



Union Gas makes strategic S\$75.0 million complementary acquisition to become one of Singapore’s major integrated LPG players

- *Paves the way for the strategic expansion into the bottling and storage business, making Union Gas to be the largest LPG bottling operator in Singapore.*
- *Proposed acquisition of LPG distribution, bottling and storage businesses will expand the Group’s customer base.*
- *Expects a positive impact on business and financial performance and to increase its resilience and ability to navigate different economic cycles due to the control of an integrated supply chain and broader customer base.*

SINGAPORE, 25 August 2021– Union Gas Holdings Limited (优联燃气控股有限公司) (“Union Gas”, the “**Company**” or together with its subsidiaries, the “**Group**”), an established provider of fuel products in Singapore, has entered into a sales and purchase agreement (“**SPA**”) for the proposed acquisition of Sembas (Asia) Trading Pte. Ltd., Semgas Supply Pte. Ltd.¹, and Summit Gas Systems Pte. Ltd. (collectively, the “**Target Companies**”) from Union Energy Corporation Pte. Ltd. (“**UEC**”)², which will pave the way for the Group to become the largest LPG player with the largest bottling operations in Singapore.

The Target Companies are wholly-owned subsidiaries of UEC and are involved in the business of supplying and distributing LPG primarily to commercial and industrial customers such as hotels, food establishments (such as restaurants and coffee shops) and factories (the “**LPG Distribution Business**”).

¹ Semgas Supply Pte. Ltd. currently holds 1.98% (or about 4.5 million shares) of the shareholding of Union Gas. It has informed the Group of its intention to dispose of all of its shares in the Company so as to ensure that there will not be any subsidiary holdings after Completion pursuant to Section 21 of the Companies Act (Chapter. 50) prior to completion of the Proposed Acquisition.

² As at the date of this announcement, UEC is a substantial shareholder of Union Gas with a 12.6% shareholding interest (inclusive of both direct and deemed interests) in the Group, making the proposed acquisition an interested party transaction. It is also an associate of Mr. Teo Kiang Ang (Non-executive Chairman of the Company) and Mr. Teo Hark Piang (Executive Director and Chief Executive Officer of the Company) by virtue of their respective 61.89% and 12.55% equity interests in UEC.



They also supply bottled LPG cylinders (the “**LPG Bottling Business**”) and are involved in the storage of LPG (the “**LPG Storage Business**”).

This strategic upstream expansion of the Group’s liquefied petroleum gas (“**LPG**”) business segment into the bottling and storage business, is expected to lead to the integration of its operations from procurement of LPG from bottling to storage and retailing, which will enhance and strengthen its LPG offerings.

The proposed acquisition is at a consideration of S\$75.0 million (the “**Consideration**”) and will include the purchase of assets which include two bottling plants and a sizeable amount of support infrastructure such as five LPG storage depots, 71 delivery vehicles and an entire commercial and industrial LPG sales team. It will also give Union Gas ownership of two out of the four bottling licenses and bottling plants in Singapore.

The proposed acquisition is expected to boost the Group’s current base of commercial and industrial customers and lead to potential opportunities to expand its distribution of bottled LPG cylinders to the wholesale space, or the provision of bottling and refilling of LPG cylinders to non-affiliated entities. This will also enable Union Gas to vertically integrate its supply chain and increase its ability to meet its own business volume requirements while maintaining its cost competitiveness in the long run. In addition, it will also lead to economics of scale that will enable the Group to reduce its operational costs. With a larger team and fleet, the Group will be able to strengthen its sales and delivery capabilities and be in a stronger position to optimise the operational assets, thereby improving productivity and operational efficiency as a whole.

Union Gas Executive Director and Chief Executive Officer, Mr Teo Hark Piang (张学彬), said: *“The acquisition of the founder’s remaining LPG business and assets is another milestone for Union Gas. The proposed acquisition is strategic and complementary to our current business, and we expect it to have a positive impact on our Group.*

“Overall, by owning and operating a holistic integrated LPG supply chain and acquiring an enlarged base of customers, we believe we can maintain our competitiveness, increase our operational efficiency and improve the breadth and scale of our service offerings to our bottled LPG customers both



in the commercial and domestic household segment. The proposed acquisition is earnings accretive and expected to improve the Group's business and financial performance and increase our resilience and ability to navigate different economic cycles due to the control of an integrated supply chain and broader customer base. The new bottling business is a key strategic factor in our plans to deliver steady and sustainable growth for Union Gas."

The Consideration of \$75.0 million for the proposed acquisition will be satisfied on a part cash, part shares basis with S\$61.0 million through the allotment of 88,649,905 ordinary shares of the Company at the issue price of S\$0.6881 per share³ ("**Consideration Shares**"). The remainder will be settled in cash via Union Gas' internal resources. Subject to the conditions for completion set out in the SPA and shareholders' approval at an Extraordinary General Meeting to be convened, the target completion date is 28 February 2022.

My Teo said: *"With 81.3% of the Consideration being satisfied with Consideration Shares, it demonstrates UEC's confidence in our business and cements its commitment to our Group for the long term."*

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About Union Gas

Union Gas Holdings Limited (优联燃气控股有限公司) ("**Union Gas**" or the "**Company**", and together with its subsidiaries, the "**Group**") is an established provider of fuel products in Singapore with over 40 years of operating track record. Its three key businesses comprise Retail Liquefied Petroleum Gas ("**LPG**"), Natural Gas ("**NG**"), and Diesel.

Listed on the Mainboard of Singapore Exchange Securities Trading Limited, Union Gas is one of the leading suppliers of bottled LPG cylinders in Singapore under the established and trusted brand "Union". The Group has a fleet of over 200 delivery vehicles serving more than 200,000 domestic households as well as commercial entities such as hawker centres, eating houses, coffee shops and

³ The issue price of S\$0.6881 per Consideration Share represents a discount of approximately 9.99% to the volume weighted average price of S\$0.7645 per share, based on trades in the Company's shares done on the SGX-ST on 24 August 2021 (being the last full market day prior to which the SPA was signed).



commercial central kitchens island-wide. This extensive distribution capability is further supported by an in-house call centre that operates all year round with a customised customer relationship management system.

Union Gas sells and distributes diesel to retail customers at its “Cnergy” fuel station in 50 Old Toh Tuck Road and transports, distributes and bulk sells diesel to commercial customers. The Group also sells liquified NG and piped NG to commercial customers and distributes compressed NG primarily to natural gas vehicles via its fuel station as well as to industrial customers for their commercial use.

For more information, please visit www.uniongas.com.sg.

Issued for and on behalf of Union Gas Holdings Limited

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