



Climate Change Capital

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Purchase of Emission Reduction Units from the Xunxian Straw Burning Power Plant Project.

We refer to your recent discussions with Mina Guli regarding the possible sale of Certified Emission Reductions ('CERs') from the above listed project ('Project') being developed by *National Bio Energy (Xunxian) Co., Ltd.* ('NBE'). On behalf of the Climate Change Capital Carbon Fund ('C4F'), I am pleased to express a very strong interest in purchasing the CERs from this Project.

C4F is a carbon fund managed by Climate Change Capital Ltd. ("CCC"), a UK-based merchant banking firm focused on emissions trading and clean energy. It has offices in Paris and Madrid, and investors and clients from North America and Europe.

C4F currently has over \$100 million in assets under management, and can draw on further capital from a network of investors as and when opportunities warrant. The Climate Change Capital management also has considerable experience with the development and management of power projects, having raised over €300 million in project development capital, including more than €22 million specifically for the financing of wind projects.

Having recently reviewed the PIN and other information, C4F is pleased to express an interest in purchasing ERUs from the project.

You requested that we should provide indicative prices for the following scenarios:

- i. without upfront payment;
- ii. with maximum upfront payment; and
- iii. with half of the maximum payment provided upfront.

Without Upfront Payment:

1. Fixed price: C4F will consider paying up to €7-€8 for 100% of the CERs from the Projects.

2. Floating price: C4F will also consider a profit share structure based on a floor price of €6. In this structure, the price of CERs is expressed as a fixed percentage of the EU Allowance (EUA) price at the time of CER delivery (for example 60%, or €6, whichever is higher)
3. Blended price offer: C4F can consider paying a fixed price for an agreed percentage of the CERs and a floating price for the balance.

With Upfront Payment:

In addition, C4F is also in a position to make down-payments for a proportion of the CERs. With further information on the Projects financing, we can structure an off-take arrangement to support cash flow requirements. A large upfront payment would clearly affect the prices indicated above to a greater extent than a small one, as would the extent of any guarantees or charges relating to the up front payment.

These price indications remain valid until 10 February, 2006.

In addition to these indicative prices, C4F would welcome the opportunity to discuss with you our proposal to bundle these Projects, and/or to establish a partnership which enabled C4F to offer a range of products and services, possibly as part of a Joint Venture, which would include maximisation of the value of CERs through derivatives and hedging products. C4F would aim to maximise the value of the CERs for NBE by maintaining optionality over how to contract, by securing both a minimum price for the project and retaining exposure to higher prices in multiple jurisdictions at different points in the life cycle of the project, through significant relationships with global government procurement vehicles, EU ETS operators and financial institutions.

If NBE finds this levels to be acceptable, then C4F would like to proceed quickly in conducting due diligence, completing the PDD and exclusively negotiating an ERPA. Specifically, as soon as possible after we receive NBE's acceptance of this letter of interest, CCC, on behalf of C4F, would provide:

- A confidentiality agreement
- An indicative term sheet and exclusivity agreement
- A presentation and discussion of due diligence requirements

We would welcome an opportunity to discuss these options and steps further with you and we hope to work with you.

Sincerely,



Rupert Edwards
Investment Manager
Climate Change Capital Carbon Fund s.ar.l.