

KINGDOM OF CAMBODIA

Nation Religion King

Investment Agreement

On

Investment of Agriculture and Processing

Between

Ministry of Agriculture, Forestry and Fisheries

And

Pheapimex Co., Ltd

This Investment Agreement is made between:

Ministry of Agriculture, Forestry and Fisheries represented by H.E Minister of Ministry of Agriculture, Forestry and Fisheries. Address #200 Norodom Blvd., Telephone (855) 23 427 320, Account Number No. 01.063.220 at Foreign Trade Bank of Cambodia (hereinafter referred to as party A);

And

Pheapimex Co., Ltd represented by Mr. Ouk Nha Lao Meng Kheun, resides at #17 Street 55, Sangkat Chaktomuk, Khan Daun Penh, Phnom Penh Telephone (855) 12 827 888 Fax (855) 23 212 240, and holds an Account Number No. 0819-154288-402 at Bangkok Bank (hereinafter referred to as party B).

- With reference to the information letter No. 852 *Sor Chhor Nor* dated 23 September 1997 of the Council of Ministers on the Investment of Plantation and Creation of Paper Processing Factory.
- Based on the Investment Law of the Kingdom of Cambodia, both parties have agreed upon the terms and conditions set in the following articles:

Article 1: Subject of Agreement

The subject of this agreement is that party A agrees to grant land concession with the total area of 176,065 hectares located in Toek Phos, Samaki Meanchey and Boribo districts, Kampong Chhnang Province (map attached herewith) to party B for agricultural production.

The total land area of 176,065 hectares includes:

- 1.1 Land, which Party A can directly exploit.
- 1.2 Land, which is under the current legal ownership of the local people, the company can cooperate with the people for agricultural production upon mutual agreement.
- 1.3 Land that is mountain, reservoir basins and other forms must be kept in nature.

1.4 Land areas, which are stipulated in sub-articles 1.1, 1.2, and 1.3, must be conducted reconnaissance survey and demarcated the boundary by Party A and B in collaboration with the concerned state institutions by completion in a period of three months after its signatures come into effect. All expenditures on these works are covered by Party B.

Article 2: Time (Investment Agreement Duration)

- 2.1 This agreement lasts for 70 years from the date of 2000 to 2070. The land concession becomes its legal ownership during which the agreement comes into effect. The information on the completion of the agreement is given 90 (ninety) days prior to, or in the last year of the agreement, in case that the agreement will be continued over more than 70 years.
- 2.2 Party B has the right to renew the agreement after 70 years of production. While product derived from this land concession must belong to Pheapimex. If Party B decides to continue, the dates in previous agreement shall be automatically changed and Party B has the right to re-sign with MAFF. The information letter shall be handed over to Party A at least 90 days prior to the continuation of the new contract. The rental fee at which the new agreement is signed, shall be changed according to principle and decision by royal government. If either part does not agree the newly assigned fee, both parties shall discuss with other companies who have done the same business in the Kingdom of Cambodia, in order to determine the appropriate market prices necessary for continuous rent.

Article 3: Goals and Utilization Programs

- 3.1 Party B is of interest to operate the agro-business tree plantation and subsidiary agricultural crops over this land area with no prohibition on the business-production. Revenue generated from this land concession is an exclusive possession of Pheapimex Co., Ltd.
 - 3.1.1 Main production: Tree planting and other agro-industrial crops
 - 3.1.2 Subsidiary production: Other agricultural crops
 - 3.1.3 Construction: Paper and agricultural product processing factories
- 3.2 Utilization Programs for Land Concession: Party B must use the land as clarified in article 1 of this agreement during 17 years from the date of its signature as follows:

Year 1	: 5,000 hectares
Year 2	: 6,000 hectares
Year 3	: 7,000 hectares
Year 4	: 8,000 hectares
Year 5	: 9,000 hectares
Year 6	: 10,000 hectares
Year 7	: 11,900 hectares
Year 8	: 11,900 hectares
Year 9	: 11,900 hectares
Year 10	: 11,900 hectares
Year 11	: 11,900 hectares
Year 12	: 11,900 hectares

- Year 13 : 11,900 hectares
- Year 14 : 11,900 hectares
- Year 15 : 11,900 hectares
- Year 16 : 11,900 hectares
- Year 17 : 11,900 hectares

Article 4: Deposit and Rental Fee

- 4.1 Deposit: Party B must pay USD20,000 (Twenty thousands US dollars) for warranty of agreement security. Deposit must be paid not later than three months after its signature. This deposit shall be repaid when Party B implements cropping completely as mentioned in article 3.
- 4.2 This agreement has not determined the annual charge fee rate, because the fee rate shall be passed by royal government. Therefore, at present royal government has not reserved the rights to collect the annual rental fee from this land concession. If the laws are made in the future, this agreement shall be conformed to the passed laws and other decisions of royal government; and the agreement shall be re-signed fro the charge fee.
- 4.3 The rental fee and deposit for agreement security must be paid to account of Ministry of Agriculture, Forestry and Fisheries at the Foreign Trade Bank of Cambodia.
- 4.4 Party B is obliged to pay other taxes to the state pursuant to the applicable laws.

Article 5: Rights Transfer, and Cooperation of Agreement

- 5.1 Party B can transfer the agreement, cooperate over the land concession and part of their own properties to either their own successor or any appointed person which is agreed by Party A. Party B must inform in writing to Party A 60 days prior to the transfer or any cooperation. Party A has the authority to cooperate to rent this land concession to the third party as long as that third party abide by the agreement made by Party A and Party B. Party A does not gain any benefit from this cooperation. Party B is still responsible for the applicable laws and the existing agreement with Party A.
- 5.2 Party B, in any form, is not able to sell this agreement to any badly documented Party. However, Party B, under its own responsibilities before the laws and this agreement, can cooperate with its partner company in order to develop business production under the terms and conditions stipulated in this agreement. In this case, Party B is still responsible for the applicable laws and the existing agreement, too.

Article 6: Rights and Obligations of Party A

Party A has the rights and obligations as follows:

- 6.1 Seeking the essential measures from the concerned institutions in order to solve any incidents/problems for which any offenders violate Party B under the terms and conditions of this agreement, such as development, use of land concession locations or claiming any part of concession area.
- 6.2 Monitoring on:

6.2.1 Implementation of Agreement

6.2.2 Environmental impacts

6.2.3 Technical practices and business production programs.

- 6.3 Party A guarantees and promises to request all permitted letters from Royal Government and concerned institutions in order that Party B is able to legally sign the agreement for the utilization of land area with the goals as indicated in Articles 3.1 and 3.2 at all time during which the agreement is still effective.
- 6.4 No other institutions such as Royal Government and any officials other than Party A can claim the land during which the agreement is still applicable.
- 6.5 Party A must inform in writing to Party B 3 weeks prior to monitoring property and any modification over the land concession area.
- 6.6 Party A guarantees and agrees that Party A has granted the land concession to Party B alone for this agreement mandate and has not related with the asset of any mortgager.

Article 7: Rights and Obligations of Party B

Party B has the rights and obligations as follow:

- 7.1 Party B agrees to pay the deposit and rental fee correctly as in article 4 of this agreement until the deadline of the agreement.
- 7.2 Party B agrees to cover all the expenditures on Monitoring and Research as shown in article 1.4.
- 7.3 Party B is eligible to recruit either local workers or foreign experts in order to advise or train local workers about cropping techniques of business production according to their immediate needs respective to the Laws of the Kingdom of Cambodia, in case that experts are not available in the country.
- 7.4 Taking care of living standards as well as health and education of staff, workers and their family members by assisting, by the company's ability, settlement buildings, hospital, religious buildings, school, recreational centers, etc.
- 7.5 Undertaking exploitation through already prepared plans such as: clear-cutting, roading, cropping, maintenance, etc, in respect to conditions of sustainable uses of concession and environmental impacts caused directly by business production.
- 7.6 Preparing business production in accordance with plans as clarified in its own technical-economic report and as in article 3 of this agreement on the land area granted by the state.
- 7.7 Party B has the rights to collect and distribute the products locally and internationally in conformity with the applicable principles.
- 7.8 The import of machinery, spare parts, chemical substances for the operation of business production and the duty payment are fully dependent upon the determination by the Kingdom of Cambodia.
- 7.9 Party B must allow Party A and concerned institutions to monitor and assess the environmental impacts; and must implement according to the advices by Party A and concerned institutions over the environment related issues.
- 7.10 Party B has the obligation to buy the agricultural products from Cambodian farmers depending on the product quality and the prices prevailing at the market.

Article 8: Permission to Construction

- 8.1 Party B is allowed to operate all construction work over the land area in conformity with the applicable laws of the Kingdom of Cambodia and with goals as shown in article 3 of this agreement.
- 8.2 Every construction of infrastructures like dam and canal vulnerably causing the severe environmental impacts to surrounding areas must be permitted by either Party A or concerned institutions as well.

Article 9: Rights for Management

All fixed assets and infrastructures together with achievements generated by Party B are under management of Party B until the deadline of agreement.

Article 10: Completion of Agreement

- 10.1 Party B has the rights to withdraw the whole project of the agreement or any parts that cannot be managed and shall be agreed by both parties. Royal Government guarantees the safe return of foreign staff including their family members and the withdrawal of or sale of facilities, processing factories, machinery and commodity ships, all kinds of vehicles and equipment together with transportation means and fixed instrument must be done according to the applicable laws and regulations.
- 10.2 In case that Party B withdraws by itself, party B must be fully responsible for the article 23 of the Investment Law.
- 10.3 If Party B has not completely implemented in accordance with any term and condition of this agreement or various decisions of the Kingdom of Cambodia, the Royal Government shall have the right to cancel this agreement unconditionally and with no compensation. The cancellation will result in the seizure of deposit of Party B to be the state property.
- 10.4 In case that Party B has not complied with this agreement by not commencing the production operation on the land concession area 2 years after the date of its signatures, the Royal Government has the right to cancel the agreement unconditionally and without any compensation. The cancellation will result in the confiscation of deposit of Party B to be the state property.

Article 11: Controversy and Solution (Referee)

- 11.1 In case that controversy occurs during which the agreement is still implemented, both parties shall coordinate and solve the problems pursuant to the rights and obligations of each party as stipulated in this agreement.
- 11.2 In case that both parties can neither coordinate nor resolve these controversial problems for the period of 60 days, the controversial shall be filed to the Council for the Development of Cambodia for further coordination and resolution.
- 11.3 In case that the Council for the Development of Cambodia has not been able to resolve this controversial for the period of 30 days following receiving the request as mentioned

in article 11.2, both parties shall submit the controversial documents to the court of Kingdom of Cambodia for judgment according to the applicable laws.

- 11.4 Both parties shall work out their differences with best regards in Cambodia. In case that the differences cannot be smoothly resolved, both parties shall agree that the problems somewhat external to or relevant to this agreement including questions related to either stability or otherwise cancellation must be filed to the central court of commerce capable enough and publicly recognized in the Kingdom of Cambodia. If there is no central court capable enough, the judgment shall be transferred to the Judge at Singapore depending upon the tribunal prescriptions that were created by the Judge and are considered as corporation standard. According to this judgment, both Khmer and English languages are used for the Judge. Both parties are individually responsible for the translation and interpretation.

Article 12: The Entire Agreement

This document of agreement has been wholly approved by both parties, representing for communication, symbol and agreement in whatsoever either orally or in writing relative to this land concession. This agreement cannot be changed, otherwise there is an agreement letter signed by both parties.

Article 13: Logo

Pheapimex Co., Ltd is able to establish the advertising logo or advertisement information relevant with its business. All logos and advertisement information related to business of Pheapimex Co., Ltd must be conformed to the laws of Kingdom of Cambodia.

Article 14: Taxes

Part B agrees to pay taxes or other charge fee that are obliged by the Royal Government, including export duties compatible with the future laws.

Article 15: Nullification on Any Article of Agreement

If any clause or phrase in this agreement can be considered void or otherwise cannot be implemented, the rest must be considered valid according to the laws.

Article 16: Governance Law

The approval over this agreement is administered by the laws of the Kingdom of Cambodia.

Article 17: Unnecessity On Any Part of Agreement

This agreement has been approved by both parties, rejecting all previous kind of communication, representation and accords by either orally or in writing without signatures and recognition by both parties.

Article 18: Risk and Uncertainty

In the event that both parties cannot perform their obligations in part or the whole in accordance with various terms and conditions set forth in this agreement because of risk and uncertainty, Party B must inform Party A in writing declaring the reasons for risking. Party B shall temporarily stop operating during a period of risking and uncertainty.

Terms: Risk and Uncertainty include fire, flood, storm, war, earthquake, etc; civil disorder, revolutionary strike, riot, explosion, disease outbreak, situations and circumstances beyond the capability range of reasonable management by both parties.

Article 19: Rights On Natural Resources and Inheritance

19.1 If there have been commercial trees remaining inside the concession area granted by Party A, Party B shall pay royalty to Party A depending upon the applicable forestry law.

19.2 During the forest clearance for business production, if finding mines such as gold, gemstone or the national heritage materials (on the ground or underground) must be maintained as the state property.

Article 20: Languages

This agreement is made in Phnom Penh in two recognizable languages, Khmer and English, consisting of 15 copies and each copy bearing the same value. In case, the different ideas unfortunately caused by inappropriate translation, the agreement made in Khmer language must be taken as a basic document for further debate.

Article 21: Recommencement and Completion

This agreement comes into effect from 2000 valid until 2070.

For reality, Party A and Party B have agreed over the terms and conditions stipulated in this agreement according to the above date.

Phnom Penh, 8 January 2000

Party B Representative
Director of Pheapimex Co., Ltd

[Signed and Sealed]

Ouknha Lao Meng Khoen

Party A Representative
Minister of MAFF

[Signed and Sealed]

Chhea Song

Document Maintenance:

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- Council for the Development of Cambodia
- Ministry of Planning
- Ministry of Economy and Finance
- Ministry of Justice
- Ministry of Industry, Mine and Energy
- Ministry of Environment
- Governor Hall of Kampong Chhnang
- Department of Agronomy
- Department of Forestry and Wildlife
- Department of Agriculture, Forestry and Fisheries
- Party A
- Party B
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