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ENN Weighs Harbour's Offer for Santos

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China's ENN Energy, the largest shareholder in Santos, said it would "carefully research and consider" Harbour Energy's \$10.4 billion takeover bid for the Australian firm. But ENN said there are a lot of uncertainties surrounding Harbour's offer and it currently "has no intention to sell its shares in exchange for cash."

ENN's board will also consider the special vehicle proposed by Harbour, whereby the company and Chinese private equity firm Hony will roll over their existing Santos shares into a new company called Harbour RollCo.

Harbour last week made an unsolicited, nonbinding offer of \$4.98/share for Santos, its fourth approach for the company in eight months (IOD Apr.4'18).

However ENN, which holds a 10.07% stake in the Australian independent, said there were uncertainties relating to the final deal price and the timing of the transaction.

The Chinese gas distributor bought into Santos in 2016 as part of its strategy to boost its upstream exposure (IOD Mar.28'16). It subsequently teamed up with Hony Capital to take a 15.1% stake in Santos and formed a strategic partnership with the Australian firm while taking a seat on its board (IOD Jun.28'17).

ENN and Santos recently agreed to form a joint LNG trading venture in China (IOD Feb.22'18).

Shanghai-listed ENN said in a statement it was positive about Santos' development and hoped to maintain a long-term strategic relationship, adding that the company would be an important part of its long-term clean energy strategy.

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