

ELECTRICITY AUTHORITY OF CAMBODIA
ELECTRICITY LAW OF THE KINGDOM OF CAMBODIA

DISTRIBUTION LICENSE FOR PROVIDING ELECTRIC POWER
DISTRIBUTION SERVICE AT MALAY DISTRICT TOWN, BANTEAY
MEANCHEY PROVINCE

SOU CHING ELECTRONIC COMPANY Ltd.

28 November 2006

PART 1

**DECISION TO GRANT THE RIGHT TO PROVIDE
THE ELECTRIC POWER SERVICE**

KINGDOM OF CAMBODIA
NATION RELIGION KING



LICENSE DOCUMENT No. 145 LD
DISTRIBUTION LICENSE FOR SOU CHING ELECTRONIC COMPANY Ltd.

ELECTRICITY AUTHORITY OF CAMBODIA

- In exercise of the powers conferred by Article 7, 29 and 34 of the Electricity Law promulgated by the Royal Decree NS/RKM/0201/03, dated 02/02/2001.
- In accordance with power purchase agreement between Electricite du Cambodge and Apsara Authority dated July 14, 2006
- In accordance with agreement on Transferring the right and obligation of power purchase agreement Electricite du Cambodge between Apsara Authority and Sou Ching Electronic Company Ltd. dated July 14, 2006
- In accordance with the application for distribution license of Sou Ching dated August 16, 2006
- In accordance with the consultations with the applicant, concerned parties and public, made from October 13, 2006 to November 07, 2006
- In accordance with the decision of Electricity Authority of Cambodia's Session No. 84, dated November 28, 2006.

DECIDES

Article 1

There is hereby granted the Distribution License to Sou Ching Company, Ltd (herein after referred to as "Licensee") located at PhumThnal, Khum Sragnae, Siemreap District, Siemreap Province. Registered in the Kingdom of Cambodia under No. Co.2448/05E dated June 16, 2005 pursuant to the Commercial and Civil Law for grant of the right to licensee to distribution electricity to Zone01, Zone02, Tourist Town and Cultural Zones, Siem Reap Province through 22 kV line by purchasing electricity from Electricité du Cambodge under the Power Purchase Agreement (PPA) between Electricite du Cambodge and Apsara Authority dated July 14, 2006 and Novation Agreement between Apsara Authority and Sou Ching Electronic Company Ltd. dated July 14, 2006.

The right to provide the above electric power service shall be in accordance with conditions of license specified in part 2 of this license

Article 2

The Conditions of license referred to above are subject to modification or amendment in accordance with their terms or with Article 7 and 44 of the Electricity Law of Cambodia. This license hereby granted is further subject to the terms of revocation specified in Schedule 2 of Part II of this License.

Article 3

This license shall come into force on the date it is signed and, unless revoked earlier, the term of the license shall be 20 years and on the application of the license may be renewed for further period and with such modification as required.

Phnom Penh, November 28, 2006
CHAIRMAN OF ELECTRICITY AUTHORITY OF CAMBODIA

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CONDITIONS OF LICENSE

1 DEFINITIONS OF TERMS USED IN THE LICENSE

In this or any of the following Parts of this document and in the Schedules below, unless otherwise specified or the context otherwise requires:

"Audit" means audit on the Licensee's Financial Statement of a financial year by an auditor.

"Condition" means a Condition set out in this License.

"Small Consumers" are consumers supplied power at single phase and low voltage (220 Volts).

"Medium Consumers" are consumers supplied power at three phases and low voltage (380 Volts).

"Big Consumers" are consumers supplied power at medium voltage (above 380 Volts to 22 000 Volts).

"Bulk Consumers" are consumers supplied power at high voltage (above 22 000 Volts).

"Customer" means any person supplied or requiring to be supplied with electricity at premises within the authorized area.

"Distribution Business" means the business of the Distribution Licensee or ancillary to:

- (a) the distribution of electricity through the Licensee's Distribution System, including any business in providing connections to such system;
- (b) provision of Metering Services; and
- (c) supply of electricity to consumers.

"Distribution License" means the Distribution License granted in Article 1(b) of Part 1.

"Distribution System" Means all electric network of the Licensee within the Licensee's authorized distribution area and any other electric lines which EAC may specify as forming part of the Licensee's Distribution System, and includes any electrical plant and meters of the Licensee which are used in connection with the distribution of electricity by the Licensee; and, in relation to any other distributor, it shall have the same meaning as it has in the license held by such distributor.

"Distributor" means any person who holds a Distribution License.

"EAC" means the Electricity Authority of Cambodia established by the Electricity Law promulgated by Royal Decree No. NS/RKM/ 0201/03 dated February 2, 2001.

"Generation Business" means the business (if any) of the Licensee (as holder of the Generation License) in the generation of electricity.

"Generation License" means the Generation License granted in Article 1 (a) of Part 1.

"License Document" means this document comprising Part 1 to 2 and Schedules 1 to 3.

"Licensee" means **Sou Ching Electronic Company Ltd.**

"Metering Equipment" includes any meter and associated equipment, which materially affects the operation of that meter.

"Notice" means (unless otherwise specified) notice given in writing or by any other reasonable means.

"Representation" includes any objection or any other proposal made in writing.

2 GENERAL OBLIGATION OF LICENSEE

Condition 1: Obligation on compliance with Laws and Sub-decrees.

1. The Licensee shall comply with the Electricity Law of the Kingdom of Cambodia, other Laws and Sub Decrees relating to the Laws.
2. The Licensee is subjected to the environmental obligations as specified in the Law on Environmental Protection promulgated by the Royal Decree NS/RKM/1296/36, dated 24/12/1996 and Other Sub-Decrees on Environmental Protection of the Kingdom of Cambodia.

Condition 2: Obligation on compliance with Technical Standard, Safety and Environment

1. The Licensee shall comply with the standard relating to technical operation, safety and environment, used and published by Ministry of Industry, Mines and Energy.

Condition 3: Obligation on compliance with EAC's Orders, Decisions, Rules and Regulations for Generation and Distribution Services

1. The Licensee shall comply with the provisions of the Rules, Regulations and Procedures on the electric power generation and distribution services issued by EAC.
2. In specific case, EAC may (following consultation with the Licensee) issue directions relieving the Licensee of its obligations under paragraph 1 in respect of such parts of the Rules, Regulations, Procedures and for such periods specified in those directions.

Condition 4: Obligation on compliance with Conditions of Electric Power Service specified in its License

1. The Licensee shall comply with the provisions of service condition in this license.

Condition 5: Obligation on Financial Statement and its Electric Power Service Report in accordance with EAC's Adoption

1. The financial year of the Licensee shall be reckoned every year from 1st January to the following 31st December.
2. The Licensee shall submit to EAC the copy of its audited financial statement not later than 3 months after the end of financial year to which they relate. The audit can be replaced by the control of EAC in the case that actual situation requires.
3. The Licensee shall provide, in the manner and form determined by EAC, such information as EAC may require from time to time monitoring the Licensee's compliance with the conditions of this license, provision of the electricity law and any other legislative or regulatory requirements.
4. Without prejudice to the generality of paragraph 3, EAC may require the Licensee to supply information which is more extensive than or differs from that required to be prepared and supplied to EAC.

Condition 6: Obligation on Payment of License Fee

1. From the effective date to the end of the term of license, the Licensee shall pay to EAC "The Monthly License Fee" which is calculated according to the rate of license fee and the formula determined by EAC for each financial years pursuant to Article 27 of the Electricity Law of the Kingdom of Cambodia and Article 3 of Sub-Decree defining the maximum of License fee to be implemented to the electric power services in the Kingdom of Cambodia.
2. Each invoice of monthly license fee shall be due and payable within 14 days after the day on which Licensee receives it.

3 SERVICE CONDITIONS**Condition 7: Conditions on Electric Power Service Area**

1. This license grants the right to the licensee to distribute electric power in Zone 1, Zone 2, Tourist and Cultural Zones, Siem Reap Province. The authorized distribution area is clearly indicated in schedule 1 of this license (shown in the attached map).
2. Big consumers and bulk consumers in the distribution area indicated in schedule 1 may have the right to select other supply sources from the transmission line or distribution network of other licensees, if they obtain prior approval from EAC.

Condition 8: Conditions on Electric Power Service utilities

1. The licensee shall plan and develop its Distribution System as per standard issued by Ministry of Industry, Mines and Energy. If such a standard is not issued, the licensee shall use such other standard of planning so as to Distribution System security, availability and quality of service as approved by EAC.
2. The Licensee shall expand the distribution network in accordance with its planning which approved by EAC in distribution area to ensure the electricity supply to all consumers in its area.

Condition 9: Conditions on Distribution System Operation

1. The Licensee shall conduct its Supply and Distribution Operation in accordance with standards of performance issue by EAC pursuant to Article 3 and 7(e) of the Electricity Law of the Kingdom of Cambodia.
2. The Licensee shall ensure availability of sufficient power sources for supply to its customers. Licensee shall ensure the following conditions:
 - (a) Supply of electricity may not be discontinued for more than the time limit approved by EAC; and
 - (b) the voltage and frequency of electricity may not vary beyond the permissible operational limits approved by EAC.
3. The Licensee shall comply with the Distribution Code approved by EAC.

Condition 10: Condition on electric power business

1. The Licensee shall operate and manage the Services provided under this License in an efficient, quality and transparent manner in accordance with the requirement of this License and the regulations issued by EAC.
2. Any dispute or difference between Licensee and third party relating to any agreement for purchase of electricity from third party shall be settled according to the provision in that agreement.
3. The Licensee shall not enter into arrangements with third party for purchase of electricity without prior approval of EAC.
4. The Licensee shall not use the assets of this License's business for the purpose other than the business permitted in this document without prior approval of EAC.
5. The Licensee shall not acquire any additional business, including the business of generating, transmitting, distribution or supply of energy, without the prior approval in writing of EAC.
6. The Licensee shall not, at any time, assign his License or transfer his undertaking, or any part thereof, by sale, mortgage, lease, exchange or otherwise, unless specified in PPA and approved by EAC.
7. Any agreement relating to any transaction of the nature described above at paragraph 3, 4, 5 and 6, unless made with the prior written consent of EAC, shall be void and would constitute violation of Conditions of License.
8. Within 6 months after receiving this license, the licensee shall prepare the cost of electricity and request EAC approval on the tariff to implement in its distribution area according to the Electricity Law of the Kingdom of Cambodia. Before EAC's approval on new tariff, the licensee shall use the existing electricity tariff approved by Ministry of Industry, Mines and Energy.

Condition 11: Condition on electric power supply to customer

1. The Licensee shall comply with the EAC's Rule on the conditions of supply of electricity to consumer in Cambodia.
2. In the provision of electricity, the Licensee shall not discriminate between persons or classes of person.
3. The Licensee shall (and shall ensure that its agents) take all reasonable steps to detect and prevent:
 - (a) the theft of electricity at the point of supply
 - (b) damage to any electrical plant, electric line or electricity meter through which such premises are supplied; and
 - (c) interference with any electricity meter through which such premises are supplied.
4. The Licensee shall include in the provisions of supply contract with the customer that the customer shall, as soon as is reasonably practicable and possible, inform the Licensee of any incident where it has reason to believe:
 - (a) there has been damage to such electrical plant, electric line or meter; or
 - (b) there has been interference with the meter to alter its register or prevent it from duly registering the quantity of electricity supplied.

5. The Licensee shall prepare and submit to EAC for approval on its procedure for handling complaints from customers.
6. The Licensee shall establish and operate an information service for use by any customer for the purposes of receiving reports and offering information, guidance or advice about any matter or incident in its distribution service.

Condition 12: Conditions on public interest

1. The Licensee shall not dispose of or relinquish operational control over any relevant asset prior to the written consent from EAC. “relevant asset” means any asset for the time being forming part of the Licensee's Distribution System, any control center for use in conjunction therewith and any right, title or interest in land upon which any of the foregoing is situate.
2. The Licensee shall give to EAC written proposal of its intention to dispose of or relinquish operational control over any relevant asset, together with such further information as EAC may request relating to such asset or the circumstances of such intended disposal or relinquishment of control or to the intentions in regard thereto of the person proposing to acquire such asset or operational control over such asset.
3. EAC may (following consultation with the Licensee) give consent or refuse consent to this proposal.
4. The Licensee shall consult with appropriate representatives of persons employed by it in order to establish and maintain an appropriate machinery or forum for the joint consideration of matters of mutual concern in respect of the health and safety of such persons.

Condition 13: Communication

1. All communications relating to this License shall be written in Khmer as official.

Condition 14: Sale Condition of distribution facility in case it is the required by EAC

1. Under Electricity Law and Sub-decrees, in the case of revocation of license, EAC can request licensee to sale its facilities to the successor in accordance with financial principle determined by EAC.

**SCHEDULE 1
AUTHORIZED DISTRIBUTING AREA**

1. The authorized distribution area, where **Sou Ching Electronic Company Ltd.** has the right to provide the electricity in Zone 1, Zone 2, Tourist and Cultural Zones, Siem Reap Province.
2. The authorized distribution area is determined by “the boundary map” attached.
3. Under this license, if the licensee intends to request the extension or the additional distribution areas then the licensee shall prepare all necessary documents and submit to EAC in accordance with the EAC’s determination. After EAC authorized to extend or to add distribution area, this schedule 1 shall be revised and attached with that authorization.

SCHEDULE 2
TERM OF LICENSE REVOCATION

1. EAC may at any time consider revocation of any of the licenses granted by this License Document under following circumstance:
 - (a) if the Licensee requests in writing to EAC that that such license may be revoked; or
 - (b) if any amount payable under Condition 6 of General Obligation of Licensee in relation to such license is unpaid 30 days after it has become due or remains unpaid for a period of 14 days after EAC has given the Licensee notice that the payment is overdue provided that no such notice shall be given earlier than the fourteenth day after the day on which the amount payable became due;
 - (c) if the Licensee in the opinion of the EAC has committed a material breach of any of the terms and Conditions of such License and does not comply with a final order of EAC to rectify such breach; or
 - (d) if the Licensee in the opinion of the EAC, is not in a position to fully and efficiently discharge the duties and obligations imposed on Licensee by such License; or
 - (e) if in the opinion of EAC the Licensee has committed a willful or unreasonable default to comply with conditions set forth in the rules and regulations adopted by EAC, and the Laws of the Kingdom of Cambodia, including Laws regarding environmental protection, safety, health, taxes, and electric system performance, protection and standards;
2. EAC may at any time give not less than 3 months notice in writing to the Licensee stating the grounds on which any License is proposed to be revoked.
3. EAC may, instead of revoking any License, permit it to remain in force subject to such further terms and conditions as considered fit to impose and any further terms or conditions imposed shall be binding upon and be observed by the Licensee, and be of like force and effect as if they were contained in the License.

SCHEDULE 3
OWNERSHIP OF LICENSEE

1. The licensee has the following registered owners of the **Sou Ching Electronic Company, Ltd** with the 1000 shares are:
 - (a) CH & J INTERNATIONAL Co., Ltd: 1887 shares from 0001 to 1887
 - (b) Mr. Va Chouda: 1113 shares from 3001 to 3700
 - (c) DAMUL LJC Co., Ltd: 0700 shares from 0001 to 0700
2. Refer to Article 45 of the Electricity Law of the Kingdom of Cambodia, the above registered owners shall not own shares in or have any other direct financial interests in any other licensee without written permission from EAC. EAC may permit in specific cases in public interest.