

SE Business  
HD **Independent directors back Li Ka-Shing's Envestra bid**

BY ANDREW WHITE

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**Hong Kong**'s richest man, Li Ka-Shing, has won endorsement from Envestra's independent directors for a \$2.37 **billion** cash bid for the Adelaide-based pipeline owner.

In a move that will pressure 30 per cent shareholder and operator APA Group — which has its own scrip bid on the table — Envestra's independent directors recommended shareholders accept the \$1.32-per-share bid and unveiled an implementation agreement.

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Envestra shareholders will also be able to keep a 3.5c a share dividend. Mr Li's Cheung Kong Infrastructure already owns 17 per cent of Envestra and signalled its intentions in March when its two representatives on the Envestra board, Dominic and Ivan Chan, set themselves apart from other directors by recommending against the APA bid.

APA has offered 0.1678 of its shares for each Envestra share in a bid to secure full ownership of the 22,500km of gas pipelines in South Australia and Victoria that it already manages for Envestra.

It is now considering its options about whether to accept or reject the bid or raise its own.

The bid is the latest in a rash of deals in the infrastructure space and has highlighted Mr Li's continued appetite for Australian **energy** infrastructure assets.

Mr Li also owns 50 per cent of Australia's No 3 mobile phone business Hutchison, vineyards and salt businesses in South Australia and New Zealand, and the Hutchison Ports business that has begun competing in Brisbane, Sydney and Melbourne and could be a bidder for the \$5bn-plus Melbourne Ports if they are sold by the Victorian government.

CKI began investing in Envestra in 1999, its first foray in the Australian market. It has since built up ownership of 51 per cent of CitiPower and Powercor in Victoria and SA Power Networks, alongside Spark Infrastructure. It owns 8.5 per cent of Envestra and was the external manager of that **company** until 2012 when management was internalised.

Spark has also joined the deal fever in **energy** infrastructure, snapping up a 14 per cent **stake** in another pipeline **company**, Duet, funded with a \$400m capital raising.

The group managing director of CKI, HL Kam, said the bidders were very familiar with Envestra's **operations**.

"Given that 80 per cent of Envestra's gas coverage is in South Australia and Victoria, the acquisitions would enable us to further share our expertise and to explore opportunities for synergy," Mr Kam said.

He said Dominic and Ivan Chan had argued against the APA bid because APA had a different profile to Envestra. "APA Group has assets that are to a large extent unregulated." Envestra shares rose 1.5c to a record \$1.365 close. APA shares jumped 10c to \$6.99, also a record close.

**CO** austpi : APA Group | chkinf : Cheung Kong Infrastructure Holdings Ltd | invest : 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

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