

Emission Reductions Purchase Agreement

**For Changzhai 15MW Hydro
Power Project in Guizhou
Province, China**

Between

Liupanshui Tuoyuan Group Co.Ltd.

and

ECO Asset Incorporated.

At Guizhou, China, May-22, 2008

2 Preconditions to sale and purchase

- 2.1 The obligations to Deliver and purchase CERs in clause 3 will not take effect until all of the following conditions have been fulfilled:
- (a) the Project Owner has obtained or completed all necessary Project Approvals, including those required by Chinese government, and entered into and prepared all Project Implementation Agreements, necessary to implement the Project;
 - (b) the Project Owner has obtained approval and authorisation of the Host Country;
 - (c) the Statement of Modalities of Communication, in the form set out at Schedule 4, has been lodged with the CDM Executive Board and the Convention Secretariat;
 - (d) the Project has achieved Registration;
 - (e) the Commissioning of this project has been achieved; and
 - (f) the Buyer has obtained approval and authorisation of Japan for the Project in accordance with the requirements of the International Rules.
- 2.2 The condition in clause 2.1(d) is for the benefit of the Buyer, the Seller and the Project Owners and may be waived by either Party.

Buyer's Rights

- 2.3 The conditions in clauses 2.1(a) to 2.1(c) inclusive and 2.1(e) are for the benefit of, and may only be waived or deferred by, the Buyer.

Seller's Rights

- 2.4 If either of the conditions in clause 2.1(d) or 2.1 (f) have not been either satisfied or waived by the Buyer, the Seller may terminate this Agreement by written notice to the Buyer.

3 Sale of CERs

- 3.1 The Project Owner and Seller agree to sell the all Contract CERs to the Buyer, and the Buyer agrees to buy All the Contract CERs from the Seller at the CER Unit Price described in the Schedule-2 (Delivery Schedule).
- 3.2 The Parties acknowledge that notwithstanding the delivery quantities indicated in Schedule 2 (Delivery Schedule), the Delivery obligations of the Seller under this Agreement relate only to those greenhouse gas reductions actually generated by the Defined Project during the first crediting period until the delivery year of 2020, as Verified in each periodic Verification report (if any)

Verification and Certification

- 3.3 Each Delivery Year, the Seller must arrange for Verification and Certification of all GHG Reductions generated by the Project in the previous Generation Year.

Delivery of Contract CERs

- 3.4 Unless otherwise instructed by the Buyer, the Seller will deliver any Contract CERs to the Buyer in a Delivery Year immediately after the issuance of those CERs.

- 3.5 Delivery of the Contract CERs will be completed upon receipt of CERs directly into the Registry Account following issuance by the CDM Executive Board.

Payment for Contract CERs

- 3.6 Buyer must pay Seller for all Delivered CERs within thirty (30) Days of Delivery, or, if later, receipt of an invoice setting forth the number of Delivered CERs.
- 3.7 The payment shall be made by the Buyer in EUR and shall be made to such bank account as shall be notified in writing by the Seller at least fifteen (15) days before payment is required in accordance with clause 3.7.

Transfer of Legal Title

- 3.8 The entire legal and beneficial title to the Contract CERs Delivered to the Buyer will pass to the Buyer upon the Buyer sending to the Seller a notice confirming the payment and attaching a copy of any electronic or written remittance advice for the payment issued by the Buyer's bank.

4 Fees, Taxes and Costs

Fees and Taxes

- 4.1 The Buyer shall be responsible for the payment of any fees, charges, taxes or other costs associated with Delivery imposed pursuant to Japanese law.
- 4.2 Subject to schedule 1, the Project Owner shall be responsible for any other payment of any fees, charges, taxes and other costs associated with Registration of the Project and Delivery to the Buyer under this Agreement including the Project Owner's CDM Related Costs set out in Schedule 1. For the avoidance of doubt, the Project Owner will be liable to pay the Host Country DNA Tax and for all taxes levied on the Project or the Seller for the sale, purchase and Transfer of CERs under this Agreement within the jurisdiction of the Host Country.
- 4.3 In any circumstance where one Party is liable by law to pay any fees, charges, taxes or other costs which are the responsibility of the other Party under clause 4.1 or 4.2, the other Party will immediately and fully compensate that Party for any expenses incurred within thirty (30) Business Days after the receipt of written notification of such payment(s) from the first mentioned Party, unless that Party is entitled to be reimbursed for such costs.

Costs

- 4.4 Each Party will be responsible for the payment of certain CDM Related Costs set out in Schedule 1.
- 4.5 If either Party pays for any CDM Related Costs that are the responsibility of the other Party under Schedule 1, they must provide the other Party with an invoice of such CDM Related Costs and documentation evidencing the proper expenditure of such CDM Related Costs and the Party seeking to recover such CDM Related Costs may:
- (a) require the other Party to pay the invoiced amount within thirty (30) Business Days of the invoice; or
 - (b) deduct any such CDM Related Costs incurred from any payments due to the other Party.

- 4.6 Each Party will bear its own costs and expenses in connection with the preparation, negotiation and execution of this Agreement.

5 Adding and Removing Project Participants, Focal Point and Communications

Project Participants

- 5.1 The Buyer may add or remove a Project Participant only with the prior written consent of the Seller.
- 5.2 The consent required for the addition or removal of a Project Participant under clause 5.1 shall be deemed to have been given if the Buyer has received no response to a request for such consent within 15 Business Days of receipt of the request by the Seller.

Focal Point

- 5.3 Subject to clause 5.4, both the Buyer and Seller will serve as Joint Focal Point for communications with the CDM Executive Board and the Convention Secretariat regarding the Project, with responsibilities allocated as follows:
- (a) Both the Buyer and the Seller may communicate with the CDM Executive Board and the UNFCCC Secretariat regarding the registration of the Project, including in relation to any request for review of the Project, and instruct the CDM Executive Board with regard to the distribution of Certified Emission Reductions to the Project Participants upon issuance by the CDM Executive Board. The Seller is authorised to communicate with the CDM Executive Board and UNFCCC Secretariat in relation these issues only; and
- (b) The Buyer has full authority on behalf of all other Project Participants to:
- (i) Remove existing Project Participants (except for the original project Participants) and add new Project Participants to the Project, with the prior written consent of the Project Owner and the Seller; and
- (ii) Communicate with the CDM Executive Board and the UNFCCC Secretariat on all other matters related to the Project.
- 5.4 All communications made by the Buyer or the Seller to the CDM Executive Board and those received by other Party from the CDM Executive Board must be copied or forwarded by that Party to the other Party.
- 5.5 Both the Buyer and the Seller as Joint Focal Point shall direct the CDM Executive Board to deliver the Contract CERs to the Buyer.
- 5.6 The Parties agree to execute a statement of modalities of communication substantially in the form set out in Schedule 4.

6 PDD Preparation and Validation

Appointment of PDD Consultant and DOEs

- 6.1 The Parties must appoint the PDD Consultant, Validator and Verifier in accordance with the terms of Schedule 3.

No Buyer Liability

- 6.2 Notwithstanding that the Buyer shall be a Joint Focal Point for the Project, the Buyer shall in no way be liable for:
- (a) the accuracy of the information provided to the PDD Consultant or a DOE with respect to the Project; or
 - (b) the performance or non-performance of the PDD Consultant or any DOE, including with respect to Validation, Registration or any subsequent issuance of CERs.
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7 Revised Delivery Arrangement or Termination of Agreement

- 7.1 The Buyer may require the Seller to Deliver in accordance with a Revised Delivery Arrangement or terminate this agreement by notice in writing if it becomes apparent based on information received through undertaking the CDM Related Procedures:
- (a) the Project will not achieve the first delivery by 31 December 2010;
 - (b) the relative Verification Report will not be provided 30 days before expected Delivery Date.
 - (c) the Project Owner will not have in place adequate procedures to comply with the Monitoring Plan by the date of the first Verification for the generation year of 2010.
- 7.2 Subject to clauses 8.3 and 13.7, if the Buyer terminates the Agreement in accordance with the clause 7.1 and the Seller has acted in good faith and used reasonable endeavours to perform its obligations under this Agreement, the Seller will not be liable for any costs which the Buyer has incurred in seeking Registration of the Project and the issuance of CERs.
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8 Shortfall in Delivery or Rejection of CERs

Notice of Shortfall

- 8.1 If the Seller becomes aware at any time that it will be or may be unable to Deliver part or all of a scheduled Delivery of CERs by the date on which it is required to Deliver those CERs in accordance with this Agreement, it must inform the Buyer in writing immediately of the full details of the expected Shortfall and the reasons for the Shortfall ("**Shortfall Notice**").
- 8.2 The Buyer must accept Delivery of any quantity of CERs issued by UNFCCC EB for the Defined Project.

Buyer Remedies for Non-Delivery

- 8.3 In the event occurs as a result of an Intentional Breach on the part of the Seller, the Buyer may, terminate this Agreement and recover from the Seller;
- (a) any CDM Related Costs incurred by the Buyer set out in Schedule I; and
 - (b) Liquidated Damages.
- 8.4 Nothing in clause 8.3 affects the obligation of the Buyer to pay the Seller the CER Unit Price for each Delivered Contract CER in accordance with the terms and conditions set out in this Agreement.

9 Undertakings

Project Owner and Seller Undertakings

9.1 The Project owner and Seller must:

- (a) use its best endeavours to obtain Registration of the Project;
- (b) develop any necessary documents, and obtain and comply with all Project Approvals, licenses, permits, consents and authorisations necessary to Register, implement and operate the Project and to perform its obligations under this Agreement;
- (c) appoint the PDD Consultant and DOEs in accordance with Schedule 3 and provide the PDD Consultant and DOEs with necessary information and assistance with respect to the Project as required to enable development of the Project Design Document, Validation, Registration, Verification and Certification;
- (d) include the Buyer as a Project Participant in the Project Design Document prepared for the Project;
- (e) ensure that the Buyer is listed as a Project Participant upon Registration;
- (f) keep the Buyer updated on any communications to and from the PDD Consultant, Validator and Verifier, and CDM Executive Board with respect to the Project or the issuance or Delivery of Contract CERs;
- (g) ensure that it has full title to all of the Contract CERs generated by the Project, free of any Encumbrances, and not sell, transfer, assign, licence, dispose of, grant or otherwise create any interest or Encumbrance in the Contract CERs other than as contemplated in this Agreement;
- (h) carry out the Project in accordance with the Project Design Document and in conformity with all Applicable Laws, practices and regulations, including the International Rules;
- (i) at all times operate and maintain its plant, machinery and equipment and other property, and promptly make all necessary repairs and renewals thereof as required, all in accordance with Applicable Laws and sound engineering, financial and environmental practices;
- (j) perform the Project with full consideration for the protection and preservation of the environmental and ecological systems of the Host Country (including the prevention of air and water pollution, industrial waste and adverse influence on ecological systems);
- (k) do everything reasonably necessary to ensure the creation and transfer of any of the Buyer's rights, interests and entitlements in GHG Reductions, Emission Reductions and Contract CERs under this Agreement to, or to the order of, the Buyer;
- (l) provide the Buyer with copies of the Verification and Certification Reports issued in respect of the Project within fifteen (15) Business Days of the Seller receiving them;
- (m) provide the Buyer with written reports on the Project within thirty (30) days of the expiry of each Generation Year. Such written reports shall include information regarding the expected number of GHG Reductions and/or CERs and events which may result in under-delivery of CERs;
- (n) allow the Buyer (or its nominee) access to the Project and to information held by Project Owner and Seller relating to the performance of the Project as requested by that Buyer provided that the Buyer (or its nominee) shall not interfere with the Seller's normal, non-CDM related operations.

Buyer Undertakings

9.2 The Buyer must:

- (a) assist the Seller as may reasonably be required in achieving Registration of the Project, including by, at the request of the Seller, providing the reasonable assistance required to develop the documents which are necessary for Registration of the Project;
 - (b) use its best endeavours to obtain any written approval from the Japanese government which is necessary to achieve Registration of the Project in accordance with the International Rules;
 - (c) take all steps reasonably necessary to assist the Seller to Deliver CERs sold under this Agreement into the Registry Account; and
 - (d) take all step necessary to facilitate and expedite any payments of the Buyer's CDM Related Costs and any payments as set out in this Agreement.
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10 Representations and Warranties

Mutual Warranties

10.1 Each Party warrants and represents to the other Party that:

- (a) it is duly organised and validly existing under the laws of its governing jurisdiction and is qualified to conduct its business in that jurisdiction;
- (b) it has the power and authority to execute and deliver this Agreement and to perform its obligations under it and has taken all necessary actions to authorise the entry into and the observance and performance of its obligations under this Agreement;
- (c) the entry into and observance and performance of its obligations under this Agreement do not violate or conflict with or require any consent or waiver under any of the terms or conditions in its governing documents or any material contract to which it is a party or by which any of its assets are bound or affected, or any Applicable Law;
- (d) this Agreement constitutes a legal, valid and binding obligation on it enforceable in accordance with its terms by an appropriate legal remedy;
- (e) there are no threatened or existing actions or suits which may materially adversely affect its ability to perform this Agreement; and
- (f) it has no outstanding agreements or liabilities, contingent or otherwise (including taxes), that might adversely affect its financial condition and its ability to fulfil its obligations under this Agreement.

Seller Warranties

10.2 As at the date of this Agreement, and again separately upon both the generation of the GHG Reductions and the Delivery of the Contract CERs, the Seller warrants and represents to the Buyer on behalf of the Project Owner that:

- (a) the Project Owner has full title to all of the Contract CERs generated by the Project, free of any Encumbrances, and;
- (b) the Project Owner has not sold, transferred, assigned, licensed, disposed of, granted or otherwise created any interest or Encumbrance in the Contract CERs other than as contemplated in this Agreement; and

- (c) the Project Owner will not sell, transfer, assign, license, dispose of, grant or otherwise create any interest or Encumbrance in the GHG Reductions or ERs which will form the basis of the Contract CERs other than as contemplated in this Agreement.

Buyer Warranties

- 10.3 As at the date of this Agreement, the Buyer warrants and represents to the Seller that:
- (a) there is no material fact or circumstance known to the Buyer which it has not disclosed to the Seller which is material to an assessment of the Buyer's ability to meet its payment obligations for Contract CERs;
 - (b) it will be capable of making full payment to the Seller for CERs Delivered to the Buyer at the times when each payment is due and owing; and
 - (c) to the best of its knowledge, the Buyer is an entity which is eligible to open a Registry Account in the CDM Registry or the national registry system of Japan, or any other registry under the International Rules, in order to receive Delivery of CERs in accordance with this Agreement.
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11 Indemnities

- 11.1 In the event that a Party (the "**Defaulting Party**") breaches any of its obligations under this Agreement or any undertakings or warranties set out in clauses 9 or 10, the Defaulting Party must indemnify, defend and hold harmless the other Party (the "**Non-Defaulting Party**") for any ensuing liability and loss, including the Non-Defaulting Party's related expenses, fines and penalties, which arise out of such breach by the Defaulting.
- 11.2 It is not necessary for a Party to incur any expense or to make any payment before enforcing a right of indemnity under this clause 11.

Limitation of Liability

- 11.3 The Buyer is in no way liable for any advice or assistance provided to the Seller in relation to the Project or for a failure to provide any such advice or assistance.
- 11.4 The Seller shall release and indemnify the Buyer from any claim made, or loss or damage sustained, by the Project Owner or any third party as a consequence of reliance on any advice or assistance provided by the Buyer in relation to the Project (or failure by the Buyer to provide any such advice or assistance).
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12 Force Majeure Event

Notice of Force Majeure Event

- 12.1 If a Party ("**Affected Party**") is, or anticipates that it will be, unable to perform an obligation under this Agreement due to the occurrence of a Force Majeure Event, it must provide the other Party (the "**Non-Affected Party**") with written notice providing full details of the Force Majeure Event (the "**Force Majeure Notice**") within ten (10) Business Days of becoming aware of the relevant Force Majeure Event.
- 12.2 The Affected Party must take all reasonable steps to remove or mitigate the relevant effects of the Force Majeure Event.

Effect of Force Majeure Event

- 12.3 If the Affected Party is unable to perform an obligation under this Agreement due to the occurrence of a Force Majeure Event, such non-performance:
- (a) will be permitted during the time and to the extent that performance is prevented, wholly or in part, by the Force Majeure Event; and
 - (b) will not give rise to any liability to the Non-Affected Party for any losses or damages arising out of, or in any way connected with, such non-performance.
- 12.4 No Party will be relieved by a Force Majeure Event from any obligation to provide any notice or make any payments pursuant to this Agreement.
- 12.5 Subject to clause 12.7, and unless otherwise agreed by the parties, the Term of this Agreement will be extended for the number of days that the Force Majeure Event prevented the performance of the relevant obligation.
- 12.6 If the Force Majeure Event is a Registry Failure, the Seller's Delivery obligations under this Agreement will resume two (2) Business Days from the day on which the Registry Failure ceases to exist.

Termination for Prolonged Force Majeure Event

- 12.7 If by reason of a Force Majeure Event the Affected Party is unable to perform any obligation under this Agreement, and that non-performance continues for a period of sixty (60) consecutive days after the date the Force Majeure Notice is received by the Non-Affected Party without the parties being able to negotiate a mutually acceptable alternative means of carrying out the intention of this Agreement by the end of that period, the Non-Affected Party may terminate this Agreement by written notice to the Affected Party.

13 Events of Default

Notice and Cure of Event of Default

- 13.1 If either Party has any reason to believe that any of the events specified in clauses 13.4 or 13.5 ("**Events of Default**") may or will occur, it must immediately give written notice to the other Party specifying the details of the potential Event of Default, the surrounding circumstances and the steps to be taken to minimise the likelihood of such an Event of Default occurring.
- 13.2 If an Event of Default occurs in respect of a Party ("**Defaulting Party**"), the other Party ("**Non-Defaulting Party**") may serve a notice on the Defaulting Party ("**Default Notice**") specifying the Event of Default and requiring the Defaulting Party to remedy the Event of Default within fifteen (15) Business Days of service of the Default Notice.
- 13.3 If the Defaulting Party fails to demonstrate that the Event of Default has been cured within fifteen (15) Business Days of service of the Default Notice (an "**Uncured Event of Default**"), the Non-Defaulting Party will be entitled to the remedies specified in clauses 13.6 through 13.12, as applicable.

Seller Events of Default

- 13.4 Each of the following events constitutes an Event of Default on the part of the Seller:
- (a) material breach of any of the undertakings or warranties made by the Seller in clauses 9 or 10;

- (b) failure to perform its obligations in relation to the appointment of a PDD Consultant or DOE(s) in accordance with Schedule 3;
- (c) changes in the ownership structure of the Seller in a manner that adversely affects its ability to carry out the Project or its obligations under this Agreement in the reasonable opinion of the Buyer;
- (d) dissolution, disestablishment, liquidation, insolvency or bankruptcy (voluntary or involuntary) of, or the commencement of Bankruptcy Proceedings in respect of the Seller;
- (e) non-compliance with any binding Host Country or local environmental laws or regulations in relation to the Project; and
- (f) violation of any Applicable Laws that would adversely affect the Project, or the assignment or Delivery of CERs.

Buyer Events of Default

13.5 Each of the following events constitutes an Event of Default on the part of the Buyer:

- (a) material breach of any of the warranties or undertakings made by the Buyer in clauses 9 or 10;
- (b) failure to pay any amount payable by the Buyer within fifteen (15) Business Days of such payment becoming due in accordance with this Agreement;
- (c) dissolution, disestablishment, liquidation, insolvency or bankruptcy (voluntary or involuntary) of, or the commencement of Bankruptcy Proceedings in respect of the Buyer; and
- (d) changes in the ownership structure of the Buyer in a manner that detrimentally affects its ability to pay any amounts due hereunder in the reasonable opinion of the Seller.
- (e) violation of any Applicable Laws that would adversely affect the Buyer's ability to purchase or take Delivery of CERs.
- (f) failure to purchase all of the Contract CERs within 5 work days after the scheduled Payment Date

Buyer Remedies for Seller Event of Default

13.6 Upon the occurrence of an Uncured Event of Default on the part of the Seller, the Buyer may elect to exercise any one or more of the following rights:

- (a) require the Seller to Deliver in accordance with a Revised Delivery Arrangement;
- (b) immediately terminate this Agreement upon written notice to the Seller. If the Buyer terminates this Agreement in accordance with this clause 13.6(b), it may not, after the date of termination, require the Seller to Deliver in accordance with a Revised Delivery Arrangement.

13.7 Where an Uncured Event of Default on the part of the Seller is a result of Intentional Breach on the part of the Seller, in addition to its rights under clause 13.6, the Buyer may also require the Seller to

- (a) reimburse any CDM Related Costs incurred by the Buyer set out in Schedule 1; and/or
- (b) pay Liquidated Damages,

within fifteen (15) Business Days of the notice of termination referred to in clause 13.6(b). For the avoidance of doubt, the Seller will *only* be required to pay the Buyer's CDM Related Costs in the event of Seller's Intentional Breach.

- 13.8 The Seller indemnifies the Buyer for additional liabilities incurred as a result of an Uncured Event of Default on the part of the Seller.

Seller Remedies for Buyer Event of Default

- 13.9 Upon the occurrence of an Uncured Event of Default on the part of the Buyer, the Seller may immediately terminate this Agreement by written notice to the Buyer.
- 13.10 Where an Uncured Event of Default on the part of the Buyer, the Seller may also require the Buyer to reimburse any CDM Related Costs incurred by the Project Owner within fifteen (15) Business Days of the notice of termination referred to in clause 13.9. For the avoidance of doubt, the Buyer will *only* be required to pay the Project Owner's CDM Related Costs in the event of the Buyer's Breach.
- 13.11 Where an Uncured Event of Default is a result of the Buyer's breach of clause 3.7, the Seller may also require the Buyer to pay the Project Owner's Replacement Cost, calculated as at the Early Termination Date, within fifteen (15) Business Days of the notice of termination referred to in clause 13.9. For the avoidance of doubt, the Buyer will *only* be required to pay the Project Owner's Replacement Cost in the event of the Buyer's Breach of clause 3.7 of this Agreement.
- 13.12 The Buyer indemnifies the Seller for additional liabilities incurred as a result of an Uncured Event of Default on the part of the Buyer.

Other Remedies Available Under Applicable Law

- 13.13 In addition to the remedies specified in clauses 13.6 through 13.12, the parties are entitled to pursue all other rights or remedies provided under Applicable Laws and:
- (a) such rights or remedies are cumulative and may be exercised concurrently or successively; and
 - (b) the selection of any one or more rights or remedies does not operate as a waiver of any other rights or remedies.

14 Termination

Date of Termination

- 14.1 This Agreement terminates upon:
- (a) expiry of the Term; or
 - (b) the date specified in a written notice by a Party entitled to terminate the Agreement earlier in accordance with the provisions of this Agreement (*Early Termination Date*).

Consequences of Termination

- 14.2 Termination of this Agreement will not affect any rights of a Party which accrued prior to the date upon which this Agreement is terminated.
- 14.3 The respective rights and obligations of the Parties contained within clauses 8.3, 11, 13.6 through 13.13, 14.2, 14.3, 15, 16, 17.3 through 17.5, 17.8, 17.15 and 17.16 will survive any termination of this Agreement.

15 Confidentiality and Publicity

Confidential Information Not to be Disclosed

- 15.1 Subject to clause 15.2, a Party in receipt of Confidential Information of the other Party under this Agreement (the "**Disclosee**") must not:
- (a) make public or disclose that Confidential Information to any third party; or
 - (b) make or allow to be made copies of or extracts of all or any part of the Confidential Information except for the purposes specifically allowed within the provisions of this Agreement.

Permitted Disclosure

- 15.2 Nothing in clause 15.1 restricts the disclosure of Confidential Information:
- (a) to the CDM Executive Board to the extent that such disclosure is required to conduct the Project as a CDM project activity and to issue CERs for the Project;
 - (b) to the Designated Operational Entity for the Project, provided that the Designated Operational Entity, and any of its directors, employees or officers which will view the Confidential Information, acknowledge and comply with confidentiality obligations at least as stringent as those contained in this Agreement;
 - (c) to the Designated National Authority of the Host Country or Japan, to the extent that such disclosure is required to receive approval of the Project as a CDM project activity;
 - (d) that an employee, agent or adviser of the Disclosee needs to know, but only where such employees, agents or advisers have been required to keep the information confidential on terms no less stringent than this Agreement;
 - (e) in proceedings before any court or tribunal arising out of, or in connection with, this Agreement;
 - (f) to the extent required by lawful requirement of:
 - (i) any Government Authority having jurisdiction over a Party to this Agreement or its related bodies corporate; or
 - (ii) any stock exchange on which a Party to this Agreement or its related bodies corporate are listed;
 - (g) if required under the International Rules to register the Project as a CDM project activity and to issue CERs or any law, or administrative guidelines, directive, request or policy, whether or not having force of law;
 - (h) where the disclosure has been approved in writing by the parties.
- 15.3 Nothing in clause 15.1 restricts the provision of copy of this Agreement by the Buyer,
- (a) to Resale Buyer ; or
 - (b) in connection with the prospective or actual assignment or novation of this Agreement or the sale and/or transfer of the Contract CERs purchased under this Agreement to a third party or parties or the possible sale of some or all interests in the Buyer, including the provision of information to possible interested parties for the purpose of discussions and/or negotiations in connection with the potential disposal and execution of one or more agreements for the

purpose of implementing any such transaction, provided that the prospective recipient of the Confidential Information has agreed to equivalent confidentiality provisions as set out in this clause 15.

Clause to Continue to Bind Parties

- 15.4 This clause 15 will continue to bind the parties after the date of expiry of the Term or the date of termination of this Agreement, as the case may be, for a period of two (2) Years, or such other period as the parties may agree in writing.

16 Resolution of Disputes

- 16.1 Either Party may commence negotiations to resolve any dispute arising out of or in connection with this Agreement (including any question regarding its existence, validity or termination) by giving the other Party written notice of any dispute not resolved in the normal course of business (the "**Dispute Notice**").
- 16.2 The parties will attempt in good faith to resolve any dispute promptly by negotiation between executives authorised to resolve such disputes.
- 16.3 The Parties agree that any dispute, controversy or claim arising under, out of, or relating to the interpretation, application or performance of this Agreement, including its existence, validity, or termination, that the Parties are unable to settle between themselves within forty-five (45) business days after first notification shall be settled by final and binding arbitration in accordance with the arbitration rules of International Chamber of Commerce, as in effect on the date of this Agreement. The number of arbitrators shall be three. The Buyer and Seller shall each appoint one arbitrator, and the two arbitrators so appointed shall appoint the third arbitrator, that third arbitrator to be the chair of the arbitration tribunal and who shall not be a citizen or national of the Japan or the Host Country. The place of arbitration shall be Hong Kong. The language of arbitration is English. And all arbitration costs (including legal costs) will be borne by the unsuccessful Party unless otherwise determined by the arbitrator.
- 16.4 The Parties agree that its recourse for breach of this Agreement is limited to the extent of the Buyer's assets and that it shall have no recourse against any third parties to whom the Buyer has resold the Contract CERs.
- 16.5 Nothing in this clause 16 will prevent either Party from having recourse to a court of competent jurisdiction for the sole purpose of seeking a preliminary injunction or such other provisional judicial relief as it considers necessary to avoid irreparable damage.

17 General

Further Acts

- 17.1 Without limiting any other provisions of this Agreement, each Party must, whenever reasonably requested by the other Party, promptly do or arrange for others to do, everything reasonably necessary or desirable to give full effect to this Agreement.

Payments

- 17.2 Unless otherwise expressly provided in this Agreement, where a Party is required to pay an amount to another Party (the "**Receiving Party**") under this Agreement, that amount shall be paid:

- (a) in immediately available and irrevocable funds by electronic transfer to a bank account or accounts notified by the Receiving Party in writing on or before the due date for payment, or in other such immediately payable funds as the parties may agree; and
 - (b) without deduction, withholding or set off (unless expressly permitted by this Agreement).
- 17.3 If any sum payable under this Agreement by a Party is not paid to the other Party on the due date for payment under this Agreement, such sum shall accrue interest from and including the due date to but excluding the actual date of payment at a rate of 3% per annum. Interest payable under this clause shall be calculated on the actual number of days elapsed and on the basis of a 365 day year.

Notices

17.4 Any notice under this Agreement:

- (a) must be in writing;
- (b) must be addressed as shown below:

Seller: Liupanshui Tuoyuan Group Co.Ltd.
Address: West Zhongshan road 0#
Fax No: +86 858-8335032
Email: tuoyuan@vip.163.com
Attention: Wu Chao

Buyer
Name: ECO Asset Incorporated
Address: Minami-Aoyama NK Building 6F 1-10-4
 Minami-Aoyama, Minato-ku Tokyo, 107-0062, Japan
Fax no: 81-3-5771-6289
Email: aoki@ecoasset.jp
Attention: Mr. Koji Aoki

(or as otherwise notified by that Party to the other Party from time to time);

- (c) must be signed by the Party making the communication or (on its behalf) by the solicitor for, or by any attorney, director, secretary, or authorised agent of, that Party;
- (d) must be delivered or posted by prepaid registered post to the address, or sent by fax to the number of the addressee, in accordance with clause 17.4(b); and
- (e) will be deemed to be received by the addressee:
 - (i) (in the case of prepaid registered post) on the day on which the correspondence is signed for in the country of delivery;
 - (ii) (in the case of fax) at the local time (in the place of receipt of that fax) which then equates to the time at which that fax is sent as shown on the transmission report which is produced by the machine from which that fax is sent and which confirms transmission of that fax in its entirety, unless that local time is a non Business Day, or is after 5.00 pm on a Business Day, when that communication will be deemed to be received at 9.00 am on the next Business Day; and

- (iii) (in the case of delivery by hand) on delivery at the address of the addressee as provided in clause 17.4(b), unless that delivery is made on a non Business Day, or after 5.00 pm on a Business Day, when that communication will be deemed to be received at 9.00 am on the next Business Day.

Governing Law

- 17.5 This Agreement is governed and will be construed according to Hong Kong law.

Assignment and Novation

- 17.6 Neither Party may assign any of its rights or novate any of its obligations under this Agreement to any third party without the prior written consent of the other Party, such consent not to be unreasonably withheld.

Amendments

- 17.7 This Agreement may only be varied by a document signed by or on behalf of each of the parties.

Waiver

- 17.8 Failure to exercise or enforce or a delay in exercising or enforcing or the partial exercise or enforcement of any right, power or remedy provided by law or under this Agreement by any Party will not in any way preclude, or operate as a waiver of, any exercise or enforcement, or further exercise or enforcement of that or any other right, power or remedy provided by law or under this Agreement.
- 17.9 Any waiver or consent given by any Party under this Agreement will only be effective and binding on that Party if it is given or confirmed in writing by that Party.
- 17.10 No waiver of a breach of any term of this Agreement will operate as a waiver of another breach of that term or of a breach of any other term of this Agreement.

Consents

- 17.11 Any consent referred to in, or required under, this Agreement from any Party may not be unreasonably withheld, unless this Agreement expressly provides for that consent to be given in that Party's absolute discretion.

Entire Agreement

- 17.12 To the extent permitted by law, this Agreement embodies the entire understanding of the parties and constitutes the entire terms agreed upon between the parties and supersedes any prior agreement or representations (whether or not in writing) between the parties, but nothing in this clause 17.12 limits or excludes any liability for fraud in relation to this Agreement.

Execution

- 17.13 This Agreement shall be executed in the English language which will be the original.
- 17.14 Upon request from the other Party, each Party will furnish sufficient evidence of the authority of the person or persons who will, on their behalf, take any action or execute any documents required or permitted to be taken or executed by the respective parties under this Agreement, and the authenticated signature of each such person.

Waiver of Sovereign Immunity

- 17.15 Each Party irrevocably agrees that, to the extent that it or any of its assets or property has or may acquire any right of immunity as against the other Party or any other person from legal proceedings to enforce or collect upon this Agreement or related to any of its other liabilities or obligations in connection with this Agreement or the Project, it hereby expressly and irrevocably waives, and agrees not to assert, any such immunity.

Severance

- 17.16 If any provision of this Agreement is held illegal, unenforceable or otherwise invalid:
- (a) that provision will be deemed to be severed from this Agreement and the remainder of the Agreement will remain in effect; and
 - (b) the parties will seek to agree upon a valid and enforceable provision to replace the severed provision.

Change in Law

17.17 Change in International Rules

- (a) If, on or after the date of this Agreement, there are any changes to the International Rules ("Change") with which either Party is required to comply (whether made at the direction of any government, governmental body, regulator, competent authority or otherwise) and as a result, either Party is unable to comply with one or more provisions of this Agreement, then, at the written request of either Party, the Parties shall, in good faith, seek to agree the amendments (if any) to this Agreement necessary or appropriate to take account of those changes, so that this Agreement may continue in force.
 - (b) The Parties expressly agree that the purpose of any such amendments is solely to enable the mechanics of this Agreement to be changed so that they effectively integrate with any Change. Any new costs, expenses or risks that arise owing to any Change and not of a type provided for in this Agreement are not intended to be allocated from one Party to the other by virtue of this Clause 17.17 (unless otherwise expressly agreed to by the Parties) and any such a Change can constitute a Force Majeure.
- 17.18 Without prejudice to Clause 17.17 above, the Parties agree that it is their intention that this Agreement should continue and not come to an end or be deemed to be void or voidable as a result of the fact (solely or of itself) of any Change.

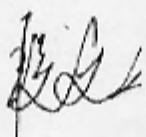
Execution

Executed as an agreement.

Signed for and on behalf of
Liupanshui Tuoyuan Group Co.Ltd.

by its duly authorised representative:

General Manager: Duanwenshan (段文山)



Signature of authorised representative

Date :May 22, 2008

Signed for and on behalf of
ECO Asset Incorporated

by its duly authorised representative:

Representative Director: Koji Aoki

(青木康次)



Signature of authorised representative

Date: :May 22, 2008

Confirmation-1

By signing this Confirmation-1 (the "Confirmation"), Liupanshui Tuoyuan Group Co.Ltd agrees as Seller to sell the CERs shown below, and Eco Asset as the buyer agrees to purchase the same, on the terms of this "Confirmation." The General Terms and Conditions in "Confirmation Part-2" attached are incorporated into and form part of this "Confirmation". In the event of any inconsistency between any provision of Part 1 of this "Confirmation" and "Confirmation Part -2", the provisions in Part 1 of this "Confirmation" shall prevail.

Part 1 – Project Specific Terms and Conditions

Seller	Liupanshui Tuoyuan Group Co.Ltd		
Buyer	Eco Asset Incorporated		
Project	Changzhai Hydropower Project in Guizhou province, P.R China as more particularly described below		
Annual Quantity	100% of the CERs issued by CDM Executive Board in respect of the Project for each Contract Year less the adaptation levied by the CDM Executive Board/CDM Registry under the International Rules at the rate in force from time to time The Expected Annual Quantities are shown below		
Contract Year	Each 12 month period in respect of which an annual Verification relating to the Project is carried out under and in accordance with the International Rules up to and including the annual Verification Period ending in 2017		
Scheduled Delivery Dates and Expected Annual Quantities	Expected Annual Quantity	Verification Period Year	Scheduled Delivery Date
	51050	2009	1 st April 2010
	51050	2010	1 st April 2011
	51050	2011	1 st April 2012
	51050	2012	1 st April 2013
	51050	2013	1 st April 2014
	51050	2014	1 st April 2015
	51050	2015	1 st April 2016
	51050	2016	1 st April 2017
	51050	2017	1 st April 2018
Expected Total Project CERs	459,450 CER Tons		
Unit Price	The price for each CER is		

	EUA is derived from the ECX (European Climate Exchange) average closing price for the last 15 trading days preceding the 1 st of April of such year.
Payment Terms	Payment to be made to the Seller for each CER delivered in accordance with the clause 3 of "Confirmation Part-1."
Seller's Conditions Precedent	Registration and Commissioning of the Project
Buyer's Conditions Precedent	Approval by the Representative Directors of the Buyer and Letter of approval from designated national authority of the Japan Government relating to the Buyer participating in the Project
Seller's contact details	Address: West Zhongshan road 0# Luipanshui City Guizhou Province, P.R China Attention: Wuchao Tel: +86 858-8335032 Fax: +86 858-8335032 Email: tuoyuan@vip.163.com
Buyer's contact details	Address: Minami-Aoyama NK Building 6F 1-10-4 Minami-Aoyama, Minato-ku Tokyo 107-0062 Japan Attention: Koji Aoki Tel: + 03 5771 6288 Fax: +03 5771 6289 Email:aoki@ecoasset.jp
Governing law	This Confirmation is governed by English law
Details of Project	Changzhai 15MW Hydro Power Project in Guizhou Province China is sited on Yueliang River in Zhongzhai Town, Liuzhi special district in Guizhou Province with the installed capacity 15MW. The power density of the project is 22.4W/m2. The annual electricity generation is 61,180MWh, and the annual feed-in electricity to the grid is 58,005MWh. The estimated annual GHG emission reductions are 51050tCO ₂ e.
Special Conditions	<p>(1)Prepayment</p> <p>Within 15 business days after project having been registered;</p> <p>i) The first year prepayment, the Buyer will pay the sum equal to 15% of the gross of annual CERs to be delivered to buyer multiplied by the price defined as above Unit Price formula. CER or EUA price is derived from the closing price of ECX at the day of EB registration.</p> <p>ii) Another year prepayment shall be made within June 15 to June 30, the sum equal to 10% of the gross of annual CERs delivered multiplied by the last year trading price.</p> <p>In order to guarantee the Tuoyuan's obligation to return the advance payment due to Tuoyuan's breach of this Letter of Intent, etc. Tuoyuan shall cause a certain bank, which shall be</p>

reasonably acceptable to Eco Asset Incorporated, to guarantee such Tuoyuan's obligation for the benefit of Eco Asset Incorporated.

For the avoidance of doubt, Eco Asset Incorporated shall not be obliged to make any payment (including, without limitation, the advance payment set forth in this "Special Conditions attached hereto) to Tuoyuan until a registration of the CDM project by CDM Executive Board is confirmed by Eco Asset Incorporated and/or until a registration of Eco Asset Incorporated as the project participant from other entities to Eco Asset Incorporated is confirmed by Eco Asset Incorporated

(collectively, the "Registration")

(2) Authorization from the project owner

Tuoyuan will present the authorized documents to ECO before the project registration to the UNFCCC EB that Tuoyuan has the legal right to sell the CERs from the project owner on this project.