

HD Australia's Santos sells shares to China's Hony Capital , asset to Mitsui
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LP Australian oil and gas company Santos Ltd . on Monday, Nov. 9, announced plans to raise A\$3.5 billion (\$2.47 billion) through share and asset sales, as it moved to restore its balance sheet and see off an unwelcome takeover bid.

After completing the strategic review it announced in August, Santos said it will sell A\$2.5 billion in shares to existing holders in a rights - or entitlement - issue at A\$3.85 per share. The entitlement issue will be at a discount of 35% to Friday's closing price of A\$5.91.

TD The move is bundled with the sale of A\$500 million of new shares in a separate placement to Chinese private equity firm [Hony Capital](#) .

Hony is already a 1.4% shareholder and will also be taking part in the entitlement issue. It will end up with a 7.9% stake. Hony has also agreed to keep the stake at no more than 9.9% for at least three months and not to sell the shares acquired in the placement for a year without the company's consent.

Santos is also selling a stake in its Kipper gas field to Japan's [Mitsui & Co. Ltd](#) . for A\$520 million.

Santos' multiple deals follow last month's rejection of a A\$7.14 billion, low-ball takeover offer from Scepter Partners, a wealth fund backed by the rulers of Brunei and the United Arab Emirates. Santos had attacked that offer at the time as opportunistic and said it was both highly conditional and too low to reflect the underlying value of the company.

The Adelaide-based energy group is battling to contain debt that had risen to A\$8.79 billion by the end of June and has been forced to find an alternative to a complete takeover by Scepter. All the funds raised from the measures announced on Monday will be used to pay down debt.

The company said the decisions meant it was under no pressure to sell further assets, but conceded that the strategic review had attracted significant interest from both oil and gas industry players and other investors. Santos said it expected that interest to continue, but that it would only be prepared to sell assets where there was a compelling case for its shareholders and if it fitted with the company's overall strategy.

Santos also announced the appointment of a new CEO, Kevin Gallagher, a long-time oil industry executive, who joins from [Clough Ltd](#) . He has previously worked at [Exxon Mobil Corp](#) . (XOM) and Australia's [Woodside Petroleum Ltd](#) . He replaces outgoing CEO David Knox , who will step down when Gallagher joins early next year.

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

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