CAPITAL ASSIGMENT AGREEMENT

**\*\*\*\*\***

**Capital Assignment Agreement**(hereinafter referred to as ***“CAA”***or ***“Agreement”***) is made and agreed at ...............province on \_\_\_\_\_, ......and between the following sides:

**1.              THE ASSIGNER**

|  |  |
| --- | --- |
| Name of the Company | : |
| Address | :  |
| Tel |  |
| Fax | :  |
| Authorized representative | :  |
| Nationality | :  |
| Passport No. | :  |
| Date of issue | :  |

          (The Assigner hereinafter referred to as **“Party A”**)

**AND**

**2.              THE ASSIGNEE**

|  |  |
| --- | --- |
| Name of the Company | **:**  |
| Head office | :  |
| Tel | : |
| Fax | : |
| Authorized representative |  |
| Nationality                                                           | :  |
| Passport No. |  |
| Date of issue | :  |

          (The Assignee hereinafter referred to as **“Party B”**)

**WHEREAS:**

-          **Party A**, is the Investor of **Stellar Footwear Co., Ltd –**Investment License No. 45/GP-HD issued by Hai Duong People’s Committee on June 01, 2004, is holding 100% investment capital of **Stellar Footwear Co., Ltd**. Party A desires to assign its whole investment capital in **Stellar Footwear Co., Ltd** (hereinafter referred to as “***assigned capital***”);

-          **Party B**, **Samil Tongsang Vina Co., Ltd –**a foreign investor in Vietnam, is in the process of widening its business operation in Vietnam and desires to take over all investment capital of Party A in **Stellar Footwear Co., Ltd;**

**Therefore, the parties agreed unanimously as follows:**

In order to implement the business plan of the parties, Party A commits to assign and Party B agrees to take over the Assigned Capital. Commitments bind the Parties to perform the assignment stipulated in this Agreement with the following terms:

**ARTICLE 1.     LEGAL BASICS**

**1.1.        Law on Investment**No. 59/2005/QH11 promulgated by National Assembly of Socialist Republic of Vietnam on November 29th, 2005; **Decree** No. 108/2006/ND-CP dated September 22nd, 2006 by Government guiding the implementation of several provisions of Law on Investment;

**1.2.        Law on Enterprise**No. 60/2005/QH11 promulgated by National Assembly of Socialist Republic of Vietnam on November 29th, 2005; **Decree** No. 88/2006/NĐ-CP dated August 29th, 2006 of Government on business registration; **Circular** No. 03/2006/TT-BKH dated October 19th, 2006 of Ministry of Planning and Investment guiding the several contents of dossier, procedure of business registration in accordance with the regulations in **Decree** No. 88/2006/ND-CP;

**1.3.**Other current related legal documents on the capital assignment;

**1.4.**Investment License No.: 45/GP-HD dated June 1st, 2004; Amended license at the first time No.: 45/GPDC1-HD dated June 22nd, 2005; Amended license at the second time No.: 45/GPDC2-HD dated June 29th, 2006 issued by Hai Duong People’s Committee (hereafter referred to as “***Investment License***”);

**1.5.**Charters of the Party A and the Party B and amendment/supplementation annexes of the Charters;

**1.6.**Resolution of Board of Directors of ***B.K Sak Korea Co., Ltd*** on September 2nd, 2007 on approving the assignment of the whole investment capital of Party A in ***Stellar Footwear Co., Ltd*** to Party B;

**1.7.**Power of attorney of Party A on September 2nd, 2007 on appointing its representative to sign this Agreement and other legal documents relating to assignment of contributed capital of Party A in ***Stellar Footwear Co., Ltd***and performance of this Agreement;

**1.8.**Decision of Chairman of Samil Tongsang Vina Co., Ltd signed on …..2007 on approval of taking over the assigned capital from Party A in ***Stellar Footwear  Co., Ltd****;*

**ARTICLE 2.     DEFINITION**

**2.1.**“**Stellar Footwear Co., Ltd**” is a subsidiary company with 100% capital of Party A, established in Vietnam under Investment License (as mentioned in **Item 2.3**) and is implementing its business operation in Vietnam;

**2.2.**“**Assigned capital**” is the whole contributed capital/ investment capital belonging to Party A in **Stellar Footwear Co., Ltd** and to be recorded in Investment License of **Stellar Footwear Co., Ltd (as described in Item 2.3)**;

**2.3.**“**Investment License**” is a license issued by Vietnamese competent authority to **Stellar Footwear Co., Ltd**, namely: Investment license No.: 45/GP-HD dated June 1st, 2004; Amended license at the first time No.: 45/GPDC1-HD dated June 22nd, 2005; Amended license at the second time No.: 45/GPDC2-HD dated 29/6/2006 by Hai Duong People’s Committee;

**2.4.**“**Agreement**” is the agreement signed by and between the Party A and the Party B and accordingly, the Party A shall transfer its contributed capital in **Stellar Footwear Co., Ltd** to Party B;

**2.5.**“**Contributed capital or invested capital**” is the whole capital owned by Party A in **Stellar Footwear Co., Ltd**;

**2.6.**“**Annex**” means an annex attached to this Agreement, is an integral part of the Agreement;

**2.7.**“**Competent authority**” is the State authority of Vietnam being competent to consider and approve the assignment of the contributed capital of Party A to Party B as well as to issue amended Investment license/certificate to **Stellar Footwear Co., Ltd**;

**ARTICLE 3.     ASSIGNMENT AND TAKING-OVER ASSIGNMENT OF THE ASSIGNED CAPITAL**

According to the conditions and terms of this Agreement, Party A commits to transfer to Party B the contributed capital of Party A in **Stellar Footwear Co., Ltd** and Party B commits to take over the contributed capital of Party A in **Stellar Footwear Co., Ltd**;

**ARTICLE 4.     SCOPE OF ASSIGNMENT AND ASSIGNMENT COST**

**4.1.        Scope of assignment**

Party A assigns total of its invested capital in **Stellar Footwear Co., Ltd**, with the assets, rights, responsibilities and documents relating to the amount of assigned capital. Party B accepts to receive the amount of assigned capital of Party A in **Stellar Footwear Co., Ltd** with the assets, rights, responsibilities and documents relating to the assigned capital. Thereof, contains but not limit:

-                Investment License (as described in **Item 2.2**) and relevant documents and properties which contain but not limit: Certificate of registering the tax code, the stamp and Certificate of registering the stamp sample, Certificate of the asset/property ownership (if any);

-                Documents and Dossiers relating to business operation of **Stellar Footwear Co., Ltd**, that contain but do not limit: Financial Report, Accounting records, periodic Revenue Statement;

-                All assets equivalent to the equity of Party A in **Stellar Footwear Co., Ltd**, that contain but do not limit fixed assets, working assets, intangible assets of **Stellar Footwear Co., Ltd** (to be detailed in the **Annex 1** of this Agreement);

-           Rights and responsibilities arising from the contracts signed between **Stellar Footwear Co., Ltd** and relevant Parties; agreements or memorandums or any relevant documents which bind Parties within responsibilities;

-                Party B shall not take over the liabilities/obligations arising from the breach of the Vietnamese regulations of **Stellar Footwear Co., Ltd**; and/or liabilities/obligations arising from the faults of **Stellar Footwear Co., Ltd**with the third parties and related parties; and/or obligations arising from the agreements/memorandums/any relevant documents which bind Parties within responsibilities before the date of August 31, 2007;

**4.2.        Assignment cost**

Assignment cost according to this Agreement is **US$** ***1.500.000 (One million and five hundred thousand United State Dollars)***, includes taxes, expenses and other costs under Vietnam Laws and Regulations.

**ARTICLE 5.     RIGHTS AND OBLIGATIONS OF PARTY A**

**5.1.        Rights of Party A**

a.               Ask Party B to implement its responsibilities/obligations as stipulated in this Agreement;

b.              In case, Party B fails to implement its obligations in due time and completely, Party A shall have right to ask Party B for compensations and applying the recovery surmountable measures;

c.               Request Party B for implementing the payment as stipulated in **Article 8**in due time;

**5.2.        Obligations of Party A**

a.               Sign all necessary legal documents and assist Party B to complete the Application Dossier for registering the capital assignment;

b.              Be responsible for the truthfulness and legality of the rights and obligations assigned to Party B;

c.               Assign the assigned capital together with the documents, assets, rights and obligations related to the assigned capital in accordance with the laws of Vietnam and provisions set forth herein after Party B has fulfilled its payment obligation in accordance with **Article 8** hereof;

d.              Party A shall supervise, support, stimulate, and facilitate Party B in receiving all rights relating to the invested capital of Stellar Footwear Co., Ltd;

e.               Party A has responsibility for transferring whole original documents of competent authority’s approval for its capital assignment to Party B immediately after Party B executes full payment to Party A according to Article 8;

f.                Party A commits not to remit or take away money as well as assets of Stellar Footwear**Co., Ltd**in any way from the date of providing the documents to Party B and signing of this Agreement to the date of hand-over;

g.               Party A shall be responsible for providing information, documents and other relevant papers relating to transactions, responsibilities, liabilities, rights and rights arising from assets of **Stellar Footwear Co., Ltd**up to 31/8/2007 (including the proof of papers attached) that include but does not limit:

-            Taxes duty for Vietnamese government;

-            In respect of agreements, responsibilities and rights for employees in **Stellar Footwear Co., Ltd**, Party A shall transfer and make an appropriate report on the status of implementing labor contracts to Party B;

-            In respect of agreements, responsibilities and rights to one or more third parties of trade transactions and contracts, Party A shall transfer and make an appropriate report on status of implementing these transactions and contracts to Party B;

-            Agreements, responsibilities, rights arising from the contracts and transactions relating to facilities and operation of **Stellar Footwear Co., Ltd**, lease rental costs (if any);

-            Agreements on services lease, such as: plants, transportation, rubbish treatment, environment protection fees etc.;

h.               Party A commits that all of the information, documents and papers relating to transactions, liabilities, rights and assets of **Stellar Footwear Co., Ltd** (as mentioned in **Point g, Item 5.2**) that Party A provides to Party B are fully and authentic up to the date of the provision. Party A also commits that Party A shall take all responsibilities for the provision of the unfulfilled, inaccurate information and documents;

i.                 Party A confirms and commits that the following rights and obligations occurred and happened up to August 31, 2007 will be the responsibilities of Party A:

-                Rental costs according to leasing contract signed with Viet Phat Co., Ltd and leasing contract signed with Hai Nam up to August 31, 2007;

-                Troubles with tax authority, custom authority, and tax inspector;

-                Taxes duty with Vietnam competent authority;

-                Obligations/liabilities arising from the Transaction and agreements, such as: ………………

j.                Party A shall have responsibilities to all the payables as described in **Annex II** attached herewith;

k.              Since the date of September 1, 2007 (or from the date of signing of this Assignment), all of the rights and obligations of **Stellar Footwear Co., Ltd** to any third party shall be assumed by **Stellar Footwear Co., Ltd** and Party B;

l.                 Party A shall have responsibilities to compensate to Party B for not implement or incompletely implementation or fail to implement obligations committed by Party A as mentioned in this Assignment with the level of indemnification to be agreed by two parties at the time of defining damages and as required by Party B;

m.             In case, due to objective reasons, this Assignment is not registered and approved by competent authority for recording Party B as a new investor of **Stellar Footwear Co., Ltd**, Party A shall, within 10 (ten) days since the date of receiving official documents issued by Party B, return full money (as agreed in this Agreement) paid by Party B to Party A and under the mode to be informed by Party B;

n.               Party A and **Stellar Footwear Co., Ltd** shall create favorable conditions and assist Party B and the persons appointed by Party B to implement, supervise and manage **Stellar Footwear Co., Ltd**’s operations from the date of two parties sign this Agreement and complete the payment (as described in **Article 8**);

**ARTICLE 6.     RIGHTS AND OBLIGATIONS OF PARTY B**

**6.1.        Rights of Party B**

a.               Asking Party A for implementing its responsibilities as stipulated in this Agreement;

b.              Asking Party A for compensations and applying the recovery surmountable measures in case Party A fails to implement its obligations in due time and/or Party A have not implemented its obligations completely;

c.               Appointing Party B’s person to participate in managing all business activities of **Stellar Footwar Co., Ltd**from the date of \_\_\_\_\_\_;

**6.2.        Obligations Party B**

a.               Paying taxes and other expenses incurred from the execution of this Agreement to the competent authority, including:

-                Taxes (if any) incurred from and concerning to the performance of this Agreement;

-                All the expenses incurred from the implementation of procedures for registering the capital assignment;

-                Notary fees (if any) for the documents to be notarized by Party A to complete the Application Dossier for registering the capital assignment at the requests of competent authority;

-                All bank charges incurred from the remittance of the payment to the account of Party A.

b.              Taking over all the rights and obligations in the scope of assigned capital in **Stellar Footwear Co., Ltd** from the date of \_\_\_\_\_\_\_\_\_, 2007;

c.               Providing Party A with all necessary documents at the reasonable requests of Party A for the completion of the registration dossier for capital assignment;

d.              Cooperating and supporting Party A in the process of performing the legal procedures concerning the submission of registration dossier for capital assignment and application for approval from competent authority;

e.               Making full payment to Party A in accordance with payment schedule as stipulated in **Article 8**of this Agreement;

**ARTICLE 7.     COMMITMENTS AND AGREEMENTS**

**7.1.        Commitments on the assigned capital**

Party A commits and warrants that:

§                 The whole investment capital made by Party A is real and legal as detailed in the Investment License of **Stellar Footwear Co., Ltd**;

§                 The assigned capital of Party A is neither subject to any dispute nor transaction object of any other Contract or agreement other than this CAA;

§                 It will duly and properly transfer rights and obligations relating to the assigned capital to Party B;

§                 Party A shall assist Party B in receiving and inheriting the rights, the obligations, and related documents of Party A with respect to the ownership of the assigned capital;

§                 The documents supplied to Party B in connection with its invested capital in**Stellar Footwear Co., Ltd** and financial standing of **Stellar Footwear Co., Ltd** are truthful, accurate, legal and valid;

§                 Party B shall gain the ownership and right to use the name of **Stellar Footwear Co., Ltd** (in English, Vietnamese and transaction name) as well as the ownership to all name, symbols, images and so on (if any) currently belonging to **Stellar Footwear Co., Ltd**.

**7.2.        Commitments on capital assignment**

§                 Party A commits that it has received the approval from Board of Directors/Board of management from **B.K Sak Korea Co., Ltd**for the assignment of its invested capital in **Stellar Footwear Co., LTD**;

§                 Party A commits that the person who is the representative of Party A in signing on the CAA and other legal documents relating to this capital assignment is of full legal capacity, full competent to sign the Agreement and to be appointed by Party A through a Power of attorney issued by issued by its legal representative on September 02, 2007.

**7.3.        Commitments on time of transferring the ownership of assigned capital, assets, rights and obligations and related documents and files**

§                 ***The first period***: before the date of August 31, 2007:

-          All rights and obligations arising from the transactions, contracts, memorandum of understanding and so on between **Stellar Footwear Co., Ltd** and the concerned parties during this period shall belong to **Stellar Footwear Co., Ltd** and Party A;

-          All liabilities which is resulted from the Stellar Footwear Co., Ltd’s actions shall belong to Stellar Footwear Co., Ltd and Party A;

§                 ***The second period:*** from the date of September 01, 2007 to the date of issuance of amended Investment License and approval letter on capital assignment from competent authority

-          All the following rights and obligations shall belong to Party A and **Stellar Footwear Co., Ltd:**

o       \_\_\_\_\_\_\_\_\_ (should be described in detail)

o       \_\_\_\_\_\_\_\_\_\_

-          All the following rights and obligations shall belong to Party B and Stellar Footwear Co., Ltd:

o       \_\_\_\_\_\_\_\_\_ should be described in detail

o       \_\_\_\_\_\_\_\_

§                 ***The third period:*** from the date of receiving the amended Investment Certificate and approval letter onwards

-          All the rights and obligations arising from this date onwards shall belong to Party B and **Stellar Footwear Co., Ltd;**

-          All rights and obligations as agreed by two Parties under this Agreement shall belong to Party B and **Stellar Footwear Co., Ltd;**

**7.4.        Disbursement reimbursement**

In case Party A can not and/or fails to pay its payable(s) amount (as described in **Annex II**), and Party B agrees in writing to pay on behalf of Party A, such paid payment shall be deducted from the capital assignment price (as amounted in **Article 4, Item 4.2**). Such deduction shall not exceed the amount of the capital assignment price. With the exceed amount that Party B did pay on behalf of Party A to the third parities/concerned parties shall be recorded as the Party’s payables to Party B;

**ARTICLE 8.     PAYMENT**

**8.1.        Schedule of payment**

Party B shall pay the value of CAA equivalent to US$ 1.500.000 *(One million and five hundred thousand US Dollars)* to Party A in accordance with the following schedule:

-          ***The first installment***: Party B shall pay US$ 200,000 (Two hundred thousand United State Dollars) to Party A on September 20, 2007;

-          ***The second installment to***: Party B shall pay US$ 1,300,000 (One million and three hundred thousand United State Dollars) to Party A since the Parties complete obligations/liabilities as agreed/stipulated hereof and attached Annexes and/or relevant documents agreed by the Parities;

**8.2.        Mode of payment:**

Two parties agree unanimously that the payment of the value of this Agreement shall be made in U.S Dollars (US$) by giro payment. Party B shall have responsibility to transfer the payment to bank account determined by Party A and in accordance with Vietnamese regulations.

**ARTICLE 9.     VALIDITY**

This Assignment Contract will be in full force from the official assigned date of this CAA and shall be terminated in some following cases:

**9.1.**Upon the breach of this Agreement of any Party, the other has the right to terminate it;

**9.2.**The capital assignment is approved by competent authority and the parties complete all obligations as agreed in the CAA and it is terminated by two parties in writing.

**ARTICLE 10.     OTHER PROVISIONS**

**10.1.     Additions and amendments**

Any addition or amendment to the CAA if is not made in writing and mutually signed shall be of no legal validity;

**10.2.    Notices**

Any notice and the like in relation to the CAA shall be delivered to general representatives of the Parties as provided for in the beginning part of the CAA;

**10.3.    Copies of the Agreement**

This Agreement is made into 5 (five) sets, each set shall include 01 (one) Vietnamese version; 01 (one) English version and all copies are equally authentic. Each party shall keep two sets, one set shall be sent to Investment License Issuing Body.

In where there have been any conflicts of meanings between the English version and Vietnamese version due to translation matters, the English version shall be element for settling those matters.

**ARTICLE 11.     GOVERNING LAWS AND SETTLEMENT OF DISPUTES**

**11.1.    Governing Laws**

­The construction, interpretation, effect and performance provisions as well as the resolution to issues of the CAA shall be governed by the substantive laws and relevant documents of the Socialist Republic of Vietnam.

**11.2.    Distribute settlement**

All disputes that may arise between the Parties by, or in relation to, or in connection with the performance of this CAA should be settled by negotiation and conciliation, mutual respect of rights of each other to a permitted extent. The Parties shall endeavor to reach an agreement and negotiate to settle such disputes with goodwill;

However, if, in spite of such amicable endeavors of the parties hereto, no such solution can be reached within five (5) days after the disagreement of such disputes; one or both parties may file the lawsuit to the competent Economic Court of Vietnam. Judgment of the Court shall be a final solution binding both Parties.

|  |  |
| --- | --- |
| **for and on behalf of Party A *(Sign, seal)*****-------------------------** | **for and on behalf of Party A *(Sign, seal)*****--------------------** |