



NaiKun Wind Energy Group Inc.

Annual Report

Fiscal Year Ended
October 2006 – September 2007

SOLICITORS

Fraser Milner Casgrain LLP

AUDITORS

Kanester Johal, Chartered Accountants

REGISTRAR & TRANSFER AGENT

Pacific Corporate Trust Company
2nd floor, 510 Burrard Street,
Vancouver, B.C. V6C 3B9 (604) 689-9583

EXCHANGE

TSX Venture Exchange

Symbol: NKW-V

COMMON SHARES OUTSTANDING

December 14, 2007 – 35,416,841

ANNUAL GENERAL MEETING

The Annual General Meeting of the Shareholders of NaiKun Wind Energy Group Inc. will be held at the Marriott Pinnacle, Ambleside Room, 4th Floor - 1128 W. Hastings Street, Vancouver, B.C., February 6, 2008, 11:00 am.



January 8, 2008

To our shareholders;

NaiKun had its most active and successful year ever in fiscal 2007. The Company has significantly enhanced its ability to successfully compete for an Energy Purchase Agreement with BC Hydro for its NaiKun Wind Project in the coming year.

Our Human Resources

In 2007 our human resources were significantly enhanced with the appointment of several key operating executives and the addition to our Board of Graham Wilson, Gary Holden, Joe Houssian, Fred Dabiri and our most recent nominee Philip Hughes. The Company has been fortunate to be able to attract superior talent from the energy and management sectors as a result of our strong plan and consistent execution over the last six years.

Our Compensation Strategies

NaiKun attracted this talent based on a strong anticipation of our future success and compensation packages that are aggressive and fully aligned with the interests of our shareholders. Both employee and director cash compensation has been minimized as in the past and emphasis placed on equity participation which will provide excellent returns upon the closing of our construction financing. Shareholders will be asked to approve a continuation of the Warrant Plan which has been the basis of our deferred compensation plan and a reduced Stock Option Plan, both of which have the approval of the TSX pending disinterested shareholder approval.

Our Shareholder Value

Two significant equity injections were concluded in fiscal 2007. The last, a thirty-five million dollar offering was done at a share price of approximately ten times the closing share price of the prior fiscal year. The additional thirty-seven million dollars in hand at year end plus the anticipated exercise of the warrants and options attached to the various offerings will give the Company all the financial resources and flexibility required to ensure a successful bid.

The market confidence shown by the investment bankers and knowledgeable investors has signified the market's confidence in our project and confirmed a level of shareholder value that is consistent with the aspirations and objectives we have worked for over the last several years.

NaiKun Wind Energy Group Inc.
1705-1066 West Hastings Street, Vancouver, BC, V6E 3X1, Canada
Ph. 604-639-8460 | Fax. 604-685-4215
info@naikun.ca | www.naikun.ca

Our Relationships

In addition to our resources both financial and human, the Company relies heavily on its external relationships. We were pleased to be able to expand our store of relationships to include the ENMAX Corporation (ENMAX), our Alberta based utility partner. ENMAX brought NaiKun not only a significant investment in our common stock, but also the acceptance of a Board appointment for Gary Holden the CEO of ENMAX. In addition a professional services agreement between the Company and ENMAX has given NaiKun access to some of the best utility talent in Canada. Siemens, a world-wide leader in electrical equipment joined our circle of partners to collaborate with us on the transmission aspects of the project. We advanced our partnership with the Haida Nation through the conclusion of two MOU's with the Haida Power Authority, taking us closer to final shareholder agreements with this Nation. Our partnership with Tsimshian Communities has begun and is progressing toward a similar conclusion.

Our Markets

Public policy and public attitudes have moved into a very strong alignment with the objectives of the Company. Acknowledgement and interest in the Company by the Premier of British Columbia and the Governor of California attest to the acceptance and viability of our industry, the demand of clean wind power and NaiKun's prominence.

The well documented immediate need for clean energy at BC Hydro and throughout the western grid give us certainty of a market for our energy product.

Our Culture

Management of the Company has continued to conduct our business in a frugal, careful and ethical manner bearing in mind always the key objective of enhancing shareholder value.

Our Thanks

On behalf of the board and management of NaiKun I want to thank all our shareholders, new and old, for their confidence and interest.

I would like to urge shareholders to support the Company, its directors and management in maintaining the programs and personnel recommended in the circular.

We look forward to an exciting fiscal 2008 which should include our proposal to BC Hydro for the first phase of our project and conclusion of a long term Energy Purchase Agreement.

Yours truly,

Michael C. Burns
Chairman, President & CEO
NaiKun Wind Energy Group Inc.