

# Herald Sun

Business

## Offer for Santos on table

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DEALS A CHINESE company holding the largest stake in Santos has said it will “cautiously consider” a \$13.5 billion takeover offer from US suitor Harbour Energy for the Adelaide-based liquefied natural gas exporter.

A unit of gas distributor ENN Group, which owns 10.1 per cent of Santos, will hold initial talks with Harbour, it said in a statement yesterday.

The statement also warned a deal might not be completed due to uncertainty over the price and timing.

Harbour returned with a sweetened \$6.50-a-share bid for Santos late last month after a \$4.55-a-share, non-binding proposal made last August was rejected.

Santos granted Harbour due diligence on April 3 and its board will likely issue a recommendation to shareholders in the next two months, chief executive Kevin Gallagher said last week.

ENN and an associated Chinese company, Hony Capital, might emerge with a 30 per cent stake in a new company if the Harbour takeover proceeds, Credit Suisse analysts wrote in a note last week.

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.BLOOMBERG

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