

SE Business
 HD Fund in appeal at bid for Yancoal
 BY SARAH-JANE TASKER, TAKEOVERS
 WC 366 words
 PD 25 November 2014
 SN The Australian
 SC AUSTLN
 ED Australian
 PG 20
 LA English
 CY © 2014 News Limited. All rights reserved.

LP

YANCOAL Australia's minority shareholder, Senrigan Capital, has referred a debt deal that could give the miner's Chinese parent full control of the company to the Takeovers Panel.

The panel said yesterday it had received an application from the Hong Kong-based hedge fund and its founder and chief investment officer, Nicholas Taylor.

TD

Earlier this month Yancoal announced a \$US2.3 billion (\$2.6bn) debt deal that would see 78 per cent shareholder Yanzhou take on \$US1.8bn of the subordinated capital note offer.

Under the offer, open to all shareholders, Yancoal will issue 2.32112 subordinated capital notes for every 100 Yancoal shares held. The notes will be treated as equity.

If the minority shareholders shun the offer, Yanzhou could increase its holding to around 98.8 per cent of Yancoal.

Senrigan, which has less than a 0.6 per cent stake in Yancoal, complained that the deal would enable Yanzhou to convert its subordinated capital notes into equity at depressed prices "so as to permit the compulsory acquisition of minorities cheaply".

The hedge fund requested that the offer not go ahead until the conclusion of panel proceedings but it also sought, as an alternative, that the rights offer be made subject to shareholder approval.

The Takeovers Panel said a sitting panel had not been appointed at this stage and no decision had been made whether to conduct proceedings.

"The panel makes no comment on the merits of the application," the panel's statement said.

A spokesman for Yancoal said he believed that the application had no merit. "The offer of subordinated capital notes represents the most attractive capital raising option for shareholders as a whole and the overall transaction offers Yancoal a number of other significant benefits." Hong Kong commodities trader Noble Group has a 13.8 per cent stake in Yancoal and is understood to not be happy with the offer. If Noble Group, which also has a marketing agreement with Yancoal, does not take up the offer, it will be diluted to a 0.7 per cent holding in one of Australia's largest listed pure coal plays.

CO yaptyl : Yancoal Australia Limited | yankua : Yankuang (Group) Corp | ynzmn : Yanzhou Coal Mining Co Ltd
 IN i112 : Coal Mining Support Activities | ibasicm : Basic Materials/Resources | imet : Mining/Quarrying
 NS ccat : Corporate/Industrial News
 RE austr : Australia | apacz : Asia Pacific | ausnz : Australia/Oceania
 PUB News Ltd.

