

ENN to 'cautiously consider' Harbour's offer for Santos



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By BLOOMBERG

SYDNEY • A Chinese company holding the largest stake in Santos Ltd said it will "cautiously consider" a US\$10.3 billion (RM39.88 billion) takeover approach from US suitor Harbour Energy Ltd for the Australian liquefied natural gas (LNG) exporter.

A unit of gas distributor ENN Group, which owns 10.1% of Santos, will hold initial talks with Harbour with the aim of maximising shareholder value, it said in an emailed statement yesterday, while warning a deal may not be completed due to uncertainty over the price and timing.

Harbour returned with a sweetened A\$6.50 (RM19.29) share bid for Santos late last month after a A\$4.55-a-share non-binding proposal made last August was rejected due to an "inadequate" price and uncertain funding. The South Australian company granted Harbour due diligence on April 3 and its board will likely issue a recommendation to shareholders in the next two months, CEO Kevin Gallagher said last week.

ENN said yesterday it remains bullish about Santos' long-term prospects and hopes to maintain a strategic working relationship, including an agreement reached in February to create a trading venture to tap Chinese demand for LNG.

ENN and an associated Chinese company Hony Capital may emerge with a 30% stake in a new company if the Harbour takeover proceeds, Credit Suisse Group AG analysts wrote in an April 5 note.

The prospect of high overseas ownership may raise issues with Australia's Foreign Investment Review Board given Santos has significant gas reserves on the nation's east coast.

Cathy Wang, a Beijing-based spokeswoman at Hony Capital, declined to comment.

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