



## Agreement

Between:

**HARTALEGA Sdn Bhd**

**Head office :**

9, Jalan Kuang Bulan  
Taman Kepong Industrial Estate  
52100 Kuala Lumpur  
MALAYSIA

**Factory address :**

7, Kawasan Perusahaan Suria  
45600 Batang Berjuntai  
Selangor Darul Ehsan  
MALAYSIA

Further referred as "HARTALEGA "

And :

**VYNCKE Energietechnik nv**

**Head office :**

Gentsesteenweg 224  
8530 Harelbeke  
BELGIUM

Further referred as "VYNCKE "

06.10.2004

## Index

1. SETTLEMENT .....	4
2. TECHNICAL DATA .....	5
2.1. ENERGY REQUIREMENTS .....	5
2.1.1. Thermal oil .....	5
2.1.2. Hot Water .....	5
2.2. FUEL DEFINITION .....	5
2.3. EMISSIONS .....	6
3. GENERAL DESCRIPTION .....	7
3.1. DESCRIPTION OF CONCEPT .....	7
3.2. COMBUSTION SYSTEM .....	7
3.3. THERMAL OIL HEATER CONCEPT DETAILS .....	7
3.4. HOT WATER GENERATION .....	8
3.4.1. From Steppgrate and combustion chamber (primary hot water circuit) .....	8
3.4.2. From Hot water Economisor (primary hot water circuit) .....	8
3.4.3. From Thermal Oil-Hot Water Heat Exchanger (secondary hot water circuit) .....	8
3.5. EFFICIENCY OF THE PLANT .....	9
3.6. AVAILABILITY OF THE PLANT .....	9
4. DESCRIPTION OF SCOPE OF SUPPLY .....	10
4.1. GENERAL DESCRIPTION .....	10
4.2. DESCRIPTION OF MAIN SCOPE OF SUPPLY: .....	10
4.3. ADDITIONAL SUPPLY .....	16
5. GENERAL DELIVERY EXCLUSIONS .....	17
5.1. WORKS AND MATERIALS .....	17
5.2. SUPPLY OF AND CONNECTIONS TO THE CONSUMABLES .....	17
5.3. PAYMENT COSTS AND TAXES .....	17
5.4. PERMITS .....	18
6. PRICE (PARTICIPATION COST) .....	19
7. PAYMENT CONDITIONS .....	20
7.1. LETTER OF CREDIT .....	20
7.2. PAYMENT AGAINST PRO RATA SHIPMENT .....	21
7.3. PAYMENT AGAINST CERTIFICATE OF END OF ERECTION AND AGAINST CERTIFICATE OF END OF COMMISSIONING .....	21
7.4. PERFORMANCE BOND .....	21
8. GENERAL DELIVERY TERMS AND DELIVERY SCHEDULE .....	22
8.1. DELIVERY TERMS .....	22
8.2. DELIVERY SCHEDULE .....	22
9. FORCE MAJEURE .....	23

06.10.2004

clean energy technology

Agreement for 2<sup>nd</sup> Energy Plant

00000000



10. ENGINEERING DOCUMENTS AND ADMINISTRATION.....	24
10.1. BASIC DOCUMENTS TO BE SUPPLIED;.....	24
10.2. ASSISTANCE FOR OBTAINING APPROVALS.....	24
11. GUARANTEE.....	25
11.1. GENERAL FORMULATION OF GUARANTEE.....	25
11.2. FIRST YEAR OF GUARANTEE FOR DEFECTIVE PARTS.....	25
11.3. SECOND AND THIRD YEAR OF GUARANTEE FOR DEFECTIVE PARTS.....	26
11.4. COSTS OF LABOUR AND SUPERVISION FOR REPAIR AND/OR REPLACEMENT.....	26
11.5. VYNCKE ASSISTANCE DURING OPERATION.....	26
12. SPARE PARTS.....	27
13. ANNEXES.....	28
13.1. FORMAT OF FIRST LETTER OF CREDIT (LC1): PAYMENT AGAINST SHIPMENT.....	28
13.2. FORMAT OF SECOND LETTER OF CREDIT (LC2) : PAYMENT AGAINST CERTIFICATIONS.....	30
13.3. FORMAT OF PERFORMANCE BOND TO BE ISSUED BY VYNCKE.....	32
13.4. GENERAL SALES CONDITIONS VYNCKE - DVPD009C.....	34

06.10.2004



*[Handwritten signature]*

3/35

*[Handwritten signature]*

Agreement for 2<sup>nd</sup> Energy Plant

06.10.2004



## 1. SETTLEMENT

Whereas parties have concluded a contract regarding a 15 Gcal/h thermal oil heater plant on palm fruit waste (hereafter the "Existing Plant") on February 8<sup>th</sup>, 2002 (hereafter the "Previous Contract").

Whereas the certificate of End of commissioning was signed on 11<sup>th</sup> of January 2003.

Whereas HARTALEGA has encountered lack of capacity of the heaters of the Existing Plant, and has made complaints regarding some other issues, as described in the exchanged correspondence between parties (hereafter the "Other Complaints").

Whereas parties have reached an agreement to solve this lack of capacity and the Other Complaints and to settle in full and definitively by way of a compromise agreement and through mutual concessions any (possible) dispute or claim between them arising from the lack of capacity and the Other Complaints.

Now both Parties agree as follows:

VYNCKE will install a 11 Gcal/h Multi Media Energy Plant firing 100% Empty Fruit Bunches. The Energy Plant will supply energy via 2 media: 6 Gcal/h Thermal Oil and 5 Gcal/h Hot Water. The understanding is that the unit to generate 6 Gcal/h thermal oil is build at VYNCKE's cost, while HARTALEGA will participate in the costs for the unit that generates 5 Gcal/h hot water.

VYNCKE will additionally at VYNCKE's cost install two hot water economisers at the existing thermal oil heaters to upgrade their efficiency and to bring down the flue gas temperature below the level of 350°C.

The scope of supply of the new energy plant, the technical data, as well as the relating plans of the two hot water economisers, are described further in this agreement.

Subject to the proper performance in due time of what has been agreed upon in this settlement agreement, HARTALEGA declares that it waives all possible claims against VYNCKE relating to the lack of capacity, to the Other Complaints.

Both parties agree not to disclose or transfer the information of this agreement (or any copy or counterpart) to any third person, nor use these in any manner except pursuant to this agreement.

In case a party violates the present agreement, the other party may only request the execution of the present agreement.

06.10.2004



4 / 35

Agreement for 2<sup>nd</sup> Energy Plant

14/08/2014



## 2. TECHNICAL DATA

### 2.1. Energy requirements

#### 2.1.1. Thermal oil

Net output	:	7000	kW
	or	6,000,000	kcal/h
	or	6	Gcal/h

#### 2.1.2. Hot Water

Net output	:	5800	kW
	or	5,000,000	kcal/h
	or	5	Gcal/h

### 2.2. Fuel definition<sup>1</sup>

The plant is designed in order to be able to deal with different types of fuel, but the design is in the first place especially adapted for usage of 100% shredded Empty Fruit Bunches.

Each fuel sample will meet the fuel definition below:

Kind of fuel	:	Fibres of Empty Fruit Bunches	
Nominal moisture content	:	45	%
Lower heating value	:		
Nominal LHV	:	9,500	kJ/kg
Minimal LHV	:	8,500	kJ/kg
Maximal fuel dimensions	:	75x20x10	mm
Bulk density	:	approx. 150	kg/m <sup>3</sup>
Ash content	:	4.5	w. %
Ash softening point	:	> 900	°C

<sup>1</sup> All the data are expressed on wet basis.

06.10.2004



5 / 35

*Handwritten signature*

Agreement for 2<sup>nd</sup> Energy Plant

11/03/2004



The capacity of the energy plant is guaranteed with an LHV of 8 500 kJ/kg. When LHV is lower (or moisture content is higher), there will be a decrease of the capacity. When the overall moisture content of empty fruit bunches is 50%, the capacity will be decreased from 100% to 85%.

In case moisture content of EFB will be higher than 45%, it is possible to mix the EFB fibres with another biomass with higher LHV (e.g. dry woodwaste, palm fruit shells) to maintain the capacity of 100%.

### 2.3. Emissions

When the energy plant is running with the fuel, as described in §2.2 at a capacity of ca. 70% to 100%, we guarantee following stack emissions:

Dust particles: 400 mg/Nm<sup>3</sup>

Smoke density: Ringelman 2

Calculated on an O<sub>2</sub> content of 11 % and dry flue gases.



## 6. PRICE (PARTICIPATION COST)

It includes the complete engineering, manufacturing, delivery (DDU Batang Berjuntai) installation and commissioning for the scope of supply, as detailed in Chapter \$4.

Description	
Moving floor system	
Fuel transport system	
Combustion unit with integrated Double Lane Dynamic water-cooled stepgrate	
De-ashing system with ash clinker crusher	
Wet Ash Conveyor	
Thermal oil heater radiation coil	
Thermal oil heater, convection tube bundle with soot blowers	
Thermal oil primary circuit : pumps, appendages, instruments	
Multicyclone deduster	
Chimney	
ID-fan	
Control panel	
Air and Flue gas ducting	
Materials for thermal oil piping (primary circuit), water-cooling circuit	
Supporting structures, ladders and galleries	
All Insulation materials	
Field cabling (connection between main control panel and power consumers/control devices)	
Erection & commissioning	
PRICE SUPPLEMENT, DDU Batang Berjuntai:	1,075,000 USD



This Agreement has been drawn up and signed in two original copies, one for each party.  
Kuala Lumpur, 06<sup>th</sup> of October 2004.

For and on behalf of the company Hartalega Sdn Bhd :

Mr Kuan Kam Hon

Managing Director

HARTALEGA Sdn Bhd



**Hartalega**  
Sdn Bhd (75398-K)

FACTORY  
7 Kawasan Perusahaan Suria  
45600 Batang Berjuntai  
Selangor Darul Ehsan, Malaysia.  
Tel: 603-32710277 / 603-32710178 Fax: 603-32710135  
E-mail: hartalega@hartalega-bb.com.my

For and on behalf of the company Vyncke NV :

**VYNCKE N.V.**  
Gentssesteenweg 224  
B-3530 HASSELBEKE  
Tel: (036) 73 06 30

Mr Dirk Vyncke

President

VYNCKE NV