

**HD Cheung Kong Bids A\$2.37 Bln for Envestra, Trumps Rival****WC** 514 words**PD** 8 May 2014**ET** 23:17**SN** Dow Jones Newswires Chinese (English)**SC** RTNW**LA** English**CY** Copyright © 2014, Dow Jones & Company, Inc.**LP**By Robb **M.** Stewart

MELBOURNE, Australia--Units of **Hong Kong**-based conglomerate Cheung Kong Group have banded together to make a 2.37 **billion** Australian dollar (US\$2.21 **billion**) takeover bid for Australian natural gas distributor Envestra Ltd. (ENV.AU), trumping an agreed offer from APA Group (APA.AU).

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Envestra said the consortium's cash bid is worth A\$1.32 a share. That represents a premium to Envestra's last-traded share price of A\$1.13, and the implied A\$1.17 value of APA's cash-and-shares offer.

The bid battle is the latest showing how investors are piling into Australia's booming natural gas sector.

Australia started taxing carbon emissions to encourage greater use of fuels that are cleaner-burning than **coal**. The country is also experiencing a surge in demand for gas from nearby Asian countries, including **China**, and has seven liquefied natural gas terminals worth 180 **billion** Australian dollars (US\$169 **billion**) under construction on its coastline to feed utilities overseas.

For investors seeking low-risk exposure to gas, pipelines that connect gas fields to export plants, power generators and homes are typically monopoly assets that can provide steady returns.

The takeover tussle pitches existing shareholders in Envestra against each other. APA has a 33% **stake** in Envestra and also manages its gas distribution networks and pipelines under a long-term agreement. Li Ka-shing's Cheung Kong Infrastructure Holdings Ltd. (1038.HK) holds a more than 17% interest in Envestra.

Envestra delivers natural gas to about 1.2 **million** customers across South Australia, Victoria, Queensland, New South Wales and the Northern Territory through thousands of kilometers of distribution networks and transmission pipelines. It makes money by charging retailers for gas moved through its networks.

The Cheung Kong consortium's offer needs support from Envestra investors holding at least 50% of shares to succeed. It would also require approval from Australia's Foreign Investment Review Board.

Envestra, advised by Goldman Sachs, said it was putting back together an independent board to consider both bids. It also plans to ask the federal court to adjourn a shareholder vote on APA's bid that had been set for May 13.

In addition to Cheung Kong Infrastructure, the bid consortium includes Power Assets Holdings Ltd. (0006.HK) and Cheung Kong Holdings Ltd. (0001.HK), the flagship listed **company** of Cheung Kong Group.

Envestra said it had been advised by the consortium that each of its members had sufficient financial resources to fund their share of the offer, and that it didn't expect Australian Competition and Consumer Commission approval would be a condition of the bid.

In August, the competition regulator said it wouldn't oppose an earlier all-share offer from APA that Envestra's board had rejected. APA later returned with a revised bid comprising cash and shares.

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08-05-14 1317GMT

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