

FINANCIAL REVIEW

SE Market Wrap - Street Talk
HD **APA may play trump card on Envestra**

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Gas pipeline giant, APA Group, looks set to hold out against any further pressure to sweeten its \$2.1 **billion** deal for Envestra.

But the determination to stand **firm** may result in the scheme of arrangement offer ditched in favour of a more aggressive on-market takeover.

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The prospect of a on-market takeover offer has heightened expectations **Hong Kong**-based CKI will exit the gas distributor sooner rather than later. Last week a number of investors questioned whether APA would again raise its bid in an effort to win over Asia's richest man, Li Ka-shing, who controls an 18 per cent **stake** in Envestra via his infrastructure **company**, Cheung Kong Infrastructure Holdings (CKI). There is no legal impediment to APA ditching the scheme of arrangement but the pursuit of such a strategy would pin CKI between a rock and a hard place, given the lack of appetite among investors for minority stakes.

Directors of the **Hong Kong** group have already opposed the merger but are yet to reveal their voting intentions.

CKI's majority **stake** in Envestra means it could defeat the scheme of arrangement. But since APA can swiftly move to an on-market takeover, the most logical outcome may be a sell-down by CKI to circling hedge funds.

The gas pipeline owner already owns one-third of Envestra, and most of its independent directors have endorsed the merger.

Independent expert Grant Samuel also deemed the deal "fair and reasonable". Elsewhere another well-flagged block trade finally materialised on Tuesday after goldminer Newmont **Mining** offloaded a 5.4 per cent **stake** in **uranium** producer Paladin **Energy**.

As revealed on Street Talk online, UBS offered 52 **million** shares at 52.5¢ apiece. Paladin shares last traded at 55.5¢. This column previously highlighted the likelihood of Newmont's exit given the financing pressure it faces on a handful of projects. After a deep descent, Paladin looks set for a brighter future.

January's **sale** of a **stake** in the Namibian **uranium** mine, Langer Heinrich, to a **Chinese** nuclear **firm** cheered investors and the shares have since risen some 25 per cent.

CO austpi : APA Group | chkinf : Cheung Kong Infrastructure Holdings Ltd | invest : Envestra Ltd. | hutwam : Hutchison Whampoa Limited

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