



Cheung Kong Infrastructure



Cheung Kong Property



Power Assets Holdings

## Media Fact Sheet

January 16, 2017

# CKI/CKP/PAH CONSORTIUM PLANS TO ACQUIRE AUSTRALIA'S DUET GROUP

## Information About The Acquisition

- On 16 January, 2017, a consortium comprising Cheung Kong Infrastructure Holdings Limited ("CKI"), Cheung Kong Property Holdings Limited ("CKP") and Power Assets Holdings Limited ("PAH"), announced its plan to acquire 100% of ASX listed DUET Group ("DUET").
- The equity value of the acquisition is estimated to be approximately A\$7.4 billion (approximately HK\$42.4 billion), which is calculated based on the consideration of A\$3 per DUET Stapled Security.
- CKI, CKP and PAH have entered into a Consortium Formation Agreement to form a joint venture company ("JV Co"). The JV Co, CKI, CKP, PAH and DUET have entered into a Scheme Implementation Agreement for the acquisition of DUET by way of schemes of arrangement ("Schemes") in Australia.
- The Boards of DUET unanimously recommended that DUET securityholders vote in favour of the Schemes.
- Completion of the acquisition is conditional upon a number of conditions precedent, including:
  - o Approval by the Foreign Investment Review Board of Australia; and
  - o Approval by DUET's Securityholders.
- The JV Co is currently a wholly owned subsidiary of CKP. Upon obtaining the necessary shareholders' approvals of CKP and CKI, CKI will subscribe 40% interest in the JV Co.; and upon obtaining the necessary shareholders' approvals of PAH, PAH will subscribe 20% interest in the JV Co.
- In the event that the shareholders' approvals are not obtained by any of CKI and PAH, the respective portion attributable to the non-continuing member(s) will be taken up by CKP.

## Information About DUET

- DUET is an owner and operator of energy utility assets predominately in Australia, and also in the United States, the United Kingdom and Europe.
- It comprises four separate legal entities that are traded together as stapled securities on the ASX (ASX code: DUE):
  - o DUET Finance Trust; and
  - o three Australian public companies, DUET Finance Limited, DUET Company Limited and DUET Investment Holdings Limited.
- The principal businesses currently owned and operated by DUET are:
  - o *100% shareholding in Multinet Gas*, a gas distribution business located in Victoria, Australia. It operates a regulated network covering 1,860 sq. km. of the eastern and south-eastern suburbs of Melbourne, the Yarra Ranges and South Gippsland.
  - o *66% stake in United Energy*, an electricity distribution business in Victoria, Australia. The electricity distribution network covers 1,472 sq. km. of south-east Melbourne and the Mornington Peninsula, transporting electricity from the high voltage transmission network to residential, commercial and industrial electricity users. Although covering only a geographically small area, United Energy serves around 25% of Victoria's population.
  - o *100% ownership of Energy Developments*, an international provider of safe, clean, low greenhouse gas emissions energy and remote energy solutions. Energy Developments manages an international portfolio of over 900MW of power generation facilities in Australia, the United States and Europe, utilizing a range of fuel sources operating in three main areas: remote energy, landfill gas and waste coal mine gas.
  - o *100% ownership of Dampier Bunbury Pipeline*, Western Australia's principal gas transmission pipeline. It is the only pipeline connecting the natural gas reserves of the Carnarvon and Browse basin on Western Australia's North West Shelf with industrial, commercial and residential customers in Perth and the surrounding regions.
  - o *100% ownership of DBP Development Group*, which was established to leverage the pipeline engineering and operating skill of DBP to build, own, and operate new unregulated gas pipelines.

## **Benefits of the Acquisition**

- The consortium believes that DUET's energy utility assets present an attractive investment opportunity with good growth potential.
- Providing a steady income on a long-term basis through its regulated and contracted revenue, DUET offers a long track record of stable performance.
- CKI/PAH's investment in DUET is consistent with its strategies of investing in energy infrastructure opportunities around the world and embracing new growth opportunities through diversification.
- Given the cyclical nature of the local property market, CKP is actively pursuing quality global investment opportunities with a view to extending reach into new business areas to enhance revenue streams. Highly liquid and with a net cash position, CKP is well-positioned to invest in new projects and diversify globally to augment its local property development portfolio.
- This investment will allow PAH to expand on its existing electricity networks platforms, and is consistent with its strategy of investing in power infrastructure opportunities globally.

## **Rationale for Consortium Cooperation**

- As CKP extends its reach into a new business area, it considers it appropriate to collaborate with parties that have a proven track record and expertise. By partnering with CKI and PAH, CKP would benefit from CKI and PAH's strong track record of acquiring and operating infrastructure assets, and in particular, of extrapolating potential value in invested assets, enhancing the asset value and liquidity overtime.
- For CKI, a partnership with CKP and PAH allows it to participate in this investment and benefit from the strong financial resources of these two companies.
- For PAH, the consortium cooperation allows it to participate in this investment and still keep ample financial resources to promptly take up other good investment opportunities when they arise.

- Ends -

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