

ELECTRICITY AUTHORITY OF CAMBODIA

ELECTRICITY LAW OF THE KINGDOM OF CAMBODIA

**DISTRIBUTION LICENSE FOR PROVIDING ELECTRIC POWER
DISTRIBUTION SERVICE AT DISTRICT CENTER OF KAMRIENG,
PHNOM PROEUK AND SAMPEOU LOUN
IN BATTAMBANG PROVINCE**

FRANASIE IMPORT EXPORT CO., LTD.

10 April 2002

PART I

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

KINGDOM OF CAMBODIA
Nation Religion King



ELECTRICITY AUTHORITY OF CAMBODIA

LICENSE DOCUMENT No. 008 LD

FRANASIE IMPORT EXPORT CO., LTD.

ELECTRICITY AUTHORITY OF CAMBODIA

- In exercise of the powers conferred by Article 7 and 30 of the Electricity Law promulgated by the Royal Decree NS/RKM/0201/03, dated 02/02/2001.
- In accordance with Power Purchase Agreement signed between Provincial Department of Industry, Mines and Energy and Provincial Electricity Authority (PEA), dated 27/4/2001.
- In accordance with Contract on investment for rehabilitation and development the electricity sector signed between Provincial Department of Industry, Mines and FRANASIE IMPORT EXPORT CO., LTD., dated August 15, 2001.
- In accordance with the application for license of FRANASIE IMPORT EXPORT CO., LTD., No.015/00, 025/00 and 035/00, dated January 04, 2002.
- In accordance with the consultation with licensee, concerned parties and public, made from 17 January 2002 to 25 March 2002.
- In accordance with the decision of Electricity Authority of Cambodia's Session No. 6, dated April 01, 2002.

DECIDES

Article 1

There is hereby granted the Distribution License to **Franasie Import Export Co., Ltd** (herein after referred to as "Licensee") registered in the Kingdom of Cambodia under No. Co-3555/97P dated 5 November 1997 pursuant to the Commercial and Civil Law for grant the right to licensee to distribution electricity to district center of Kamrieng, Phnom Preuk and Sampeu Lon, Battambang province purchasing electricity from Thailand under, the Power Purchase Agreement (PPA), No. BOR 6/2544, No. BOR 11/2544 and No. BOR 12/2544 dated 27 April 2001, signed between Battambang Provincial Department of Industry, Mines and Energy (Cambodia) and Provincial Electricity Authority (Thailand), and under the contract of transferring the right of power purchasing from Battambang Provincial Department of Industry, Mines and Energy to licensee under the contract on investment for rehabilitation and development the electricity sector in district center of Kamrieng, Phnom Proeuk and Sampeou Lon, Battambang province dated 15 August 2001.

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 referred to above license 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 as to revocation specified in Schedule 2 of Part II of this License.

Article 3

This license shall come into force from the signing date, the term is 10 years in case of the Power Purchase Agreement with Thailand shall be extended to 10 years, and shall be requested to continue or revise, unless revoked early in accordance with the conditions of licensee.

Phnom Penh, April 10, 2002

CHAIRMMAN 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 by any auditor for the time being business.

“Condition” means a Condition set out in this License.

“Connection charges” means charges made for the carrying out of works and provision and installation of electrical plant, electric lines and auxiliary meters in

- constructing or modifying entry and exit points on the Licensee's Distribution System.
- “Consumer” means a person or his successor, that purchases or receives electricity for consumption and not for delivery or resale to other. **“Small Consumer ”** is the domestic consumer or consumer having normal annual consumption no more than 12,000 kWh. **“Big Consumer ”** is the consumer supplied from the Distribution System and having normal annual consumption more than 12,000 kWh. **“Bulk Consumer ”** is the consumer supplied from the Transmission System.
- “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) the provision of Metering Services; and
 - (c) the supply of electricity to consumers.
- “Distribution Code” means the Distribution Code covering all material technical aspects relating to connections to and the operation and use of the Licensee's Distribution System or the operation of electric lines and electrical plant connected to the Distribution System of the Licensee or distribution system of any other person authorized to connect with Licensee system.
- “Distribution License” means the Distribution License granted in Article 1(c) of Part I.
- “Distribution System” Means all electric lines 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.
- “License Document” means this document comprising Parts I, Part II and Schedules 1 to 3.
- “Licensee” means Franasie Import Export Co., 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 the Laws and Sub-Decrees

1. The Licensee shall comply with the Electricity Law, other Laws and Sub Decree relates 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 Protect of the Kingdom of Cambodia

Condition 2: Obligation on compliance with technical standard

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

Condition 3: Obligation on compliance with EAC's order in issuing rules and regulations for distribution service

1. The Licensee shall comply with the provisions of the Rule and Procedures on the electric distribution service issued by EAC.
2. In specific case and area, 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 Rule or Procedure specified in those directions.

Condition4: Obligation on compliance with service condition of license

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

Condition5: Obligation on Financial statement and its electric power service report 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 six months after the end of financial year to which they relate.
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.

Condition6: Obligation on payment of license fee

1. From the effective date to end of the condition and 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 fiscal years pursuant Article 27 of the Law and Article 3 of Sub-Decree defining the maximum of License fee to be implement 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 licensee to distribute electric power in district center of Kamrieng, Phnom Proeuk and Sampoeu Loun as clearly indicated in schedule 1 of this license and showed in the attached map.
2. Big consumers and bulk consumers in the above distribution area may have the right to select other supply sources from the transmission line or main distribution network if they have the approval from EAC.

Condition 8: Conditions on electric power service utilities

1. Planning and development licensee's Distribution System shall apply with a standard issuing by Ministry of Industry, Mines and Energy if available or such other standard of planning as the Licensee, may in maintaining Distribution System security and availability and quality of service, and approved by EAC if not available the standard issued by Ministry of Industry, Mines and Energy.
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 area.

Condition 9: Conditions on distribution system operation

1. The Licensee shall conduct its Supply and Distribution Operation in accordance with standards of performance determined by EAC pursuant to Article 3 and 7(e) of the Electricity Law of the Kingdom of Cambodia.
2. The Licensee shall make availability of power sources sufficient for supply to its consumers. Licensee shall ensure the following conditions:
 - (i) will not be discontinued in more than the standard time approved by EAC; and
 - (ii) that the voltage or frequency of electricity will not be reduced below usual operational limits approved by EAC.
3. The Licensee shall comply with a Distribution Code approved later by EAC.

Condition 10: Condition on electric power business

1. The Licensee shall operate and manage the Services provided by this License in an efficient, quality and transparent manner in accordance with the requirement of this License and the regulations defined in the Rules 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 Generation, Transmission and Distribution as specified 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 can 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 as between any 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 supplied point
 - (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 its 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 the 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) consent or not 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 the case there are the requirement from 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 according with financial principle determined by EAC.

SCHEDULE 1

AUTHORIZED DISTRIBUTING AREA

1. The authorized distribution area, where Franasia Import Export Company has the right to provide the electricity and supply service is District Center of Kamrieng, Phnom Proeuk and Sampeou Loun in Battambang province.
2. The authorized distribution area is determined by “the boundary map” attached.

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 sixteenth 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 LICENSE

1. The licensee has the following registered owners of Franasia Import Export with the 1000 shares are:
 - (a) Mr. Sin Khim 510 shares from 0001 to 51
 - (b) Miss Sin Sophearkna 490 shares from 511 to 1000
2. Refer to Article 45 of the Electricity Law of the Kingdom of Cambodia, the above registered owners shall not in or have any other direct financial interests in any other licensee.