

SE Business
HD **3 Cheung Kong firms to acquire Australian gas pipeline** **firm**Envestra
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Cheung Kong (Holdings), Cheung Kong Infrastructure (CKI) and Power Assets have joined hands to acquire Envestra, an Australian gas pipeline **firm**, in a cash deal worth A\$2.37 **billion** (HK\$17 **billion**).

The firms in the consortium are all controlled by Li Ka-shing, Asia's richest man.

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The cash offer is the latest in a string of overseas acquisitions by the Cheung Kong group of companies as it rebalances its holdings in **Hong Kong** and on the mainland in favour of international assets offering higher growth and returns.

In a statement to the Australian Securities Exchange on Friday, Envestra said its chairman and an independent board committee unanimously recommended the cash offer of A\$1.32 a share from a group equally owned by the three firms.

CKI is a subsidiary of Hutchison Whampoa, which is 49.97 per cent owned by Cheung Kong. Power Assets is 38.87 per cent owned by CKI.

The offer price of A\$1.32 a share values Envestra at about A\$2.37 **billion**. The offer will be financed through the existing cash reserves and credit facilities available to the three firms in the consortium, according to the Envestra announcement.

CKI, through a wholly owned subsidiary, already owns 17.46 per cent of Envestra and is its second-largest shareholder. Given that 80 per cent of Envestra's gas coverage is in South Australia and Victoria, the **acquisition** would enable us to further share our expertise and to explore opportunities for synergy Kam Hing-lam, Cheung Kong Infrastructure

By accepting the consortium's offer, Envestra is reversing its previous support for a share-swap offer from its largest shareholder, APA, Australia's largest gas pipeline group.

Envestra had recommended APA's bid for about two months, but companies related to CKI opposed it and unexpectedly submitted a higher, cash offer on May 9.

"Given that 80 per cent of Envestra's gas coverage is in South Australia and Victoria, the **acquisition** would enable us to further share our expertise and to explore opportunities for synergy," CKI group managing director Kam Hing-lam said in Envestra's announcement.

Kam noted that CKI's investment in Envestra in 1999 was its first entry into the Australian market. CKI now has a portfolio of regulated **energy** businesses in Australia comprising SA Power Networks and Victoria Power Networks.

According to Envestra, the deal is subject to conditions including approval from the Foreign Investment Review Board of Australia, and the consortium is required to acquire a relevant interest in more than 50 per cent of Envestra's shares, including CKI's existing **stake**.

Separately, AS Watson said on Thursday it would sell its 50 per cent **stake** in a joint venture, Nuance-Watson Group, which operates travel retail businesses in airports and duty-free stores in shopping malls in cities including **Hong Kong**, Macau and Singapore and in mainland **China**.

The **company** will sell the interest in Nuance-Watson to its partner, The Nuance Group.

CO chkinf : Cheung Kong Infrastructure Holdings Ltd | ckh : Cheung Kong (Holdings) Limited | envest : Envestra Ltd. | hutwam : Hutchison Whampoa Limited

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