

MEDIA RELEASE



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ACCC WILL NOT OPPOSE ACQUISITION OF APA

The ACCC will not oppose the proposed acquisition of APA Group (ASX: APA) by the CK Consortium, after accepting a court-enforceable undertaking from the CK Consortium to divest significant gas assets in Western Australia.

“The ACCC concluded that, in the absence of the undertaking, the proposed acquisition was likely to substantially lessen competition,” ACCC Chair Rod Sims said.

“The ACCC was concerned about the removal of the CK Consortium as a competitor in relation to new pipeline development. The ACCC was also concerned about gas transmission and storage services in Western Australia given that, without the undertaking, the CK Consortium would own most gas transmission and storage facilities in the west.”

“The undertaking addresses these concerns and creates an opportunity for a new operator to acquire a valuable set of assets, together with the personnel needed to operate and manage the assets. This will create an operator similar in size to the CK Consortium’s current operations in Western Australia,” Mr Sims said.

The assets to be sold include the Parmelia Gas Pipeline, the Goldfields Gas Pipeline, the Kalgoorlie to Kambalda Pipeline and the Mondarra gas storage facility.

In eastern Australia, the CK Consortium has only a very limited number of gas transmission pipelines, and these only supply small regional centres or specific customers. There is no competition between CK Consortium’s existing eastern Australian assets and those of APA.

“Concerns raised by industry participants mostly related to APA’s pre-existing dominance in gas transmission. However, this acquisition does not alter that situation in a material way. Outside of Western Australia, the CK Consortium has only minor gas transmission assets,” Mr Sims said.

Vertical integration between the CK Consortium’s gas distribution assets (the pipelines servicing individual households/businesses) and APA’s transmission assets (the high capacity pipelines servicing major centres and feeding gas into the distribution network) was investigated carefully.

The ACCC did not consider that any possible bundling, attempts at foreclosure or information sharing across the vertically integrated combined entity could harm competition. The gas distribution assets at issue are regulated.

“The purchaser of the divestment assets will need to be approved by the ACCC and when approving a new owner, we will focus on its ability to be an effective and long-term competitor for the development of new pipelines,” Mr Sims said.

Further information, including a copy of the undertaking, is available on the ACCC’s public register at www.accc.gov.au/mergersregister.

Maps of the assets are available below.

The ACCC will issue a Public Competition Assessment in due course that will outline the reasons for its decision in more detail.

Background

APA Group is an owner and operator of energy infrastructure assets and businesses in Australia. APA owns or operates \$20 billion of energy infrastructure, including 15,148km of transmission pipelines and 28,600km of gas mains and pipelines. It also has interests in gas storage and processing, and gas-fired and renewable energy power generation businesses located across Australia.

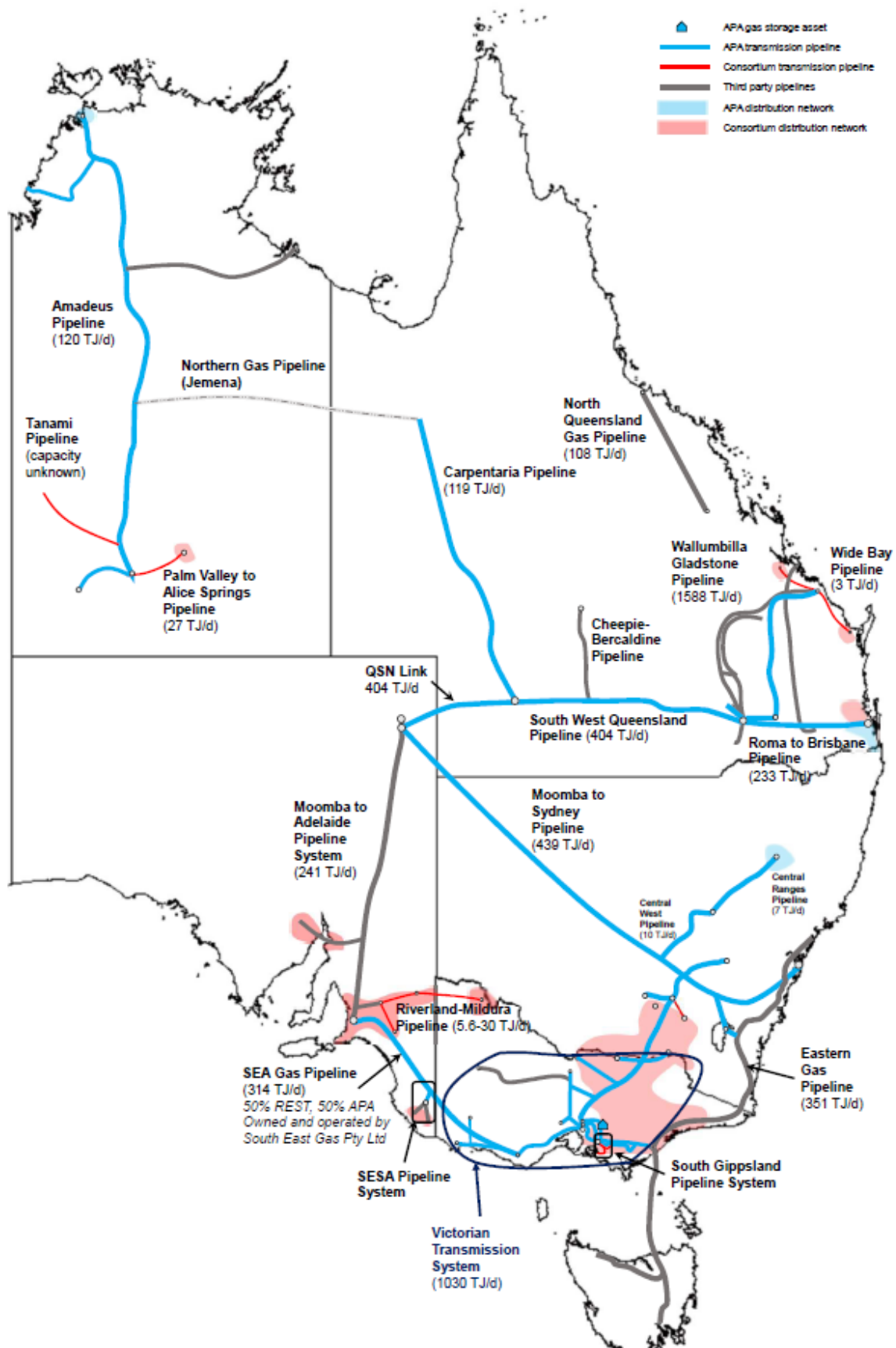
The CK Consortium is comprised of CK Asset Holdings Limited (CKA), CK Infrastructure Holdings Limited (CKI) and Power Asset Holdings Limited (PAH). Each of the Consortium members is a substantial entity listed on the Hong Kong Stock Exchange, with diversified assets and activities, including energy infrastructure. The Consortium members hold interests in major electricity and gas infrastructure assets in Australia.

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Parties' gas assets in eastern Australia and the Northern Territory



Parties' gas assets in Western Australia

