

Enclosure 3

**Evidence and Explanation
for Action related CDM of Project Activity**

Shuangbai Ejia Magahe River Hydropower Project

29 September 2008

Shuangbai Ejia Magahe River Hydropower Project

Explanation of Evidences on the Action related with CDM

Evidence 1: Consulting Contract between the Project Owner and Coway International TechTrans Co., Ltd.

Evidence 1 shows CDM consulting agreement between the Project Owner and “Coway International TechTrans Co., Ltd. (Coway)” on 21/03/2006.

Evidence 2: Term Sheet Contract between the Project Owner and Standard Bank Plc.

Evidences 2 shows the term sheet between the Project Owner and Standard Bank Plc as buyer, that was a agreement for purchase of certified emission reductions 12/01/2007.

Evidence 3: Notice on Implementation of Peak and Valley Tariff in New operation Hydropower Units issued by Yunnan Province Development and Reform Commission

Evidence 3 shows the notice on electric tariff in Yunnan Province issued by Yunnan Province Development and Reform Commission.

合同编号: CD7E-1161-00 |

咨询服务合同

项目名称: 云南楚雄麻嘎河水电站

委托方 (甲方): 云南滇能楚雄水电开发有限公司

受托方 (乙方): 科威国际技术转移有限公司

签定时间: 2006 年 3 月 21 日

签定地点: 昆明市拓东路 45 号世博大厦 2113 室

咨询服务合同

委托方(甲方): 云南滇能楚雄水电开发有限公司

地 址: 云南楚雄经济技术开发区永宁街 70 号

邮政编码: 675000

法定代表人: 李克毅

开户银行及帐号: 农行楚雄市永安分理处, 101101040000949

联 系 人: 高迪

电 话: 0878-3399215

传 真: 0878-3399215

电子信箱: dncx-2003@163.com

受托方(乙方): 科威国际技术转移有限公司

地 址: 北京市清华大学东门华业大厦 2206

邮政编码: 100084

法定代表人: 嵇世山

开户银行及帐号: 建行清华园支行, 11001079900053002005

联 系 人: 王 政

电 话: 010-62795171/.../80 转 106

传 真: 010-62795182

电子信箱: wangzheng@ittc.com.cn

经甲、乙双方自愿、平等、友好协商，并在真实、充分表达双方意愿的基础上，就甲方潜在 CDM 项目开发达成以下合同。

一、委托内容：

甲方委托乙方为其 麻嘎河水电站 CDM 项目的唯一咨询服务机构，乙方负责该潜在 CDM 项目（从项目识别到注册，直至销售成功）的开发工作。

该项目简要描述如下：麻嘎河水电站位于云南省楚雄州双柏县鄂嘉镇的麻嘎河上，电站装机 $2 \times 7.5\text{MW}$ ，预计 2008 年 5 月投产，年发电量 7000 万 KW.h。

二、甲方的权利义务

2.1 甲方有权要求乙方提供本合同 3.1—3.5 条款中所约定的各项服务，及提出合理的改善意见，并有权得知该项目的进展情况。

2.2 甲方尽可能确保本项目工程进度，即尽可能确保项目的融资、建设和运行，并依据项目设计文件（PDD）要求按期产生设计数量的减排量并进行监测。甲方尽可能确保工程进度与该 CDM 项目开发工作保持一致。若因甲方原因（由于工程质量、安全、停工等方面原因造成的工期延误 6 个月以上）导致项目失败，甲方应赔偿该项目乙方已发生的前期开发费用并承担由此造成的损失。

2.3 甲方须指派专职人员 2 配合乙方工作，并按乙方的要求按时提交与该项目有关的文件、数据及资料。

2.4 若在约定的时间内，乙方未能帮助甲方取得国家发改委对该 CDM 项目的批准，甲方有权寻找其他合作伙伴。

2.5 甲方应按本合同约定和项目实际进展支付乙方报酬及本合同 4.3 条款中约定的各项费用。

2.6 甲方应当及时地为乙方出具完成 3.1 条款规定的工作所需的授权委托书及相关的文件。

2.7 甲方应及时签署并履行乙方全权代表其与买家及指定经营实体谈判达成的减排量购买协议、审定合同和核查核证合同。

三、乙方的权利义务

3.1 乙方负责该项目开发过程中的各项工作，主要包括：项目识别，项目概念文件（PIN）及项目设计文件（PDD）的编制，负责帮助甲方取得国家发改委对本项目的批准，负责联系并协调指定经营实体（DOE）对本项目进行审定和核查核证，负责帮助甲方办理本项目在清洁发展机制执行理事会（CDM EB）的注册，负责联系国外买家，进行有关的商务谈判，达成购买合同。负责帮助甲方取得经核证的减排量（CERs），并完成销售。

3.2 乙方负责就本项目 CERs 的销售全权代表甲方与国外买家谈判。

3.3 根据甲方要求，乙方可以为甲方培训 2-3 名 CDM 项目工作人员。

3.4 乙方应在本合同签定之日起 11 个月之内，使甲方取得国家发改委对本项目的批准。

3.5 乙方负责就本项目的审定及核查核证全权代表甲方与指定经营实体谈判。

四、咨询服务费收取标准及付款方式

4.1 甲方同意支付 100 万元人民币做为乙方完成 3.1 条款工作的报酬。

4.2 付款方式：本合同签定后 7 日内，甲方支付合同金额的 20% 做为启动经费；项目设计文件（PDD）完成后 7 日内，再支付 30%；项目取得国家发改委批准后 7 日内支付 10%；项目通过 DOE 的审定后 7 日内支付 20%；项目在 CDM EB 注册成功日内后 7 支付 10%；签定 CERs 购买协议后 7 日内支付 10%。

4.3 与项目有关的第三方费用由甲方自行支付，包括：CDM EB 注册费、CDM EB 收取的项目行政管理费、DOE 审定及核查核证费用、CDM EB 收取的适应性费用（全部 CERs 销售收入的 2%）、国家收取的管理费（全部 CERs 销售收入的 2%）。

4.4 若由于乙方原因在约定时间内不能成功取得该 CDM 项目的批准书，可以经双方协商终止本合同，乙方已产生的费用不必返还甲方。

五、甲、乙双方保密责任

甲、乙双方对本合同具体内容负有保密责任。未经一方同意，另一方不得将双方的合作及本合同内容披露给任何第三方。

5.1 甲方有义务为乙方保守一切因接受本合同约定的服务内容而知晓的商业秘密，且在本协议终止后有继续保密的义务。

5.2 乙方有义务为甲方保守一切由于提供本合同中的服务而知晓的商业秘密，且在本协议终止后有继续保密的义务。在无甲方书面授权的情况下，乙方不得在与本合同约定的服务内容无关的其他业务中利用这些商业秘密。

六、违约责任

6.1 如果甲、乙双方一方违反本合同的约定，给对方造成的实际损失应由违约方予以赔偿。

6.2 如果因一方违约行为致使本合同无法继续进行，违约一方应向对方赔偿因合同不能履行而造成的直接和间接经济损失。

七、其它约定

7.1 本合同履行未尽事宜，甲、乙双方可另行协商，签定补充协议，补充协议作为本合同的有机组成部分，具备与本合同同等的法律效力。本合同与补充协议不一致的条款，以补充协议为准。

7.2 本合同履行过程中出现的纠纷，甲、乙双方可友好协商，协商不成可向昆明市中级人民法院起诉。

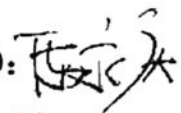
7.3 本合同有效期 12 年，经双方协商一致，可以提前终止或延长。

7.4 本合同一式四份，甲、乙双方各执二份，每份具有同等法律效力。

甲方（盖章）：

云南滇能楚雄水电开发有限公司

法定代表人（签字）：

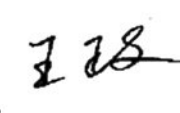
或授权委托人（签字）：

日期：2006年3月21日

乙方（盖章）：

科威国际技术转移有限公司

法定代表人（签字）：

或授权委托人（签字）：

日期：2006年3月21日



Cover:

Consulting Service Agreement

Project Name: Yunnan Chuxiong Magahe River Hydropower Project

Consigner (Party A): Yunnan Dianneng Chuxiong Hydropower Development Co. Ltd.

Consignee (Party B): Coway International TechTrans CO., Ltd.

Signing Time: 21st March, 2006

Location: 2113, Shibo Building, No. 45 of Tuodong Road, Kunming City

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BETWEEN

Consigner (Party A):

Yunnan Dianneng Chuxiong Hydropower Development Co. Ltd., a company with its registered office at No. 70, Yongning Street, Development District, Chuxiong City, Yunnan Province, P.R.China.

Consignee (Party B):

Coway International TechTrans CO., Ltd., a company with its registered office at No.2206 Huaye Building, East Gate of Tsinghua University, Beijing, P.R.China.

Page 2:

Party A and Party B reached the following agreement on the basis of full expression of the wishes of both sides and voluntary, equal, friendly consultations.

1. Entrusting Items:

Party A commissioned Party B as the only consulting service organization for Shuangbai Ejia Magahe River Hydropower CDM Project. Party B responds for the CDM project development, including the service from project identifying till successful registration and sale.

A brief description of the project as follows: Shuangbai Ejia Magahe Hydropower Project is located on Magahe River in Ejia Town, Shuangbai County, Chuxiong City, Yunnan

Province, with the installed capacity of 15MW, and the annual electricity generation will be 70GWh. It is expected to go into operation in May 2008.

- 2. Right and obligation of part A**
- 3. Right and obligation of part B**
- 4. Payment item and charge**
- 5. Confidentiality**
- 6. Default responsibility**
- 7. Others**

Page 5:

Party A (seal): Yunnan Dianneng Chuxiong Hydropower Development Co. Ltd.

Legal representative (signature):

Or Authorized Principal (signature): Chen Yongqing

Date: 21st March, 2006

Party B (seal): Coway International TechTrans CO., Ltd.

Legal representative (signature):

Or Authorized Principal (signature): Wang Zheng

Date: 21st March, 2006



Indicative (non-binding) Term Sheet for Purchase of Certified Emission Reductions

Standard Bank is pleased to submit this proposal for the purchase of Certified Emission Reductions (CERs).

The transaction described herein is subject to satisfactory technical, legal and commercial due diligence, review and approval of both Buyer and Seller; and execution of definitive agreements ("Agreement") containing all appropriate provisions. For the avoidance of doubt, this Term Sheet is not intended to be legally binding on both Buyer and Seller except the Confidentiality and Exclusivity clause.

From the date of signing this term sheet, Buyer and Seller enter exclusive negotiations for up to thirty (30) days to agree an Emission Reductions Purchase Agreement, such term able to be extended by mutual agreement in writing.

1. Definitions and Project

Buyer	Standard Bank plc, 25 Dowgate Hill, London EC4R 2SB
Seller	Yunnan Dianneng Chuxiong Hydropower Development Co., Lt
Transaction Description	This term sheet outlines the proposed sale by the Seller and purchase by the Buyer of CERs on a forward delivery and payment basis, with payment on delivery.
CER Definition	Certified Emission Reduction (CER) means a unit issued by the CDM Executive Board (EB) on the basis of verification of a Clean Development Mechanism Project activity pursuant to Article 12 of the Kyoto Protocol and all other relevant International Rules and is equal to one metric tonne of CO ₂ Equivalent (CO ₂ E) reduced by the project activity below the baseline calculated in accordance with the International Rules. The CERs from the Project must meet the quality criteria set out in section 4 below.
Project	The CERs will be generated from the Magahe 15MW small-scale hydropower Project located in the Yunnan Province of China.
Reasonable and Prudent Operator (RPO)	Definition of RPO shall mean a person seeking in good faith to perform its contractual obligations and in so doing and in the general conduct of its undertaking exercising that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced operator complying with all applicable laws, engaged in the same type of undertaking, under the same or similar circumstances and conditions, and any reference to the standards of a Reasonable and Prudent Operator shall be construed accordingly.

Cannon Bridge House 25 Dowgate Hill London EC4R 2SB
Tel +44 (0) 20 7815 3000 Fax +44 (0) 20 7815 3099

Standard Bank Plc
Registered Company No 2130447
registered Office 25 Dowgate Hill London EC4R 2SB

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Authorised and Regulated by the Financial Services Authority

2. Principal Terms Tables

Year	CER Volume Generated (t CO ₂ E)	Contract Volume (t CO ₂ E)	Fixed Price in EUR (EUR/t)
2007	31,646	31,646	8.00
2008	54,251	54,251	8.00
2009	54,251	54,251	8.00
2010	54,251	54,251	8.00
2011	54,251	54,251	8.00
2012	54,251	54,251	8.00

Contract Years CERs deliverable under this transaction shall have been generated in calendar years 2006 to 2012.

Contract Volume and Delivery Schedule The Seller shall sell and the Buyer shall buy the Contract Volume of CERs at the fixed price specified in the Table above. The Seller shall deliver the Contract Volume of CERs no later than 31 December in the year following the relevant Contract Year, except that the Seller shall deliver the Contract Volume of CERs generated in Contract Year 2012 no later than 30 June 2013.

All CERs will conform to the Quality Criteria as set out below.

Exclusivity and Option on additional volume If any volume is generated above the Contract Volume in a given Contract Year then the Buyer shall have the right to buy the additional volume at the Contract Price. The Buyer will give a written notice to the Seller no later than three weeks before delivery if they wish to exercise the option. If the Buyer elects to exercise the option, Seller is obliged to sell all volumes they hold in excess of the Contract Volume, at the Contract Price.

First Crediting Period Priority The Buyer shall have first priority (but not the obligation) to buy any CERs generated by the Project after 2012 but within the first crediting period under the Clean Development Mechanism of the Kyoto Protocol at a price mutually agreed

Project Design Document The Seller will arrange services to prepare and submit a PDD to a Designated Operational Entity for validation within thirty (30)

(PDD)	days of the completion of the PDD by the Seller at Seller's cost. The Buyer will ensure that they expedite all aspects of PDD preparation and validation where their input is required.
Project Participant and Focal Point	The buyer shall be listed on the PDD as a Project Participant and shall be nominated as the principal point of contact with the UNFCCC Secretariat and the CDM Executive Board for any communications in relation to the Project and the issuance of CERs.
Determination by Designated Operational Entity and Approval by the CDM Executive Board	<p>Seller shall submit the Project Design Document (PDD) for the Project for validation by a Designated Operational Entity (DOE) and any necessary approval of the CDM Executive Board (EB) as soon as reasonably possible. The seller shall make reasonable efforts, acting as an RPO, to ensure that such validation and approval for the Project for the volume of CERs set out in the Table is successful and shall keep all Project Participants reasonably informed regarding such matters.</p> <p>Should the Designated Operational Entity fail to validate the PDD or if the EB shall fail to give any necessary approval for registration of the Project as a CDM project as required under the International Rules by 30 April 2008, the Buyer will have the right to terminate the Agreement.</p>
Volume Shortfall	<p>In each Contract Year the Seller shall act as an RPO to generate CERs from the Project sufficient to meet the Contract Volume, to have the CERs verified and certified by a Designated Operational Entity and issued by the EB.</p> <p>Should there be a shortfall in any given Contract Year in CER volume ("Volume Shortfall") delivered from the Project the shortfall volume shall be accumulated and delivered to the Buyer in the following year.</p> <p>If there is a shortfall over the entire contract period, Buyer shall buy and Seller shall sell all available volumes at the Contract Price.</p>
Price	As per Table.
Wilful Default	The final Agreement will exclude any limitations of liability for Wilful Default by the Buyer or the Seller.
Delivery and Payment	Delivery of CERs is deemed to take place upon the valid and uncancellable receipt of such CERs in the Buyer's nominated

registry account.

The Buyer will make reasonable efforts, acting as a RPO, to set up a registry account capable of accepting delivery of CERs. If, having undertaken reasonable efforts, the Buyer is unable to establish a registry account capable of accepting delivery of the CERs or the account is unable to receive the CERs, delivery will be delayed until such time as the Buyer is able to take delivery of the CERs.

At least nine weeks before scheduled delivery of CERs, Seller shall inform Buyer of expected delivery volume. The Buyer agrees to pay the Seller the Annual Payment within thirty (30) days after the date of the Buyer's receipt of the Seller's invoice which the Seller issues after the confirmation by the Buyer of Delivery of CERs to the Buyer's Account. The Annual Payment shall be equal to the product of the Fixed Price in EUR and the volume of CERs delivered to the Buyer for that Contract Year.

3. Additional Terms

**Approval by
Host
Government
Rights, Title
and Ownership**

The Seller will make reasonable efforts, acting as a RPO, to obtain Host Government approval for the Project

The Seller warrants good, legal, beneficial and marketable title to the CERs from the Project.

Upon delivery, Buyer shall acquire all rights, including but not limited to any credit, tradable allowance or allocated pollution right issued by a government or international agency exclusively for the CERs deliverable under this transaction.

Taxes and Fees

- (a) Any Taxes that may be payable with regard to the Project and the sale, purchase and transfer of the Contract Volume of CERs which are charged in the Seller's jurisdiction shall be borne by the Seller, provided that any Taxes payable by any Party and calculated on the bases of its income including capital gains shall be borne by the relevant Party.
- (b) Any Taxes that may be payable with regard to the sale, purchase and transfer of the Contract Volume of CERs which are charged in the Buyer's jurisdiction shall be borne by the Buyer, provided that any Taxes payable by any Party and calculated on the bases of its income including capital gains shall be borne by the relevant Party.

- (c) The Seller shall bear any Share of Proceeds or any other deductions or fees levied by the Executive Board or the UNFCCC in relation to the Contract Volume of CERs.

Representations and warranties	<p>The final Agreement shall contain various representations and warranties to be given by the Seller and/or the Buyer. These shall include:</p> <ul style="list-style-type: none">• Ability to enter into the final agreement• All consents valid and subsisting• Duly incorporated in jurisdiction of incorporation
Information	<p>The Seller will provide the Buyer with regular information updates on the operation of the Project and on the expected CERs for the current and future contract years. The Seller will promptly notify the Buyer of any expected shortfall in CERs from the Project.</p>
Agreement	<p>This transaction is contingent upon execution of a mutually acceptable Agreement. Upon confirmation of agreement to the terms outlined in this term sheet, the Buyer and Seller shall have six months to finalize and execute a mutually acceptable Agreement. This period may be extended by the mutual agreement of both Buyer and Seller. The Buyer will initiate the first draft of an Agreement.</p>
Credit	<p>This transaction is contingent upon credit approval by the Buyer and the Seller. The Buyer and the Seller shall have thirty (30) days after signing this term sheet to assess their respective creditworthiness and ensure credit is compliant with the Buyer's and the Seller's requirements.</p>
Confidentiality	<p>All terms and conditions of this term sheet and transaction are confidential. The Buyer and the Seller must mutually agree in writing as to the timing, content, and all factors relating to any public announcements regarding this transaction. At this stage both parties prefer to keep this transaction strictly confidential. This confidentiality clause is binding, also in the event of no Agreement being agreed between the Buyer and Seller.</p>
Jurisdiction	<p>The Agreement between the parties will be governed by the laws of England. The Buyer and the Seller will agree mutually acceptable dispute resolution mechanism as part of negotiations on the Agreement.</p>
Assignment	<p>The Agreement will allow the Buyer to freely assign / novate the Agreement to any affiliate and to assign / novate the Agreement to any 3rd party subject to the Seller's consent.</p>

4. Quality Criteria for CERs

Real	A reduction of actual CO2E emissions resulting from specific and identifiable actions.
Quantified	By transparent and replicable calculation methodology. All necessary data shall be available to be verified and audited by a Designated Operational Entity accredited by the EB.
Verified	The DOE Certificate of Verification and Emission Reduction Verification Report shall be submitted to the Buyer for the Buyer's acceptance for each Contract Year.
Surplus	Seller believes that CERs are in excess of any emission reductions that may be required by existing regulatory requirements at the date of Project initiation.

Erik Jorgensen
Standard Bank Plc

On behalf of Standard Bank PLC.

Accepted by
On behalf of Seller 12/01/07

This term sheet is being delivered to you as a sophisticated prospective investor in order to assist you in determining whether you have an interest in the type of investments described herein. It has been prepared solely for informational purposes and is not an offer to buy or sell or a solicitation of an offer to buy or sell any commodity, commodity derivative or other investment or to participate in any trading strategy. Any such offer would be made pursuant to a definitive transaction document. Any decision to invest in any such investment should be made solely in reliance upon such definitive transaction document which will supersede this term sheet. You should seek your own legal and tax advice having regard to your circumstances.

No representation or warranty, express or implied, is made with respect to the accuracy, completeness, correctness, sufficiency or usefulness of the information herein. Certain assumptions may have been made herein which have resulted in any returns detailed herein. No representation is made that any returns indicated will be achieved or that all assumptions in achieving these returns have been considered or stated. Changes to the assumptions may have a material impact on any returns detailed herein. Past performance is not necessarily indicative of future results. Price and availability are subject to chance without notice. Additional information is available upon request. This term sheet has been issued by Standard Bank Plc, which is authorised and regulated by the U.K. Financial Services Authority.

Standard Bank and/or any of its affiliates or associated companies may have positions in, and may effect transactions in, commodities, commodity derivatives or other investments and may also perform or seek to perform investment banking services for entities related to this transaction or any of their affiliates.

The distribution of this term sheet and the offer or sale of any investments may be restricted by law. Additionally, transfers of such investments may be limited by law or the terms thereof. Persons into

whose possession this term sheet comes are required to inform themselves of, and comply with, any such legal or contractual requirements. In particular, but without limitation, insofar as this term sheet is being distributed in the United Kingdom it is only being distributed to those persons who are Market Counterparties or Intermediate Customers (as defined in the UK Financial Services Authority's Rules).
NOT FOR DISTRIBUTION IN THE UNITED STATES.

This term sheet is not a Research product of Standard Bank and should not be regarded as a research report.



云南省发展和改革委员会文件

发改价格〔2006〕22号

云南省发展和改革委员会关于新投产水电机组试行丰枯上网电价有关问题的通知

各州、市发展和改革委员会，云南电网公司：

根据国家电价改革的目标和要求，2004年国家发改委和改革委员会以《关于疏导南方电网电价矛盾有关问题的通知》（发改价格〔2004〕1037号），下达了云南电网统调范围内新投产机组的上网电价（即标杆电价）。其中新投产水电机组上网电价暂定为每千瓦时0.215元。针对我省电力供应丰枯季节矛盾突出的特点，为有利于促进我省水电电源结构的调整，提高调节性能，引导投资，优化资源配置，抑制低水平重复建设，经向国家发改委请示，同意我省对此类5万千瓦及以下的新投产水电机组上网电价试行丰枯电价。现将有关事项通知如下：

一、自 2005 年 1 月 1 日起, 纳入云南电网公司统调范围的水电新投产, 单机装机在 5 万千瓦及以下机组的上网电价 (含所有上网电量, 不再区分基数内外, 下同), 在国家发展和改革委员会暂定的统一上网电价 0.215 元/千瓦时的基础上, 实行丰枯季节上网电价; 即每年的 5 月和 11 月为平水期, 上网电价执行 0.215 元/千瓦时; 6-10 月为丰水期, 上网电价执行 0.19 元/千瓦时; 12 月和 1 至 4 月为枯水期, 上网电价执行 0.24 元/千瓦时。

二、对纳入云南电网公司统调范围, 单机在 5 万千瓦以上的水电新机组, 上网电价按 0.215 元/千瓦时执行。



主题词: 水电 丰枯 电价 通知

抄送: 省政府办公厅、省经委、省水利厅、国家发展和改革委员会价格司。

云南省发展和改革委员会办公室

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Yunnan Province Development and Reform Commission Document

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Notice on Implementation of Peak and Valley Tariff in New operation Hydropower Units issued by Yunnan Province Development and Reform Commission

1. From January 1st 2006, new operation hydropower units with installed capacity equal and below 50MW connected to Yunnan Power Grid should adopt peak and valley tariff on the basis of the consolidated feed-in tariff 0.215 Yuan/kWh (including VAT) which was stipulated by National Development and Reform Commission.
May and November is determined as mean flow period and the tariff is 0.215 Yuan/kWh (including VAT); June to October is determined as high flow period and the tariff is 0.19 Yuan/kWh (including VAT); December and January to April is determined as low flow period and the tariff is 0.24 Yuan/kWh (including VAT).
2. New operation hydropower units with installed capacity greater than 50MW connected to Yunnan Power Grid should adopt the feed-in tariff 0.215 Yuan/kWh (including VAT).

January 6th 2006