



**HD** FED:China's ENN set to take large Santos stake

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**LP**

SANTOS SYDNEY, March 24 AAP - China's largest private gas company ENN Group is set to become Santos' biggest shareholder after agreeing to buy an 11.7 per cent stake in the Australian energy giant.

Gas distributor ENN Group has announced its subsidiary ENN Ecological Holdings will acquire Hony Capital's stake in Santos for \$US750 million (\$A996.68 million), while Hony will buy a \$US380 million stake in ENN through a private placement.

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Santos shares were four cents, or one per cent, lower at \$3.88 at 1040 AEDT after the oil price weakened overnight to around \$US40 a barrel.

Santos says the increased share holding is subject to approval by ENN shareholders and other conditions.

"Santos welcomes the ENN Group onto the register, as a shareholder with obvious knowledge of the gas business across the region," the embattled oil and gas producer said in a statement on Thursday.

ENN Group, which sold 11 billion cubic metres of natural gas in 2015, said the acquisition was consistent with the company's strategy to develop into a vertically integrated international natural gas company.

"This introduction to the upstream sector takes us a step forward in our aim to generate value across the entire natural gas value chain, and allows us to learn and build experience," ENN Group chairman Wang Yusuo said.

He said the company was gaining a strategic investor and partner in Hony Capital whose deep experience in China and global outlook could help accelerate future growth overseas.

Hony Capital acquired the Santos stake through a share sale by Santos in November, when it outlined plans to raise \$3.5 billion through share and asset sales.

Hony raised its stake further in February.

Hony chairman John Zhao said the company chose to invest in Santos because of its strategic position in Australia and synergies with China's rapidly growing energy market.

"Bringing in ENN as a strategic investor will help Santos connect to that opportunity in China, and at the same time we are helping a Chinese company expand internationally," he said.

Mr Zhao said Hony supported ENN's national and international growth.

AAP krc/cdh

**CO** hbwynd : ENN Ecological Holdings Co.,Ltd. | hnycp : Hony Capital (Beijing) Co., Ltd. | sants : Santos Ltd  
| legndh : Legend Holdings Ltd

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