

CONTRACT
on Activity Terms in Free Economic Zone Gomel-Raton

" _____ " _____ 2006 # _____ Gomel

State establishment "**Administration of Free Economic Zone Gomel-Raton**" hereinafter referred to as **Administration**, in the face of Head of Administration _____ acting on the basis of Charter, on the one hand, and _____ hereinafter referred to as **Entrepreneurial** entity, in the face of _____ acting on the basis of Charter, on the other hand, agreed on the following:

1. Subject of the Contract

1.1. The present Contract defines the order of conducting investment and entrepreneurial activity on FEZ Gomel-Raton territory, of cooperation of the parties of the present Contract and of provision of special legal regime of activity established by the legislation being in force for entrepreneurial entity as a FEZ Gomel-Raton resident which comes into force beginning from the 1st date of the month following the month of conclusion of the present Contract.

1.2. The parties agreed that the purpose of conducting investment and entrepreneurial activity on FEZ Gomel-Raton territory will be a complex development of FEZ on the principles of consistent combination of production efficiency and ecological safety, free will, mutual profitability and equality of the parties.

2. Rights of the Parties

2.1. FEZ Gomel-Raton Administration has the right to:

2.1.1. Represent the interests of a FEZ resident in relations with the republican state governmental bodies and local governmental and self-governmental bodies.

2.1.2. Define the size of rental payment for land, natural resources, premises, buildings, constructions transferred to Administration into day-to-day management in accordance with the legislation-in-force; control land plots usage.

2.1.3. Attract entrepreneurial entity to the participation in realization of the programs of social and economic FEZ development.

2.1.4. Distribute information about the entrepreneurial entity at the exhibitions, seminars and official meetings.

2.2. Entrepreneurial entity has the right to:

2.2.1. Participate in the activity of a consultative commission in case of its creation and to submit offers on the realization of social and economic programs of FEZ Gomel-Raton development.

2.2.2. Form independently production programs.

- 2.2.3. Perform products (works, services) manufactured sale.
- 2.2.4. Perform foreign economic operations with the goods (works, services) manufactured on FEZ territory in accordance with the legislation of the Republic of Belarus.
- 2.2.5. Perform customs clearing of goods imported on the territory of free customs zone and exported from its territory in accordance with the customs legislation.
- 2.2.6. Put elements of the trade mark "Free Economic Zone Gomel-Raton" on the forms of a company, sign-boards of a company, visit cards, advertising materials.

3. Obligations of the Parties

3.1. Administration is obliged to:

- 3.1.1. Issue to entrepreneurial entity in the established order a Certificate of registration as a FEZ Gomel-Raton resident.
- 3.1.2. Provide entrepreneurial entity with the terms of conducting investment and business activity in accordance with the legislation on FEZ.
- 3.1.3. Perform in the established legislative order allocation of a land plot and conclude Lease Contract.
- 3.1.4. Define territory of free customs zone on the territory of the entrepreneurial entity and coordinate it with State Customs Committee of the Republic of Belarus within 10-days period from the moment of the corresponding documents submission on the establishment (change) of free customs zone borders.
- 3.1.5. Control entrepreneurial entity observance of the Regulations on FEZ, terms of the present Contract, legislation on the environment protection and other legislation of the Republic of Belarus.
- 3.1.6. Consider the question of the entrepreneurial entity deprivation of the status of a FEZ resident in the cases specified by the present Contract and legislation of the Republic of Belarus.

3.2. Entrepreneurial entity is obliged to:

3.2.1. Guarantee a declared investment project realization on FEZ Gomel-Raton territory (project name, project purpose): _____

_____ with the investment volume totaling to USD _____ thousand, including USD _____ thousand of foreign investment, namely:

- in 2008 – USD _____ thousand, including USD _____ thousand of foreign investment;
- in 2009 – USD _____ thousand, including USD _____ thousand of foreign investment;
- in 2010 – USD _____ thousand, including USD _____ thousand of foreign investment;
- in 2011 – USD _____ thousand, including USD _____ thousand of foreign investment;
- in 2012 – USD _____ thousand, including USD _____ thousand of foreign investment.

Fixed assets invested by the entrepreneurial entity in BYB (in accordance with the state statistical reporting forms #2-KS, #1-SEZ are reevaluated in USD by the average weighted rate of the National Bank of the Republic of Belarus.

3.2.2. Guarantee creation and certification of not less than ____ new workplaces, by the years included: in 2008-____, in 2009-____, in 2010-____, in 2011-____, in 2012-____.

3.2.3. Provide specific weight of exportable products (works, services) to amount not less than 70% of total volume of products (works, services), except the products included in import substitution list by the Government of the Republic of Belarus and submitted by the President of the Republic of Belarus, as well as the products (works, services) realizing to other FEZ residents.

3.2.4. Guarantee products, works, services of own manufacture delivery for export in the volume of not less than the volume brought to the notice by Administration.

3.2.5. Conduct investment and entrepreneurial activity in strict accordance with the legislation being in force, charter of entrepreneurial entity, the present Contract and normative documents; get permission on the licensed types of activity performance; provide for state expertise of design documentation on the objects construction by the declared investment project.

3.2.6. Guarantee conformity of the production being founded to the requirements and norms of ecological, production and other security being in force in the Republic of Belarus.

3.2.7. Perform gratuitous voluntary contribution to FEZ development fund within 30 calendar days after the present Contract signing. The said contribution totals to **USD**_____ or to the equivalent sum in BYB by the official rate of the National Bank of the Republic of Belarus on the moment of transfer.

3.2.8. Pay in due time and in full volume taxes, charges, other obligatory payments in accordance with legislation and contributions to FEZ Gomel-Raton development fund; not to allow past due credit arrears wages and past due debts for fuel/energy resources consumed.

3.2.9. Perform accountancy in accordance with the legislation being in force in the Republic of Belarus; submit **state statistical reporting** on enterprise-FEZ resident activity by the forms **#1-SEZ** (each quarter up to the 23rd of the month following the reporting quarter), **#2-Invest** (up to the 3rd date of the month following the reporting quarter) and **#3-VES** (monthly, up to the 15th date of the month following the reporting month); annual accountancy is done yearly up to April 1 by the forms: 1. Accountancy balance sheet, 2. "Report on profits and losses", 3. "Report on assets changes", 4. "Report on flow of funds", 5. "Addendum to accountancy balance sheet"; submit at the request of Administration information on entrepreneurial, investment and foreign economic activity necessary for scheduling and monitoring of FEZ Gomel-Raton development.

3.2.10. Each quarter beginning from the ____ quarter of 200_ transfer contributions to FEZ development fund in the amount of ____ % of the proceeds of the sales of goods and services of own manufacture but not less than USD_____ or equivalent sum in BYB by the official rate of the National Bank of

the Republic of Belarus on the moment of transfer beginning from ___quarter of 2008;

Quarterly contributions are paid monthly, not later than the last working day of the month following the reported one, in equal shares in the volume of 1/3 of the quarterly amount. (The sum can be changed by additional agreement of the parties depending on the results of entrepreneurial activity of FEZ resident.)

3.2.11. Allow entrance of representatives of Administration and other state bodies to all objects of entrepreneurial entity to realize the powers established by legislation and to perform control of contractual commitments execution by entrepreneurial entity.

3.2.12. Start production activity as a FEZ resident from _____ 200_ in accordance with the present Contract.

3.2.13. Keep the territory assigned to entrepreneurial entity in proper sanitary condition, pay for Administration services and public utilities for the territory development.

3.2.14. Take share participation in FEZ engineer/technical infrastructure construction. (Separate contract define the order and the terms.)

3.2.15. Distribute ad and information on FEZ Gomel-Raton among business partners.

3.2.16. Provide FEZ Administration with the services (additional contract define the terms).

3.2.17. Inform FEZ Administration within a 10-days period from the date of execution of lease contract, right of property, right of economic management, right of day-to-day management, other corresponding right on the real estate or land plot if this land plot or real estate was on free customs zone territory.

3.2.18. Provide separate accounting of receipts (object due to taxation) and expenses fell on the remitted receipts.

3.2.19. Provide facilities (and/or information) for technological, production and field studies of students of higher, special educational establishments which concluded contracts with FEZ Administration.

3.2.20. Notify FEZ Administration within one month period of the change of business address and bank requisites.

3.2.21. Guarantee specific ratio of imported technological equipment (not older than 5 years) bought for the investment project realization to be in the volume not less than 90%.

In case of dead loss in any reporting period it is necessary:
to inform in written form about the reasons of the loss simultaneously with state statistical reporting on enterprise-FEZ resident activity by the forms #1-SEZ;

up to the 1st date of the 2nd month following the reporting quarter develop and submit for concordance the activities on running without loss, providing for realizations terms, executors, economic result, the shortest possible time of running without loss.

4. Other Terms

4.1. Entrepreneurial entity is obliged to form authorized fund in the amount USD _____ in the form of money or property. The authorized fund declared in the constituent documents of FEZ Gomel-Raton resident should be formed within a period fixed by the legislation of the Republic of Belarus.

4.2. In case the cost of pure assets of the entrepreneurial entity is less than the authorized fund at the second and each subsequent financial year termination, entrepreneurial entity is obliged to declare and register the reduction of its authorized fund in the established order. If the cost of the said assets is less than the minimum size of the authorized fund established by legislation, entrepreneurial entity is subject to liquidation in the established order.

5. Responsibilities of the Parties

5.1. The parties of the present Contract do not bear responsibility by the obligations of the other party before the third persons.

5.2. In case of the parties' non fulfillment or improper execution of the obligations by the present Contract, a party in fault pays back the losses inflicted in the order stipulated by the legislation in force.

6. Force-majeure

6.1. Parties are exempted from liability for partial or complete non-fulfillment of obligations by the present Contract if this non-fulfillment was a consequence of the force-majeure circumstances which arose after the Contract conclusion as a result of the emergency events which the party could neither foresee nor prevent by the reasonable measures and which the party could not effect and is not liable for their occurrence, for example: earthquake, flood, fire as well as the circumstances similar by the character of their occurrence.

6.2. The party making reference to force-majeure circumstances must immediately inform in writing the other party about such circumstances setting in, moreover a certifying document must be submitted at the demand of the other party. On termination of the action of the said circumstances the party must notify the other party without delay and indicate the date of the obligations fulfillment. If the party does not forward or forwards untimely the necessary notifications it must compensate the losses incurred to the other party.

6.3. In case of the force-majeure circumstances occurrence the period of the obligations fulfillment by the present Contract can be postponed in proportion to the time during which such circumstances or their consequences are in action.

6.4. If the state of the obligations non-fulfillment by the present Contract is in force for more than 3 months, each party has the right to cancel the present Contract without a notifying period of its immediate cancellation.

7. Disputes Settlement Procedure

7.1. All disputes and differences between the Parties which may arise by the present Contract are subject to consideration at the Economic Court in accordance with the legislation being in force in case they can't be settled by negotiations.

8. Confidentiality

8.1. The Parties are bound to keep in secret the information and data of technical, economic and commercial character submitted by each Party in connection with the execution of the present Contract, not to open and not to disclose it to any third party without a preliminary written consent of the other Party. The said obligations on confidentiality will not be spread on the generally available information.

8.2. Responsibility for confidential information disclosure, commercial secret of the Parties included, is defined by the legislation being in force.

9. Terms of Contract Cancellation

9.1. The present Contract is subject to cancellation by the demand of one of the Parties in cases:

9.1.1. If one of the Parties due to some actions of governmental authorities and management and their official staff will be directly or indirectly limited in execution of its rights in connection with which the execution of the present Contract will be impossible.

9.1.2. In case of the force-majeure circumstances occurrence.

9.2. Administration has the right to cancel the present Contract:

9.2.1. If Administration learns that the documents presented by the entrepreneurial entity for the registration as a FEZ resident have been forged.

9.3. The present Contract can be cancelled by mutual agreement of the Parties.

9.4. The present Contract can be cancelled on the ground of the judgment in case the Parties' violation of the legislation being in force in the Republic of Belarus and of the present Contract.

9.5. The present Contract is subject to cancellation in case the entrepreneurial entity deprivation of the status of a FEZ resident by the Administration. The deprivation of the status of a FEZ resident is performed on the grounds of legal person's application form or in cases of the entrepreneurial entity's non fulfillment of obligations by the present Contract, non formation of the authorized fund within the deadline or in other cases of a FEZ resident's violation of the legislation of the Republic of Belarus. The decision on the deprivation of the status of a FEZ resident is subject to consideration at the Economic Court within a month period from the moment of its adoption.

10. Terms of Contract Validity

10.1. The present Contract comes into force beginning from the date of its signing by the authorized representatives of the Parties. From the moment of the Contract signing all the previous correspondence and negotiations become invalid.

10.2. The present Contract has been concluded for the period of ____ years and by the decision of the Parties can be prolonged.

11. Additional Provisions

11.1. If due to legislative changes any of the present Contract provisions becomes invalid, it shall not be the reason for termination or suspension of the other contract provisions. An invalid provision should be replaced by the provision corresponding to the legislation or, if can not be changed without vital changes in the Parties intentions, should be reformulated preserving validity of the other conditions.

11.2. Any changes and amendments to the present Contract are effective only if made in written, adjusted as additional agreement and signed by appropriate authorized representatives of the Parties within the Contract validity period.

11.3. In cases not stipulated by the present Contract the Parties act in accordance with the legislation of the Republic of Belarus.

11.5. The present Contract is concluded in two copies, one for each Party.

12. Legal Addresses and Requisites of Parties

Administration:

Administration of FEZ "Gomel -Raton"

Fediuninskogo str., 17, Gomel, 246061

tel. 68 27 90, tel./fax 68 27 21

current account № -----/BYR

current account № -----/USD

Branch № 321

ASB «Belarusbank» of Gomel, code 151501804

UNP 400540240 OKPO 29062648

Entrepreneurial entity:

e-mail: info@gomelraton.com

www.gomelraton.com

Head of Administration

_____A.I. Skvortsov