



## MEDIA RELEASE

2 August 2023

### Clearance of Proposed Acquisition by City Energy Pte. Ltd. of Tan Soon Huah Gas Supply Pte. Ltd.'s Liquefied Petroleum Gas Business

1. The Competition and Consumer Commission of Singapore (“**CCCS**”) has cleared the proposed acquisition by City Energy Pte. Ltd. (“**City Energy**”) of Tan Soon Huah Gas Supply Pte. Ltd.’s (“**TSH**”) liquefied petroleum gas (“**LPG**”) business (collectively, the “**Parties**”) (the “**Proposed Transaction**”).
2. In its assessment, CCCS has concluded that the Proposed Transaction, if carried into effect, will not infringe the section 54 prohibition of the Competition Act 2004 (the “**Act**”), which prohibits mergers which have resulted, or may be expected to result, in a substantial lessening of competition (“**SLC**”) within any market in Singapore.

#### Background

3. CCCS accepted an application from City Energy on 30 May 2023 for a decision on whether the Proposed Transaction would infringe section 54 of the Act.

#### City Energy

4. City Energy is the trustee of City Energy Trust, which is listed on the Singapore Exchange. City Energy’s key business is in the production and retail of town gas<sup>1</sup> to residential, commercial, and industrial customers in Singapore, for which it holds a Gas Retailer Licence issued by the Energy Market Authority under the Gas Act 2001 (“**Gas Act**”). City Energy is the sole producer and retailer of town gas in Singapore.
5. In addition to town gas, City Energy retails natural gas<sup>2</sup> to industrial customers in Singapore through its subsidiary City-OG Gas Energy Services Pte. Ltd., which holds

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<sup>1</sup> Town gas is defined under Section 2 of the Gas Act as “any substance in a gaseous state which is conveyed in gas pipes and is manufactured from petrochemical feedstock or natural gas, and has hydrogen as one of its main constituents”.

<sup>2</sup> Natural gas is defined under Section 2 of the Gas Act as “any mixture of gaseous hydrocarbons which is conveyed by gas pipes and is composed of —

(a) predominantly methane; and

(b) as to the remainder, varying amounts of other hydrocarbons and other combustible and non-combustible gases”.

a Gas Shipper Licence and Gas Retailer Licence. City Energy is also engaged in the sale of residential and commercial appliances/equipment (mainly kitchen appliances/equipment, water heaters and laundry appliances/equipment that run on gas) and the provision of gas supply related services.

## TSH

6. TSH's key business is in the retail sale of LPG cylinders to residential, commercial, and industrial customers in Singapore. TSH also provides ancillary products and services such as residential and commercial appliances/equipment (mainly kitchen appliances/ equipment, water heaters and laundry appliances/equipment that run on gas) and LPG equipment. TSH does not have any business activities outside of Singapore, and is not active in the town gas, natural gas or electricity business.

## **CCCS's Assessment**

7. CCCS conducted a public consultation from 8 June 2023 to 21 June 2023 and sought feedback from various stakeholders, including competitors and customers of City Energy and TSH.

## Relevant markets affected by the Proposed Transaction

8. CCCS considered that the relevant markets for its competition assessment of the Proposed Transaction are the markets for retail of LPG and town gas to:
  - a) residential customers in Singapore;
  - b) commercial customers in Singapore; and
  - c) industrial customers in Singapore.(collectively, the "**Relevant Markets**").

## Competition assessment

9. CCCS found that the Proposed Transaction is unlikely to lead to an SLC in the Relevant Markets, for the following reasons:
  - a) The Parties are not each other's closest competitor and there are other LPG competitors of similar or larger size than TSH that would continue to constrain the merged entity;

- b) Coordination between competitors in the Relevant Markets is unlikely to arise as the Proposed Transaction does not reduce the number of LPG retailers, which are the closest competitors to TSH in the Relevant Markets;
  - c) City Energy's price and terms of supply are transparent to all fuel retailers and customers, and there is no additional information made available to competing suppliers from the Proposed Transaction such that it becomes easier for competitors to collude; and
  - d) The Parties are unlikely to tie or bundle the supply of LPG and town gas as the different fuel types are not typically purchased in a bundle. Furthermore, there are license conditions imposed on City Energy's town gas business that prevent it from unfairly using its town gas business to disadvantage its competitors supplying other fuel types.
10. 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](http://www.cccs.gov.sg).

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## **About the Competition & 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 2004 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 for the Consumer Protection (Fair Trading) Act 2003 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 businesses and consumers in Singapore.

For more information, please visit [www.cccs.gov.sg](http://www.cccs.gov.sg).

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