

AGREEMENT

For

PLANTATION OF TEAK TREE (TECTONA GRANDIS), AND PROCESSING FACTORY

Between

The Ministry of Agriculture, Forestry and Fisheries

And

GLOBAL AGRICULTURAL DEVELOPMENT (CAMBODIA) Co.; LTD

This agreement has been made between:

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

And

GLOBAL AGRICULTURAL DEVELOPMENT (CAMBODIA) Co.: LTD, located at No.1533, National road No 2 , Chak Angrai Kroum Quarter, Mean Chhay District Phnom Penh, Telephone: 012 967 222, holding of bank account No. 01 00 306 028 028 with the Canada Bank located at No.265-269 Ang Duong Street, Phnom Penh of Cambodia, represented by Ms. KWOK LAI NGAN WAN, Nationality American , the company Director, hereafter referred to as "Party B".

Pursuant to:

- The Investment Law and the Amendment of the Investment Law of the Kingdom of Cambodia;
- Land Registry Law of the Kingdom of Cambodia;
- The content of notification No.227 សណ្តាប់, dated February 09,2006 , of the Council of Ministers;
- The letter of Delegation of Full Power No 15 Sor .Pro. Tor dated February 17th , 2006 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 Eight hundred (9,800) hectares located in the district of Kampong Speu, Kratie province for Party " B " to own and use for an plantation Teak Tree (Tectona grandis) and establishes processing factory. The size of this land is more clearly indicated on the map by dots showing its location. The map is annexed to this agreement and hereafter referred to as "Location". The coordinates are given below:



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- X : 620000 - Y : 1421000

- X : 620000 - Y : 1437000

- X : 627000 - Y : 1437000

- X : 627000 - Y : 1421000

In referring to the record of the study and evaluation on the request of the concession land 9,800 Ha of the GLOBAL AGRICULTURAL DEVELOPMENT (CAMBODIA) Co.; LTD dated 13th January 2006 (attached here with as annex), the total land area of 9,800 hectares is divided into:

- 1.1 The land where party "B" can run business directly: This portion of land is separate to the land legally owned by local residents and that which is kept for natural conservation as per items 1.2 and 1.3 of this article.
- 1.2 The land that is legally owned by local residents is not available for company use unless a mutual agreement is reached. In the event of an illegal violation of the ownership of the concession of land, party "B" shall reserve the right to file a lawsuit with the competent institution.
- 1.3 The lands which contain national and cultural heritage sites, mountains, reservoirs, traditional forests and other natural protected areas etc. shall be excluded from the company's use and preserved in their natural conditions.
- 1.4 Regarding the land specified in items 1.1, 1.2, 1.3, party "A" and party "B" shall cooperate with the competent institutions to complete the survey and identification of the area of relevant locations within three (03) months from the date of signing this agreement and either exclude or facilitate the compensation for all relevant land areas. After having completed the survey and identification the part of land in item 1.1 should requested by Party "B" for land registration according the Royal Government Circular N° 05 ៧៥៧៧ dated 01 July 2005. Party "B" shall be responsible for the expenses of the survey, the identification of location and the compensation for relevant lands.

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 right to renew the agreement after expiration of the seventy (70)-year period. One (1) year prior to the expiration of the agreement, party "B" may ask to renew the investment. This renewal can only be made once an approval has been 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 LOCATION USAGE SCHEDULE

The goal and location usage schedule of party "B" is to make business production based on the technical-economic reports and master plan that the company has to prepare as per item 7.3 of article 7 and including the following basic principles:

- 3.1 Production-business goal:



- 3.1.1 Main production: plantation Teak Tree (*Tectona Grandis*)
- 3.1.2 Secondary production: other Crop
- 3.1.3 Construction: construct a processing factory;
- 3.2 Location usage 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 have coordinated, exchanged or compensated the local residents, who own the land, according to the following annual plan:

- year1: One thousand eight hundred (1,800) 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 of 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 In the event that party "B" subleases or transfers this agreement, it shall be in accord with the investment law of the Kingdom of Cambodia and have obtained the approval of the Council for the Development of Cambodia at the request of party "A".
- 5.4 In order to seek capital from both local and international banks to further expand its investment, party "B" shall have the right to use the crops and property that have been invested in the concessionary land to secure additional funds.



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ARTICLE 6: RIGHTS AND OBLIGATIONS OF PARTY "A"

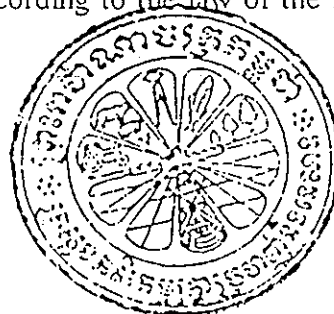
Party "A" has the following rights and obligations:

- 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 right 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 have to give priority to residents people.
- 6.3 Monitoring:
 - The implementation of the agreement of party "B".
 - The environmental impact.
 - Technical work and the business production program of party "B".

ARTICLE 7: RIGHTS AND OBLIGATIONS OF PARTY "B"

Party "B" has 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 as stipulated in article 1.4.
- 7.3 Designing the location management and development plan for party "A" no later than six (6) months after this agreement has been signed. This management plan shall have a master plan for the strategic development-location usage schedule, other technical practices and a balanced economic-financial plan for long-term development (the commencement period for best use of land, location and the renewal period). Party "B" may only start operation when a prior agreement has been made on management plan materials by party "A".
- 7.4 Must to use local labor force 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.
- 7.5 Focusing on the livelihood, health and education of its employees, workers and their families by building suitable houses, hospitals, temples, schools and recreation centers.
- 7.6 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.
- 7.7 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.
- 7.8 Having the right to sell, buy, distribute and circulate all kinds of products both inside and outside the country in accordance with the State's principles and laws in force and in the interests of the above-mentioned investment.
- 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.



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- 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 six-monthly and annually period.

ARTICLE 8: CONSTRUCTION PERMITS

- 8.1 Through this, party "B" shall be allowed to carry out all construction activities on the location in accordance with the law in force of the Kingdom of Cambodia and in harmony with the objectives specified in article 3 of this agreement.
- 8.2 All construction 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 SUPERVISE

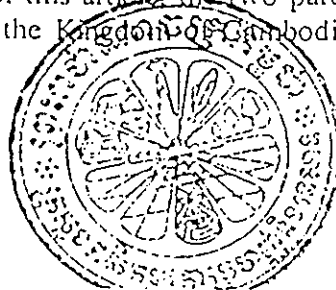
All fixed assets and infrastructure as well as results achieved by party "B" shall be under the control of party "B" until the termination of this agreement.

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 providing approval for the withdrawal has been received from party "A". The withdrawal or sale of factory equipment such as boats for storing machinery, freighters, vehicles and accessories, other means of transportation and fixtures shall be made in accordance with rules and regulations in force.
- 10.2 In the event that party "B" withdraws without approval, it shall be held responsible according to the Investment Law of the Kingdom of Cambodia.
- 10.3 In the event that party "B" fails to implement the activities stipulated in this agreement at the passing of one (1) year starting from the date of agreement, the Government shall have the right 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.

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 obligation of each party as stipulated in this agreement.
- 11.2 In the event that the two parties cannot mediate or settle the dispute within sixty (60) days, the dispute shall be submitted to the Council for the Development of Cambodia for mediation and reconciliation.
- 11.3 If the Council for the Development of Cambodia cannot settle the dispute within thirty (30) days after receiving the request as stated in item 11.2 of this article, the two parties shall send the files of the dispute to the competent court of the Kingdom of Cambodia for its decision according to the law in force.



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

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.

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 TO 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 trees found on the lands and pay royalties and premiums to party "A" in accordance with the principles and Forestry Law in force.
- 16.2 In the course of clearing the land for business production, if party "B" discovers precious stones, gold or items of national heritage either above or underground, they shall be considered to be State property.

ARTICLE 17: LANGUAGES

This agreement has been made in Phnom Penh with 20 copies produced in both the Khmer and English languages. Each copy has equal value. In the event of discrepancy, the Khmer language copies will prevail.



ARTICLE 18: COMMENCEMENT AND TERMINATION OF THE AGREEMENT

This agreement takes effect on this day, 15 of March 2006 and expires on this day, 15 of March 2076

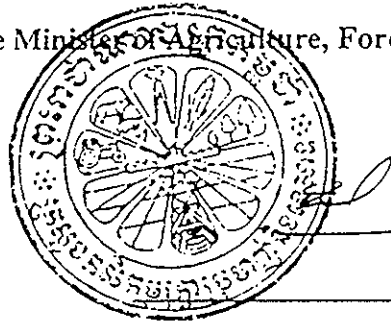
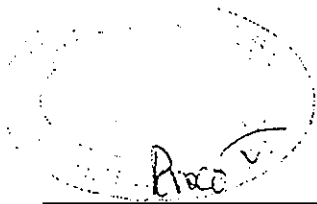
Agreed in Phnom Penh. Day: 15 Month: March 2006

Representative of party "B"

Representative of party "A"

GLOBAL AGRICULTURAL
DEVELOPMENT (CAMBODIA) Co.; LTD

The Minister of Agriculture, Forestry and Fisheries



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C:

- Office of the Council of Ministers
- Ministry of Economy and Finance
- Council for the Development of Cambodia
- Ministry of Planning
- Ministry of Justice
- Ministry of Land Management, Urbanization and Construction
- Ministry of Industry, Mines and Energy
- Ministry of Environment
- Kratie Provincial Office
- Forestry Administration
- Department of Accounting and Finance
- Department of Agronomy and Improved Agricultural Land
- Department of Agro-Industry
- Department of Agricultural Legislation
- Kratie Provincial Department of Agriculture
- Party "A"
- Party "B"
- Archives-Records