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Letter of Intent

Emission Reductions arising from Renewable Energy Projects in the PRC

This LoI ("Letter of Intent") confirms the principal terms of understanding among:

RWE Power AG ("RWE")

Huyssenallee 2
45128 Essen
Germany

and

Yingjiang County Mingliang Trading Co., Ltd. ("Project Entity")

First Development Zone, Construction Road, Pingyuan Town, Yingjiang County
Yunnan Province
People's Republic of China

Note:

Company Chinese Name: 盈江县明亮商贸有限公司

Chinese Address: 中国云南省盈江县平原镇建设路第一开发区

following referred to individually as a "Party" and collectively as the "Parties".

WHEREAS

a) The Project Entity is developing a CDM project dealing with the production of electric energy by the exploitation of renewable energy (the "Yunnan Yingjiang County Mangkang Hydropower Station Project" – or the "Project");

b) RWE is active in electricity generation in Germany and abroad and is interested in the possible purchase of certified emissions reductions (CERs).

NOW, THEREFORE, in consideration of the recitals above,

1. Possible Transaction and Purchase of CERs

RWE intends to evaluate the possibility to purchase the CERs, free of all third party interests, generated from the Project and in the time period from 2008 to 2012, (approximately 38,141 tons of CO₂ equivalent per year – "Annual Volume"). Following such evaluation the Parties may enter into an Emission Reduction Purchase Agreement ("ERPA") provided that the Project satisfies the following criteria:

- a) The Project obtains and maintains all relevant clearances required to pursue the Project which are required by the Government of the Peoples Republic of China;
- b) The Project generates benefits required by the Government of the People's Republic of China to constitute a "Sustainable Development Facility" ("SDF");
- c) The Project baseline, monitoring plan, project design document, and validation are completed to the satisfaction of all relevant domestic rules and all international rules and "due diligence" is completed to the satisfaction of RWE;

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4. Termination

Unless otherwise agreed among the Parties within 6 months from the signature of this Lol, this Lol and the understandings it contains will terminate upon the occurring of one of the following event, which one occurs first:

- a) execution of the ERPA governing the purchase and sale of Certified Emission Reductions from the Project between RWE and Project Entity, or
- b) Expiry of the period of six months from the signature of this Agreement.

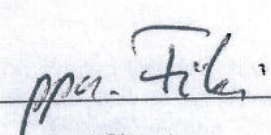
5. Effects of this Lol


This Lol is not intended to and shall not create binding obligations on the Parties in respect of the proposed arrangement, save for what set out in paragraphs 2 (exclusivity period); 3 (confidentiality) and the CER price as indicated in paragraph 1(1). This Lol is intended to be an outline of the basic principle of the co-operation between the Parties and to provide guidelines for the conduct of negotiations between the parties as to the foregoing matters.

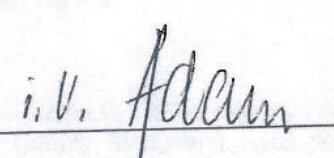
Therefore, neither Party shall be liable for any loss, damage, cost and expenses arising from or connected with this Lol unless in the event of gross negligence and/or willful misconduct.

IN WITNESS WHEREOF, the undersigned, being duly authorized thereto, have signed the present Agreement in two copies in English.

On behalf of RWE Power AG


Authorized Signature
Title: Vice President
Date: 18.07.2007


RWE
RWE Power AG
Climate Protection - PNC
Rellinghauser Str. 37
D 45128 Essen


Authorized Signature
Title: Senior Manager
Date: 18.07.2007

On behalf of Yingjiang County Mingliang Trading Co., Ltd.


Authorized Signature
Title: 董事长
Date: 2007.6.20

