

Agreement

for

Plantation of Sugar Cane, and Processing Factory of Sugar Cane

Between

The Ministry of Agriculture, Forestry and Fisheries

And

Koh Kong Sugar Industry Company Limited

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

Koh Kong Sugar Industry Company Limited at No. 205-207-209 Mao Tse Tong Boulevard. Toul Svay Prey 1, Khan Chamkarmon, Phnom Penh. Telephone: (855) 12 727-788 or (855) 12 353-555 holding of bank account No.800-03-2 24197-7 with the Cambodian Commercial Bank Limited, Phnom Penh Branch, represented by Mr.CHAMROON CHINTHAMMIT National Thai, 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 Law of the Kingdom of Cambodia;
- The content of notification No.1108សជណ dated 18 July, 2006, of the Council of Ministers;
- The content of notification No.1022សជណ dated 29 June, 2006, of the Council of Ministers;
- The letter of Delegation of Full Power No.85 D.F.P dated 18 _____ Royal Government of Cambodia



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

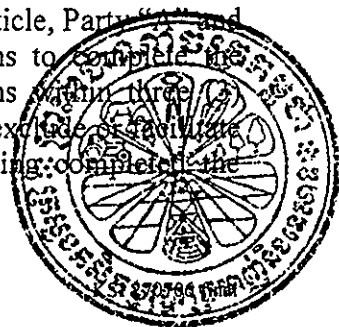
Article 1: OBJECTIVE OF THE AGREEMENT

The object of this agreement is that Party "A" agrees to provide the concession land covering an area of nine thousand seven hundred (9,700) hectares located in the district of Sre Ambel, Koh Kong province for Party "B" to own and use for the plantation of sugar cane, and/or other crops. 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:

A-X: 352686	and Y: 1236771	O-X: 361218	and Y: 1239516
B-X: 352740	and Y: 1241335	P-X: 361215	and Y: 1241415
C-X: 355663	and Y: 1243338	Q-X: 359745	and Y: 1243079
D-X: 357264	and Y: 1243134	R-X: 358260	and Y: 1243383
E-X: 358616	and Y: 1244980	S-X: 357192	and Y: 1242607
F-X: 357982	and Y: 1245079	T-X: 356621	and Y: 1241465
G-X: 360347	and Y: 1248682	U-X: 358013	and Y: 1241464
H-X: 361118	and Y: 1248691	V-X: 357996	and Y: 1239929
I-X: 361378	and Y: 1250274	W-X: 356507	and Y: 1239692
J-X: 359263	and Y: 1250270	X-X: 358028	and Y: 1237480
K-X: 360096	and Y: 1251885	Y-X: 363935	and Y: 1233452
L-X: 361989	and Y: 1252355	Z-X: 363402	and Y: 1232556
M-X: 364195	and Y: 1248968		
N-X: 364012	and Y: 1239520		

In referring to the record of the study and evaluation on the requested concession land of the DUTY FREE SHOP CO.,LTD. dated 24th April 2006 (attached herewith as annex), the total land area of 9,700 hectares is divided into:

- 1.1 The land where Party "B" can operate business directly. This portion of land is separate from 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 Party "B"'s uses 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 right to file a lawsuit with the competent institution.
- 1.3 The land which contains national and cultural heritage sites, mountains, reservoirs, traditional forests and other natural protected areas etc. shall be excluded from Party "B"'s use and preserved in their natural conditions.
- 1.4 Regarding the land specified in items 1.1, 1.2, 1.3 of this article, Party "B" and Party "A" shall cooperate with the competent institutions to complete the survey and identification of the area of relevant locations within three months from the date of signing this agreement and either exclude or will give the compensation for all relevant land areas. After having completed the



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survey and identification the part of land in item 1.1 of this article Party "B" should request for land registration according the Royal Government Circular No. 05 01 July 2005, Party "B" shall be responsible for the expenses of the survey, the identification of the location and, the compensation for relevant lands.

ARTICLE 2: DURATION

- 2.1 This agreement lasts ninety (90) 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.
- 2.2 Party B shall have the right to renew the agreement after expiration of the ninety (90)-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 Party "B" has to prepare as per item 7.3 of article 7 and includes the following basic principles:

3.1 Production-business goal:

- 3.1.1. The plantation of sugar cane and/or other crops .
- 3.1.2 The processing of sugar, ethanol and/or sugar/ethanol by-products and/or added value products from sugar cane and/or other crops;
- 3.1.3 The generation of electricity by using sugar cane, other crops, by-products and/or added value products as fuel; and/or
- 3.1.4 Any other business related to the business mentioned in items 3.1.1, 3.1.2 and 3.1.3 of this article.

3.2 Location usage schedule: Party "B" shall make its best effort to use the area described in item 1.1 of article 1 and the lands involving local residents within ten (10) years from the completion of survey as specified in item 1.4 of article 1 and Party "B" shall have coordinated, exchanged or compensated the local residents, who own the land, according to the following annual plan:

- Year 1: Five Hundred (500) Hectares
- Year 2: Eight Hundred (800) Hectares
- Year 3: Eight Hundred (800) Hectares
- Year 4: Eight Hundred (800) Hectares
- Year 5: One Thousand One Hundred (1,100) Hectares
- Year 6: One Thousand One Hundred (1,100) Hectares



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- Year 7: One Thousand One Hundred (1,100) Hectares
- Year 8: One Thousand One Hundred (1,100) Hectares
- Year 9: One Thousand One Hundred (1,100) Hectares
- Year 10: One Thousand Three Hundred (1,300) Hectares

If the area of the concession of land is not available for use by Party "B" according to the above annual plan, the local usage schedule shall be applied to Party "A" pro rata to the land actually available for Party "B" and this shall not be deemed to be a failure to implement the activities stipulated in this agreement.

ARTICLE 4: DEPOSIT AND FEE

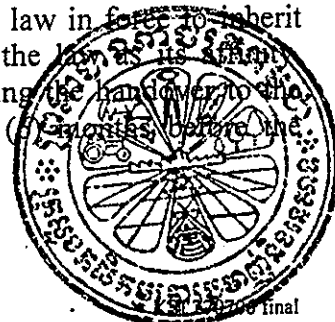
- 4.1 Deposit: Party "B" shall pay a deposit of use of one (1) US dollar per hectare of the total area as specified in article 1 to guarantee the execution of this agreement. The deposit shall be paid no later than three (3) months after signing this agreement. This deposit shall be refunded once Party "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 from the fifth (5) years from the signing date onwards.
- 4.3 Party "B" shall pay the land fee annually at the rates as follows:
 - One (1) US Dollar per hectare for the year 5-15
 - Two (2) US Dollar per hectare for the year 16-30
 - Three (3) US Dollar per hectare for the year 31-50
 - Four (4) US Dollar per hectare for the year 51-90

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.

- 4.4 In the event of any delay in paying the fee, as defined in item 4.2 of this article, Party "B" shall be fined monthly, two percent (2%) of the unpaid amount of the annual fee based on the number of months delayed.
- 4.5 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 such. Notification on rights transfer or any decision regarding the handover to the successors shall be given to Party "A" at least six (6) months before the execution.



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- 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 this agreement and/or the crops and/or property that have been invested in the concessionary land to secure additional funds. Party "A" shall provide the lenders with a written consent for the use of this agreement to secure additional funds.

ARTICLE 6: RIGHTS AND OBLIGATIONS OF PARTY "A"

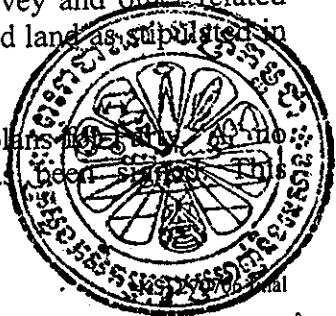
Party "A" has the following rights and obligations:

- 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 the investment project on the land concession in case if any land conflict occurs between Party "B" and local residents/people, competent authorities have the right to suspend the conflict land concession area for solving the problems and protecting the interest of people and any conflict that occurs between military agency and local residents/people the resolution shall be considered fairly.
- 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 item 1.4 of article 1.
- 7.3 Designing the location management and development plans for Party "B" no later than nine (9) months after this agreement has been signed.



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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 use the local labor force, in the event that there is no Khmer expert available, the right to hire foreign experts shall be granted under 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, hospital, temple, school and recreation center.
- 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 article 3 and item 7.3 of this article.
- 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 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 environmental 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 semi-annually 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 laws 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, main and secondary roads, and other infrastructure, shall be permitted by Party "A" and relevant institutions.



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ARTICLE 9: RIGHT TO SUPERVISE

All building and infrastructure constructed by Party "B" shall be under the control of Party "B" until the termination of this agreement. All machinery, equipment and vehicles used by Party "B" for the activities specified in this agreement including boats for storing machinery, freighters and accessories shall belong to Party "B".

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 the 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 use its best effort to implement the activities stipulated in this agreement at the passing of one (1) year starting from the completion of the survey as specified in item 1.4 of article 1, Party "A" 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.

10.4 In the event that Party "A" is not able to perform its duties as stipulated in items 6.1 and 6.2 of article 6, Party "B" shall have the right to terminate the agreement.

10.5 In the event of termination of this agreement Party " B " have the right to harvest the principle crops product (sugar Cane) of the last season .

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 In the event that the dispute cannot be settled by the Council for the Development of Cambodia within sixty (60) days, either party shall have the right to refer to the arbitration.

11.4 Any decision or award given by the arbitrators shall be final, conclusive and binding upon the parties hereto. The arbitration proceedings shall follow the arbitration rules of the United Nations Commission on International Trade



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Law (UNCITRAL) and shall be conducted in Phnom Penh and in English language.

11.5 Each party shall have the right to institute suit against the other in the competent court of the Kingdom of Cambodia to enforce any decision or award rendered in arbitration proceedings.

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 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.



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ARTICLE 17: LANGUAGES

This agreement has been made in Phnom Penh with twenty (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 the 2nd day of August 2006 and expires on the 1st day of August 2096

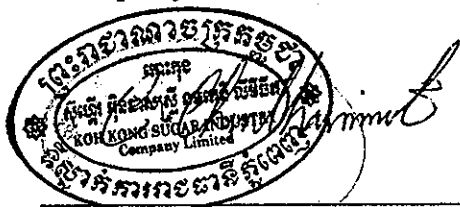
Agreed in Phnom Penh .2nd August 2006

Representative of Party "B"

Representative of Party "A"

Koh Kong Sugar Industry
Company Limited

Minister of Agriculture,
and Fisheries



(Mr. Chamroon Chinthammit)

(Dr. Chan Sarun)

CC:

- 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
- Koh Kong Provincial Office
- Forestry Administration
- Department of Accounting and Finance
- Department of Agronomy and Improved Agricultural Land
- Department of Agro-Industry
- Department of Agricultural Legislation
- Koh Kong Provincial Department of Agriculture
- Party "B"
- Party "A"
- Archives-Records