

HD **Fitch: No Immediate Impact on HK's CKI from Proposed Envestra****Buy**

WC 644 words

PD 11 August 2014

ET 17:44

SN Reuters News

SC LBA

LA English

CY Copyright 2014 Thomson Reuters. All Rights Reserved.

LP

(The following statement was released by the rating agency) SINGAPORE/**HONG KONG**, August 11 (Fitch) Fitch Ratings says that **Hong Kong**-based Cheung Kong Infrastructure Holdings Limited's (CKI; BBB+/Stable) consortium bid to acquire Envestra Limited (Envestra), the Australian regulated gas distribution **company**, has no immediate impact on its ratings. CKI's share of the acquisition would amount to up to AUD666m (around HKD4.8bn or USD621m), which Fitch believes would be largely debt funded. CKI has adequate headroom under its current rating to accommodate the acquisition, and Fitch expects FFO interest coverage to remain above our threshold of 4.5x (5.0x at end-2013), should the acquisition be completed. The CKI-led consortium has attained over 80% of shares in Envestra, including a 17.46% stake CKI already owned before the takeover bid in May 2014, as well as APA **Group's** 33.05% stake in Envestra. Envestra operates primarily in the states of Victoria and South Australia.

TD

The consortium comprises CKI, Cheung Kong (Holdings) Ltd (CKH) and Power Asset Holdings (PAH), each sharing a third of the cash bid for all of Envestra's shares. The acquisition is consistent with CKI's strategy of investing in regulated utilities that provide stable and predictable returns and operate in jurisdictions with mature and transparent regulatory frameworks. The offer is now unconditional after the CKI-led consortium achieved acceptance from over 50% of Envestra's shares. The consortium can compulsorily acquire all the outstanding shares of Envestra if it accumulates 90% of shares by 21 August 2014. The acquisition is subject to regulatory approval from the Foreign Investment Review **Board** of Australia and is likely to be completed by mid-September 2014. Fitch has also factored in CKI's proposed acquisition of the assets and related land holdings of **Park**'N Fly, an off-airport car **park** provider in Canada, in a 50/50 joint venture with CKH. CKI's share of the acquisition is around HKD1.4bn. We expect the **transaction** to be funded through cash and debt (CKI's cash at end-1H14 was HKD5bn). **Park**'N Fly is Canada's dominant off-airport car **park** provider with operations in Toronto, Montreal, Edmonton, Vancouver and Ottawa. Any further acquisitions in 2014 will likely erode CKI's rating headroom, although the extent will also depend on the impact of the acquired businesses on the overall quality of CKI's cash flows and on the average credit quality of its investment holdings. Contact: Isabelle Katsumata Director +65 6796 7226 Fitch Ratings Singapore Pte Ltd 6 Temasek Boulevard #35-05 Suntec Tower Four Singapore 038986 Edwin Lam Director +852 2263 9975 Media Relations: Leslie Tan, Singapore, Tel: +65 67 96 7234, Email: leslie.tan@fitchratings.com; Wai-Lun Wan, **Hong Kong**, Tel: +852 2263 9935, Email: wailun.wan@fitchratings.com. Additional information is available on www.fitchratings.com. ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: [HTTP://FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS](http://FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS). IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEBSITE 'WWW.FITCHRATINGS.COM'. PUBLISHED RATINGS, CRITERIA AND METHODOLOGIES ARE AVAILABLE FROM THIS **SITE** AT ALL TIMES. FITCH'S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE 'CODE OF CONDUCT' SECTION OF THIS **SITE**. FITCH MAY HAVE PROVIDED ANOTHER PERMISSIBLE SERVICE TO THE RATED ENTITY OR ITS RELATED THIRD PARTIES. DETAILS OF THIS SERVICE FOR RATINGS FOR WHICH THE LEAD ANALYST IS BASED IN AN EU-REGISTERED ENTITY CAN BE FOUND ON THE ENTITY SUMMARY PAGE FOR THIS ISSUER ON THE FITCH WEBSITE.

RF Released: 2014-8-11T08:44:21.000Z

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

IN i1 : Energy | i13 : Crude Oil/Natural Gas | i502 : Heavy Construction | i5020043 : Pipeline Laying | iconst : Construction | icre : Real Estate/Construction

NS cacqu : Acquisitions | c181 : Acquisitions/Mergers/Takeovers | c172 : Corporate Debt Instruments | c174 : Corporate Credit Ratings | c17 : Funding/Capital | c18 : Ownership Changes | cactio : Corporate Actions | ccat : Corporate/Industrial News | ncat : Content Types | nfact : Factiva Filters | nfcpin : FC&E Industry News Filter

RE cana : Canada | austr : Australia | hkong : Hong Kong | apacz : Asia Pacific | asiaz : Asia | ausnz : Australia/Oceania | bric : BRIC Countries | china : China | chinaz : Greater China | devgcoz : Emerging Market Countries | dvpcoz : Developing Economies | easiaz : Eastern Asia | namz : North America

IPD Business

IPC SERVICE:ABN

PUB Thomson Reuters (Markets) LLC

AN Document LBA0000020140811ea8b004mw