

## Shenhua Buys \$1.5 Billion of Assets From Parent in Expansion

2013-12-23 16:27:42.687 GMT

By Bloomberg News

Dec. 24 (Bloomberg) -- China Shenhua Energy Co., the biggest coal producer in China, will buy two wholly-owned units of its parent for 9.32 billion yuan (\$1.5 billion), as it expands operations and seeks to improve profitability.

The company will pay 9.27 billion yuan in cash to Shenhua Group Co. for Shenhua Baotou Coal Chemical Co., according to a statement to the Hong Kong stock exchange yesterday. Shenhua Energy also said it will buy Shenhua Guohua Jiujiang Power Co. for 50 million yuan.

The purchase of Baotou, a processor of coal-based chemicals, has a high strategic value because it lets the company expand into a new industry and increases its ability to sustain profit, the company said. Jiujiang Power will boost installed power-generating capacity in central China, according to the statement.

Shenhua Energy, which generated 69 percent of its sales from coal and 29 percent from power production in 2012, according to data compiled by Bloomberg, is buying related companies as it seeks to broaden its earnings base.

The company said yesterday it plans to invest \$90 million in a venture that will explore for shale gas in Pennsylvania. Last year, the company agreed to buy 3.45 billion yuan of assets

from its parent, including stakes in three companies and rail cars.

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