

P R E S S R E L E A S E

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Yuhuang Chemical, Inc. To Make \$1.85 Billion Investment in Methanol Project within the Port of South Louisiana District



First major Chinese foreign direct investment project in Louisiana will create 400 new direct jobs in St. James Parish and result in an estimated 2,700 total new jobs in the Southeast Region

VACHERIE, LA

Today, Port of South Louisiana Executive Director Paul Aucoin welcomed Governor Bobby Jindal and Yuhuang Chemical CEO Charlie Yao for the announcement that the company will make a \$1.85 billion capital investment in a world-scale methanol manufacturing complex on the Mississippi River in St. James Parish. The project by Yuhuang Chemical Inc., a subsidiary of Shandong Yuhuang Chemical Co. Ltd., represents the first major foreign direct investment by a Chinese company in Louisiana.

Yuhuang Chemical will create 400 new direct jobs, with an average annual salary of \$85,000, plus benefits. In addition, Louisiana Economic Development estimates the project will result in 2,365 new indirect jobs, for a total of more than 2,700 new jobs in the Southeast Region of Louisiana and surrounding areas of the state. At peak building activity, the company estimates the project will generate 2,100 construction jobs. Construction will begin in 2016, with the first phase of the methanol project beginning operations by 2018.

Governor Jindal said, “Following such historic foreign direct investment projects as Sasol in Southwest Louisiana and Benteler Steel/Tube in Northwest Louisiana, our state continues to raise the bar for attracting high-quality, world-class foreign direct investment projects. Foreign direct investment projects add great value to our state by creating high-paying jobs, increased levels of international trade and extraordinary career opportunities for the families of Louisiana. It’s no accident that we now have a record-high number of people working in Louisiana and companies from around the world continue to

make huge investments in our state. Our efforts reforming government, lowering taxes, and improving our state's business climate are paying off. Louisiana truly is becoming the best place in the world to live, work and raise a family."

One of China's leading chemical companies, Shandong Yuhuang Chemical recorded more than \$4 billion in 2013 sales and employs more than 5,600 people worldwide. Its newly formed Yuhuang Chemical subsidiary will make its first major U.S. investment in St. James Parish, where it has secured an option to purchase more than 1,100 acres for a three-phase project next to the Plains All-American Pipeline terminal. After the first methanol plant is completed, the company will build a second methanol plant and reach an annual capacity of 3 million metric tons per annum of methanol. A third phase will include a methanol derivatives plant that will produce intermediate chemicals. Most of the project's methanol will be exported by oceangoing vessels for use in the parent company's production of downstream chemicals in China, with approximately 20 percent to 30 percent of the methanol to be shipped by barge and rail and sold to North American customers.

"Building a new world-scale methanol unit in Louisiana is Shandong Yuhuang's first major step in becoming a global player in the petrochemical industry," Yao said. "While the company has long been highly regarded in China as one of its primary contributors to the industry in Asia, this Louisiana operation represents the company's commitment to significance on the world petrochemical platform. Louisiana was the right choice for our company to locate our first operation in the United States. This facility's location fits well with our strategy to leverage the advantage that natural gas feedstock provides. Our goal is to maximize technology innovation and develop our company into a petrochemical and fine chemical world leader, with an equally important reputation for being a resource-efficient and environmentally friendly global enterprise."

Yuhuang Chemical has selected China Huanqiu Contracting & Engineering Corp., known as HQC, to complete engineering work for the project. The company has licensed methanol technology from Air Liquide Global E&C Solutions. Hiring will begin in 2015, with employment reaching 200 by 2017 and 400 six years later.

LED began discussing the potential project with Yuhuang Chemical in February 2014. To secure the project, Louisiana offered the company a competitive incentive package that includes two performance-based grants: \$9.5 million to be paid over five years beginning in 2017 to offset infrastructure costs of the project and \$1.75 million to be paid over 10 years to partially defray the costs of necessary riverfront access and development. In addition, the company will receive the comprehensive workforce solutions of LED FastStart®, ranked the No. 1 state workforce training program in the country, and Yuhuang Chemical also is expected to utilize the state's Quality Jobs and Industrial Tax Exemption programs.

"We are happy to welcome Yuhuang Chemical to the Port of South Louisiana, St. James Parish and the River Region," said Executive Director Paul Aucoin of the Port of South Louisiana. "With expected methanol exports of up to 3 million metric tons annually, the company will not only create 400 well-paying jobs within our district, but also enhance the Port of South Louisiana's standing in foreign trade and maintain our standing as the largest energy transfer port in the United States."

“On behalf of all of St James Parish, we are excited about this announcement of Yuhuang Chemical Inc.,” St. James Parish President Timmy Roussel said. “We welcome them to our diverse business and industrial family. This project should aid in bringing our unemployment levels even lower than the reductions already realized and also work well with improving our present economic situation. I would like to thank Yuhuang Chemical for considering St. James Parish and the River Region as their place to do business. I look forward to a healthy relationship.”

“Greater New Orleans Inc. is very proud to have played an integral role in bringing Yuhuang Chemical to St. James Parish,” GNO Inc. President and CEO Michael Hecht said. “This is a major announcement for a number of reasons: One, it is the first announcement of a major mainland China chemical company investment in Louisiana history; second, it is over 2,700 total jobs; and third, the average salary for the direct jobs is \$85,000, plus benefits. Finally, this heralds a new chapter for investment in Greater New Orleans, as we begin to develop and benefit from promising relationships across Asia.”

About Shandong Yuhuang Chemical Co. Ltd. Shandong Yuhuang Chemical (Group) Co. Ltd. (SYC) is a China-based petrochemical group of companies with total fixed assets of \$5 billion, 2013 sales over \$4 billion and more than 5,600 employees. The company ranks No. 456 among the leading 500 Chinese companies and No. 24 among China’s Top 25 chemical companies. Shandong Yuhuang produces and markets a range of chemicals, including propylene, isobutene, butadiene, isoprene, styrene, toluene and others. For more information, visit yuhuanghuagong.com.

About Yuhuang Chemical Inc.

The North American subsidiary of Shandong Yuhuang Chemical Co. Ltd., Yuhuang Chemical Inc. operates an administrative office in Houston and is developing its first major U.S. project in St. James Parish in Louisiana. The world-scale methanol project will entail three phases, with construction beginning by mid-2016. For more information, visit yuhuang-usa.com.

About the Port of South Louisiana

The Port of South Louisiana, a 54-mile port district on the Mississippi River between New Orleans and Baton Rouge encompassing St. Charles, St. John and St. James parishes, is the largest tonnage port in the western hemisphere and accounts for over 50% of all Louisiana imports/exports.



Louisiana Governor Bobby Jindal with (L-R) Port of South Louisiana Commission President D. Paul Robichaux, Port of South Louisiana Commissioner Robert "Poncho" Roussel, Port of South Louisiana Executive Director Paul Aucoin, and St. James Parish President Timothy Roussel



Yuhuang Chemical CEO, Dr. Charlie Yao, Ph.D.



Huanqiu USA LLC Chief Representative, Madame Wang Xinge



Port of South Louisiana Executive Director Paul G. Aucoin



St. James Parish President Timothy Roussel

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