

ព្រះរាជាណាចក្រកម្ពុជា
ជាតិ សាសនា ព្រះមហាក្សត្រ

KINGDOM OF CAMBODIA
NATION RELIGION KING

កិច្ចសន្យា

ស្តីពី

ការវិនិយោគទុនលើការដាំ ដើមម៉ែសាក់ និង កែច្នៃ
រោង

ក្រសួងកសិកម្ម រុក្ខាប្រមាញ់ និង នេសាទ
និង

ក្រុមហ៊ុន GREEN SEA INDUSTRY CO., LTD.

CONTRACT

ON

THE INVESTMENT ON TECTONA GRANDIS

PLANTATION AND PROCESSING

BETWEEN

THE MINISTRY OF AGRICULTURE,

FORESTRY AND FISHERIES

AND

GREEN SEA INDUSTRY Co., LTD.

KINGDOM OF CAMBODIA
NATIONAL RELIGION KING

AGREEMENT

ON

INVESTMENT ON TECTONA GRANDIS PLANTATION AND PROCESSING

BETWEEN

THE MINISTRY OF AGRICULTURE, FORESTRY AND FISHERIES

AND

GREEN SEA INDUSTRY Co., LTD

THIS CONTRACT (hereinafter the "Agreement") is made by and between:

THE MINISTRY OF AGRICULTURE, FORESTRY AND FISHERIES is represented herein by His Excellency Minister of the Ministry of Agriculture, Forestry and Fisheries located at # 200, Preah Norodom Blvd, Phnom Penh, telephone (855-23) 217 320, having account No. 01-063220 in the Foreign Trade Bank of Cambodia, hereinafter call Party "A".

AND

GREEN SEA INDUSTRY Co., LTD, having its Head Office at MONG RITHTHY Group building: # 152S, Preah Norodom Blvd, Phnom Penh, Sangkat Tonle Basac, Khan Chamcar Morn, Phnom Penh, telephone: (855-12) 810 099, Fax: (855-23) 217 929, is represented herein by Mr LI ZAICHUN Chinese Nationality holding passport N° P CHN 149749996 president and Ouk Nha MONG RITHTHY, Cambodian nationality, Vice president of the Company, having account N° 30-062902 in the Foreign Trade Bank of Cambodia, which is located at # 3, at the corner of the street 53 and 114, Sangkat Phsa Thmey 1, Khan Doun Penh, hereinafter call Party "B".

RECITAL

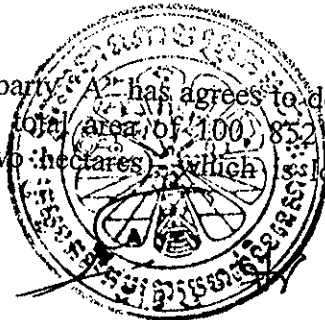
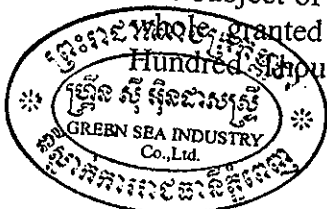
WHEREAS, in accordance with the letter N° 1361/588 MAFF/DPSIC dated 25 October 2001 of the Ministry of Agriculture, Forestry and Fisheries, the approval letter N° 1767 Sor Chor Nor dated 26 October 2001 of the Council Minister and the delegation letter of full power N° 69 dated 19 November 2001 of the Royal Government of Cambodia.

WHEREAS, the parties hereto relies on the investment law of the Kingdom of Cambodia.

NOW THEREFORE, in consideration of the mutual promises and covenants herein, Party "A" and Party "B" agree as follows:

PROVISION 1: SUBJECT OF AGREEMENT

The subject of this agreement stipulates that party "A" has agrees to deliver the whole, granted of concession land with the total area of 100,852 ha (One Hundred Thousand Eight Hundred Fifty Two hectares) which is located at



Siam Pang and Stung Treng districts of Stung Treng province (as map attached) to the party "B" for occupation and use such concession land for the exploitation production of tectona grandis plantation and processing. A copy of land site is plotted on a map with official stamp is attached hereto to this agreement, and from now on this land site called "location".

In the total amount of 100,852 ha of this concession land includes:

- 1.1 Land size is the total amount of land that specifically granted to Party "B" by party "A" under the agreement, which Party "B" can use directly for their exploitation production.
- 1.2 Land size is comprised of parcels of land that are owned by certain residents on those parcel as well as their agricultural land in the land concession, which are used to produce the agricultural products for household consumption, will be excluded or party "B" may collaborate with those people to exploit the land based on the agreed of both sides.
- 1.3 Land comprised of mountain, basins, productive forestland and protected forestland and other protected areas shall be retained in natural manner.
- 1.4 The land size described in 1.1, 1.2, 1.3, party "A" and party "B" have to cooperate/collaborate with relevant institutions to completely conduct a research study and survey and, completely determine other possessive lands within 02 years after signing of this agreement and those possessive lands have to cut out from the investment plan. All the expenditure for the research study and survey, and location plotting is the burden of party "B".

PROVISION 2: TERM

- 2.1 This lease agreement is for the term of 70 years (Seventy-year) shall commence on the date of signing this agreement. Party "B" shall return the location and give all possesses such as plants, buildings, factories, other equipment and natural resources to the party "A" at the end of the contract.
- 2.2 Party "B" shall have full right to request to extend the term of the contract before one year of the expiration date of this contract. The extension of the agreement can be done after getting the permission from the Royal Government of Cambodia in accordance with the achievement within the agreement of party "B" and the approval from Party "A" that is the condition for new agreement.

PROVISION 3: PURPOSE AND USE OF PREMISE

The purpose and land use planning of Party "B" is intends to build and operate the exploitation production based on the technical and financial analysis reports that attached as annex, in which consist some important points, as follows:

- 3.1 Main production: Tectona grandis plantation

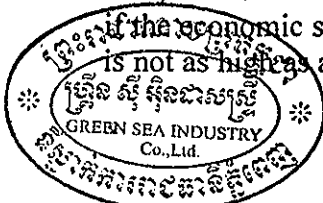
- 3.2 Supplemental production: fruit trees, animal rising and agro-industrial



- 3.3 Construction: factory for processing the products from their own plantation for domestic consumption and exportation.
- 3.4 Party "B" has to use the land as stipulated in Provision 1, point 1.1 of the agreement within 12 years in accordance with the land use planning in the master plan.

PROVISION 4: DEPOSITS AND LEASE FEE

- 4.1 Party "B" shall be required to deposit the performance bond with the total amount of US\$ 50,000 (Fifty Thousand US Dollar only) for the guarantee of the contract implementation.
- 4.2 Party "B" has to deposit the performance bond no more than 06 months of the date of signing this agreement.
- 4.3 The deposit for the performance will be returned to the Party "B" upon the completion of plantation as mentioned in Provision 3, point 3.4.
- 4.4 The payment of the renting fee of land concession is to be paid according to the actual remaining land size that will be used directly by Party "B" for exploitation production.
- 4.5 Party "B" shall pay annual renting fee according to the renting rate on concession land that is determined in the notification N° 803 dated 31 May 2000 and fee determining by the Royal Government. The payment is to be done in every January of each year, and no later than 31 January.
- 4.6 Party "B" agrees to pay renting fee of concession land in accordance with the flexible rate, which is decided by the Royal Government.
- 4.7 In case party "B" is late to pay the renting fee as stipulated in point 4.6, the Party "B" will be fined to pay 2 percent per year of the total amount of renting fee per each year depending on the number of year of late payment. The failure to pay the renting fee or fine for one year duration or more in the implementation of the agreement and the Party "B" could not provide the reliable reasons, party "A" shall have the right to seize the deposits for performance bond, and concession land as well as plants for the state property and terminate the agreement without any compensation of all expenditures by the Party "B".
- 4.8 Party "A" shall determine the renting fee and deposit for the performance bond based on the investment law of the Kingdom of Cambodia. Party "B" shall have to pay all these fees to the Bank Account: 02-351211-T023 of the Ministry of Economy and Finance in the National Bank (Department of Operational).
- 4.9 Party "B" shall pay other taxes and/or any levies in accordance with the laws of the Kingdom of Cambodia.
- 4.10 Party "B" shall have the right to request to discount the land renting fee and tax if the economic situation of the company drop down due to the production yield is not as high as anticipated or in case of security issues occurred in the premise



and caused the investment can not be implemented in accordance with projection plan or natural disaster occurred.

POSITION 5: ASSIGNMENT AND COOPERATE RIGHTS

- 5.1 Party "B" shall have the right to assign the premises in/as part and cooperate with/to its successor or assignees. Legal successors or assignees are those who be given an inheritance by party "B" in front of the law. The announcement of any assignment or decision to successors or assignees shall have to inform at least 6 months in advance to the party "A" before the implementation.
- 5.2 Party "B", under his or her own responsibilities for the law and the term of the contract, can cooperate with third party as partner, internal and external, in order to operate the exploitation production in relation with the term and conditions that is stipulated in this contract.
- 5.3 In case of re-renting, portion or whole size, or selling this renting agreement to the third person, Party "B" shall have to follow up the investment law of the Kingdom of Cambodia by getting the approval from the Council for Development of Cambodia through the request from the party "A".
- 5.4 In seeking for additional capital from local and international banks to expand the investment, party "B" shall have the fully right to obtain plants and other properties, which have already expended, for guaranteeing to the bank through supporting from party "A".

PROVISION 6: RIGHTS AND OBLIGATIONS OF PARTY "A"

Party "A" shall have the following rights and obligations:

- 6.1 Party "A" shall have the full right and power for implementation the agreement and will grant the location to Party "B" legally to the laws of the Kingdom of Cambodia. Party "B" has possibility to use the location accordingly to the purposes in provision 1 above during the term of this contract and can rent addition land if available.
- 6.2 Intervention with the relevant authorities to prevent and resolve any conflicts or incidents, which would result in the infringement and/or violations of the rights of Party "B" under the term and conditions of this agreement during the development and use of the premises such as confiscation of any portion or whole size of premise, destroying the products and other equipment that may be provoked by any person or by any authority.
- 6.3 Intervention and coordination with the ministries departments and other Governmental institutions concerned for fulfill the application form for importation and receive:
 - 6.3.1 Tax exemption 100% as stipulated in investment law of the Kingdom of Cambodia for the importation of materials and equipment machinery raw materials, Chemical fertilizer and the exportation of the products of



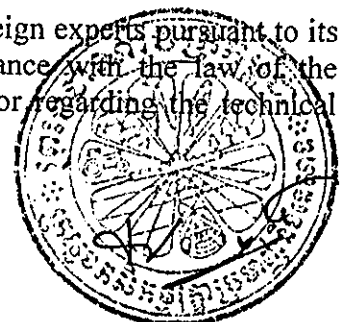
- 6.3.2 Intervention for tax exemption or other taxes reducing to encourage the investment, which is stipulated in the investment law of the Kingdom of Cambodia at the present time as well as in the future.
- 6.4 Monitoring/controlling and evaluation on:
- 6.2.1 the implementation of the agreement
 - 6.2.2 Environment impact of the premises; and
 - 6.2.3 Production exploitation plan and technical work
- 6.5 Supporting:

Party "A" promise to support legally on the investment process of the Party "B".

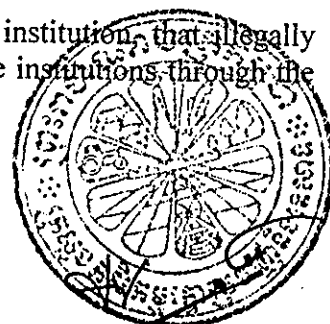
PROVISION 7: RIGHTS AND OBLIGATIONS OF THE PARTY "B"

Party "B" shall have the following rights and obligations:

- 7.1 Receive tax exemption as stated in Chapter 5 of the investment law of the Kingdom of Cambodia.
- 7.2 Agree to deposit and land renting fee and tax as stipulated in provision 4 of this agreement until the end of the term of this agreement.
- 7.3 Agree to pay for the research study and survey, and location plotting as stipulated in provision 1, point 1.4.
- 7.4 Formulate the management and development plan and submit to Party "A" less more than 12 month after signing of this agreement.
- 7.5 The management plan consists master plan for use of land (constructions, infrastructures and land site for planting, etc.) as well as development plan, strategies, programs and technical use for long-term development (from the beginning to the fully use of land and continued period). The Party "B" can operate his/her production work unless his/her management plan is accepted and approved by Party "A".
- 7.6 Party "B" will receive the respond from Party "A" concerning to the management plan document within 60 working days after receiving the request from Party "B". During this period, if there is no answer from Party "A" it is mean that Party "A" has approved on the request.
- 7.7 Party "B" shall have the right to use and process all remaining timber from concession land preparation with respect to the forest law.
- 7.8 To have the right to select local labors or employ foreign experts pursuant to its needs, if no local experts are available, in accordance with the law of the Kingdom of Cambodia to instruct or train local labor regarding the technical work for the production.



- 7.9 To pay attention on the living of employees such as health care and training for them and their family through the construction of houses, hospital, pagoda, school, place for entertainment, etc. based on company's ability.
- 7.10 To implement the production works upon the project plan such as: cutting down trees-land preparation for plantation, construction of bridges-infrastructure, housing and maintenance, etc. with consideration of the perpetual condition of the premises and environment impact which may arise or result from operating the production-exploitation.
- 7.11 To prepare the implementation of the production exploitation on the premises, as provided in its technical specifications and financial projections under the provision 3 and provision 7, point 7.4 of this agreement.
- 7.12 To cooperate and collaborate with Governmental institutional concerned as well as private sector, domestic and abroad, on the technical use in planting and processing.
- 7.13 To have rights to sell, buy, and deliver products within the country and overseas which are necessary or desirable to operate the production exploitation in accordance with the government policy.
- 7.14 To import the important of equipment, spare parts, chemical raw materials, plants seed and animal breed etc, necessary to operate the production-exploitation in accordance with the laws of the Kingdom of Cambodia.
- 7.15 To permit Party "A " and other institutions concerned to monitor and evaluate the environmental impact. Party " B" has to strictly implement the environmental protection in accordance with the environment laws of the Kingdom of Cambodia.
- 7.16 Party "B" shall have the right to terminate this agreement in writing and inform to Party "A" without failing, as follows:
 - 7.16.1 If the laws of the Kingdom of Cambodia could not provide the license or approval on the zone mapping and border demarcation of the land concession that are made by the Government or other governmental institutions or agencies concerned for use of the premise as described in provision 1, will be excluded, cancelled, postponed or changed the use of the premise in the investment project.
 - 7.16.2 If the Party "A" withdraws some parcels or whole site of the land concession that is developed by the Party "B", Party "A" has to pay the compensation of the expenditure for this development.
- 7.17 Party "B" shall have right proceed against person or institution, that illegally occupied parcels of land concession, to the responsible institutions through the support from Party "A".



PROVISION 8: CONSTRUCTION AUTHORIZATION

- 8.1 Party "B" hereby is legally authorized to operate all construction works on the site, which is legal under the laws of the Kingdom of Cambodia and appropriate to the project objective per the provision 3 of this agreement.
- 8.2 All respective infrastructure construction, such as dams, canals, which may affect the surrounding area, shall have the authorization from Party "A" or any relevant professional institution.

PROVISION 9: OCCUPYING RIGHTS

All assets and infrastructure as well as consequences, thereof which are constructed by the Party "B" shall, until the expiration of this agreement remain under occupation and management of the Party "B".

PROVISION 10: TERMINATION OF AGREEMENT

- 10.1 Party "B" can only under the condition beyond its control and upon agreement of both parties withdraw from all or any part of the projects.
- 10.2 The Royal Government of Cambodia guarantees that the Party "B" will be allowed to repatriate safely and promptly its foreign employees and workers and its dependents and to so repatriate or sell its equipment, machinery, plants, motor vessels, barges, motors, vehicle and other transport facilities, capital funds and any other fixtures in accordance with the applicable laws and regulation.
- 10.3 If Party "B" shall withdraw on his own risk, Party "B" shall be liable to article 23 of the Investment Law.
- 10.4 In case the Party "B" fails to commence the activities in accordance with the term of the agreement stipulated in this agreement two years from the day of signing this agreement, the Royal Government of Cambodia reserves the right to terminate this agreement without any conditions and compensation. Such termination will result in forfeiting the deposits of Party "B" paid to the Royal Government of Cambodia.

PROVISION 11: CONFLICT AND SETTLEMENT [OR ARBITRATION]

- 11.1 If any conflict or dispute arises during the term of this agreement, both parties shall enter into conciliatory settlement of the conflict or dispute, according with each of the party's rights and obligations.
- 11.2 If the parties hereto are unable to conciliate or otherwise settle such conflict, then within sixty (60) days after either party has notified the other party of such inability to conciliate or settle conflict, a request for conflict proceedings shall be submitted to the Council for Development of Cambodia, who shall assist in conciliatory settlement between the parties.



- 11.3 In the event such differences are not resolved, both parties agree to hand over to recognize commercial arbitration tribunal or any competent tribunal exists in the Kingdom of Cambodia. If this dispute could not be solved in Cambodia, both parties shall be referred and finally resolved by arbitration in Singapore, in accordance with the Singapore International Arbitration Rules (SIAC) of Singapore by reference into this Clause. The language used for arbitration will be Khmer.

PROVISION 12: PARTIAL INVALIDITY

If any term of this agreement shall be invalid or unenforceable, the remainder shall be valid as written to the fullest extent permitted by law.

PROVISION 13: GOVERNING LAW

The laws of the Kingdom of Cambodia shall govern the agreement of this contract.

PROVISION 14: SEVERABILITY

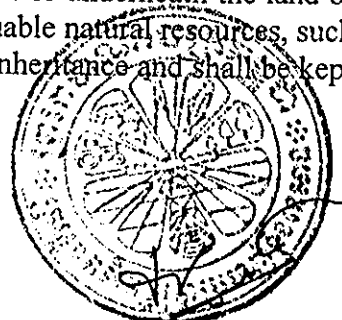
This agreement is entirely agreed herein by both parties and supersedes all previous representation, and verbal or written understandings as to the subject matter of this agreement. This agreement may not be amended or altered unless written and signed with acknowledgement by the parties hereto.

PROVISION 15: FORCE MAJEURE

In the event of a failure or delay in the performance of any obligation by either party arising from an even beyond its or their control such failure shall not be deemed a breach of this agreement. Such events, which shall constitute force majeure shall include (without limitation) Acts of God, general strikes, civil performance, war, riots, insurrection, hostilities, that would prevent the performance of an obligation by either party. In this case party "B" shall be required promptly to report to party "A".

PROVISION 16: RIGHTS OF NATURAL RESOURCE AND INHERITANCE

- 16.1 Before evacuate land for development, party "B" shall have to request to the approval from Party "A" on the transformable timber and transportation that exist on the site. Party "B" will pay the Royalties for economic timbers to Party "A" according to the principles and forest management law of the Kingdom of Cambodia.
- 16.2 In the event any excavation is performed in connection with the operation of the production exploitation if Party "B" finds on the land or underneath the land of the site any minerals, gems, gold, or any similar valuable natural resources, such resources shall be considered as part of the nations inheritance and shall be kept as the state's property.



PROVISION 17: LANGUAGE

This agreement is made in Phnom Penh and shall be executed in 2 (two) version in English and Khmer, produced in fifteen (15) copies and each copy has equal value and is fully binding. Any controversy arising as to the interpretation of this agreement shall basically and officially be covered by Khmer version.

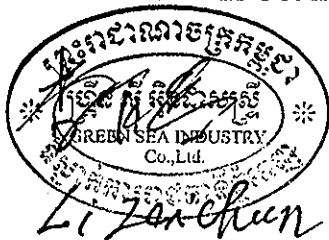
PROVISION 18: COMMENCEMENT AND EXPIRY

This Agreement shall come into force on the 23 day of 11, 2001 and expire on 23 day of 11, 2071.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by a representative thereunto duly authorized as of the date of signing.

Phnom Penh, 23 day of 11, 2001

REPRESENTATIVE OF PARTY "B"
PRESIDENT OF THE COMPANY



REPRESENTATIVE OF PARTY "A"
MINISTER OF AGRICULTURE,
FORESTRY AND FISHERIES



ថ្ងៃទី ២៣ ខែ ១១ ឆ្នាំ ២០០១

Vice President

A handwritten signature in black ink.

MONG RETHTHY

Shall be documented at:

- Council of the Minister
- Ministry of Finance and Economic
- Council for Development of Cambodia
- Ministry of Planning
- Ministry of Environment
- Ministry of Land Management, Urban Planning
- Ministry of Justice
- Phnom Penh Court
- National Bank of Cambodia
- Governor of Stung Treng Province
- Department of Agriculture, Forestry and Fisheries of Stung Treng province
- Party "A"
- Party "B"
- File