. Further information on the notification and CCCS's Grounds of Decision will be made available in due course on CCCS's Public Register at www.cccs.gov.sg.

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² Prime locations generally refer to areas such as the central business district and shopping districts such as Orchard.

³ Neighbourhood areas generally refer to residential areas located outside the city centre.

About the Competition and Consumer Commission of Singapore

The Competition and Consumer Commission of Singapore (“**CCCS**”) is a statutory board of the Ministry of Trade and Industry. CCCS administers and enforces the Competition Act (Cap. 50B) which empowers CCCS to investigate and adjudicate anti-competitive activities, issue directions to stop and/or prevent anti-competitive activities and impose financial penalties. CCCS is also the administering agency of the Consumer Protection (Fair Trading) Act (Cap. 52A) or CPFTA which protects consumers against unfair trade practices in Singapore. Our mission is to make markets work well to create opportunities and choices for business and consumers in Singapore.

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

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