

Memorandum of Understanding For Subcontract of Chuuk Lagoon Islands Power System

This **Memorandum of Understanding** is entered into by and between **Manibusan & Associates**, (hereinafter referred to as **Contractor**), whose business address is P.O. Box 4922, Agana, Guam 96932, and **Beijing Hua Yin Industrial Development (Group) Company**, a subsidiary of China Industrial Development Bank, (hereinafter referred to as **Subcontractor**), whose business address is c/o 13th Floor, No. 1/A Beitapingzhuang Road, Haidian District, Beijing, China.

Legal Status of Parties

Contractor is a registered business in Guam, and is the main signatory and holder of a Memorandum of Understanding with the Chuuk Government for the financing, developing and constructing capital improvements in the State of Chuuk in the amount of approximately **Twenty-Five Million Dollars (\$25,000,000.00 USD)**.

Subcontractor is duly registered in Beijing, China, and is represented by a Guam company, **United Pacific Industries Company, Inc.**, whose business address is 619 Alupang Cove, Tamuning, Guam, 96911.

Scope of Services

Senator Kachutosy O. Paulus (Party A) is the Chairperson of the Faichuk Capital Improvement Programs & Infrastructures who administers all capital improvement projects for the Faichuk Region, State of Chuuk, and identifies the funding for any and all capital improvement projects approved for the Faichuk Region.

Capital International Investments, Ltd., (Party C) offers an internationally-recognized financing source to **Party A** for any programs which may require start-up or additional funding for its government projects which comply under the mandated program guidelines of **Party C** and guarantees payment for all projects outlined in this Memorandum of Understanding (MOU).

Subcontractor agrees to provide the necessary initial capitalization to finance, develop the property and construct the capital improvement projects pursuant to the required specifications set forth by **Party A**, and stands ready to mobilize its labor force, supplies and equipment for the described purposes.



Project Description and Terms

In consideration thereof and in goodwill representation and mutual understanding, the parties agree to the following:

1. **Party A** identifies the capital improvement projects to be in its conceptual development and outlines the project as follows:

Chuuk Lagoon Islands Power Plant located at Southfield, Weno, Chuuk State

Purpose: To provide electricity to Dublon, Fefan, Eten and Uman Islands

Description: To build power plant on Weno, power transmission and distribution lines and lay submarine cable from Southfield to Dublon, Dublon to Fefan and Uman,

Contractor assures Subcontractor that all other negotiations with any other third parties shall cease and that all future detailed discussions will remain confidential and privileged between **Contractor and Subcontractor** for the mutual benefit of both parties and expected satisfactory performance for said capital improvement project.

2. **Party C** financially guarantees the funding for said project in an amount not to exceed *Twenty Five Million Dollars (\$25M USD)* to **Party A** for purposes of funding **Party A's** above-described capital improvement project which fall under the mandated program guidelines of **Party C's** financing program.
3. **Subcontractor** makes an offer to finance, develop the properties, and construct the required capital improvement projects, complete and deliver said projects in satisfactory performance under the terms and conditions outlined in a formal Contract between **Contractor and Subcontractor** prepared to meet all the governing legal concurrence and to be subsequently presented to all parties for execution upon complying and satisfying all required elements mutually agreed upon.
4. **Subcontractor** sets aside *Five Million Dollars (\$5M USD) Cashier's Check* in the name of the **Contractor** as its participating fee and good faith deposit in an interest-bearing account for purposes of assuring **Party A and Party C** of its financial commitment to accept and undertake **Party A's** identified capital improvement projects. Said account must be held at any of the following recognized the world's top banks:

Chase Manhattan Bank, New York, New York

The Hongkong and Shanghai Banking Corporation, Limited, Hong Kong,

Other Bank Approved by **Party C**

5. **Contractor** assures **Subcontractor** that the *Five Million Dollars (\$5M USD) Cashier's Check* will have no other party's identification or signatory requirement except the owner of the deposit and account. Proof of Funds must be executed by the Bank's two officers to certify that the *Cashier's Check* is payable to the order of the **Contractor**, for the purposes of the above-described capital improvement project for a period of one (1) year one (1) month or thirteen (13) months as required by **Party C** for the benefit of **Contractor and Subcontractor**. **Contractor** may renew the term for another one (1) year one (1) month or thirteen (13) months upon written request to **Subcontractor** within the duration of the contract.
6. **Contractor** will hold *Cashier's Check* for a period not less than one (1) year one (1) month or thirteen (13) months as assurance and guaranty of **Subcontractor's** commitment to satisfy and perform the required contractual services for **Party A's** capital improvement projects which may be authorized to commence by the end of this year. *This Cashier's Check* is not, and should not be considered to be, an assignment or a promised tender to any individual, partnership, company, or any other third-party entity. This reserve fund shall not be defined, interpreted or construed as monies owing or due to either **Party A** or **Party C**. *This Cashier's Check* remains under the name of **Contractor** as sole account holder and shall not have any other authority governing the account except account holder.
7. In recognition of its financial strength and its commitment fee to participate and to dedicate and reserve **Five Million Dollars (\$5M USD)** to **Contractor** for the award of the above-described project, **Contractor and Subcontractor** agree:
 - a) On or before August 10th no later than August 14th, the *Cashier's Check* in the amount of *Five Million Dollars (\$5M USD)* in the name of **Contractor** must be deposited at Hongkong Shanghai Bank in Hong Kong with full description and total amount of the project.
 - b) **Subcontractor** must obtain Proof of Funds signed by two officers of the Bank at which the *Cashier's Check* is prepared and funds are held. The Proof of Funds cannot be more than five (5) days old and must be immediately delivered to **Contractor**.
 - c) At such time the *Cashier's Check* is not made payable to the **Contractor** by August 14th, an extension may be given for not more than **three (3)** days. Upon the granting of an extension the *Cashier's Check* is not remitted as required for the award of this project, this **MOU** between and **Contractor and Subcontractor** is unilaterally and arbitrarily canceled and terminated, and any and all terms and conditions, sections and subsections become null and void. All documents, project outlines, summaries and cost estimations must be returned immediately to **Contractor**.

- d) Upon receipt of said Proof of Funds, **Contractor** offers and delivers to **Subcontractor** for its good faith commitment to accept and undertake the Chuuk Government capital improvement project *an advance* to be disbursed *per month* for twelve (12) months at the time the official contract is signed for the express purpose of helping defray initial mobilization expenses. Said monthly advance will be mutually agreed upon at the time an official contract is executed and the **Contractor** gives Notice to Proceed.
 - e) **Subcontractor** must provide **Contractor** the necessary Authorization and all required documentation necessary to complete the transaction, forward and file the appropriate instruments with the Chuuk Government and the Guarantor to procure and execute all required actions.
 - f) **Contractor** must give and deliver notices immediately to **Subcontractor** of any and each separate and distinct act, transaction, activity or reference on the *Cashier's Check*, both in writing and by electronic communication.
 - g) Any act, activity or transaction alienating the terms of the *Cashier's Check* and/or account for such other purposes other than outlined in this MOU shall be considered a reason for **Contractor** to arbitrarily and unilaterally terminate all terms and conditions of this MOU.
8. Since the Chuuk Government's 2001 Fiscal Year begins on October 1, 2000, **Contractor** can only enter into a formal **Contract** with **Subcontractor** after and only after the government's budget allocation is authorized and other financing guarantees are secured by the State Government through **Party C** or other alternative funding sources, such as the Asian Development Bank, etc.

IN WITNESS WHEREOF, we the undersigned have executed this Memorandum of Understanding this 3rd day of August, 2000.

CONTRACTOR:
MANIBUSAN & ASSOCIATES

SUBCONTRACTOR:
BEIJING HUA YIN INDUSTRIAL
DEVELOPMENT (GROUP) CO.
By Its Duly Authorized Representative

By: Marilyn D.A. Manibusan
Marilyn D.A. Manibusan, Owner

By: HO YING CHIEH
Ho Ying Chieh, President
United Pacific Industries Company, Inc.
The Duly Authorized Representative

Acknowledgment

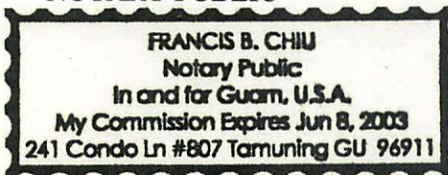
Territory of Guam)
: SS.
City of Hagatna)

On this 3rd day of August, 2000, personally appeared before me MARILYN D.A. MANIBUSAN, the person whose name is subscribed to the within Memorandum of Understanding as the Owner of MANIBUSAN & ASSOCIATES, and that she acknowledged to me that she executed the same as such.

SUBSCRIBED AND SWORN TO before me on the date aforementioned above.

Francis B. Chiu

NOTARY PUBLIC



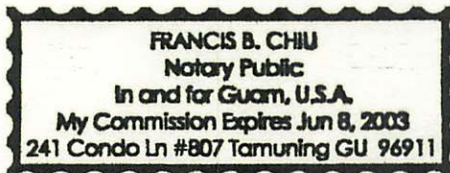
Territory of Guam)
: SS.
City of Hagatna)

On this 3rd day of August, 2000, personally appeared before me HO YING CHIEH, President of UNITED PACIFIC INDUSTRIES COMPANY, INC., the person whose name is subscribed to the within Memorandum of Understanding as the duly authorized representative of BEIJING HUA YIN INDUSTRIAL DEVELOPMENT (GROUP) CO., and that he acknowledged to me that he executed the for and on behalf of BEIJING HUA YIN INDUSTRIAL DEVELOPMENT (GROUP) CO., as the officer of the duly representative authorized to do so.

SUBSCRIBED AND SWORN TO before me on the date aforementioned above.

Francis B. Chiu

NOTARY PUBLIC



THE COMMISSION ON THE STATUS OF WOMEN
IN THE UNITED STATES
WOMEN'S RIGHTS
AMENDMENT

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PROJECT SUMMARY AND PRELIMINARY COST ESTIMATE

CHUUK LAGOON POWER SYSTEM

Project: Power Supply for Chuuk Lagoon Islands

Purpose: To provide electricity to Dublon, Fefan, Eten, and Uman Islands.

Location: Southfield, Weno, Chuuk State

Project Description: To build power plant on Weno, lay submarine cable from Southfield to Dublon, Dublon to Fefan and Uman. Construct power transmission and distribution lines on the islands to provide electricity to houses and other business establishments, thereby provide better quality of life.

PRELIMINARY COST ESTIMATE

A POWER PLANT					
1.	1250KW Gen.	2	Set	750,000.00	\$ 1,500,000.00
2.	Switchgear	1	LS	700,000.00	\$ 700,000.00
3.	Building				
a.	Civil Works	1	LS	600,000.00	\$ 600,000.00
b.	Electrical	1	LS	700,000.00	\$ 700,000.00
c.	Mechanical	1	LS	1,300,000.00	\$ 1,300,000.00
					\$ 4,800,000.00
B SUBSTATION					
1.	Substation Xfrmr	1	LS	1,200,000.00	\$ 1,200,000.00
2.	Switchyard Structur	1	LS	300,000.00	\$ 300,000.00
3.	Civil Works	1	LS	200,000.00	\$ 200,000.00
4.	Electrical Works	1	LS	1,300,000.00	\$ 1,300,000.00
					\$ 3,000,000.00
C SUBMARINE CABLE LINE					
1.	3C-500mcm	5	KM	204,000.00	\$ 1,020,000.00
2.	Cable Laying	5	KM	150,000.00	\$ 750,000.00
3.	Misc. Works	7	Loc.	100,000.00	\$ 700,000.00
					\$ 2,470,000.00
D TRANSMISSION LINE					
1.	Southfield-Hotel	2	Miles	240,000.00	\$ 480,000.00
					\$ 1,180,000.00
E DISTRIBUTION LINE					
1.	Dublon Island	5.0	Miles	220,000.00	\$ 1,100,000.00
2.	Fefan Island	6.0	Miles	220,000.00	\$ 1,320,000.00
3.	Uman Island	3.0	Miles	220,000.00	\$ 660,000.00
4.	Eten Island	0.2	Miles	220,000.00	\$ 44,000.00
					\$ 3,124,000.00
F SUBSTATION					
1.	Dublon	1	EA	800,000.00	\$ 800,000.00
2.	Fefan	1	EA	800,000.00	\$ 800,000.00
3.	Uman	1	EA	800,000.00	\$ 800,000.00
4.	Eten	1	EA	200,000.00	\$ 200,000.00
					\$ 2,600,000.00
TOTAL ESTIMATED COST					\$ 17,174,000.00

EXHIBIT A