

TERMS AND CONDITIONS OF THE IRREVOCABLE LETTER OF CREDIT

In consideration of your opening the Letter of Credit substantially according to the Application on the front page hereof (hereafter referred to as the "Credit") I/we jointly and severally promise and agree to pay you upon presentation (if sight draft) and at maturity (if time draft) such drafts as may be drawn or paid upon the faith of said Credit together with interest (at the prevailing rate at the time of drawing and/or payment under the Credit), commissions, all taxes and customary bank charges, if the aforesaid documents appear to be correct upon their face, or unimpeachable in the discretion of yourselves or your correspondents, and agree to reimburse you in the manner aforesaid, even if such documents should in fact prove to be incorrect, defective, or forged.

The draft shall be repaid using the same currency of the original draft. However, you may at your discretion and without giving notice to me/us convert into the equivalent in Philippines Pesos of all drafts and documents negotiated under the Credit at your then prevailing rate of exchange at the time of payment or arrival date of remittance at the place where cover is to be provided, whichever is later. In such cases where drafts are drawn in a currency other than Philippine currency and you elect to convert the same into Philippine currency, all risks of foreign exchange fluctuations shall be for my/your account.

I/We release you and your correspondents from all responsibility for general order charges and other expenses if, through negligence of the shipper or other causes beyond its/his control, the shipping documents fail to reach the destination in due time, and such expenses and any other similar expenses, damages, losses, penalties, or charges of whatsoever nature incurred or sustained by you or your office correspondents concerning the above shipment will be borne by me/us, jointly and severally.

I/We hereby recognize and admit your ownership and unqualified right to be in possession and disposal of property shipped under or pursuant to or in connection with the Credit, or in any way relative thereto, or to the drafts drawn thereunder, whether or not such property is released to us on trust, as bailee, or otherwise, and also in and to all shipping documents, warehouse receipts, policies or certificates of insurance, and other documents accompanying or relative to drafts drawn under the Credit, and in and to the proceeds of each and all of the foregoing, until such time as all our obligations and liabilities to you at any time existing under or with reference to the Credit or this Agreement, or any other credit, or any other obligation to you, have been fully paid and discharged. You may dispose of all or any of such property and documents coming into your (or any of your correspondents) by public or private sale at your discretion without prior notice to me/us.

I/We (and each of us) hereby give you a lien on all property given to or left, or hereafter given to or left, in your possession by or for my/our account, or the account of either of us; and also upon the present or future balance of my/our deposit account, or the account of either of us with you, for the amount of any liability due to you hereunder or under any other obligation. Likewise, I/we give to you a lien on any other property, right, or interest which at any time comes into your or any of your agents', correspondents', subsidiaries', or affiliates', possession, custody, or control for any purpose. I/We also agree to deliver to you, upon demand collateral security to your satisfaction, should the market value of the merchandise referred to herein suffer any decline.

You are hereby authorized and empowered, at your option and at any time without notice, to appropriate and apply to the payment of any liability under this Credit any and all moneys or other property or proceeds thereof, now or hereafter in your hands, on deposit or otherwise, for account of, to the credit of, or belonging to me/us (whether said deposit is general, special or for any specific purpose) whether any of said liabilities are then due or not due.

I/We undertake to procure promptly any necessary import, export, or other license(s) required for import or export or shipping or forwarding of the goods and to comply with all Philippine laws and appropriate government regulations in

regard to the shipping or forwarding of the goods or the financing thereof, and to furnish copies of such licenses that you may require at any time.

I/We undertake to keep the merchandise relating to the Credit covered with insurance at all times against marine/air cargo and fire risks and any other risks as required by you with insurance companies acceptable and satisfactory to you until the drafts are fully paid, and you may cause to cover with insurance against any and all risks at any time to your discretion and at our expense any and all of the merchandise without our further consent even though we have caused the merchandise to be insured against the same or similar risks. We further agree to assign the insurance policies or certificates to you or to make the loss or adjustment payable to you at your option. It is understood that you will not be responsible for any act or omission on the part of any insurance company, and if any insurance company fails to pay, we will still be responsible to you for the payment of the draft(s). It is further understood that if you or the undersigned or anyone else fails to cause to insure the merchandise, and if any total or partial loss or damage occurs, we will still be responsible for the payment of the draft(s).

In respect of importation of merchandise to the Philippines, I/we hereby jointly and severally covenant and agree to pay all drafts/documents irrespective of the fact that the merchandise covered by such documents may not arrive at the port of destination for any cause whatsoever, fortuitous or not.

I/We further agree to pay you a penalty of thirty-six percent (36%) per annum on any unpaid obligations, inclusive of principal, interest and charges, computed from the date of default until full payment thereof.

I/We guarantee that all drafts drawn under the above Credit will be accepted by me/us upon presentation and jointly and severally agree to pay the same at or before maturity.

I/We admit and regard all premises, agreements, and undertakings contained herein notwithstanding any amendment, extensions, renewal, revision or modification of any kind in terms of the Credit which you may have caused to be done at my/our request. And in the event of this Application being signed by two or more parties whether as partners or in the name of the firm or in any other capacity, each and all such parties signing shall be deemed JOINTLY and SEVERALLY liable hereunder.

I/We hold you and your agents free and harmless from any responsibility whatsoever for any delay, mistake, or omission that may happen in the transmission of instructions by mail or cable, or for the loss or delay in the forwarding of documents, or for the validity, regularity, or genuineness of the documents if apparently in order for the description, quality, quantity, or value of the property represented by such documents.

Any and all taxes which may now or hereafter be imposed on this Letter of Credit shall be for my/our account and payable by me/us.

Except as otherwise expressly stated herein, this Credit is subject to the prevailing Uniform Customs and Practice for Documentary Credits and Uniform Rules for Bank-to-Bank Reimbursements under Documentary Credits of the International Chamber of Commerce.

GUARANTEE CLAUSE

IN CONSIDERATION OF THE BANK OF CHINA (MANILA) COMPLYING WITH THE REQUEST FOR OPENING OF THIS CREDIT, I/WE HEREBY AGREE AND UNDERTAKE TO PAY ON DEMAND TO THE BANK OF CHINA (MANILA) ALL SUMS AND AMOUNTS OF MONEY WHICH IT MAY CALL UPON ME/US TO PAY ARISING OUT OF, PERTAINING TO, AND/OR IN ANY EVENT CONNECTED WITH, THE DEFAULT OR AND/OR NON-FULFILLMENT IN ANY RESPECT OF THE UNDERTAKING OF THE AFORESAID APPLICANT.

I/WE FURTHER AGREE THAT THE BANK OF CHINA (MANILA) DOES NOT HAVE TO TAKE ANY STEP OR EXHAUST ITS REMEDY AGAINST THE AFORESAID APPLICANT.

IT IS UNDERSTOOD THAT OUR LIABILITIES HEREUNDER SHALL IN ALL CASES BE JOINT AND SEVERAL REGARDLESS OF DEMAND, I/WE WAIVE NOTICE OF DEFAULT OR TO EXHAUST THE PROPERTY OF THE PRINCIPAL, BUT MY/OUR LIABILITY SHALL BE A PRIMARY ONE AND SHALL BE ELIGIBLE UPON THE OCCURRENCE OF ANY DEFAULT AND SHALL IN ALL CASES BE JOINT AND SEVERAL WITH THE PRINCIPAL DEBTOR OR DEBTORS. WITHOUT AFFECTING THE CONTINUED EFFECTIVITY OF MY/OUR UNDERTAKING, THE BANK OF CHINA (MANILA) MAY, FROM TIME TO TIME AND WITHOUT ANY NECESSITY OF FIRST GIVING NOTICE OR OBTAINING MY/OUR CONSENT, INCREASE THE AMOUNT OF CREDIT GIVEN TO THE PRINCIPAL, GRANT EXTENSIONS OF TIME TO THE PRINCIPAL TO CARRY OUT ANY OBLIGATION UNDER THE PRINCIPAL AGREEMENT, ACCEPT NOTES, OR OTHER OBLIGATIONS FROM THE PRINCIPAL FOR MONEY, SECURITIES, OR OTHER THINGS OF VALUE DUE FROM THE PRINCIPAL, AND RENEW SAID NOTES OR OTHER OBLIGATIONS FROM TIME TO TIME EITHER IN WHOLE OR IN PART.

IN THE EVENT JUDICIAL PROCEEDINGS ARE INSTITUTED BY THE BANK OF CHINA (MANILA) TO ENFORCE ANY OF THE COVENANTS AND CONDITIONS OF THIS UNDERTAKING OF SURETYSHIP, THE SURETY AGREES TO PAY THE BANK OF CHINA (MANILA) A REASONABLE COMPENSATION FOR THEIR EXPENSES AND CHARGES, INCLUDING ATTORNEY'S FEES WHICH SHALL NOT BE LESS THAN TEN PERCENT (10%) OF THE INDEBTEDNESS THEN OUTSTANDING AND UNPAID OR PHP 10,000.00, WHICHEVER IS HIGHER.

GUARANTOR

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