

Xinneng Chemical Company Ltd

March 30, 2006

International Finance Corporation
2121 Pennsylvania Avenue NW
Washington, D. C. 20433
Attention: Rachel Kyte, CES Director

Environmental Review Summary (ERS) for the Xinao CTC Project (the "Project") of Xinao Chemicals (the "Company")

We hereby confirm that we reviewed the ERS document, dated March 29, 2006, in relation to the above project. Please take this letter to confirm that:

- We approve the text of the ERS;
- We have no objection to the release of the ERS to IFC's Board of Directors;
- We have no objection to the ERS being made available to interested parties (including the general public) through its placement in the World Bank Group's InfoShop and appropriate World Bank Group country offices. We understand that if the ERS needs to be updated to reflect the final understanding of environmental and social issues with IFC, the revised text will be issued to us for prior approval;
- We have no objection to the release the following documents as the attachments of the ERS:
 - Environmental and Social Action Plan
 - Executive Summary of the Environmental and Social Impact Assessment
- We will ensure local disclosure of the ERS, with the above attachments, in a culturally appropriate manner and language. We will notify you of the date of local release and provide details of how this was undertaken (e.g copy of newspaper advertisement, brochure);

Policies and Guidelines

We confirm that we have received copies of the following World Bank Group environmental and social policies and guidelines:

- IFC's Policy on Disclosure of Information, dated September 1998.
- Policy on Environmental Assessment (OP 4.01), dated October 1998;
- IFC Policy Statement on Forced Labor and Harmful Child Labor, dated March 1998.
- General Environmental Guideline, dated July 1998;
- Hazardous Materials Management Guideline, dated December 2001;

- Occupational Health and Safety Guideline, dated June 2003;

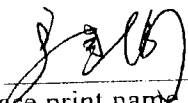
We understand that all of the above policies and guidelines are applicable to the project and as such, we will be required to demonstrate compliance to them in due course.

Summary of Project Information (SPI)

We confirm that we reviewed the SPI document, dated March 27, 2006, in relation to the above project. Please take this letter to confirm that:

- We approve the text of the SPI;
- *[or We approve the text of the SPI with the amendments as marked and initialed on the attached copy];*
- We have no objection to the release of the SPI to IFC's Board of Directors;
- We have no objection to the SPI being made available to interested parties (including the general public) through its placement in the World Bank Group's InfoShop and appropriate World Bank Group country offices. We understand that if the SPI needs to be updated, the revised text will be issued to us for prior approval.

Signed on Xinao Group

By  YU Jianchao CFO
Please print name next to signature Title

cc: IFC Environment & Social Development Department (CES), Attention: Larry Jiang

* Sponsors should sign letter only if Project Company is not yet incorporated — expected to be a very unusual occurrence