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EDITORIAL SUMMARY

Summary of this week's report

Our top story focuses on China's always fascinating alternative energy industry. The central government is taking a step back from solar power generation until the costs come down. New projects will need to meet stricter technological requirements to get government approval.

Continuing the theme of alternative energy, an industry expert is calling on the government to create a national standard for methanol fuel. Unlike other alternative energy sources, methanol hasn't benefited from China's energy shortage due to a lack of clear policy support.

Headline news continues with Japanese conglomerate Marubeni Corp. taking interest in dimethyl ether, looking to supplement Japan's auto fuel market.

In other news, China is still experiencing an overall coal shortage despite growing stockpiles in some areas. Still, an industry expert doesn't see it lasting past the end of the year.

The Chinese and Russian governments may soon reach an agreement on building a Chinese extension of the East Siberia-Pacific Ocean (ESPO) oil pipeline, giving China easier access to exported oil from Russia.

Finally, as we approach the national holiday, we are bringing you two special reports this week. Don't say we never did anything nice for you. In the first, Terry Wang interviews Shandong Jiutai Energy Co. Ltd. Deputy Manager Liu Jingsheng, who discusses his company's plans to bring its main product, dimethyl ether, out of the backwoods of the alternative energy market.

Our second special report features Sara Wu's interview with Trina Solar Ltd. Chairman and CEO Jifan Gao, whose company aims to double its manufacturing capacity in the face of global financial turmoil.

In light of the aforementioned holiday, *Interfax* will not be putting out the China Energy Report on Oct. 1. The report will of course return on Oct. 8. From everyone here at *Interfax*, we hope you have a pleasant holiday.

If you have any questions, comments or suggestions regarding the *China Energy Weekly*, please contact: editor-energy@interfax.cn

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TOP STORY

NDRC to limit PV power projects until better tech can reduce costs

Costs are still too high for China to build large-scale photovoltaic (PV) power generation plants nationwide, while new pilot projects will need to meet higher technology requirements to attain approval from the National Development and Reform Commission, a top NDRC official said at a national PV industry conference on Sept. 19.

"The costs of PV power generation, though half of what they were in 2000, are still about tenfold of those of conventional energy, such as coal," vice director of the renewable energy department of the NDRC's Energy Bureau, Shi Lishan, said at the meeting in Changzhou City in eastern China's Jiangsu Province, the country's biggest PV product production region.

As the government is subsidizing the power, it is pushing to reduce costs. **In recent years, the NDRC has rejected many applications to build PV power stations because the projects would require an on-grid power tariff of at least RMB 4 ($0.59) per kilowatt hour to be profitable**, which is more expensive than the RMB 0.4（$0.06) per KWh tariff for coal-generated power, according to Shi.

A pilot 10-megawatt PV power station is being planned in northwestern Gansu Province's Dunhuang Desert, with the government offering to buy all output at RMB 3.5 ($0.51) per KWh, Chinese Renewable Energy Society vice chairman, Zhao Yuwen, told Interfax.

"For new pilot programs, the NDRC needs to see technological advancements that could reduce PV power generation costs significantly, for instance, to a tariff of no more than RMB 2 ($0.29) per KWh," Shi said.

The NDRC previously offered an on-grid tariff of RMB 4 ($0.59) per KWh for several pilot PV power stations.

At present, China will focus on building large-scale grid-connected PV power stations in solar energy-rich deserts, small independent PV power stations in powerless regions and building-integrated PV power generation facilities in some cities to meet its solar energy target, according to Shi.

By 2010, China plans to have installed solar power capacity of 300 MW, which amounted to 200 MW by the end of 2007.

***Interfax* Commentary:** We are seeing polysilicon prices fall further and further, and more production facilities coming online. According to New Energy Finance, polysilicon prices will be more than 40 percent lower in 2009 than that in 2008, a situation that is leading some PV companies to abandon plans to produce polysilicon on their own. As material prices fall, it may not be too long before the government decides that it can afford to start subsidizing PV power generation again.

HEADLINE NEWS

China should issue methanol fuel standard - expert

China should develop a national standard for methanol fuel as the sector is lacking clear policy support, unlike other alternative energy sectors in China, which have grown rapidly in light of the country's oil shortages, an industry expert said on Sept. 17.

Methanol is the most efficient alternative fuel that can replace traditional fuel, and holds more potential than ethanol and dimethyl ether (DME), Yue Guo, deputy general manager of Shenhua Coal Liquefaction Co. Ltd., said at the 3rd China Advanced Coal Chemical Summit, held by Lnoppen, in Ordos in the Inner Mongolia Autonomous Region.

Yue said that **methanol fuel has certain disadvantages such as toxicity and leads to higher wear and tear for current-technology engines**, however, if these problems can be overcome, the sector holds plenty of promise.

He said that the government should commence research into limiting the toxicity of methanol fuel. Ingestion of a small amount can lead to nausea, vomiting and blindness, and the fuel can also be absorbed through the skin.

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As such, the government should move quickly to regulate the use of methanol fuel on a national level, as China uses over 2 million tons of methanol annually to produce gasoline-methanol blends.

"Provinces including Shanxi, Shaanxi, Heilongjiang and Henan are developing service stations to supply methanol fuel and are also modifying vehicle engines so that they can be fed with methanol fuel," Yue said. "Despite the lack of a national standard, these local governments are supporting the development of methanol fuel and consumers do not know that they are actually purchasing it."

According to statistics, **China had over 30 million tons of annual methanol production capacity by the end of 2007, although annual output reached only 11 million tons that year.**

"It seems like China has an oversupply of methanol production capacity, but methanol prices will continue to rise," Yue said. "There is large demand for methanol, which mainly stems from the production of gasoline-methanol blended fuel."

Yue pointed out that producers of methanol fuel, which use coal as a raw material, can obtain large profit margins. "If the cost of coal is RMB 200 ($29.20) per ton, then the production costs of methanol will be around RMB 1,400 ($204.38) per ton," Yue said. "Gasoline prices currently stand at over RMB 6,000 ($875.91) per ton, which is an incentive for those in the methanol fuel sector."

However, Yue believes that methanol fuel prices should be reasonable. "Considering the negative factors to consumers at present, including higher fuel consumption and engine harm, lower methanol fuel prices will allow consumers to better select the kind of fuel they want to use," Yue said.

***Interfax* Commentary:** If China could solve methanol's toxicity problem, it could significantly help the coal-abundant country solve its fuel shortage. Though some provinces, including Shanxi, Shaanxi and the Inner Mongolia Autonomous Region, have been adding methanol to gasoline without consumers' knowledge, further study of methanol's toxicity is necessary to understand just how dangerous such practices are. Production issues also need to be addressed, as the country's present capacity would be unable to keep up with any surge in demand, despite recent warnings of overcapacity.

Japan interested in importing DME from China

Marubeni Corp. is interested in importing dimethyl ether (DME) from China to supplement energy-poor Japan's auto fuel market, an insider told Interfax on Sept.18 at an industry forum.

Marubeni, based in Japan, is looking for partners in Shandong Province to produce DME and export it to Japan, said Ken Ando, manager of Marubeni's Energy & Natural Resources Project Department in the China, on the sidelines at the 3rd China Advanced Coal Chemical Summit in Ordos, Inner Mongolia Autonomous Region.

DME is a chemical, produced primarily from coal, that can be used to heat houses and as a diesel replacement for vehicles.

China has abundant coal to produce DME, but its market for the chemical remains small, especially as an auto fuel, Ando said. Meanwhile, **Japan has no coal output but a large potential market for DME fuel.**

Japanese auto manufacturers, including ISUZU, have already developed vehicles that can run on DME fuel, he said, though consumption remains low and the lack of DME sources have hindered the market.

Ando said that the company hopes to produce DME in China, but worries that the Chinese government may not allow the fuel to be exported.

"Exporting DME is the equivalent of exporting coal, which is not encouraged by the Chinese government now," Ando said.

If the Chinese government bans DME exports, Marubeni would have to abandon any plans for DME projects in China, he said.

***Interfax* Commentary**: The importation of DME would be in line with Japan's energy policy. China has a potentially large domestic market for DME, but without a national standard, Chinese producers will turn to look overseas. The world's largest DME producer, Jiutai Energy, started exporting DME to the United States in August, making it China's first DME exporter. The government must speed up efforts to create a national standard and promote DME use domestically if it is to keep the interest of local producers.

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China's coal supply shortages remain, may ease in winter

China is still experiencing an overall coal shortage despite growing stockpiles in some areas, although supply shortfall pressure will ease later this year, a coal industry expert told Interfax on Sept. 17.

"The nationwide coal supply shortage that started in the summer is not over, despite high coal stockpiles that were recorded in the past two weeks," said Li Chaolin, a senior coal industry researcher for CoalWorld, a specialized industry portal.

Northern Shandong-based Qinhuangdao Port, the country's major coal trans-shipment port, saw its coal stockpiles swell by 3 million tons to 8.32 million tons on Sept. 11. Meanwhile, some major unloading ports and coal-fired power plants in the south also reported record coal inventories.

However, most of the country, including northwestern Qinghai Province, southwestern Guizhou Province and the central provinces of Henan and Jiangxi, still faces severe coal supply shortfalls as local prices continue to soar, said Li, who based his comments on talks with regional coal market watchers.

Li's analysis differed from that of some analysts who have reported that the supply shortage is over.

The problem is the country's unreasonably managed railway coal transportation system, Li said.

Chinese railway authorities, pressured by government quotas, have continued to send coal to coastal regions where demand has fallen, leaving the overburdened system unable to transport enough coal to where it is needed, Li said, adding that high costs and load limits has prevented the transportation of coal by road.

Despite ongoing shortages in some areas, Li believes the coming winter will not see another supply crisis like in the summer, both of which are peak consumption seasons.

"It is because domestic demand and supply are both growing at slower speeds and are very likely to balance out this year," he said.

Domestic demand for coal has slowed along with the country's waning economy, Li said.

Meanwhile, coal supply will also be reduced this winter because some small-scale coalmines usually shut down for two to three months, when bad weather makes transportation difficult, Li explained.

He predicted that the country's coal output in 2008 will reach around 2.7 billion tons, rising by 10 percent year-on-year, and national coal consumption will also amount to a similar figure.

In 2007, China produced 2.52 billion tons of coal and consumed 2.53 billion tons, according to China National Coal Association statistics.

***Interfax* Commentary:** Despite the shortages, experts believe that coal supply and demand will balance out in the remainder of this year as economic growth slows. Profitability is likely to fall slightly from the first six months of this year, a period which enjoyed rapidly rising prices.

Chinese extension of ESPO may be approved soon - Russian Energy Minister

A decision on building a Chinese extension of the East Siberia-Pacific Ocean (ESPO) oil pipeline may be made soon during negotiations with China, Russian Energy Minister Sergei Shmatko told Russian media.

"No decision to build an extension to China has yet been made. However, that may be done in the near future," he said.

Shmatko said that Russia and China have formed an energy group. Deputy Prime Minister Igor Sechin leads the group on behalf of Russia.

The minister also commented on ESPO transit charges. "Oil companies, among them Transneft, have made proposals concerning the maximum charges. **A corporate agreement must be reached. We think the transportation will be profitable,"** he said.

The first segment of the ESPO, which ends in Skovorodino, will be launched this fall, Shmatko said.

***Interfax* Commentary:** China hopes the extension pipeline can be built so as to take the strain off the limited transportation capacity between the two countries, namely the Kazakhstan-China oil pipeline and northeastern rail

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links. The extension could boost annual exports of Russian oil to China from 10 million tons to 30 million tons. However, some Chinese industry insiders are concerned that Russia will not easily agree to the extension as its own demand for energy is growing rapidly. Recent high-level talks between the two countries have been positive though, so hopes for such cooperation remain high.

POLICIES & REGULATIONS

China may release coal chemical development plan by year's end - official

China is likely to release its policy to develop the local coal chemical industry by the end of this year, a government official said on Sept.18 at an industry forum in Ordos, in the Inner Mongolia Autonomous Region.

The policy will include a long-term development plan to help regulate escalating interest and investment in China's coal chemical industry, said Jiang Hua, an official with the Ministry of Environmental Protection (MEP), at the 3rd China Advanced Coal Chemical Summit.

The National Development and Reform Commission (NDRC) released a draft of the plan at the end of 2006, but is yet to release a final official version, even though numerous new coal chemical projects have been planned in the interim.

Jiang said he believes that d**eveloping coal chemical projects in China is important, as they have less of an environmental impact than traditional thermal power plants** and can use high sulfur-content coal.

"Coal deposits in southwestern regions, including Yunan, Guizhou, Sichuan and Chongqing have very high sulfur contents," Jiang said. "Some deposits have over 3 percent sulfur content, which is not allowed to be burned directly for power generation."

One of coal chemical's main problems is that China's coal-abundant regions lack water.

"Inner Mongolia, Shanxi, Shaanxi and Ningxia boast more than 60 percent of China's coal resources," Jiang said. "However, they only have 38 percent of the country's water resources."

Jiang suggested that the development plan should not only account for various regions' coal reserves, but also for water resources and downstream market situations.

Coal chemical projects have higher carbon emissions than thermal power projects, Jiang said, so he suggested that the policy encourage coal chemical developers to build carbon capture facilities.

STATISTICAL SUMMARY

China's LPG imports rise 30.8 pct year-on-year in first seven months

The average price of liquefied petroleum gas (LPG) imported into China during the first seven months of 2008 jumped by 30.8 percent year-on-year to RMB 3,778.58 ($555.6) per ton, according to statistics released by the General Administration of Customs (GAC) on Sept. 22.

Growing international prices led the total value of LPG imports over the January to July period to rise 18 percent year-on-year to RMB 12.99 billion ($1.91 billion), despite reduced import volume. The country imported 3.43 million tons of LPG during the seven-month period, 9.8 percent less than in the same period in 2007.

Because the central government controls domestic prices, **Chinese companies were unwilling to import LPG when international prices were high, thereby leading to the year-on-year fall in imports**, the administration said.

Nonetheless, the administration said the domestic market still holds promise, as LPG is a cleaner and more efficient fuel for generating power than coal and oil products. Shortages of coal and oil products have been seen across the country over the past year, causing a nation-wide energy crisis.

Australia, Kuwait, the United Arab Emirates (UAE) and Saudi Arabia supplied 71.5 percent of China's LPG imports during seven-month period, of which the country's southeastern Guangdong Province consumed 80 percent, according to the administration.

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The administration recommended that the central government speed up construction of the West-East Gas Pipeline (WEP) project to take advantage of China's western gas fields to meet eastern demand. It also suggested that the government beef up oversight of the domestic market to help meet growing demand.

OIL & PETROCHEMICALS

MIDDLE AND DOWNSTREAM

Xinjiang's 2008 crude oil and natural gas output to grow by 3.4 pct and 18.96 pct year-on-year

Northwestern China's Xinjiang Uyghur Autonomous Region expects to produce 27.3 million tons of crude oil and 25.1 billion cubic meters of natural gas in 2008, up 3.4 percent and 18.96 percent respectively year-on-year, the local bureau of statistics announced on Sept. 22.

Four oil and gas exploration companies in the local area produced a total of 13.29 million tons of crude oil and 11.94 billion cubic meters of natural gas in the first half of 2008, an increase of 4.4 percent and 16.2 percent respectively year-on-year.

Two of those four companies, China National Petroleum Corp.'s (CNPC) Tarim Oilfield Co., and Northwest Oilfield, which is owned by China Petroleum and Chemical Corp. (Sinopec), each saw crude oil and natural gas output increase on an annual basis during the first half of 2008, according to the Xinjiang Bureau of Statistics.

Output of crude oil and natural gas by PetroChina Co. Ltd.'s Xinjiang Oilfield remained level in the first half when compared with the same period last year although the Tuha Oilfield, which is also owned by PetroChina, recorded lower crude oil and natural gas output due to reserves that are gradually drying up.

The Xinjiang Bureau of Statistics predicted that this year's growth rate of crude oil and natural gas output will be lower than that of last year due to falling crude oil and natural gas prices in the global market.

Xinjiang is the country's biggest producer of crude oil and natural gas. The region produced about 43.3 million tons of oil equivalent in 2007. **The local government estimated that crude oil output will reach 34 million tons and the natural gas output will hit 35 billion cubic meters in 2012.**

Heilongjiang private oil traders get stable supplies, discount prices

Struggling private oil traders in China's northeastern Heilongjiang Province will be the first in the country to secure oil products at stable, discounted prices from the country's two major fuel suppliers, domestic media reported Sept. 18.

Approximately 10,000 tons of oil products will be made available each month to privately owned oil trading companies and service stations under the Heilongjiang Local Petroleum Association (HLPA), according to Shanghai Securities News. Of the HLPA's 110 members, 100 are oil product retailers.

In March, the government ordered China Petroleum & Chemical Corp. (Sinopec) and PetroChina Co. Ltd. to supply oil products to private traders at discounted prices.

Surging prices and inconsistent supplies have hurt private Chinese traders and retailers in recent years, the paper reported.

In August, the number of privately owned service stations in Heilongjiang had dwindled to 220, down from the 1,228 seen at the same time in 2007, Zhao Youshan, the head of the HLPA, told Interfax previously.

Local governments and oil associations have been begging the central government for support, according to the report.

Zhao said in August that he planned to petition the State Council to toughen the implementation of the March policy, but could not be reached for comment about the recent developments.

Private oil refiners in northern Shandong Province, another region plagued by unstable oil supplies, have not received similar supply offers, according to the Shandong Oil Refining Association.

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FINANCIAL AND COMPANY NEWS

CNPC answers government call, increases stake in PetroChina

by Hou Jie

China National Petrochemical Corp. (CNPC) increased its stake in its listed subsidiary PetroChina Co. Ltd. by 0.03 percent, or 60 million shares, on Sept. 22, PetroChina announced the same day.

The acquisition followed the central government's call last week for state-owned companies to expand their holdings in their publicly-traded subsidiaries.

"The State-owned Assets Supervision and Administration Commission of the State Council (SASAC) is encouraging domestic state-owned companies to acquire more shares in their listed subsidiaries, especially when domestic stock markets are undergoing a downturn," SASAC Director Li Rongrong was citing as saying on Sept. 18 by Xinhua.

The policy will help rebuild investor confidence in domestic stock markets because these companies are financially sound, Li said.

CNPC will continue buying PetroChina stock for the next 12 months, until it owns 88.29 percent of all shares, PetroChina said in its announcement. CNPC had held 86.29 percent of all shares in the company before the buyback commenced.

Chinese stock markets have been falling over the past four months. The Shanghai Stock Exchange, one of the country's two stock markets, saw its benchmark Shanghai composite index (SCI) close at 1,802.33 points on Sept. 18, a new two-year low.

Approximately 18 percent of companies listed on China's stock exchanges are subsidiaries of state-owned companies, according to the Shanghai Stock Exchange. CNPC was the first to respond to the government's call.

PetroChina's stock price on the Shanghai Stock Exchange rose by 9.96 percent on Sept. 22 from the previous trading day to reach RMB 12.14 ($1.79). The SCI rose 7.77 percent the same day.

Sinopec Group raises oil product transfer prices

China Petrochemical Corp. (Sinopec Group), China's largest oil refiner, has raised transfer prices on its oil products by between RMB 50 ($7.33) and RMB 100 ($14.66) in an effort to stimulate oil product prices in the domestic market, domestic media reported on Sept. 18.

This is the second time this year that Sinopec Group raised transfer prices, according to National Business Daily. The first was the day after the Beijing Olympic Games started. However, Sinopec Group's first price hike did not have a significant effect on the domestic oil product market.

Due to low domestic demand and tumbling global crude oil prices, **the wholesale price of diesel fluctuated between RMB 7,000 ($1026.38) and RMB 7,100 ($1041.04) per ton from Sept. 15 to Sept. 19**, down by more than RMB 200 ($29.33) per ton when compared with prices in the first two weeks of August.

Besides raising transfer prices, Sinopec Group also plans to decrease its output in September. The company blamed excess supply for the falling prices, and hopes that limiting supply will encourage prices to go back up, said Shao Xiaotian, an oil analyst with Pec 365, a Shanghai-based oil industry information provider.

Sinopec Group said it plans to limit or stop oil product imports in September and has asked some of its refineries to shut down for maintenance this month, Shao said.

"Oil product prices are approaching a bottom," Shao said.

Due to soaring crude oil prices and capped domestic oil product prices, Sinopec Group suffered huge losses in the first half of this year, mostly in the refining sector, which is the company's core business.

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GAS

Gazprom Neft to deliver 250,000 tons of pipeline oil to China in Q4

Gazprom Neft will deliver 250,000 tons of crude oil to China via the Atasu-Alashankou pipeline through Kazakhstan in the fourth quarter under a schedule approved by the Russian Energy Ministry, a company official told Interfax.

"Gazprom Neft has been able to resolve problems surrounding the transit of oil to China through Kazakhstan," the official said.

TNK-BP and Gazprom Neft each shipped 150,000 tons of oil to China via the pipeline in the first quarter, although Gazprom Neft encountered problems with the shipments.

The company was dropped from the schedule for the second, third and fourth quarters this year, while TNK-BP received the opportunity to export 500,000 tons in the final three quarters. Gazprom Neft had planned to export 1.08 million tons via the pipeline in the same period.

Gazprom Neft chief Alexander Dyukov said previously that his company remained interested in exporting oil to China and that it would seek to be restored to the schedule in 2009, with roughly the same volumes planned for 2008.

CNPC completes preparatory work on Dalian LNG dock

China National Petroleum Corp. (CNPC) has started constructing a liquefied natural gas (LNG) dock in northeastern Liaoning Province's Dalian City, after completing preparatory work one month ahead of schedule, domestic media reported on Sept. 18.

Preparatory work, which started in September 2008, involved the construction of a 955.45-meter long revetment and 228.7-meter long temporary dock for work boats, China Securities Journal reported.

The Dalian dock is part of CNPC's first LNG project in China, which will require total investment of RMB 10 billion ($1.47 billion) and require the construction of an LNG terminal and gas pipeline in the city.

The project was kicked off in September 2005, when CNPC, Port of Dalian (PDA) Corp. and Dalian Construction Investment Corp. formed a joint-venture to develop the project. The companies hold shares in the joint venture of 75 percent, 20 percent and 5 percent, respectively.

CNPC is currently planning two more LNG projects, one in Rudong County, Jiangsu Province and one in Qinzhou City in Guangxi Zhuang Autonomous Region. The National Development and Reform Commission (NDRC) has already approved the construction of the Rudong project.

According to CNPC, the company has signed contracts with Royal Dutch Shell (Shell), Woodside Energy Ltd. (Woodside) and Qatargas Operating Co. Ltd. (Qatargas) to supply LNG for the projects.

Shell will provide 1 million tons of LNG annually to CNPC over the next 20 years. Woodside will supply 2 million tons per year over the next 15 years and Qatargas will supply 3million tons per year over the next 25 years.

CNOOC signs to purchase LNG from Oman

China National Offshore Oil Corp. (CNOOC), China's third largest oil company, has signed a agreement with Oman's Qalhat LNG to buy liquefied natural gas (LNG), state media reported Sept. 23.

Luo Weizhong, president of CNOOC subsidiary CNOOC Gas and Power Trading and Marketing Ltd., signed the agreement with Qalhat LNG CEO Harib Al Kitani in the Omani capital of Muscat on Sept. 21, according to China Petroleum News.

The price and volume of the purchase agreement has not been announced, and Luo was unavailable to comment when contacted by Interfax.

However, with spot LNG prices currently standing at around $14 per million BTU (British Thermal Unit), an industry expert told Interfax that CNOOC has likely agreed to pay Qalhat LNG around $12 per million (British Thermal Unit) BTU.

CNOOC is very patient when acquiring resources and can always find cheaper gas sources, said the the expert, who wished not to be identified.

CNOOC is the largest shareholder in China's first LNG terminal, the Dapeng LNG terminal in southern Guangdong Province's Shenzhen City. The project is fed with LNG imported from Australia's Northwest Shelf.

The company is also building three more LNG terminals, in Shanghai Municipality, Zhejiang Province and Fujian Province. The company expects the Fujian terminal go on line this year.

CNOOC has signed several agreements to feed these terminals. The Shanghai terminal is set to receive LNG from Malaysia, and the company also signed a supply agreement with Qatargas in April.

Qalhat LNG is controlled by the Omani government. Other shareholders in the company include Oman LNG, Union Fenosa Gas, Itochu Corp., Mitsubishi Corp. and Osaka Gas Australia. Royal Dutch Shell also holds a stake in the company through Oman LNG.

COAL

Coal piles up at major Chinese power plants

Coal reserves at 353 major power plants in China reached a historical high of 29.33 million tons on Sept. 17, the Ministry of Railways (MoR) said on Sept. 19.

Stockpiles at Chinese power plants traditionally stand between 23 million and 24 million tons. The higher stockpile level can be attributed to higher-than-average rainfall this summer, which allowed hydropower plants to operate for a longer period. As such, domestic coal-fired plants decreased power output and coal consumption.

The central government also shut down small-scale coal-fired power plants to lower emissions and improve efficiency, boosting stockpiles at larger plants, the MoR reported. Coal stockpiles also grew as the MoR moved to improve coal transportation via domestic railways in June.

Low coal stockpiles at power plants caused a nationwide power shortage in the first four months this year. The MoR stepped in at the end of May, raising railway transportation of coal during the first 10 days of June. From June 1 to June 10, an average of 39,516 trains per day transported coal throughout the country, a year-on-year increase of 11,036 trains, according to the MoR.

High stockpiles at power plants, which are China's largest coal consumer, have meant that demand and prices have slumped. Coal stockpiles ballooned at Qinhuangdao Port from 5.68 million tons on July 13 to 8.33 million tons on Sept. 14, according to China Coal Transportation and Development Association statistics. Average coal prices fell by around RMB 10 ($1.47) per ton from Sept. 8 to Sept. 16.

Henan steps up supervision after coalmine accidents

China's central Henan Province, a large coal producing region, is in the midst of a coalmine safety campaign aimed at small mines after a spate of accidents, local media reported Sept. 23.

The month-long inspection campaign will focus on potential gas and flood accidents, Henan Daily reported. On Sept. 12, the province informed all small coalmines to shut down for inspection between Sept. 15 and Oct. 10.

Shen Xiaopeng, an official with the Henan Provincial Coal Industry Bureau, told Interfax that the national government requires coalmines be inspected after last month's mining accidents in the provinces of Henan and Shanxi.

Li Chaolin, a coal expert with the China Coal Transportation and Development Association (CCTD), said that the campaign will reduce coal output to some extent, **it will not necessarily lead to shortages**.

"Coal stockpiles in the coastal regions are at a very high level at the moment," Li said. **"The suspension will not reduce supplies in those regions very much."**

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Although coal supplies are still short in the country's central, northwestern and southwestern regions, Li said that downstream demand is not very strong now due to slower economic growth and higher-than-usual hydropower output this year.

On Sept. 8, a serious iron mine accident occurred in Shanxi Province, killing 261 people. On Sept. 21, an explosion at a coalmine in Henan Province killed 37 miners.

Chinese DME fuel standard to emerge in two years - insider

The Chinese government is likely to issue a national standard for dimethyl ether (DME) fuel in two years time, an industry insider told Interfax on Sept. 22.

Creating a new fuel standard is complicated and will take time, said Chen Weiguo, senior expert with the China DME Association (CDA). **The government is likely to release a standard in two years time, leading to an explosion in DME development**, Chen said.

The present lack of a clear government standard is an obstacle for companies looking to market DME as a remedy to the country's fuel supply issues. Without such a standard, fuel distributors and auto manufacturers, among others, will not promote the fuel.

Chen said that the government supports the development of DME, as opposed to other alternative fuel sources like methanol fuel, which has triggered worries due to its toxicity.

Regardless, DME is mainly used for cooking and heating in China at the moment. Shanghai's municipal government has issued local DME vehicle standards, but development is still in its infancy, Chen said.

DME is a chemical product, produced primarily from coal, that can be mixed with fuels such as diesel. The intention is to make fuel cheaper, but DME is currently more expensive than the fuel products it is to be mixed with.

"DME production costs now stand at between RMB 4,000 ($586.51) and RMB 5,000 ($733.14) per ton, while diesel costs around RMB 6,000 ($879.77) per ton," Chen said. **It takes 1.5 tons of DME to produce the same amount of energy as 1 ton of diesel, which makes DME the more expensive fue**l.

The higher cost is mainly due to the high price of methanol, which is necessary to produce DME. Methanol currently sells for over RMB 3,000 ($439.88) per ton on the Chinese market.

China can produce about 10 million tons of methanol a year, Chen said, which is low. Production problems at one plant can easily lead local market prices to spike.

Nonetheless, Chen predicted that the price of methanol will fall as production capacity increases, leading DME fuel to become competitive.

Sasol to complete feasibility study on Ningxia CTL project by end of 2009

Sasol Ltd., the South Africa-based fuel producer, plans to complete a feasibility study for a coal-to-liquids (CTL) project in China's northern Ningxia Autonomous Region by the end of 2009, a senior Sasol official told Interfax on Sept. 17.

The feasibility study plan shows Sasol's renewed focus on the project, after the Chinese government ordered that the company's CTL project in Shaanxi Province suspend development last month, John Armstrong, president of Sasol China, said at the 3rd China Advanced Coal Chemical Summit in Ordos City, in the Inner Mongolia Autonomous Region.

"But, the advantage is that we can concentrate our resources on one particular project [in Ningxia]," Armstrong said. "This project has received the endorsement of the government, which is very positive."

At the end of August, the National Development and Reform Commission (NDRC) ordered companies to suspend the development of all new CTL projects in China, except Shenhua Group's Ordos project, and the Ningxia project being developed by Sasol with Shenhua Ningxia Coal Industry Group. The move aims to curb blind investment in CTL projects.

On August 28, Sasol announced that it would focus on **the feasibility study for its Ningxia project, which the company estimates will produce 80,000 barrels of oil equivalent per day**.

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Sasol is the only company in the world currently running commercial CTL projects. It has a CTL project with a daily production capacity of 160,000 tons of oil equivalent in Secunda, South Africa, which it plans to expand.

As for the company's overseas development, Armstrong said that it is currently evaluating opportunities in the United States, as well as holding discussions with private companies and the government of India.

POWER

POWER DISTRIBUTION

China produces 2.32 bln MWh of electricity in first eight months, up 10.09 pct year-on-year

Chinese power plants with generation capacity of more than 6 megawatts produced 2.32 billion megawatt hours (MWh) of electricity in the first eight months of 2008, up 10.9 percent year-on-year, according to statistics released by the China Electricity Council (CEC) on Sept. 18.

The 10.9 percent year-on-year growth rate dipped in comparison with the rate recorded over the first seven months of this year, according to the CEC. **Chinese power plants produced 2 billion MWh of electricity during that period, a year-on-year increase of 11.9 percent.**

Coal-fired power plants produced about 1.9 billion MWh of electricity during the first eight months, up 9 percent year-on-year, though the growth rate was 1.3 percentage points lower when compared with that of the first seven months, according to the CEC.

Chinese hydropower and nuclear power output also saw slower year-on-year growth rates between January and August, slipping by 0.2 and 2.9 percentage points respectively against growth rates for the first seven months of this year.

The average operation time of major power plants was 3,237 hours during the first eight months of the year, down by 116 hours on an annual basis. The average operation time during the first seven months fell by 80 hours year-on-year.

Analysts believe that growth of the Chinese power industry is in a downtrend because of falling domestic demand and China's slowing economic growth.

The table below breaks down China's electricity consumption from January to August.

China's electricity consumption, January to August 2008

Sector	Electricity consumption (mln MWh)	Y-o-y changes (%)
Civil	265.94	13.28
Primary industry	60.37	3.09
Secondary industry	1775.6	9.9
Tertiary industry	230.52	10.97
Total	2332.43	10.19

Source: CEC

NEWS ROUNDUP

Oil & Petroleum

China National Petroleum Corp. (CNPC) has sped up construction of its refining project in Qinzhou City, Guangxi Province. It expects to finish the project by the end of this year and start operations by the end of 2009, the company announced on Sept. 18.

China will complete 21 large-scale oil refineries by 2010, with a combined processing capacity of more than 240 million tons per year, according to a report released by China Petrochemical Corp. (Sinopec) on Sept. 18. The new refineries will make up about 57 percent of country's total processing capacity.

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Gas

A new gasfield was discovered in Yichuan County, Shaanxi Province, with natural gas reserves in excess of 10 billion cubic meters, the Yichuan County government announced on Sept. 19. The local government is in talks with China Shenhua Group to jointly develop the gasfield.

CPC Corporation (CPC), Taiwan's state-owned oil company, has acquired a 5 percent stake in the fifth liquefied natural gas (LNG) line of Qatar-based Ras Laffan Liquefied Natural Gas Co. Ltd. (Ras Gas), CPC announced on Sept. 19. CPC also agreed to buy 3 million tons of LNG per year from Ras Gas for the next 25 years.

Power

China saw new power plants with a combined installed capacity of 51,783 megawatts start operation during the first eight months of 2008. Approximately 25 percent of the new power plants, by capacity, is coal-fired, China Electric Council (CEC) reported on Sept. 19.

China Guodian Corp. will invest more than RMB 100 billion ($14.6 billion) in the Ninxia Autonomous Region over the next few years to develop the region's power, coal and polysilicon businesses, the company reported on Sept. 18.

Coal & Coal Chemical

A national-level coal-bed methane supervision and inspection center will be built in Shanxi Province, the provincial government reported on Sept. 19. The center will require total investment of RMB 30 million ($4.4 million), according to the local government, but it is unkown when the project will be finished.

Shaanxi Province will have shut down small-scale coal-fired power plants with a combined installed capacity of 500 megawatts by the end of this year in an effort to cut its annual raw coal consumption by 420,000 tons, the local government reported on Sept. 22.

Alternative Energy

Sanmenxia Nuclear Plant, in Zhejiang Province's Sanmen County, will commence first-phase development in March, which will include the construction of generators with a combined installed capacity of 2,500 megawatts, Xinhua reported on Sept. 18. The phase is expected to begin operating in December 2013.

SPECIAL REPORTS

World's largest DME producer takes aim at Chinese market

China's tight energy situation has attracted numerous investors looking to exploit new forms of energy. Jiutai Energy is one such company, and as the world's largest producer of dimethyl ether (DME), is well positioned to bring a new fuel to China's market, says Liu Jingsheng, the company's deputy general manager.

By Terry Wang

Until now, dimethyl ether (DME) producers have not played a significant role in China's alternative energy market, but Liu Jingsheng, deputy general manager of Shandong Jiutai Energy Co. Ltd., hopes to change that.

The company creates a mix of 20 percent DME and 80 percent LPG that it can sell it for approximately 5 percent less than pure LPG. Liu said that the company is aiming for the civil gas sector, especially in the rural areas of Shandong Province and China's eastern and southern regions.

However, real opportunities for the company may also lie in rural areas, where pipelines don't have complete coverage, leaving a large potential market for DME, he said.

DME is a chemical product, produced primarily from coal, that can be mixed with other fuels such as liquefied petroleum gas (LPG) or diesel, to make them cheaper. It is considered to be a more environmentally friendly use for coal, China's most abundant energy resource.

"DME can reduce pollution, which is in line with the government's policy to support environmentally friendly industries," Liu said.

To illustrate his point, Liu told a story about Jiutai Energy's chairman and founder, Cui Lianguo, who was once an investor in a coal-fueled ceramics factory that caused a lot of pollution. While looking for an alternative energy source, Cui found DME.

In 2001, Cui initiated a trial DME project capable of producing 5,000 tons DME a year. On the back of this project's success, Jiutai Energy Group was founded in 2002, and constructed its first commercial DME project, capable of producing 50,000 tons annually.

The company now has a total annual DME production capacity of 950,000 tons, is constructing an additional 100,000-ton project in Inner Mongolia Autonomous Region, and has several larger projects in the works.

China's thirst for energy means that such projects will see no lack of competition. The country is currently building a gas pipelines to transmit natural gas from central Asia, as well as a pipeline between southwestern Sichuan Province and energy hubs in the country's south and east. In addition, a number of liquefied natural gas (LNG) terminals are being built or planned for coastal regions.

Regardless of such plans, Liu said he believes gas supplies will remain tight in the country in the foreseeable future. "And, if gas pipelines are extended to more households, we can still mix our DME into natural gas and transmit it through the pipelines as well."

Liu also expressed confidence in DME's potential as a vehicle fuel, even though it has not been used commercially outside of trial operations in Shanghai and Shandong. He said that the largest obstacle to DME becoming an alternative to diesel is the lack of a national standard.

"Our subsequent target market is buses and taxis," Liu said, adding that buses are especially attractive as their fixed routes allow for the easier development of service stations and supporting infrastructure.

It will be difficult for the company to build service stations in enough places to meet DME demand for other vehicles, Liu said.

Quite a few Chinese universities, institutes and companies, including his own, are studying how to build vehicles that can use DME fuel, Liu said. Jiutai Energy's studies indicate that DME is an ideal fuel to replace diesel, as vehicles fed with DME perform well and have low emissions, he added.

Trina Solar CEO outlines plan for 2009

The global financial crisis might be looming over China, but it will not block out the sun for Trina Solar Ltd. The solar photovoltaic (PV) product maker anticipates major financial growth and plans to double its manufacturing capacity by the end of 2009, even as it scales back its upstream business, Chairman and CEO Jifan Gao, tells *Interfax*.

By Sara Wu

Jifan Gao, CEO of Trina Solar Ltd., is a confident man. Watching a global financial crisis unfold, he expects his company's stock price to rise and fall erratically and acknowledges future financing might be difficult to attract. But he doesn't balk. Trina Solar still plans to spend $250 million in 2009 revamping its business.

"Our stock performance may not be exempt from the economic turmoil in the United States, but our plans through 2009 will not be touched," Gao said at the company's headquarters in Changzhou City, in China's eastern Jiangsu Province.

The company had about $190 million in the bank at the end of July. Once this year's earnings are added, Gao said the company's cash reserves will soar to between $350 million and $400 million.

"We will have enough cash flow to maintain our development plans for 2009," he said.

These plans include refocusing the company on its downstream products. Trina Solar's annual production capacity of silicon ingots and solar modules stands equivalent to nearly 350 megawatts (MW) at present, the company's target for 2008. Gao said he is confident that the company can double its output to 700 MW by the end of next year.

"We will try to improve the reliability and stability of our crystal silicon-based solar cells and modules so that they can convert more solar energy into electricity," Gao said.

As the company intensifies its focus on downstream products, it will also take a new approach to the upstream sector.

Trina Solar is one of the few vertically integrated solar companies based in China, producing both upstream PV materials, such as silicon ingots and wafers, as well as downstream products and services, such as solar modules and PV system installation.

It even considered producing polysilicon, the raw material for silicon ingots, to tackle periodic supply shortage and reduce its reliance on overseas suppliers, but such plans were dropped in April this year.

However, Gao said the company will now begin sourcing silicon ingots, wafers and other PV materials from other domestic companies because many more producers are entering the market.

"The shortage of polysilicon has eased away," he said. "We will offer technical support to several manufacturers so that they can supply us with adequate ingots and wafers."

The company signed two long-term polysilicon supply contracts early this year, securing supplies to meet 80 percent of its needs in 2009 and 95 percent of that in 2010, according to Gao.

The company generated revenue of $204 million in the second quarter of 2008. Trina Solar's stocks, which were listed on the New York Stock Exchange in December 2006, closed at $27.42 on Sept. 23, down $1.08, or 3.79 percent, from the previous trading day.

EMERGING COMPANY PROFILE

Guangdong Five Star Solar Energy Co. Ltd.

General information

Guangdong Five Star Solar Energy Co. Ltd., founded in 1990, is based in China's southern Guangdong Province and one of the top 10 solar product manufacturers in the country. The company holds registered capital of RMB 15 million ($2.2 million), and attained ISO 9001:2000 certification for quality management and control in January 2003.

Sector	Energy
Address	Liuyongwei Industrial Zone, Wanjiang District, Dongguan City, Guangdong Province
Telephone	+86-0769-22176388;
Facsimile	+86-0769-22775864;
Website	http://www.fivestarsolar.com/index.asp

Source: Guangdong Five Star Solar Energy's Web site

Core businesses

With the support of over 10 local universities and scientific research organizations, Guangdong Five Star Solar has built a solar research and manufacturing base that covers solar water heaters, solar photovoltaic products and atmospheric hot water boilers. The company's solar water heaters have been given China Compulsory Certification (CCC), while its solar collectors have been certified by EU and Australian authorities.

Operational summary

As well as supplying the domestic market, the company exports its products overseas to markets including the United Kingdom, Germany, Spain, Australia, Canada, the United States, Peru and Thailand. The company has generated revenue of approximately RMB 100,000 ($14,703.94) each year, since its establishment.

Listing plan

The company has no listing plan at the present time.

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COMPANY PROFILE

Huadian Energy Co. Ltd.

General information

Huadian Energy Co. Ltd. (the "Company"), originally known as Heilongjiang Electric Power Co. Ltd., was established in February 1993 as a stock company in China's northeastern Heilongjiang Province. The Company's four initiators were Heilongjiang Provincial Power Development Co., Heilongjiang Provincial Power Co. Ltd., People's Construction Bank of China Heilongjiang Trust & Investment Co. and Heilongjiang Huaneng Power Generation Co. Ltd. The Company was restructured into a Sino-foreign joint venture in October 1996. In July 2004, the Company gained approval to change its name to Huadian Energy Co. Ltd. As of June 30, 2008, the Company's installed power generation capacity had reached 3,241 MW, accounting for 20.51 percent of Heilongjiang Province's total.

On April 22, 1996, the company listed 100 million B-shares on the Shanghai Stock Exchange. The Company went on to list 40 million A-shares on July 1 1996, including 10.03 million public shares and 29.97 million internal staff shares. On June 3, 2003, the Company issued convertible bonds totaling RMB 800 million ($99.13 million) at a par value of RMB 100 ($12.39). The bonds started trading on the Shanghai Stock Exchange on June 18, 2003, and were approved for conversion into A-shares on Dec. 3, 2003.

Ticker	A-share: 600726 B-share: 900937
Sector	Power
Address	No. 209, Dacheng Street, Nangang District, Harbin Province, PRC.
Telephone	86-451-8252 5998
Facsimile	86-451-8252 5878
E-mail	hdenergy@hdenergy.com
Website	www.londian.com
Auditor	Daxin Certified Public Accountants; Horwath International CPA
Registrar	Shanghai Securities Central Clearing and Registration Corporation
Number of employees, as of June 30, 2008	4,875
Securities (common, preferred, ADR, GDR, Eurobond, etc.)	Common

Source: the Company's 2008 first half report

Share Capital

Share Capital (RMB)	1,369,065,592
Common Shares	1,369,065,592
Non-tradable shares	369,145,864
Tradable shares	999,919,728
Listed Shares (A shares)	567,919,726
Listed Shares (B shares)	432,000,002
Preferred Shares	0
Par Value (RMB)	1.00

Source: the Company's 2008 first half report

Shareholder Structure

Shareholder	Shares (percent)
China Huadian Corporation Ltd.	20.71
Heilongjiang Provincial Electric Power Development Co., Ltd	2.48
Heilongjiang Provincial Electric Power Industrial Co. Ltd.	0.56
China Power Investment Co., Ltd	0.39
China Power Financial Co., Ltd.	0.37
International Finance-Standard Chartered-CITI Group Global Markets Ltd.	0.36
Harbin Ruiheng Co., Ltd	0.31
Toyo Securities Asia Ltd -A/C Client	0.28
Huaneng Comprehensive Industry Co., Ltd.	0.28
NAITO SECURITIES Co. Ltd.	0.22
Others	74.04

Source: the Company's 2008 first half report

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As of June 30, 2008, the total number shareholders in the company amounted to 302,693, including 218,037 A shareholders and 84,656 B shareholders. The Company's current controlling shareholder, Huadian Corporation Co. Ltd. (the Controlling Company), holds 284 million shares, accounting for 20.71 percent of the Company's total.

China Huadian Corp. has registered capital of RMB 12 billion ($1.53 billion) and was incorporated in December 2002. Its business covers the development, investment in, construction and operation of power generation and power related projects.

Core businesses

* Power generation and sales, heat supply

* Technical and consultancy services relating to the power industry

Operational summary

Performance Round-up

In the first six months of 2008, the Company generated 7.94 million MWh of electricity, up 23.80 percent on the 6.41 million MWh it generated in the first half of 2007. As of June 30, 2008, the Company's installed power generation capacity reached 3,241 MW, about 20.51 percent of Heilongjiang Province's total.

From January to June, the Company earned RMB 2.11 billion ($310.30 million) in revenue, up by 28.20 percent over the same period a year ago. Its net profit, however, plummeted by 163.5 percent year-on-year to cause a loss of RMB 20.32 million ($2.99 million), which the Company attributed to the impact of surging coal prices on its coal-fired power business.

With coal prices high and lingering supply tensions, the Company predicted that financing, ensuring secure coal supplies and reducing costs will be more difficult in the future.

Key Operational Indicators for the first half of 2008

Indicator	June 30, 2007 ('000, RMB)	June 30, 2008 ('000, RMB)	Year-on-year Increase (percent)
Main Business Revenue	1,645,191.51	2,109,187.62	28.20
Main Business Profit	27,145.18	-12,372.55	-145.58
Net profit attributable to equity shareholders	32,002.38	-20,322.75	-163.50

Source: the Company's 2008 first half report

In 2007, the Company earned RMB 3.68 billion ($525.71 million) in revenue, 0.42 percent less than it earned in 2006. The Company's net profit attributable to equity shareholders collapsed by 70.07 percent year-on-year to RMB 58.97 million ($8.42 million) last year.

The Company explained in its fiscal report that continuously rising coal prices and capped electricity prices caused its profit to plunge. At the same time, its local power market remained in oversupply, which decreased the utilization hours of the company's power generators. Macroeconomic controls and stricter environmental protection standards also raised the Company's operational costs.

Key Operational Indicators for2007

Indicator	Dec. 31, 2006 ('000, RMB)	Dec. 31, 2007 ('000, RMB)	Year-on-year Increase (percent)
Main Business Revenue	3,699,990.75	3,684,510.38	-0.42
Operating profit	187,793.27	46,848.54	-75.05
Net profit attributable to equity shareholders	197,026.48	58,974.30	-70.07

Source: the Company's annual report 2007

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Corporate Governance

As per CSRC regulations, the Company has appointed five independent directors so far, accounting for one-third of its board of fifteen.

The Company operates independently from its controlling shareholder in terms of business, assets, personnel, structure and finance. It owns in full its own production, procurement and sales systems, as well as its intangible assets including industrial property, trademark and non-patent technologies.

Risk

By the end of 2004, the power market in northeastern China had transformed from a planned economy to a market economy, putting the Company under market pressures. Coal prices have also continued to rise, challenging the company with rising operating expenses.

Recent developments

In September 2008, the Company estimated that its net profit for the third quarter of 2008 might fall by 70 percent over the same period a year ago.

On August 20, 2008, the Company raised its on-grid power tariff for the second time this year, due to government efforts to help power companies counter surging resource prices.

In July 2008, the Company lifted its on-grid power tariff in line with central government regulations.

In June 2008, the Company announced that it planned to increase its stake in Harbin Heat & Power Co. Ltd., increasing its holdings from 10.91 percent to 38.04 percent. Huadian Group, the Company's parent, will reduce its stake in the Harbin Heat & Power from 42.41 percent to 15.28 percent.

In June 2008, the Company's board approved the construction of four 600 MW coal-fired power generators at its Zhangwu Power Plant. Total investment for the first two units, or the first phase, was estimated at RMB 4.81 billion ($707.35 million), with registered capital accounting for 20 percent of the cost. The Company will have a 90 percent stake in the project.

In April 2008, the Company warned that it suffered an operational loss in the first quarter of 2008.

In October 2007, the Company attained approval from the National Development and Reform Commission (NDRC) to start preparatory work on a combined heat and power (CHP) project featuring two 300-megawatt generators in the Company's subsidiary Mudan River No. 2 Power Plant in Heilongjiang Province. It was estimated that the project would need a RMB 2.39 billion ($322.97 million) investment.

In September 2007, the Company, together with its parent company, China Huadian Corp., Huadian Power International, Guizhou Wujiang Hydropower Development, China Huadian Engineering and Huadian Energy, established a joint venture called China Huadian New Energy Development, focusing on renewable energy. China Huadian Corp. will hold a 51 percent stake in the joint venture, which will have an initial registered capital of RMB 200 million ($27.03 million).

In August 2007, China Huadian Corp. signed a memorandum of understanding with the Indonesian state-owned coal company PT Batubara Bukit Asam (PTBA) to help develop a coal-fired power plant in the Indonesian archipelago.

In March 2007, China Huadian Corp. began construction on a 49.5-megawatt wind power project in the Xinjiang Uyghur Autonomous Region. It planned to put the project into operation by the end of 2007.

In February 2007, China Huadian Corp. signed an agreement to build wind farms with a capacity of 300 megawatts in Turpan in Xinjiang. It planned to invest RMB 1.5 billion ($ 193.3 million) over the following five years to build the project in the Xiaocao Lake region.

Consolidated Balance Sheet

Indicator	Dec. 31, 2006 ('000 RMB)	Dec. 31, 2007 ('000 RMB)	June 30, 2008 ('000 RMB)
Total Assets	9,907,444.48	11,553,336.21	13,437,965.35
Current Assets	1,913,923.56	1,626,880.24	3,173,786.54
Cash	886,531.71	600,561.36	892,831.07

Indicator	Dec. 31, 2006 ('000 RMB)	Dec. 31, 2007 ('000 RMB)	June 30, 2008 ('000 RMB)
Accounts Receivable	537,018.57	573,912.45	667,304.67
Other Accounts Receivable	23,605.27	32,403.78	1,156,133.48
Prepaid Accounts	238,278.43	148,796.86	192,154.51
Inventory	228,489.59	260,205.78	265,362.81
Total Fixed Assets	6,154,709.72	8,304,050.22	8,024,215.52
Long-term investment	191,223.45	219,929.80	282,692.90
Intangible Assets and other assets	116,711.17	114,161.90	112,739.38
Total Liabilities	6,465,596.70	8,027,312.02	9,907,922.13
Current Liabilities	4,780,028.61	4,786,327.10	5,924,075.39
Accounts Payable	234,615.14	462,252.07	410,317.25
Accounts Pre-received	30,799.14	33,131.89	4187.87
Long-Term Liabilities	1,685,568.06	3,240,984.92	3936195.26
Shareholder's Equity	3,441,847.81	3,526,044.19	3,530,043.22
Share Capital	1,340,636.95	1,369,065.59	1,369,065.59
Retained Earnings	350,293.95	339,057.72	291,488.19

Source: the Company's 2007 annual report and 2008 first-half report

Key Balance Ratios

Ratio	Dec. 31, 2006	Dec. 31, 2007	June 30, 2008
Current ratio	0.40	0.34	0.54
Quick ratio	0.35	0.29	0.49
Cash ratio	0.19	0.13	0.15

Source: calculated with information provided in the Company's 2007 annual report and 2008 first-half report

Consolidated Income Statement

Indicator	Dec. 31, 2006 ('000 RMB)	Dec. 31, 2007 ('000 RMB)	June 30, 2008 ('000 RMB)
Main Operating Revenues	3,699,990.75	3,684,510.38	2,109,187.62
Main Operating Expenses	3,514,297.48	3,646,859.89	2,127,880.99
Gross Profit	532,197.89	-	-
Operating Expenses	18,114.79	20,132.71	9,926.37
Administration Expenses	44,291.37	47,205.52	23,016.67
Financial Expenses	286,710.74	316,535.93	253,065.57
Operating Profit	187,793.27	46,848.54	-12,372.55
Non-operating Income	9,506.87	12,238.14	4,643.91
Non-Operating Expense	273.66	112.38	187.27
EBIT	197,026.48	58,974.30	-7,915.91
Corporate Income Tax	26,726.25	9,100.45	7,938.28
Net profit attributable to equity shareholders	168,756.86	47,758.44	-20,322.75

Source: the Company's 2007 annual report and 2008 first-half report

Key Activity Ratios

Ratio/Indicator	Dec. 31, 2006 (percent)	Dec. 31, 2007 (percent)	June 30, 2008 (percent)
Gross Profit Margin	5.08	1.27	-0.59
EBIT Margin	5.33	1.60	-0.38
Net Margin	4.56	1.30	-0.96
ROA	1.70	0.41	-0.15
ROE	4.90	1.35	-0.58
Assets Turnover Ratio	0.23	0.28	0.28

Source: calculated with information provided in the Company's 2007 annual report and 2008 first-half report

Dividends

Dividend Per Share	2006 (RMB)	2007 (RMB)	2008 First Half (RMB)
Common	0.094	0.04	-0.01

Source: the Company's 2007 annual report and 2008 first-half report

Valuation Ratios

Ratio	Dec. 31, 2006	Dec. 31, 2007	June 30, 2008
P/E	54.89	86.29	-255.32
P/BV	2.69	1.17	1.47
EPS (RMB)	0.13	0.03	-0.01

Source: the Company's 2007 annual report and 2008 first-half report

Note: the price used in the calculation of P/E and P/BV is the close price on the designated dates

FINANCIAL MARKETS

SHFE fuel oil futures slide despite NYMEX crude clawing back

Major fuel oil futures on the Shanghai Futures Exchange (SHFE) continued to fall in the week ending Sept. 19, while crude oil prices on the New York Mercantile Exchange (NYMEX) rebounded.

The most traded 2008 December contract finished at RMB 4,011 ($587.47) per ton on Sept. 19, down a weekly 6.83 percent from its closing price on Friday, Sept. 12.

The most traded October crude oil contract on NYMEX fell sharply at the beginning of the week, but rebounded mid-week on the back of the weak U.S. dollar. By the close of trade on Sept. 18, the market had regained most ground lost over the first two sessions of the week, finishing at $97.88

Li Guo, an oil analyst with Dalian-based Liangyun Futures, wrote in a recent research note that SHFE fuel oil prices are expected to stay around RMB 4,000 ($585.86) in the near future, but will resume its downward trend.

The table below details fuel oil futures trade on the Shanghai Futures Exchange from Sept. 15 and Sept. 19.

Weekly performance of fuel oil futures on the Shanghai Futures Exchange, Sept. 12 to Sept. 19, 2008

contract	Open (RMB)	High (RMB)	Low (RMB)	Close (RMB)	Change (RMB)	Open interest	Open interest change	Weekend setting price	Volume	Turnover
fu0810	4056	4294	4012	4120	-140	1440	-20	4110	260	1068.24
fu0811	4102	4200	3984	4125	-215	11704	-22920	4102	153720	626283.32
fu0812	4057	4148	3870	4011	-294	52750	25304	3990	811542	3246524.73
fu0902	4030	4129	3876	4000	-298	222	76	3991	410	1641.08
fu0903	4095	4151	3802	4010	-285	344	52	3989	406	1633.08
fu0904	4026	4150	3925	4013	-273	166	6	3995	200	803.04
fu0905	4030	4160	3902	4010	-265	610	160	3987	940	3766.35
fu0906	4025	4080	3851	4019	-231	82	0	3983	80	319.30
fu0907	4025	4149	3945	4000	-279	170	16	4006	76	305.19
fu0908	4021	4025	3921	4010	-264	46	34	4004	74	296.25
fu0909	3992	4100	3842	3842	-360	6	4	3901	22	87.74
fu total		4294	3802			67540	2712		967730	3882728.33

Source: Shanghai Futures Exchange

Note: The Renminbi traded at 6.8276 against the U.S. dollar on Sept. 19, 2008

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SHFE fuel oil futures fall along with NYMEX crude

Major fuel oil futures on the Shanghai Futures Exchange (SHFE) continued their descent on Sept. 24, with the most traded 2008 December contract closing at RMB 4,270 ($626.75) per ton, down RMB 24 ($3.52), or 0.56 percent.

The descent followed an overnight fall in crude oil prices on the New York Mercantile Exchange (NYMEX). The November crude oil delivery contract on NYMEX ended at $106.61 per barrel overnight, down by $2.76, or 2.52 percent, due mostly to investor pessimism about the market. Investors are worried that the present economic turmoil in the United States will continue, despite measures taken by the government to bolster the domestic market.

Analysts predict that SHFE fuel oil futures will stay in a depression, but will remain stable until the country's seven-day holiday begins next week.

The following table details fuel oil futures traded on the SHFE on September 24, 2008.

Fuel oil futures trading on the Shanghai Futures Exchange, September 24, 2008

Contract	Last (RMB	Change (RMB)	Open interest	Volume	Turnover (RMB)	Bid-Ask (RMB)	Pre-clear (RMB)	Open (RMB)	Low (RMB)	High (RMB)	Last
fu0810	4,511	207	1380	20	902,200	4,250/	4,304	4,511	4,511	4,511	20
fu0811	4,465	-16	5346	9440	419,122,320	4,463/4,466	4,481	4,430	4,401	4,466	20
fu0812	4,270	-24	49330	342428	14,420,860,120	4,269/4,270	4,294	4,230	4,175	4,273	14
fu0902	4,212	-64	254	160	6,675,420	4,169/4,228	4,276	4,200	4,141	4,212	2
fu0903	4,189	-88	302	86	3,581,320	4,188/4,246	4,277	4,159	4,128	4,200	2
fu0904	4,151	-105	158	26	1,083,740	4,171/4,255	4,256	4,180	4,145	4,180	2
fu0905	4,213	-56	484	74	3,083,800	4,200/4,225	4,269	4,200	4,133	4,213	2
fu0906	4,199	-66	86	12	502,100	4,179/4,222	4,265	4,190	4,146	4,199	2
fu0907	4,136	-134	154	18	750,000	4,138/4,288	4,270	4,260	4,136	4,260	2
fu0908	4,176	-102	40	12	499,540	4,141/4,219	4,278	4,159	4,159	4,176	2

Source: Shanghai Futures Exchange

Note: The Renminbi traded at 6.8129 against the U.S. dollar on Sept. 24, 2008

WEEKLY PRICES

Coal prices continued to fall at Qinhuangdao Port last week

Qinhuangdao Port, China's largest coal trans-shipment port, watched coal prices continue to fall between Sept. 16 and Sept. 22, while stockpiles kept growing, according to China Coal Transportation and Development Association (CCTD) statistics.

Coal stockpiles have been growing in recent weeks, indicating that domestic market supplies are improving. According to CCTD statistics, coal stockpiles at the port have grown from 5.68 million tons on July 13 to 8.73 million tons on Sept. 21. The port's stockpile volume had reached 8.33 million tons by Sept. 14.

Many industry insiders have come to agree that the economic slowdown is the main reason for falling coal prices. They predicted that the trend will continue for the remainder of this year.

Experts expect that a coalmine safety inspection campaign in Henan and other provinces will lead many small coal fields to shut down. But, demand is not strong enough at present for such closures to cause a coal shortage.

The table below specifies coal prices on Sept. 16 and Sept. 22 at Qinhuangdao Port.

Spot coal prices at Qinhuangdao Port, Sept. 16 and Sept. 22

	Coal type	Heat value (Kcal/KG)	Price type	Price per ton on September 16	Price per ton on September 22
Qinhuangdao Port, Hebei	Datong premium blend	6,000	FOB	RMB 940 - RMB 1010 ($138.24 - $147.45)	RMB 940 - RMB 1000 ($138.24 - $147.06)
Qinhuangdao Port, Hebei	Shanxi premium blend	5,500	FOB	RMB 860 - RMB 930 ($126.47 - $135.77)	RMB 860 - RMB 930 ($126.47 - $135.77)
Qinhuangdao Port, Hebei	General blend	4,000	FOB	RMB 570 - RMB 590 ($83.21 - $86.76)	RMB 560 - RMB 580 ($82.35 - $85.29)
Qinhuangdao Port, Hebei	Shanxi blend	5,000	FOB	RMB 800 - RMB 830 ($116.79 - $121.17)	RMB 780 - RMB 800 ($114.71 - $117.65)
Qinhuangdao Port, Hebei	General blend	4,500	FOB	RMB 660- RMB 680 ($96.35 - $99.27)	RMB 640- RMB 660 ($94.12 - $97.06)

Source: China Coal Trade & Development Association

Key: FOB=Free on Board

Gasoline, diesel prices stable, LPG prices drops

Domestic diesel and gasoline prices have remained stable so far this week, but trading volume has stayed low due to weak market demand.

LPG prices in most regions fell slightly this week, and market demand was weak across the country. Northern regions saw the largest decline in LPG prices, which were already far higher than those seen in the rest of the country.

Large domestic stockpiles are also likely to further pressure prices, but not before China's national holiday.

Domestic price (RMB/ton) for liquefied petroleum gas (LPG)

LPG Producer	Average	September 20	September 21	September 22	September 23	September 24	Change
Daqing Petrochemical Company (Road delivery)	4,940.00	4900	4950	4950	4950	4950	0
Daqing Petrochemical Company (Railway delivery)	5,000.00	5000	5000	5000	5000	5000	0
Daqing Refinery Company (Road delivery)	4,880.00	4850	4850	4900	4900	4900	0
Daqing Refinery Company (Railway delivery)	5,242.00	5242	5242	5242	5242	5242	0
Daqing Refinery Company (propane)	5,340.00	5200	5200	5400	5400	5500	+100
Harbin Refinery (Road delivery)	4,956.00	4850	4980	5000	5000	4950	-50
Harbin Refinery (Railway delivery)	5,100.00	5100	5100	5100	5100	5100	0
Harbin Refinery (Propane)	5,412.00	5230	5230	5500	5550	5550	0
Daqing Fine Refinery	5,200.00	5200	5200	5200	5200	5200	0
Yushutun Refinery (Road delivery)		-	-	-	-	-	
Lamadian Refinery	4,886.00	4700	4950	4950	4930	4900	-30
Qianguo Refinery	4,936.80	4800	4800	5000	5042	5042	0
Jihua Refinery	4,940.00	4800	4950	4950	5000	5000	0
Shenyang Paraffin Plant	5,800.00	5800	5800	5800	5800	5800	0
Shenyang Paraffin Plant (vehicle gas)	5,480.00	5600	5600	5400	5400	5400	0
Fushun Oil No.2 Plant (Road delivery)	5,140.00	5050	5050	5200	5250	5150	-100
Fushun Oil No.2 Plant (Railway delivery)	5,350.00	5350	5350	5350	5350	5350	0
Liaoyang Chemical Fiber	5,500.00	5500	5500	5500	5500	5500	0
Jinzhou Petrochemical (Road delivery)	5,280.00	5300	5350	5250	5300	5200	-100
Jinzhou Petrochemical (Seaway delivery)	5,180.00	5200	5250	5150	5200	5100	-100
Jinzhou Petrochemical (propane)	5,580.00	5500	5500	5600	5600	5700	+100
Jinxi Refinery	5,300.00	5400	5350	5250	5300	5200	-100
Liaohe Oilfield Petrochemical	5,288.00	5280	5280	5280	5300	5300	0
Liaoning Panjin Heyun Group	5,208.00	5220	5220	5200	5200	5200	0
Dalian Petrochemical (Road delivery)	5,600.00	5600	5600	5600	5600	5600	0
Dalian Petrochemical (Seaway delivery)	5,682.00	5682	5682	5682	5682	5682	0
Dalian West Pacific (Road delivery)	5,550.00	5550	5550	5550	5550	5550	0
Dalian West Pacific (Seaway delivery)	5,682.00	5682	5682	5682	5682	5682	0
Dalian Jinggu	5,450.00	5450	5450	5450	5450	5450	0
Inner Mongolia Hohhot Refinery	5,042.00	5042	5042	5042	5042	5042	0

LPG Producer	Average	September 20	September 21	September 22	September 23	September 24	Change
Yanshan Petrochemical	5,668.00	5720	5750	5750	5660	5460	-200
Tianjin Refinery		-	-	-	-	-	
Dagang Petrochemical	5,500.00	5500	5550	5550	5550	5350	-200
Shijiazhuan Refinery	5,712.50	5700	5750	-	5750	5650	-100
Cangzhou Refinery	5,500.00	5630	5610	5530	5350	5380	+30
Huabei Petrochemical	5,486.00	5530	5560	5560	5400	5380	-20
Zhongjie Refinery	5,428.00	5480	5480	5480	5400	5300	-100
Jinan Refinery	5,938.00	6010	6010	6010	6010	5650	-360
Qingdao Petrochemical	5,988.00	6010	6010	6010	6010	5900	-110
Qingdao Oil Refinery	5,780.00	5860	5860	5860	5660	5660	0
Gaomi Yonghui	5,480.00	5600	5550	5450	5400	5400	0
Qilu Petrochemical	5,988.00	6010	6010	6010	6010	5900	-110
Shengli Heavy Oil Plant	5,705.00	-	5780	5680	5680	5680	0
Guangrao Petrochemical	5,680.00	5800	5700	5700	5600	5600	0
Hengyuan Petrochemical	5,520.00	5600	5600	5500	5450	5450	0
Shouguang Shuntai	5,520.00	5600	5600	5500	5450	5450	0
Shida Shenghua Refinery	5,560.00	5650	5600	5550	5500	5500	0
Dongying Boyuan	5,500.00	5600	5600	5600	5400	5400	0
Kenli Petrochemical	5,462.50	5600	5450	5400	-	5400	
Lijin Petrochemical	6,000.00	6000	6000	6000	6000	6000	0
Binzhou Petrochemical		-	-	-	-	-	
Changyi Petrochemical	5,641.67	5750	5700	5600	5600	5600	0
Haike Petrochemical	6,900.00	6900	6900	6900	6900	6900	0
Dawang Huaxing Petrochemical	5,650.00	5750	5700	5600	5600	5600	0
Jingbo Petrochemical	5,610.00	5750	5650	5600	5550	5500	-50
Changcheng Petrochemical		-	-	-	-	-	
Jincheng Petrochemical	5,582.00	5650	5650	5550	5530	5530	0
Dongming Petrochemical	5,730.00	5750	5750	5750	5700	5700	0
Huifeng Petrochemical	5,564.00	5700	5620	5550	5500	5450	-50
Huifang Hongrun	7,000.00	7000	7000	7000	7000	7000	0
Qifa Petrochemical	5,500.00	5600	5600	5500	5400	5400	0
Luoyang Petrochemical (Road Delivery)	5,540.00	5600	5600	5600	5500	5400	-100
Luoyang Petrochemical (Railway Delivery)	5,610.00	5670	5670	5670	5570	5470	-100
Zhongyuan Oilfield	5,730.00	5750	5750	5750	5700	5700	0
Nanyang Refinery	5,601.67	5590	5640	5640	5580	5580	0
Weihai		-	-	-	-	-	
Yantai		-	-	-	-	-	
Longkou		-	-	-	-	-	
Dushanzi Petrochemical (Road Delivery)	4,500.00	4500	4500	4500	4500	4500	0
Dushanzi Petrochemical (Railway Delivery)	4,500.00	4500	4500	4500	4500	4500	0
Tarim Oilfield (Railway Delivery)	4,000.00	4000	4000	4000	4000	4000	0
Urumqi Petrochemical (Road Delivery)	4,800.00	4800	4800	4800	4800	4800	0
Urumqi Petrochemical (Railway Delivery)	4,500.00	4500	4500	4500	4500	4500	0
Tuha Oilfield (Road Delivery)	4,780.00	4900	4900	4900	4600	4600	0
Tuha Oilfield (Railway Delivery)	4,500.00	4500	4500	4500	4500	4500	0
Lanzhou Refinery (Road Delivery)	5,300.00	5300	5300	5300	5300	5300	0
Lanzhou Refinery (Railway Delivery)	5,052.00	5100	5040	5040	5040	5040	0
Yumen Refinery (Road Delivery)	5,150.00	5150	5150	5150	5150	5150	0
Yumen Refinery (Railway Delivery)	4,800.00	4800	4800	4800	4800	4800	0
Qinghai Oilfield (Road Delivery)	4,800.00	4800	4800	4800	4800	4800	0
Qinghai Oilfield (Railway Delivery)	4,600.00	4600	4600	4600	4600	4600	0
Changqing Petrochemical	5,346.00	5410	5410	5360	5300	5250	-50
Qingyang Petrochemical	4,984.00	5040	5040	5040	4900	4900	0
Xi'an Petrochemical	5,334.00	5410	5380	5330	5300	5250	-50
Jingbian Refinery	6,000.00	6000	6000	6000	6000	6000	0
Yongping Refinery	6,000.00	6000	6000	6000	6000	6000	0
Yan'an Refinery	5,230.00	5250	5150	5250	5250	5250	0
Yinchuan Refinery	5,042.00	5042	5042	5042	5042	5042	0
Ningxia Baota Refinery	5,540.00	5500	5500	5500	5600	5600	0

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LPG Producer	Average	September 20	September 21	September 22	September 23	September 24	Change
Nanchong Refinery	5,040.00	5040	5040	5040	5040	5040	0
Chengdu	5,660.00	5700	5700	5700	5600	5600	0
Chongqing	5,800.00	5900	5900	5800	5700	5700	0
Guizhou	6,000.00	6000	6000	6000	6000	6000	0
Kunming	5,900.00	5900	5900	5900	5900	5900	0
Guizhou Panva Gas	6,000.00	6000	6000	6000	6000	6000	0
Yunnan Panva Gas	5,900.00	5900	5900	5900	5900	5900	0
Jingmen Petrochemical (Road Delivery)	5,696.00	5760	5760	5710	5650	5600	-50
Jingmen Petrochemical (Railway Delivery)	5,756.00	5810	5810	5760	5700	5700	0
Wuhan Petrochemical	5,824.00	5920	5850	5800	5800	5750	-50
Yueyang Petrochemical (Road Delivery)	6,202.00	6190	6190	6190	6220	6220	0
Changling Refinery (Road Delivery)	6,202.00	6190	6190	6190	6220	6220	0
Hunan	5,984.00	6080	6080	5900	5930	5930	0
Jiujiang Petrochemical	6,010.00	6050	6000	6000	6000	6000	0
Jiujiang	6,010.00	6050	6000	6000	6000	6000	0
Anhui Anqing (Road Delivery)	5,844.00	5980	5890	5800	5800	5750	-50
Wuhu	5,850.00	6000	5900	5850	5800	5700	-100
Yangtze Petrochemical Panva Gas	5,830.00	5910	5910	5910	5710	5710	0
Nanjing Refinery (Road Delivery)	5,770.00	5910	5810	5810	5710	5610	-100
Qingjiang Petrochemical	5,870.00	5850	5850	5850	5900	5900	0
Taizhou Petrochemical	6,310.00	6310	6310	6310	6310	6310	0
Yancheng Petrochemical	5,340.00	5250	5250	5250	5250	5700	+450
Yangzhou Petrochemical	5,784.00	5880	5810	5810	5710	5710	0
Zhenhai BP (domestic Gas)	7,580.00	7580	7580	7580	7580	7580	0
Zhenhai BP (Imported Gas)	8,000.00	8000	8000	8000	8000	8000	0
Hangzhou Refinery	5,890.00	5950	5950	5950	5800	5800	0
Shanghai Petrochemical	6,100.00	6100	6100	6100	6100	6100	0
Shanghai Gaoqiao	6,100.00	6100	6100	6100	6100	6100	0
Fujian Refinery (Road Delivery)	6,190.00	6250	6250	6250	6100	6100	0
Donghua Unocal (High propane ratio)	7,500.00	7500	7500	7500	7500	7500	0
Suzhou BP (High propane ratio)	7,500.00	7500	7500	7500	7500	7500	0
Jiangsu Zhongyou (domestic gas)	5,940.00	6000	6000	6000	5850	5850	0
Jiangsu Zhongyou (imported gas)	7,600.00	7600	7600	7600	7600	7600	0
Shanghai Jindi (Low propane ratio)	7,400.00	7400	7400	7400	7400	7400	0
Shanghai Jindi (High propane ratio)	7,400.00	7400	7400	7400	7400	7400	0
Wenzhou Huadian	6,080.00	6200	6200	6000	6000	6000	0
Wenzhou Huadian (High propane ratio)	8,000.00	8000	8000	8000	8000	8000	0
Haiyan Huadian	6,120.00	6200	6200	6200	6000	6000	0
Fujian Huaxing (Low propane ratio)	7,200.00	7200	7200	7200	7200	7200	0
Jiangyin		-	-	-	-	-	
Zhenjiang	5,840.00	5960	5960	5860	5760	5660	-100
Taizhou	5,840.00	5960	5960	5860	5760	5660	-100
Nantong		-	-	-	-	-	
Wenzhou	5,810.00	5930	5930	5730	5730	5730	0
Quanzhou	6,190.00	6250	6250	6250	6100	6100	0
Fuzhou	6,190.00	6250	6250	6250	6100	6100	0
Fuzhou BP	7,500.00	7500	7500	7500	7500	7500	0
Huadian Hengyuan	6,440.00	6500	6500	6500	6350	6350	0
Huadian Weitou	6,422.00	6470	6470	6470	6350	6350	0
Shenzhen Hua'an	7,800.00	7800	7800	7800	7800	7800	0
Huizhou Longpeng	6,700.00	6700	6700	6700	6700	6700	0
CNOOC Huizhou	7,350.00	7350	7350	7350	7350	7350	0
Guangzhou Huakai	7,800.00	7800	7800	7800	7800	7800	0
Guangzhou Zhongsui Gas	6,700.00	6700	6700	6700	6700	6700	0
Zhuhai BP	7,800.00	7800	7800	7800	7800	7800	0
Zhuhai Xinhai	7,800.00	7800	7800	7800	7800	7800	0
Zhuhai Coal Gas	7,800.00	7800	7800	7800	7800	7800	0
Yangjiang Haiyang	6,374.00	6500	6400	6370	6300	6300	0
Maoming Petrochemical (Road Delivery)	6,265.00	6330	6330	6300	6200	6100	-100

LPG Producer	Average	September 20	September 21	September 22	September 23	September 24	Change
Maoming Petrochemical (Railway Delivery)	6,200.00	6250	6250	6250	6150	6050	-100
Zhanjiang Dongxing	6,192.00	6250	6250	6250	6150	6060	-90
CNOOC Qinzhou		-	-	-	-	-	
Guangxi Zhongyou	6,400.00	6500	6500	6450	6350	6200	-150
Guangxi Tiansheng (industrial)	6,800.00	6800	6800	6800	6800	6800	0
Guangxi Tiansheng (civil)	6,550.00	6550	6550	6550	6550	6550	0
Qinzhou Guoxing	6,400.00	6400	6400	6400	6400	6400	0
Qingzhou Dongyou	6,170.00	6250	6250	6200	6100	6050	-50
Hainan Shihua		-	-	-	-	-	
Shantou Caltex	7,300.00	7300	7300	7300	7300	7300	0
Chaozhou Huafeng	7,700.00	7700	7700	7700	7700	7700	0
Shandou Longpeng	6,300.00	6300	6300	6300	6300	6300	0
Shenzhen	7,800.00	7800	7800	7800	7800	7800	0
Guangzhou (domestic)	6,320.00	6350	6350	6350	6300	6250	-50
Guangzhou (imported)	7,550.00	7550	7550	7550	7550	7550	0
Zhuhai (domestic)	6,428.57	6500	6500	6400	6400	6400	0
Zhuhai (imported)	7,500.00	7500	7500	7500	7500	7500	0
Maoming	6,233.33	6300	6300	6200	6200	6100	-100
Zhanjiang	6,192.00	6250	6250	6250	6150	6060	-90
Guangxi	6,170.00	6250	6250	6200	6100	6050	-50
Chaozhou and Shantou (domestic)	6,166.67	6150	6150	6150	6200	6200	0
Chaozhou and Shantou (imported)	6,350.00	6350	6350	6350	6350	6350	0

Source: PEC 365

EVENTS

China Carbon Forum 2008

This forum on west and east carbon emission trading has numerous resources from worldwide carbon buyers, traders, project developers to local CDM project owners to understand the policy and actions regarding carbon emission in China, as well as the CDM market situation, CDM projects showcases and status updates.

Major topics include:

- Opportunities and challenges of the Bali roadmap to climate change
- China's sustainable development policies and actions on carbon emission
- CDM development overview and project updates in China
- Networking platform for local and global CDM project owners and developers
- Perspectives energy efficiency CDM and renewable energies in China

Time: Oct. 15 to Oct. 16, 2008

Location: **Renaissance Beijing Capital Hotel, Beijing**

Hosting Organization: IGVision International Corporation (SPONSORS: DNV, Noble Carbon Credits, KPC, E.ON)

Web site: www.chinacarbonforum.com

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China Energy Tech Summit 2008

China Energy Tech Summit 2008 focuses on the latest solutions and technologies, as well as newly released policies and regulations for energy conservation and emission reduction in key energy industries, including electric power, nuclear, coal & coal chemical and petrochemical. We invite top management from energy companies, energy equipment vendors and service providers to attend this summit, which will provide a platform to gain deep insight into advanced EC & ER technologies in the energy industry, and to get to know the future trend of energy efficiency solutions and its resulting industrial restructure.

The summit will be divided into the following sections: policies and regulations; overview of the development of EC & ER Technologies in China; application of EC & ER Tech; energy efficiency; environmental protection; and renewable energy, among others.

Time: Oct. 15-17, 2008

Location: Crowne Plaza Hotel, Beijing

Hosting Organization: Duxes Inc.

Web site: http://www.duxes.cn

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E-mail: lolin@energytechsummit.com

The 4th Annual Asia Gas Congress 2008

This congress will be the first gas congress held in four years in China.

Despite strong demand fundamentals, supply constraints are affecting the gas business. Although Asia gas demand is on the rise, supply is struggling to keep up, and though countries like China and India have the potential to become significant importers of gas in the future, neither is fully committed to pursuing this energy source at current market prices. Endeavor to succeed with a coherent LNG value chain strategy.

Time: Oct. 21 - Oct. 23

Location: Crowne Plaza Park View Wuzhou, Shanghai

Hosting Organization: China Decision Makers Consultancy

Web site: www.asiagascongress.com

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Commercial Fundamentals of the Upstream Oil and Gas Industry Workshop

This is a comprehensive and up to date course, designated for a wide ranging background of professionals who need to enhance their core commercial and management skills and competency for the upstream oil & gas industry.

The four day workshop will be jointly led by two expert Practitioners & Trainers with a combined 55 years of industry experience: Anthony Way, Director & Managing Partner of The Energy Contract Company (UK) and Prof. Yvonne Barton MBE, former Chairman of BG Asia Pacific.

The course will be held in a highly interactive workshop format with Real Life Projects & Case Study for a small class.

Time: Oct 21-24, 2008

Location: Traders Hotel, Singapore

Hosting Organization: Neoedge Pte. Ltd.

Web site: http:// www.neo-edge.com.

Contacts: Mr. Thomas Ooi/ Mr. Steven Li

Tel number of PIC: +65 65579167/+86 10 59208165

Email of PIC: thomas.ooi@neo-edge.com / steven.li@neo-edge.com

China Power Business Convention

- Concurrently held with the largest power exhibition in China (the 12th International Exhibition on Electric Power Equipment and Technology).
- Highly effective business platform for new project briefings, procurement discussions, sales agency matching, CDM project trading, CDM project briefing and 1-on-1 seller/buyer meetings.
- CDM project presentations and face-to-face meeting for CDM project buyers and sellers.
- Latest information about power projects being planned, and related technology equipment requirements.
- Enhancing communication with power equipment purchasing decision makers.
- Custom-designed business matching program for equipment suppliers to identify sales agents in China.

Participants:

CDM project owners or developers

Carbon Credit buyers, investors, brokers and certificate authorities

Genco / Power Grid companies (with new projects):

-Technology / Equipment suppliers

-EPC / Complete Sets / Distributors

Time: Nov. 12 – Nov. 13, 2008

Location: China International Exhibition Centre, Beijing, China

Host: China Electricity Council

Web site: www.chinapower2008.com

Contact: Ms Lucy Gao, Project Executive

Tel: +86 10 5820 3237 ext.1021

Mobile: (86) 1369127 5039

E-mail: Lucy_gao@zenithevents.com.cn

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The 3rd China New Energy International Forum

China New Energy Chamber of Commerce will host the "3rd China New Energy International Forum" from Nov. 27 to Nov. 28, 2008 in Diaoyutai State Guesthouse in Beijing. This forum, whose theme is "Prospects of New Energy in Global Energy Predicament," will consist of an Opening Ceremony, four symposiums (Solar Photovoltaic Forum, Solar Thermal Forum, Clean Fuel Forum and Wind Energy Forum) and a Climate Change & Finance Capital Forum. The forum will create a platform for high-end communication and cooperation in the fields of policy, market, technology, capital and others, so as to promote rapid development in the renewable energy industry, which is facing challenges of shortages in conventional energy and environmental protection.

Time: November 27-28, 2008

Location: Diaoyutai State Guesthouse, Beijing

Hosting Organization: China New Energy Chamber of Commerce

Web site: http://www.neforum.cn

Contacts: Mr. Zhou Yang

Tel: +86 010-63100807

Fax: +86 010-63107703

E-mail: wudan@cnecc.org.cn

The 3rd Negotiating Successful Gas & LNG Contracts Workshop

This four day 13-module course provides practical and detailed training, in workshop format, of all the critical terms and conditions in the recently concluded Gas and LNG Sales Agreements, including project risk management.

The four day workshop will be jointly led by Anthony Way, Director & Managing Partner of The Energy Contract Company (UK).

The course will be held in a highly interactive workshop format with Real Life Projects & Case Study for a small class. A Pre-Course Questionnaire will be sent to you prior to the workshop and you will receive a Certificate of Attendance bearing signatures.

Time: Feb. 23-26, 2009

Location: Traders Hotel, Singapore.

Hosting Organization: Neoedge Pte Ltd

Web site: http:// www.neo-edge.com.

Contacts: Mr. Nelson Zhu / Mr. Steven Li

Tel: +65 65579168/+86 10 59208165

Email: nelson.zhu@neo-edge.com / steven.li@neo-edge.com

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SPECIAL ANNOUNCEMENT

SPECIAL ANNOUNCEMENT

Interfax-China is proud to announce the upcoming release of the following report;

Industry Report

CHINA CLEAN & RENEWABLE ENERGY TO 2010

The *Interfax-China* China Clean & Renewable Energy Industries to 2010 is a special industry report series that provides the most authoritative source for understanding China's clean & renewable energy industries.

The commercial intelligence publication is tailored directly to the needs of foreign investors and offers an up-close and up-to-date examination of all crucial factors impacting upon the market. Special effort has been undertaken to include all crucial issues, China's plans for the sector, forecasts, fuel mix portfolio, environmental impact, and all relevant energy sources including wind, solar, clean coal etc.

[Learn More] on the Web. For enquiries please contact us by email at andrew@interfax.cn or by phone at (86) 021-6215-3987

[Target Publication date: Dec 10, 2007]

WEEKLY MONITORS – CHINA

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Keep up-to-date with breaking developments within your target industries in China with *Interfax China's* authoritative industry weeklies.

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- **China Pharmaceuticals & Health Technologies Weekly**
- **China Commodities Daily – Energy & Metals**
- **China Commodities Daily – Grains & Softs**
- **China Energy Weekly**
- **China IT Weekly**
- **China Telecom Weekly**
- **China Mining and Metals Weekly**

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INDUSTRY REPORTS - CHINA

Industry-specific Reports

Strengthen your China strategy through in-depth analysis and intelligence through special reports, tailored custom research, and periodic industry monitoring.

- **China Carbon Trading Market 2008-2012**
- **China Commodities Report: Grain & Softs 2008**
- **Clean & Renewable Energy in China 2007 (H1 2008 updates available)**
- **China Power Generation Industry 2007**
- **China Oil and Gas Industries 2007**
- **China's Interventional Medical Device Markets 2007**
- **China Print Media Industries 2007**
- **China Coal Mine and Safety Equipment Market 2007**
- **China Metals Mining Equipment Market 2007**
- **China's Demand for Power up to 2030**
- **Digital TV Initiatives In China (Exclusive monthly update not available for resale)**

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