

Lease Agreement for Kaesong Industrial District Management Committee's (Nurimi) Apartment-Type Plant

This Lease Agreement (this “**Agreement**”) is entered into by and between Kaesong Industrial District Management Committee (the “**Lessor**”) and *Name of Lessee* (the “**Lessee**”) subject to the following terms and conditions.

1. Name of Agreement: Lease Agreement for Kaesong Industrial District Management Committee's (Nurimi) Apartment-Type Plant
2. Leased Premises: Kaesong Industrial District Management Committee's (Nurimi) Apartment-Type Plant Unit 307, Unit 308, Unit 309, Unit 310, Unit 311, and Unit 312, 24-3 Kaesong Industrial District Stage, Kaesong-si

3. Area of the Leased Premises: 3,145.72m²

Unit: m²

Category	Area of Exclusive Use Space	Area of Common Use Space	Area of Cafeteria	Areas of Leased Premises
Unit 307	333.74	154.25	42.29	530.28
Unit 308	327.84	151.52	41.55	520.91
Unit 309	327.83	151.52	41.55	520.90
Unit 310	327.83	151.52	41.55	520.90
Unit 311	327.83	151.52	41.55	520.90
Unit 312	334.71	154.70	42.42	531.83
Total	1,979.78	915.03	250.91	3,145.72

4. Security Deposit: KRW 356,181,540

Category	Area of Leased Premises	Unit Cost(KRW)/m ²	Security Deposit (KRW)
Unit 307	530.28	113,227.35	60,042,199
Unit 308	520.91	113,227.35	58,981,259
Unit 309	520.90	113,227.35	58,980,127
Unit 310	520.90	113,227.35	58,980,127
Unit 311	520.90	113,227.35	58,980,127
Unit 312	531.83	113,227.35	60,217,701
Total	3,145.72		356,181,540

5. Rent (per month): KRW 14,247,255

Category	Area of Leased Premises (m ²)	Unit Cost (KRW)/m ²	Rent (KRW)
Unit 307	530.28	4,529.09	2,401,687
Unit 308	520.91	4,529.09	2,359,249
Unit 309	520.90	4,529.09	2,359,204
Unit 310	520.90	4,529.09	2,359,204
Unit 311	520.90	4,529.09	2,359,204
Unit 312	531.83	4,529.09	2,408,707
Total	3,145.72		14,247,255

6. Use: Plant

7. Term of Agreement:

Date

The Lessor Address: 3-1, Kaesong Industrial District Stage 1, Kaesong-si
Name: Chairman Nam Sik Kim of Kaesong Industrial District
Management Committee

The Lessee Address:
Name:

Terms and Conditions of Lease Agreement for Kaesong Industrial District Management Committee's Apartment-Type Plant

Article 1 (Purpose)

The purpose of these terms and conditions hereof shall be to provide necessary matters for the Lease Agreement for Kaesong Industrial District Management Committee's (Nurimi) Apartment-Type Plant, which is entered into by and between Kaesong Industrial District Management Committee (the "Lessor") and *Name of Lessee* (the "Lessee") (this "Agreement").

Article 2 (Limitation on Use and Duty of Care)

The Lessee shall lease the Leased Premises for the purpose of plant use and shall not use the Leased Premises for any other purposes. The Lessee shall comply with this Agreement, the Lessor's regulations on building management, etc. and shall exercise its duty of care with respect to the Leased Premises and any and all facilities leased from the Lessor.

Article 3 (Lease Term)

- (1) The terms and conditions of this Agreement shall become effective from the date on which the term of this Agreement commences.
- (2) The Lessor and the Lessee may terminate this Agreement by mutual consultation even during the term of this Agreement, if the Lessor and the Lessee deem that there is a reasonable and inevitable reason to terminate this Agreement.
- (3) The Lessor and the Lessee may terminate this Agreement on the expiration date of the term of this Agreement by giving the other party a written notice of its intention not to renew this Agreement at least three months prior to the expiration of the term of this Agreement.
- (4) This Agreement shall be automatically extended for an additional one-year period on the same terms and conditions, unless either the Lessor or the Lessee gives the other party a written notice of its intention not to renew this Agreement at least three months prior to the expiration of the term of this Agreement.

Article 4 (Amendment)

The Lessor and the Lessee may modify and amend the terms and conditions of this Agreement by mutual consultation prior to the expiration of the term of this Agreement and even during the extended term of this Agreement, if there is reasonable and inevitable reason to do so.

Article 5 (Security Deposit)

- (1) The security deposit shall be paid in KRW to the Lessor, and in case of an extension of this Agreement, any increased amount in accordance with the increase in security deposit shall be paid in full by one day before the commencement date of the extended Agreement.
- (2) No interest shall accrue on the security deposit in Article 5(1) above.

- (3) The Lessee shall not substitute the security deposit for payment of a rent, maintenance fee, etc.
- (4) If the Lessee is a new tenant, it shall pay 10 percent of the security deposit as a down payment to the Lessor on the signing date of this Agreement, and shall pay the rest of the security deposit to the Lessor by one day before the term of this Agreement commences.
- (5) A new lease agreement under Article 5(4) above shall be effective only after the Lessee pays a down payment. Unless the rest of the security deposit is paid by one day before the term of Agreement commences, the new lease agreement shall be terminated.
- (6) If this Agreement is terminated under Article 5(5) above, the down payment shall be forfeited by the Lessor, and the Lessee shall not request the return of the down payment.

Article 6 (Rent)

- (1) The Lessee shall send a monthly rent (for a period from the first day until the last day of the month), which is converted based on the exchange rate as of the last day of the previous month (as announced by Seoul Money Brokerage Services), by the 15th day of the month (if the 15th day is a holiday, the next day) to the Lessor's bank account.
- (2) If the term of this Agreement commences or expires during a month, the rent of that month shall be calculated on a pro rata basis.
- (3) If the Lessee fails to pay the Lessor a rent by the due date set forth in Article 6(1) above, the Lessee shall additionally pay default interest on the delayed rent at the default interest rate of 0.05% per day from the date following the due date.
- (4) If the Lessee extends, at its own expenses, the space within the Leased Premises with the Lessor's approval and pursuant to Articles 4 and 5 of the Regulation on Construction in Kaesong Industrial District, the payment of a security deposit therefor shall be exempted and the Lessee shall be responsible for the additional rent, which shall be calculated by multiplying the extended area and 30 percent of the rent per m² of the plant building as determined by the Lessor.
- (5) If the Lessee changes or extends the structure of the Leased Premises without the Lessor's approval, the Lessor may immediately terminate this Agreement. Or if this Agreement is not terminated, the Lessee shall pay the amount, which shall be calculated by multiplying the extended area and 100 percent of the rent per m² of the plant building as determined by the Lessor, as an additional rent for the period from the commencement date of extension to the date of removal thereof.

Article 7 (Maintenance Fee)

- (1) The Lessee shall pay the Lessor the maintenance fee applicable to the area of the Leased Premises (including the costs of the management office, service company, guard, and other expenses) upon the receipt of an invoice thereof calculated based on the expenses actually incurred, together with the charges for electricity, water, heating and air conditioning, etc. in USD. Article 6 above shall apply mutatis mutandis to matters related to the exchange rate of USD, calculation on a pro rata basis, imposition of default interest for delayed payment, etc.

- (2) The payment date of the maintenance fee shall be separately set forth in, and notified by, the invoice thereof.
- (3) Even if the Lessee does not use the Leased Premises during the effective term of this Agreement, the Lessee shall pay the above maintenance fee.
- (4) With respect to the charges for the energy use (steam, hot-water (heating and water heater), electricity, etc.), if there is a difference between the total quantity consumed by the entire building and the sum of the quantity consumed by each lessee, such difference shall be distributed to lessees in accordance with the energy use rate per each lessee.

Article 8 (Adjustment of Security Deposit, Rent, and Maintenance Fee)

The Lessor may adjust the security deposit, rent, and maintenance fee, even during the term of this Agreement, if an inevitable reason occurs including the amendment to the relevant laws and regulations, change in the financial situation, increase in the market value of the rent of adjacent buildings, increase in tax and public dues imposed on the land and building, and increase in public utility charges. However, for such adjustment of security deposit and rent, the Lessor shall consult with the Lessee.

Article 9 (Prohibition of Assignment, etc. of Rights)

- (1) In any case, the Lessee shall not assign its rights and obligations hereunder to a third party or sublease all or a part of the Leased Premises to a third party.
- (2) The Lessee, who has leased the commercial facilities, shall not exercise any good will or other claim for premium against the Lessor in any case, and the same shall apply to any third party. The Lessor shall not be liable for the premium paid or received by and between the Lessee and another lessee, regardless of the Lessor having been notified thereof.

Article 10 (Registration of Leasehold Right)

- (1) If the Lessee desires to register the creation of leasehold right on the security deposit of Article 1 above, by submitting necessary documents within 10 days of the execution of this Agreement, the Lessor shall actively cooperate. However, any expenses incurred at the time of establishment and cancellation of the registration shall be borne by the Lessee.
- (2) At the time of termination of this Agreement, the Lessee shall request the return of security deposit after cancelling the registration of the creation of leasehold right, and the Lessor shall return the security deposit to the Lessee after confirming the cancellation thereof. At the time of termination of this Agreement, the Lessor may cancel the registration of creation of leasehold right, and the Lessee shall grant all authorities with respect thereto to the Lessor.

Article 11 (Right to Use the Leased Premises)

- (1) In leasing the Leased Premises, the Lessee shall obtain a right to use the Leased Premises and beneficial interest therein by paying the full amount of the security deposit to the Lessor.

- (2) With respect to the Leased Premises, the Lessee shall not have any rights other than the right to occupy and use the Lease Premises.

Article 12 (Operation and Facilities within the Leased Premises)

- (1) In any of the following events, the Lessee shall obtain a prior approval of the Lessor by submitting an application for approval, together with the relevant drawing, at least seven days in advance, and any expenses arising therefrom shall be borne by the Lessee; provided, however, that in such case, the Lessor may direct and supervise the construction to effectively maintain the integrity of the building:
 1. Installing or remodeling partitions, windows, interior, etc. within the Leased Premises;
 2. Installing and relocating lights or power outlets, changing voltage, installing telephones, and installing, adding, relocating, and changing facilities such as gas facility;
 3. Fixing safe and other heavy objects;
 4. Installing sign, advertising material, or other signage outside the Leased Premises (gate, outer wall, windows, etc.); or
 5. Installing, repairing and changing other facilities.
- (2) The construction pursuant to Article 12(1) above shall be made at the location designated by the Lessor, and upon the surrender of the Leased Premises, the Lessee shall, at its own expenses, restore the Leased Premises to their original condition.
- (3) If the Lessee neglects its obligation to repair the facilities installed inside or outside the Leased Premises by the Lessee, and, therefore, the Lessor finds it inevitable to conduct necessary repair works or take other measures for the maintenance of the building, the Lessor may, at its own expenses, conduct such repair works or take other measures and claim reimbursement of the actual costs and expenses arising therefrom to the Lessee. The Lessee shall pay the same without raising any objections.
- (4) Any and all taxes and public imposts, including acquisition tax, property tax, etc. on the facilities installed, added, and changed by the Lessee pursuant to Article 12(1) above, shall be borne by the Lessee, irrespective of on whom such imposts are levied.

Article 13 (Return of Security Deposit)

In case of the termination of this Agreement due to the expiration or termination of the term of this Agreement or other reasons, the Lessor shall return the security deposit in KRW to the Lessee upon the surrender of the Leased Premises and the confirmation of the restoration to the original state; provided, however, that the following amounts shall be deducted from the security deposit.

1. In case of the expiration or termination of this Agreement, the Lessor shall deduct all expenses, including maintenance fee, public imposts, and any other expenses owed to the Lessor, from the security deposit, and return the rest amount after deduction to the Lessee after the surrender of the Leased Premises.

2. If the Lessee has any obligations, other than this Agreement, owed to the Lessor, the Lessor may offset the obligations against the security deposit.
3. With respect to maintenance fee and other expenses, calculation for which is impossible until the date of surrender, maintenance fee, etc. for two months (based on the previous month's maintenance fee, etc.) shall be deducted first and then settled later.
4. In case the Lessee does not restore the Leased Premises to the original state or such restoration is incomplete, the Lessor may deduct the expense required for restoration to the original state from the security deposit and refund the rest amount to the Lessee.

Article 14 (Protection of Property)

- (1) The Lessor may hire a guard to protect the lobby, hallway, and other common use area of the building.
- (2) The Lessee shall purchase, provide, and manage the fire-fighting equipment and the circuit breaking device for electrical equipment, which are necessary for fire prevention within the Leased Premises.

Article 15 (Employment and Training of Employees)

- (1) The Lessee's employees herein shall refer to the employees and workers engaged in the Lessee's business, and all other staff related to the Lessee's business, within the Leased Premises.
- (2) In hiring employees, the Lessee shall, in principle, hire a person suitable to work within the Leased Premises.
- (3) The Lessee and its employees shall comply with this Agreement and various regulations such as the Lessor's company rules and shall be supervised or directed by, or obtain an approval from, the person in charge designated by the Lessor. If the Lessee or its employees violate the same, the Lessor may suspend the access to the Leased Premises by the Lessee or its employees and take other measures as necessary.
- (4) If the Lessee's employees cause damage to the Lessor or a third-party tenant of the Lessor's facility by way of strike, etc., the Lessee shall be responsible for any and all civil and criminal liability arising therefrom.
- (5) The Lessee shall be responsible for its employees and building and facility occupied by the Lessee, including any and all civil and criminal liability arising therefrom. The Lessee shall compensate for any damage suffered by the Lessor and a third party as a result thereof and may not make any claim against the Lessor with respect thereto.

Article 16 (Prohibited Activities)

The Lessee shall not engage in any of the activities set forth below, and if the Lessee engages in any of the following activities, the Lessor may terminate or refuse to renew this Agreement pursuant to Article 25 hereof:

1. Conducting any activities which are offensive to the public or obstruct the use of common facilities;
2. Piling up any objects in common use area such as hallway;
3. Installing or displaying any nameplate, sign, or advertising material inside or outside the building without the Lessor's approval;
4. Bringing in or storing any object that is explosive, dangerous, or harmful to human being or that may cause damage to property within the building;
5. Using charcoal, coal, oil, or fuels other than fuels provided or designated by the Lessor as heating fuel;
6. Playing noisy musical instruments or keeping pets other than fish in a fishbowl;
7. Destroying, damaging, or changing the Leased Premises and other facilities;
8. Adding or using strong or weak power or other power other than the power supplied by the existing facilities without an approval of the Lessor;
9. Using the Leased Premises as a residential facility;
10. Manufacturing or selling alcoholic beverages or liquor; provided, however, that, this may not apply to the commercial facilities by mutual consultation between the parties; or
11. Conspicuously violating obligations as a lessee, or having a material cause that makes impossible for this Agreement to continue to exist.

Article 17 (Repair and Maintenance)

- (1) In the event that walls, ceilings, and floors of the Leased Premises are naturally damaged, worn out, or faded, the Lessor shall bear the cost of repair (painting, etc.) thereof; provided, however, that the Lessee shall bear the cost of repair caused or necessitated by the Lessee.
- (2) If the Lessee finds any spot/thing needing the repair under Article 17(1) above, the Lessee shall immediately give a notice thereof to the Lessor. If the Lessee repairs the same, the Lessee shall consult with the Lessor in advance.

Article 18 (Limitation on Lessor's Liability)

- (1) The Lessor shall not be liable for any and all damages suffered by the Lessee or interested parties of the Lessees due to force majeure events under law, including an act of God, a war, etc. or any other cause not attributable to the Lessor (with the burden of proof to be imposed on the Lessee).
- (2) The Lessor shall not be liable for any lack of services or disturbance in using the common use area due to the repair, change, or remodeling of the Leased Premises by the Lessee.

Article 19 (Right to Investigate Lessee's Business)

If the Lessee materially breaches the terms and conditions hereof or it is acknowledged that the Lessor's honor and credit may be damaged, the Lessor may investigate the Lessee only to the extent that is required and the Lessee shall respond thereto.

Article 20 (Delivery of Instructions and Notices)

Any and all instructions and notices of the announcements of the Lessor and the Lessee related to this Agreement shall be deemed to be delivered to the Lessee when delivered in writing to the Lessee's employee or to the address of the Lessee set forth in this Agreement.

Article 21 (Obligation of Notice)

Upon the occurrence of any of the following events, the Lessee shall give without delay the Lessor a written notice thereof, together with the relevant documents. The Lessor shall not be liable for any losses or disadvantages arising as a result of the Lessee's failure or delay in notifying:

1. Change to the address, company name, representative, and articles of incorporation;
2. Material change to the capital structure;
3. Whole change to matters relating to business license;
4. Change from individual business to corporation, and vice versa;
5. Change to the individual or corporate seal or seal impression in use; or
6. Other material change to the Lessee.

Article 22 (Restriction on Use of Common Use Facilities)

The Lessor may suspend or restrict the operation of the heating and cooling system, elevators, and other facilities on Sundays, legal holidays, and other days which are set forth in the move-in common covenant or on which any inevitable reason arises.

Article 23 (Time of Operation of Common Use Part)

- (1) The opening and closing hours of gates and the time of operation of the common use part of the heating and cooling facility shall be determined by the Lessor upon consultation in consideration of the Lessee's convenience, and a separate common covenant thereon may be prepared, if necessary.
- (2) If the Lessor extends the time of Article 23(1) above pursuant to the Lessee's request, the Lessee shall bear expenses arising therefrom.

Article 24 (Manager)

The Lessor may appoint a third party as a manager for the proper management (cleaning or guarding, etc.) of the building, including the Leased Premises and the common use facilities.

Article 25 (Lessor's Right of Termination)

In any of the following events, the Lessor may terminate or refuse to renew this Agreement:

1. If the Lessee violates its obligations under the provisions of this Agreement;
2. If the Lessee delays payment of any and all expenses payable to the Lessor, including the monthly rent and maintenance fee, in three or more instances;
3. If it is acknowledged that the Lessee is unable to pay the monthly rent and maintenance fee as any of the Lessee's asset is subject to attachment, provisional

attachment or provisional disposition etc., or a petition for auction sales or bankruptcy is made against such asset; or

4. If a right to claim the return of security deposit is provided as a pledge, security for debts, etc. in favor of a third-party creditor.

Article 26 (Surrender and Restoration)

- (1) Upon the termination of this Agreement, the Lessee shall remove its belongings and property from the Leased Premises by the date of termination of this Agreement, return the keys and other assets and goods entrusted to the Lessee that are owned by the Lessor, and surrender all of the Leased Premises to the Lessor.
- (2) The Lessee shall, at its own expenses, remove facilities, partitions, and any other structural changes installed by the Lessee and restore the Leased Premises to their original condition by the date of termination of this Agreement. The same shall apply to the extended the Leased Premises with the approval of the Lessor. However, the same shall not apply in case of a written agreement between the Lessor and the Lessee.
- (3) If the Lessee fails to remove its belongings and property, or fails to surrender the Leased Premises after restoring the Leased Premises to their original condition, by the date of termination of this Agreement, the Lessee shall pay the Lessor the maintenance fee and the monthly rent payable hereunder for the period from the date of termination of this Agreement to the actual date on which the Lessee surrenders or restores the Leased Premises to their original condition.
- (4) The Lessee shall not refuse to surrender, or restore to the original condition, the Leased Premises, assert a renewal of this Agreement, or file a claim against the Lessor for reimbursement or payment of other money by any reasons, including facilities installed in the Leased Premises by the Lessee, premium paid by the Lessee, etc.

Article 27 (Eviction)

If the Lessee fails to remove its belongings and property from the Leased Premises after the termination of this Agreement, the Lessor may, at the Lessee's responsibility and cost, carry out enforcement measure, keep such belongings and property, or take other legal measures for the surrender of the Leased Premise after giving a notice thereof to the Lessee.

Article 28 (Compensation for Damages)

- (1) In case the Lessee or its employees willfully or negligently caused damage to the facilities within the building, the Lessee shall immediately notify the Lessor thereof and compensate for the damage.
- (2) In case the Lessee or its employees willfully or negligently caused damage to other tenants or the public, the Lessee shall immediately compensate for such damage at its own expenses.
- (3) In case the Lessee lost keys to a gate, which has been kept and used by the Lessee, the Lessee shall replace the set of the lock of such gate with a new one or make compensation therefor.

- (4) Any damage under Article 28(1) above not notified to the Lessor shall be deemed as the damage caused by the Lessee, and the Lessor may take necessary measures such as claim for compensation with respect thereto.

Article 29 (Termination of Agreement)

This Agreement shall be terminated in any of the following events:

1. If the term or any extended term of this Agreement expires; or
2. If this Agreement is terminated or repudiated pursuant to the provisions of this Agreement.

Article 30 (Right of Access)

- (1) The Lessor (including the management office and service company) may access the Leased Premises for the purpose of maintenance of the building, operation of facilities, inspection, fire and crime prevention, maintenance of sanitation and rescue, or for the purpose of showing the Leased Premises to prospective tenants before the expiration of the term of this Agreement, and the Lessee shall not refuse to allow such access.
- (2) In urgent cases for the management of the building where the Lessor has no time to ask for the Lessee's consent in advance, the Lessor may access to the Leased Premises pursuant to Article 30(1) above even during the Lessee's absence, and in such case, the Lessee may not exercise a right to claim for damages against the Lessor.
- (3) For the access under Articles 30(1) and 30(2), the Lessor may unlock the lock or take other measures as necessary.

Article 31 (Fire Insurance Premium)

If the fire insurance premium for the building increases due to activities or belongings of the Lessee, the Lessee shall pay all of such increased amount to the Lessor.

Article 32 (Pre-Trial Conciliation Protocol)

- (1) The Lessor may request the Lessee to draw up a pre-trial conciliation protocol and other documents necessary for the settlement of disputes related to the lease term, surrender of the Leased Premises, payment of monthly rent, etc. provided herein.
- (2) The expenses arising from the preparation of the pre-trial conciliation protocol shall be equally borne by the Lessor and the Lessee.

Article 33 (Jurisdiction and Governing Law)

Matters not set forth herein shall be determined by consultation between the Lessor and the Lessee in accordance with the applicable laws and regulations and general lease practices. The competent court for any legal disputes shall be the Seoul Central District Court.

Article 34 (Common Covenant)

- (1) The Lessor may enact and enforce a common covenant applicable to all tenants for the protection of the Lessee's property and smooth management of the Leased Premises, and such covenant shall be regarded as a part of this Agreement and shall have the same effect as that of this Agreement.
- (2) If the common covenant under Article 34(1) above is enacted or amended after the execution of this Agreement, such covenant shall have the same effect as that of this Agreement from the date of such enactment or amendment.

Article 35 (Separate Construction Works)

- (1) Works separately to be carried out by the Lessee when it moves in the building shall include: refinishing of the building, installation of electric light fixtures to be used for its manufacturing, works on distribution board and secondary circuit for power supply equipment used for its manufacturing, and installation of steam and hot water gauges. The Lessee shall bear the cost arising therefrom, and consult about detailed work plans with the Lessor for systematic use and management of the building.
- (2) If it is unavoidable for a new tenant to change the existing facilities, which were installed separately by a prior tenant, and to re-install facilities, any expenses arising therefrom shall be borne by the new tenant.

Article 36 (Special Provisions)

The Lessee's guarantor for the lease shall be jointly and severally liable for the Lessee's liabilities arising in connection with this Agreement. Matters not stipulated herein shall be discussed between the Lessee and the Lessor and be set forth in appendix.