Yunnan Converts Coal to Oil Successfully

In May, Yunnan Jiehua Clean Energy Development Company announced that its coal-to-oil apparatus passed the experimental test. It means that Yunnan can convert coal to oil.

Yunnan Jiehua Clean Energy Development Company is a wholly owned subsidiary of Yunnan Coal & Chemical Industry Group. It has invested 4.7 billion Yuan in its coal-to-oil project. The raw material it uses in the project is lignite. It can extract 200,000 tons of petrol from lignite annually. And the core technology of this project is MTG. Until now this technology is only owned by American Exxon Mobil Oil Corp and Yunnan Coal & Chemical Industry Group.

The Company's coal-to-oil project had been listed as the Yunnan provincial major industry project for 5 consecutive years. According to the Company's Chairman Li Hong, it has made 7 breakthroughs in technologies and gained 24 patented technologies in implementing its coal-to-oil project. And quality of the gasoline it produced meets the Chinese National IV Standard, free of sulfur and with the benzene content lower than the standards of China and petroleum industry. Since it is free of sulfur, it can effectively reduce the PM 2.5 content in the air.

After its coal-to-oil project is put into production, the Company can convert 3.3 million tons of lignite to 470,000 tons of petrol, diesel and liquefied natural gas and 12 chemicals annually. It is said the company since has converted lignite to liquefied natural gas and methanol.

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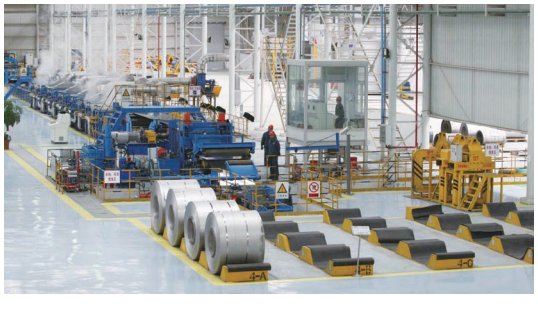
Central Yunnan Industry Cluster Zone Releases Negative List

At the end of May, Central Yunnan Industry Cluster Zone releases the first Negative List in Yunnan Province. According to the List, enterprises can invest in any of the industries, areas and businesses except those specified in the Negative List.

Central Yunnan Industry Cluster Zone was set up in last March. Its planned area to be developed is 2,000 square kilometers and is divided into two parts, with the west covering Anning City, Yimen County, Lufeng County and Chuxiong City and the east covering Songming County, Xundian County and Malong County. These counties and cities boast abundant land and energy resources, improved traffic conditions and solid industrial foundations. According to The Decisions on Building Central Yunnan Industry Cluster Zone, the GDP of the Zone will be increased to 150 billion Yuan by 2015 and 600 billion Yuan by 2020.

The Negative List of the Zone covers 16 areas including agriculture, forest, chemical industry, steel, coal, electricity, nonferrous metal, gold, construction materials, medicine, machinery, light industry, textile, printing, fire protection, civil explosive products. In releasing the Negative List, Central Yunnan Industry Cluster Zone aims at guiding domestic and foreign enterprises, research and financial institutes to invest in the zone in the forms of capital, talents, technologies and services.



Yunnan Becomes China's Leading Low-carbon Province

On May 19th, the Seminar on China's Low-carbon Development was held during the 47th APEC Energy Working Group Meeting held in Kunming, the capital city of Yunnan Province. Statistics released during the Seminar show that alternative energy occupied 45% of the primary energy consumption in Yunnan province last year. And by 2020, China's non-fossil energy consumption will reach 15%. That means Yunnan has become one of China's leading low-carbon provinces. According to Yunnan's energy development plan, its alternative energy consumption will be increased to 50% in 2015.

2014 is APEC's China Year. And the reason why the organizer chose Yunnan to hold the 47th Meeting is that Yunnan has made great progress in alternative energy industry development including solar energy, wind energy and biomass energy.

According to an anonymous official from the Energy Department of Yunnan Province, Yunnan is rich in alternative energies. By the end of last year, Yunnan's installed capacity of electric power reached 60 million kilowatts, including 47 million kilowatts of hydropower, 2 million kilowatts of wind power and solar photovoltaic power.