

AGREEMENT

On

THE INVESTMENT OF PLANTATION FOR RUBBER TEAK TREE (TECTONA GRANDIS) AND ACACIA

Between

The Ministry of Agriculture, Forestry and Fisheries

And

GROWEST BUILDING TRADING Co., Ltd

This agreement has been made between:

The Ministry of Agriculture, Forestry and Fisheries located at building No. 200, Preah Norodom Boulevard, Telephone: (855) 23 217 320, holding of bank account Nowith the National Bank of Cambodia, represented by His Excellency, the Minister of Agriculture, Forestry and Fisheries and hereafter referred to as "Party A".

GROWEST BUILDING TRADING Co; Ltd located at office building No 01 A St.No 456 Sag hat Boeng Trabeag Kan Chamkamon Phnom Penh Telephone: (855) 23 996 578 holding of bank account No 10-5027-6 within the Cambodian Public Bank and represented by Mr. LIM JOO HEON, Director of the Company, Nationality: Korea , hereafter referred to as "Party B".

Pursuant to:

- The Investment Law and the Amendment of the Investment Law of the Kingdom of Cambodia;
- Land Law of the Kingdom of Cambodia;
- The Notification Letter No 164 សជណ, dated 04 February , 2008 , of the Council of Ministers;
- The Notification Letter No 765 សជណ, dated 04 June , 2008 , of the Council of Ministers;
- The letter of Delegation of Full Power No 27 D.P.E dated 28 February, 2008 of the Royal Government of Cambodia.
- The letter of Delegation of Full Power No 51 D.P.E dated 16 June, 2008 of the Royal Government of Cambodia.

The two parties have agreed on the following terms and conditions:

ARTICLE 1: OBJECT OF THE AGREEMENT

The object of this agreement is that Party " A " agrees to provide the concession of land covering a total area of nine thousand nine hundred and ninety six (9,996) hectares located in the Commune Snul ,Srechar and Kseam, Snul district, Kratie province for Party " B " to hold and use for the development of plantation for Rubber ,Teak Tree (Tectona Grandis) and Acacia. The size of this concession land is clearly indicated on the location map which was certified by the Local and



Provincial Authority. This map is Annexed to this agreement and hereafter referred to as "Location". The geographical coordinates are given below:

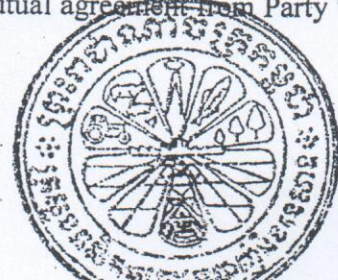
X : 647998	Y : 1337143
X : 637367	Y : 1337108
X : 649494	Y : 1352476
X : 649516	Y : 1352968
X : 649494	Y : 1350000
X : 648004	Y : 1350000
X : 648004	Y : 1348025
X : 651982	Y : 1348025

The particular terms and conditions for the utilization of the total land area of 9,996 hectares are agreed under this Agreement as follows:

- 1.1 The land where Party "B" can directly utilize for plantation development and run the business operation is the portion of land where is not the land legally owned by local residents and the land areas where are kept for natural conservation as illustrated per Items 1.2 and 1.3 of this Article.
- 1.2 The land where is legally owned by local residents is not allowed for the company to utilize unless a mutual agreement is reached. In the event of an illegal violation of the ownership of this concession of land, Party "B" shall reserve the rights to file a lawsuit with the competent institutions.
- 1.3 The land where contains national and cultural heritage sites, mountains, reservoirs, forests and other natural protected areas etc. shall be excluded from the company's use and preserved as the natural conditions.
- 1.4 The land area stipulated in Items 1.1, 1.2 and 1.3, Party "A" and Party "B" shall cooperate with the competent institutions to conduct the field survey for identification of the location demarcation and the areas of relevant locations, including land legally occupied by local resident as well as the reserved areas etc. This survey shall be completed within three (03) months from the date of signing this agreement. In the case that if there will be some parcels of land belong to local residents, the company would either exclude from the concession area or negotiate with them by providing an agreed compensation for those relevant residents to operate investment. After having completed this survey, the remaining parts of land where the company could be utilized, as stipulated in Item 1.1, should be requested by Party "B" for land registration in according to the Royal Government Circular N° 05 សណ្ត ០៥ dated 01 July 2005. Party "B" shall bear all expenses of the survey and the compensation for relevant local residents.

ARTICLE 2: DURATION

- 2.1 This agreement lasts seventy (70) years, starting from the signing date onwards. The management rights of this concession of land will be granted after this agreement takes effect in accordance with the law in force. Notification for the termination of this agreement shall be given one (1) year in advance or within the last year of this agreement.
- 2.2 Party "B" shall have the rights to renew the agreement after expiration of the seventy years (70) period. One (1) year prior to the expiration of the agreement, Party "B" may apply to renew the investment. This renewal can only be made once an approval would be obtained from the Royal Government of Cambodia at the request of Party "A", based upon the previous performance of Party "B" and according to the mutual agreement from Party "A" on the terms and conditions of the new contract.



ARTICLE 3: GOAL AND CONCESSION LAND UTILIZATION

The main goal for the location utilization of party "B" is to increase agricultural productivity and to carry out the business operation based on the technical-economic reports and master plan that the company has to prepare as stipulated in Item 7.3 of Article 7. The details are described in the following basic principles:

3.1 Production-business goal:

- 3.1.1 Main production: Plantation of Rubber Teak Tree (*Tectona Grandis*) and Acacia.
- 3.1.2 Secondary production: Other crops that contribute to protect cassava
- 3.1.3 Construction: Construction of processing plans for rubber and planted trees and crops and infrastructure to support the main goal.

3.2 **Location utilization schedule:** Party "B" shall make best use of the area described in Item 1.1 of Article 1 and the lands involving local residents within Five (05) years from the date this agreement is signed and party "B" shall negotiate with local residents who owned the land in terms of exchange of parcel of land or compensation resolution. The schedule for land utilization is as follows:

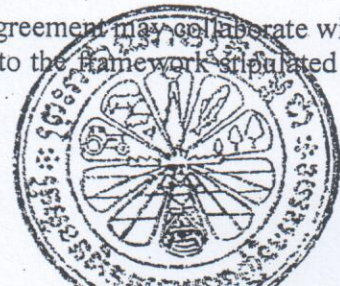
- year1: One thousand nine hundred and ninety six (1.996) hectares
- year2: Two thousand (2.000) hectares
- year3: Two thousand (2.000) hectares
- year4: Two thousand (2.000) hectares
- year5: Two thousand (2.000) hectares

ARTICLE 4: DEPOSIT AND FEE

- 4.1 **Deposit:** Party "B" shall pay a deposit of USD 1 (one) US dollar per hectare of the total area as specified in Article 1 to guarantee the execution of this agreement. The deposit shall be paid no later than three (3) months after signing this agreement. This deposit shall be refunded once party "B" completes the cultivation of the land according to the plan specified in Item 3.2 of Article 3 above.
- 4.2 Party "B" shall pay the land fee annually according to the concessionary land rate defined by the Royal Government of Cambodia and competent institutions. The fee shall be paid annually to the State budget through the bank account of the Ministry of Agriculture, Forestry and Fisheries no later than the 31st of January of each year.
- 4.3 In the event of any delay in paying the fee, as defined in Article 4.2, Party "B" shall be fined monthly two percent (2%) of each annual fee based on the number of months delayed.
- 4.4 Party "B" shall also be obliged to pay other taxes to the State in accordance with the law in force in the Kingdom of Cambodia.

ARTICLE 5: TRANSFER, SUBLEASE AND SALE OF AGREEMENT

- 5.1 Party "B" is entitled to make a transfer to its successors. Legal successors refer to individuals who have been authorized by the law in force to inherit from party "B", or those individuals recognized by the law as its affinity. Notification on rights transfer or any decision regarding the handover to the successors shall be given to Party "A" at least six months before the execution.
- 5.2 Party "B", in harmony with its legal responsibility and this agreement may collaborate with its partners in order to develop business production subject to the framework stipulated in this agreement.



- 5.3 Party "B" could transfer or use as collateral this economic concession land in accordance with the Investment Law, Land Law and Sub-Decree No. 114 dated 29 August, 2007.
- 5.4 Party "B" shall have the rights to seek capital from both local and international banks to further expand its investment in accordance with the rules and legislation law of Kingdom of Cambodia.

ARTICLE 6: RIGHTS AND OBLIGATIONS OF PARTY "A"

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

- 6.1 Providing intervention to the relevant institutions in order to address any problems involving those who commit offense and violate the rights of Party "B" in respect of the implementation framework defined in this agreement as to the usage or confiscation of any part of the location.
- 6.2 During the implementation of investment project on the company land concession, in case, if any land conflict occurred between company and local residents/people, competent authorities have the rights to suspend the investment activities for solving the problems and protecting the interest of people and any conflict is occurred between military agency and local residents/people, the resolution is to give priority to residents/people.
- 6.3 Monitoring:
 - Monitoring to the implementation of the agreement of Party "B".
 - Monitoring & evaluation to the environmental impact.
 - Monitoring to the technical work and the business production program of Party "B".

ARTICLE 7: RIGHTS AND OBLIGATIONS OF PARTY "B"

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

- 7.1 Agreeing to pay the deposit and fee in accordance with Article 4 of this agreement until the termination of the agreement.
- 7.2 Agreeing to be responsible for the expenses of the survey and other related costs involving the coordination and exchange of the said land or compensation as stipulated in Article 1.4.
- 7.3 Formulating a Master Plan for managing and developing the concession area and submitting this plan to Party "A" no later than six (6) months after this agreement has been signed. This Master Plan shall contain strategic actions for the utilization of the concession area, schedule of activities, other technical practices, and an economic-financial plan for long-term development (from the commencement to the final stage of the development of the concession area. Party "B" shall also formulate separate subsequent comprehensive annual plans to concretely manage and develop part of the concession area for the planned year. Until such the plans have been submitted to, and approved by Party "A", Party "B" is allowed to commence its actual field activities.
- 7.4 The natural forest land where kept for natural reservation will not be allowed to develop plantation and this land will be reserved as the state property.
- 7.5 Being entitled to recruit local labor force or experts as needed to guide or instruct on technical issues related to the business production. In the event that there is no Khmer expert available, the right to hire foreign experts shall be granted following the law of the Kingdom of Cambodia.
- 7.6 Focusing on the livelihood, health and education of its employees, workers and their families by building suitable houses, hospitals, temples, schools and recreation centers.
- 7.7 Implementing business activities as planned including: forest clearance, road construction, cultivation and maintenance by following sustainable conditions for natural resources of the location and environmental impact caused by the business production.
- 7.8 Operating business production on the actual business area according to the plan stipulated in its technical-economic reports and in Articles 3 and 7.3 of this agreement.



- 7.9 Machinery equipment, spare parts and chemical materials that are imported for the purpose of business production will incur additional taxes according to the law of the Kingdom of Cambodia.
- 7.10 Allowing Party "A" and relevant institutions to monitor and evaluate its activities regarding environment impact and subsequently following the instructions of Party "A" and relevant institutions as to the protection of the environment.
- 7.11 Report to Party "A" the achievement of the implementation of the investment works in quarterly six-monthly and annually period.

ARTICLE 8: CONSTRUCTION PERMITS

- 8.1 Party "B" shall be allowed by Party "A" to carry out all construction activities on the location in accordance with the law in force in the Kingdom of Cambodia and in harmony with the objectives specified in Article 3 of this agreement.
- 8.2 All constructions of infrastructure such as dams and canals that may affect the surrounding areas, shall be permitted by Party "A" and relevant institutions.

ARTICLE 9: RIGHTS TO THE MANAGEMENT

All fixed assets and infrastructure as well as results achieved by party "B" shall be under the control of party "B" until the termination of this agreement.

ARTICLE 10: TERMINATION OF THE AGREEMENT

- 10.1 In the event that Party "B" faces a situation beyond its control, Party "B" has the right to withdraw from the whole project or part of the project upon the approval for the withdrawal has been received from Party "A". The withdrawal or sale of factory equipment such as boats, storage facilities, machinery, freighters, vehicles and accessories, other means of transportation and other fixtures shall be made in accordance with the rules and regulations in force.
- 10.2 In the event that Party "B" withdraws without approval, it shall be held all responsibilities in according to the Investment Law of the Kingdom of Cambodia.
- 10.3 In the event that Party "B" fails to implement the actual planting activities stipulated in Articles 3 in this agreement at the passing duration of Twelve Months (12), starting from the date of agreement, the Government shall have the rights to terminate the agreement unconditionally and without compensation for damages. Such a termination shall result in the seizure of the deposit paid by Party "B". This deposit shall become State property.
- 10.4 In the case that this concession land existed mineral resources which would be having high economic potential, Party "A" has the rights to terminate this agreement after negotiation made with Party "B".
- 10.5 In the case that Party "B" delays in payment on land fee beyond six (06) months; Party "A" has the rights to terminate this agreement without any compensation.
- 10.6 In the case that Party "B" fails to pay a deposit for securing the execution of this agreement and fails to prepare and submit the Master Plan to Party "A" as stated in the terms & conditions in this agreement, the Government shall have the rights to terminate the agreement unconditionally and without compensation for damages.

ARTICLE 11: DISPUTES AND RESOLUTION (ARBITRATION)

- 11.1 In case of disputes during the execution of this agreement, the two parties shall mediate and settle the dispute based on the rights and obligations of each party as stipulated in this agreement.

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- 11.2 In the event that the two parties cannot mediate or settle the dispute within 60 (sixty) days, this dispute will be submitted to Council for the Development of Cambodia (CDC) to resettle the dispute.
- 11.3 In the case that CDC could not solve this dispute within 30 (thirty) days, the two parties shall submit this document to the court of the Kingdom of Cambodia for judgment.

ARTICLE 12: PARTIAL NULLIFICATION

If any condition of this agreement is nullified or made ineffective, the remaining parts shall continue to be valid as written, to the extent allowed by the law.

ARTICLE 13: GOVERNING LAW

This agreement shall be governed by the laws of the Kingdom of Cambodia.

ARTICLE 14: ENTIRE AGREEMENT

- 14.1 This document is fully agreed by the two parties and represents their symbolic relationship or the previous agreement, either verbal or written, in relation to this agreement. This agreement shall not be subject to modification or change except when there is a written agreement signed and recognized by both parties.
- 14.2 This agreement will be amended in consistence with the standard of the contract which will be released by Prakas of the Ministry of Economy and Finance and Ministry of Agriculture, Forestry and Fisheries, followed Article-2.4 of Sub-Decree No. 146 OR NOR KROR BOR KOR dated 27 December, 2005 on Economic Land Concession (ELC).

ARTICLE 15: FORCE MAJEURE

In the event Party "B" is not able to perform its duties in part or in whole pursuant to the terms and conditions of this agreement due to Force Majeure, Party "B" shall notify Party "A" in writing, specifying the reasons and its obligations shall be temporarily suspended during this period. The term "Force Majeure" refers to fire, flood, storm, war, earthquake, civil unrest, insurgency, strike, explosion, epidemic and other events or circumstances beyond the control of the two parties.

ARTICLE 16: RIGHTS ON NATURAL RESOURCES AND HERITAGE

- 16.1 Before clearing the land for the development activities, Party "B" shall obtain approval from Party "A" for the logging, processing or transporting of logs found on the lands and these logs obtained from land clearance shall be subject to procurement procedure and royalty & fee payment in accordance with the principles and Forestry Law in force.
- 16.2 Mine resources and heritage objects/items existed on or underground are the state property. In the case of clearing the land for business production, if Party "B" discovers mine resources, precious stones, gold or items of national heritage either on or underground, Party "B" shall terminate the activities and inform those to Party "A" immediately. In the case that Party "B" fail to inform those to Party "A", Party "B" has to bear all responsibilities that subject to the Laws and Regulations of the Kingdom of Cambodia.
- 16.3 In the case that in this concession land existed mineral resources which would be having highly economic potential and those certified by competent agencies, Party "A" has the rights to reserve partly or wholly these mineral resources' areas and extract those from the concession land.

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