

Memorandum of Understanding

This Memorandum of Understanding (hereinafter called "Memorandum of Understanding"), made and entered into _____, 2007, by and between:

Mitsui & Co., Ltd., a company organized and existing under the laws of Japan, having its registered office at 2-1, Ohtemachi 1-Chome, Chiyoda-ku, Tokyo, Japan (hereinafter called "Buyer"),

Gansu Ansheng Hydropower Technology Development Co., Ltd., a company duly organized and existing under the laws of China, having its registered office at 17-C building of Guangxing mansion at No.235 Qingyang road of Chengguan district of, Lanzhou, Gansu Province, P.R.China (hereinafter called "Seller") (Buyer and Seller shall be hereinafter collectively called the "Parties" and individually a "Party"), and

A Consortium composed of:

Caspervandertak Consulting, a privately-held company existing under the law of The Netherlands with offices located at Van Galenlaan 38, 3941 VD Doorn, The Netherlands, (hereinafter referred to as "CVDTC"),

Acting together with

Gansu Tonghe Investment Project Consulting Co., Ltd ("GSTH"), a company registered and established under the laws of the People's Republic of China, and with its representative office at Room 703, Jiuquan Road No. 48, Chengguan District, Lanzhou 730030, Gansu, the People's Republic of China, (hereinafter referred to as "GSTH").

CVDTC and GSTH hereinafter together referred to as "Consultants"

WITNESSETH:

WHEREAS, Seller will operate Hujiaai 28MW Hydropower Station Project located in Gansu, China (hereinafter called the "Project") that may produce CERs for which Seller will have the right to transfer such title in a manner consistent with the UNFCCC, the Kyoto Protocol, the Marrakech Accords, and any decisions, guidelines, modalities, and procedures adopted under the foregoing;

WHEREAS, Seller is willing to sell and transfer the title to the CERs from the Project to Buyer and Buyer is willing to purchase and receive it from Seller;

WHEREAS, Seller and Buyer hereby confirm its current intention of the said sale and purchase of CERs from the Project hereunder and shall, in accordance with the terms and conditions hereinafter set forth, discuss and negotiate to execute the Emission Reduction

Purchase Agreement for the sale and purchase of the CERs from the Project (hereinafter called the "ERPA"), and

WHEREAS, Consultants have agreed to perform services for the development of Project as CDM project.

NOW, THEREFORE, the Parties hereby agree as follows:

1. Title and Authorization

Buyer and Seller has entered into this Memorandum of Understanding in reliance upon the representation from Seller that Seller has the power and legal capacity to sign this Memorandum of Understanding and to negotiate and execute the ERPA, and has absolute title to the CERs generated by the Project, free of all third party interests.

2. The Transaction and Purchase


- 2.1 Seller intends to sell and transfer the title to Buyer and Buyer intends to purchase and receive the title to all CERs generated through the Project, measured in tons of carbon dioxide equivalent, for the project activity to be executed from the registration of the Project as a CDM project until the end of 2012, free of all third party interests, at a price US\$11.95 per ton of carbon dioxide equivalent for the whole CERs delivered to Buyer, on the condition that the baseline scenario and emission of the Project, Project Design Documents for the Project, validation, monitoring and verification for the Project are completed to the satisfaction of Buyer.

Buyer shall appoint Consultants to prepare the Project Design Documents and bear the cost of the PDD preparation. Seller shall have the responsibility to owe any and all costs to be incurred by during the phase of validation, initial verification, registration, verifications and issuance of CERs by appointing Consultants to arrange any and all works, including without limitation, to support communication necessary for validation, initial verification, registration, verifications, and issuance of CERs, provided however, Buyer shall contract with DOE to undertake validation, registration and 1st verification, if necessary. Buyer shall pay such costs directly to DOE and CDM EB on behalf of Seller on the condition that, in accordance with the Definitive Agreement (defined later), the said costs shall be regarded as part of payment for CERs from the Project and the costs paid shall be paid back at the first CERs delivery or deducted from the payment for such CERs by Buyer to Seller.

For the avoidance of doubt, if Seller and Buyer fail to enter into the Definitive Agreement, Buyer shall not have any obligation to pay such cost. When Seller and Buyer fail to enter into ERPA, it shall be the responsibility of Seller and Consultants to ensure that such costs will be paid to Consultants by the eventual purchaser of the CERs instead.

IN WITNESS WHEREOF, the Parties hereto have caused this Memorandum of Understanding to be duly executed and agree that it shall be binding and of legal effect from the date of this agreement.

On behalf of Buyer:



Masakazu Sato
General Manager,
Industrial Energy Division
Mitsui & Co., Ltd.
Date:

On behalf of Seller:



General Manager
Gansu Ansheng Hydropower Technology Development Co., Ltd.
Date: May 28, 2007

On behalf of Consortium:



Joost Van Acht
Chief Representative China
Caspervandertak Consulting
Date: June 14, 2007

On behalf of Consortium:



Yuebing Jin
General Director
Gansu Tonghe Investment Project Consulting Co., Ltd
Date: May 28, 2007