

CONTRACT OF SUBLEASE AGREEMENT

This Sublease Agreement, entered into this ____ day of _____, 2007, by and between:

GAMMA - F ASIA INC. a corporation duly organized and existing under Philippine laws, with postal address at **Gamma Commercial Center 47 Rizal Highway, corner Manila Avenue, CBD Area Subic Bay Freeport**, hereinafter represented by its **President, LEO Y. VILLAROSA**, hereinafter referred to as the "**SUBLESSOR**";

- and -

_____, a corporation duly recognized and existing under the laws of the Philippines with principal office at _____, hereinafter represented by its _____, _____ called the "**SUBLESSEE**";

WITNESSETH:

WHEREAS, pursuant to Republic Act No. 7227, (hereinafter referred to as the "ACT") a special economic and Freeport zone was created consisting among others, of the lands and other properties occupied by the former Subic Naval Base between the Philippines and the United States of America, also known as the "**Subic Bay Freeport**" (hereinafter referred to as the "SBF");

WHEREAS, pursuant to the ACT, all such land and properties, including the land and/or properties subject to this Sublease Agreement was transferred and conveyed to the **Subic Bay Metropolitan Authority** (hereinafter referred to as the "**SBMA**");

WHEREAS, in the exercise of its power under the ACT and its Implementing Rules and Regulations, the **SBMA** on September 04, 2001, leased in favor of the **SUBLESSOR** the properties specifically described under this Agreement and the **SUBLESSOR** may subleased the property;

WHEREAS, the **SUBLESSOR** hereby subleases in favor of the **SUBLESSEE** the property specifically described under this Agreement and the **SUBLESSEE** accepts the sublease subject to the terms and conditions herein set forth;

NOW, THEREFORE, for and in consideration of the foregoing premises and the covenants hereinafter stipulated, the parties hereby agree as follows:

ARTICLE I

PROPERTY FOR SUBLEASE

Section 1. Subleased Property. – The **SUBLESSOR** hereby transfers and conveys by way of Sublease in favor of the **SUBLESSEE**, located at **Unit _____, Cluster _____, Gamma Commercial Center, 47 Rizal Highway, cor. Manila Ave., CBD Area Subic Bay Freeport Zone, Philippines**, with a total floor area of **25.92 sqm.**, a floor plan of the above mentioned **subleased property** are herewith and made integral parts of this Agreement.

- 1) **NO WARRANTY** – The **SUBLESSOR** shall sublease the premises on an "as is, where is" basis, The **SUBLESSEE** makes no warranty as to the condition, structural capability, or as to any hidden defects of the premises,
- 2) **INSPECTIONS** - The **SUBLESSOR** has the right to make and conduct inspections on the subleased premises, personally or by a representative, at any reasonable hour of the day, except during emergency situations.

Section 2. Condition Precedent. It is a condition for the effectivity of this agreement that the parties secure the prior written approval of the SBMA for this sublease and that the **SUBLESSEE** secures an SBF Certificate of Registration or Permit to Operate from the SBMA pursuant to the pertinent provisions of the Act and its Implementing Rules and Regulations.

**ARTICLE II
CONSIDERATION**

- 1) **RENTALS** - The parties herein agreed that a monthly rental of **NINE THOUSAND FIVE HUNDRED PESOS ONLY (PHP 9,500.00)** , exclusive of VAT and payable within the first five (5) days of every month with out necessity of express demand subject to a yearly increase of 10% compounded up to and until the last year of this contract. The **SUBLESSEE** further agrees to pay an interest of (2%) compounded for payment of stipulated monthly rent made after the first five days of the month. An Additional 2% shall be imposed for every month of delay in the payment of rent;
- 2) **DEPOSIT** - That the **SUBLESSEE** shall pay to the **SUBLESSOR** the sum of **NINETEEN THOUSAND PESOS ONLY (PHP19,000.00)** as **Two (2) months deposit**. The deposit shall be given as security by the **SUBLESSEE** for his faithful compliance with the terms of this Contract of Lease, as well as to defray for any damages and other monetary liabilities and obligations of the **SUBLESSEE** there under, provided that this deposit cannot be applied by the **SUBLESSEE** to any unpaid rent/s. This amount shall be paid by the **SUBLESSEE** upon signing of this contract and before occupancy of the subleased unit and such deposit or the remaining thereof shall be refundable to the **SUBLESSEE** at the end of the term after surrender of the lease premises completely vacated and its possession returned by the **SUBLESSEE** to the **SUBLESSOR**, less whatever amount the **SUBLESSEE**'s liabilities for any breach of this contract or for any obligation by virtue thereof shall in no way be limited to the amount of the said deposit. However, this contract maybe terminated prematurely before the end of this stipulated term by reason of violation of any term and condition herein, the **SUBLESSEE** shall lose his right to refund his deposit which shall be forfeited in favor of the **SUBLESSOR**;
- 3) **ADVANCE PAYMENT** - That the **SUBLESSEE** shall pay before occupancy to the **SUBLESSOR** the sum of **NINETEEN THOUSAND PESOS ONLY (19,000.00)** as two **(2) months advance** to be applied against and kept intact for the last two (2) months of the herein stipulated lease period which in no case shall be made applicable against back rents. Failure to do shall be deemed a breach of contract and the months are as follows:

(Start of rent is on the start date indicated above, whether or not the SUBLESSEE physically occupies the allocated slot.)

4) **Taxes and Documentation Fees.** The **SUBLESSOR** shall pay any and all Taxes and Documentation fees arising out of this Sublease Agreement (if any), except the Income Tax of the **SUBLESSEE**.

5) **Place and Mode of Payment.** The **SUBLESSEE** shall pay Monthly Rental payment, together with all other amounts due under this **SUBLEASE AGREEMENT**, to **SUBLESSOR** at the address set forth below or to such other party or to such other address as **SUBLESSOR** may designate from time to time by written notice to **SUBLESSEE**, without demand and without deduction, set-off or counter claim. All Rental Payments or other amounts owed by the **SUBLESSEE** hereunder shall be paid in cash to the **SUBLESSOR**. All Rental Payments constitute rent payable hereunder with the same effect as if the same were the Rental Payment reserved and provided for under this Section and, in the event of non-payment by **SUBLESSEE** of any such rent when due.

All payments to SUBLESSOR must be made at :

GAMMA-F ASIA INC.
47 Rizal Ave. cor Manila Ave. CBD, Area Subic Bay Freeport Zone, Philippines 2222

6) Annual Escalation. Beginning on the second year of this Lease Agreement and imposed annually thereafter, the **SUBLESSEE** shall pay an escalated rental rate equivalent to the regular rental plus Ten Percent (10%) of the same.

ARTICLE III

TERM OF SUBLEASE

- 1) **LEASE PERIOD** - This Contract of Lease shall be effective for a period of **(1) ONE YEAR** starting on _____ subject for renewal for another period, provided that the **SUBLESSEE** shall notify the **SUBLESSOR** of his intention for renewal at least two months (2) before the expiration of this lease;
- 2.) It is understood that this Sublease Agreement or any renewal thereof shall not exceed the term of the Lease Agreement between **SBMA** and the **SUBLESSOR**.

ARTICLE IV

PURPOSE OF THE SUBLEASE

Section 1. USE OF THE PREMISES - The premises shall be used exclusively for:

and the **SUBLESSEE** shall not divert the premises to other uses without prior written consent of the **SUBLESSOR**, it is being expressly agreed that if, at any time during the existence of this sublease and without the previous written consent of the **SUBLESSOR**, the said premises are used for other purposes, the **SUBLESSOR** has a choice to:

- a. rescind this contract; or
- b. increase the rent; or
- c. compel the **SUBLESSEE** to stop the new activities.

Section 2. Land Use/Zoning. The SBMA has adopted a land use/zoning master plan for the entire SBFZ, which the **SUBLESSEE** is fully aware of. The Subleased Property falls within this master plan. Any construction of a new building or modification of an existing one, or any other business activity of the **SUBLESSEE** within the Subleased Property must conform with the standard objectives of this master plan.

Section 3. Business Activity Modules. The SBMA intends to divide the entire SBF under a business activity module system to enhance the economic development of the area, which the **SUBLESSEE** is fully aware of. Under this system, the SBMA intends to lease each business module to prospected **SUBLESSOR's** in the future, which will in turn develop the module pursuant to the land use/zoning master plan adopted. The **SUBLESSEE** is fully aware that the Subleased Property may have to be removed, demolished, modified or replaced to conform with such module.

ARTICLE V

PRE-TERMINATION

PRETERMINATION - This contract can be pre-terminated by either parties for whatever reasons by giving at least one (1) month notice in writing to the other party, However, should SBMA revoke **SUBLESSOR's** Certificate of Registration or Permit to Operate, **SUBLESSOR** must notify the **SUBLESSEE** immediately that such is cancelled The **SUBLESSEE**, however, may nor unilaterally pre-terminate this agreement unless **SUBLESSEE** fully pays the unexpired portion of the sublease.

Section 1. Ground. At any time during the duration of this sublease, or any renewal thereof, the **SUBLESSOR** may pre-terminate this Sublease Agreement upon the actual implementation of the above described business activity module adopting the land/zoning master plan, which directly affects the Subleased Property . In case SBMA revokes the **SUBLESSOR's Certificate of Registration or Permit to Operate**, **SUBLESSOR** must pre-terminate or cancel immediately its sub-lease agreement with the **SUBLESEE**.

Section 2. Refund. In case of pre-termination, the **SUBLESSOR** shall refund to the **SUBLESEE** the corresponding amount of monthly rent left unused and the balance of the security deposit, if any.

Section 3. SUBLESSEE Pre-termination of Agreement. In case of pre-termination by the **SUBLESEE** of this Agreement, the Two (2) months Advance Rental Fee Deposit and the Two (2) months Security Deposit shall be forfeited in favor of the **SUBLESSOR**.

Section 4. Grounds under the Lease Agreement. It is hereby understood that this Sublease Agreement may likewise be terminated/cancelled by the **SUBLESSOR** due to the same grounds stated in its Lease Agreement with SBMA, covering the subleased property, that are applicable and attributable to the **SUBLESEE**.

ARTICLE VI

DEFAULT

Section 1. Interest Payment. In the event the **SUBLESEE** fails to pay its monthly rent within the first Five (5) days of each month, the **SUBLESSOR** shall charge interest on the balance at the rate of **24%** per annum which shall be compounded until full payment is remitted.

Section 2. Grounds of Cancellation. The **SUBLESSOR** may cancel or terminate this Agreement, upon the happening of any of the following events:

- 2.1 The **SUBLESEE** fails to pay its monthly rent when the same falls due.
- 2.2 The **SUBLESEE** uses the Subleased Property for purposes other than those specified herein, without prejudice to the options available to **SUBLESEE** under Section 1, Article IV hereof.
- 2.3 The **SUBLESEE** violates any of the other terms and conditions of this Agreement, its SBF Certificate of Registration, or the provisions of the ACT or its Implementing Rules and Regulations.
- 2.4 Upon cancellation of the **SUBLESEE's** SBF Certificate of Registration and Tax exemption or Permit to Operate.

ARTICLE VII

MISCELLANEOUS

- 1) **COMMON USE SERVICE AREAS (CUSA) AND MONTHLY CUSA DUES (initially estimated at PHP4,000.00 per (3.6 x 7.2 sqm.).** Such monthly charge already included in Article II, Section 1 of this contract will be billed and receipted separately each month.

The term **COMMON USE SERVICE AREAS (CUSA)** shall mean all areas, equipments and facilities in the building, as well those situated outside which are used to service/benefit the building, directly or indirectly, that have been provided and designated by the **SUBLESSOR** for general use and convenience of the **SUBLESEE** therein, their respective employees, customers and guests, such as, but without being limited to, malls, courts lobbies, hallways, elevators, escalators, stairways, public restroom, parking areas, sidewalks, pedestrian arcades, interior and exterior lightings, service and delivery areas, and other similar facilities.

It is understood that the **SUBLESSEE's** privilege to use those areas and facilities dedicated to common use is not exclusive and said privilege is not an integral part of this contract. The **SUBLESSOR** shall exclusively operate, manage and control the CUSA as it may, in its sole discretion, deem appropriate, and may likewise restrict and regulate the use thereof by any or all persons, as well as charge fees for the use thereof by other parties and the revenues there from shall exclusively belong to the **SUBLESSOR**. Furthermore, the **SUBLESSOR** may make changes at any time, and from time to time, in the size, shape, location, number use and extent of the CUSA and no such change shall entitle the **SUBLESSEE** to any abatement or adjustment of the fees and other monetary obligations stipulated under this contract.

The **SUBLESSEE** shall pay monthly to the **SUBLESSOR** within Ten (10) days from the receipt of **SUBLESSOR's** monthly statement, MONTHLY CUSA DUES which represents his share of the total costs and expenses incurred in operating, repairing, and maintaining the CUSA, as well as in administering the **leased premises**, including but with being limited to, the premiums payable to companies for the insurance coverage of the building and its equipment and facilities and public liability insurance coverage, electricity utilized and water consumed including air conditioning cost for the CUSA, gardening and landscaping maintenance services, materials and supplies, for the cost of directly employing or contracting personnel for such services as engineering, janitorial, sanitary, pest control, trash/rubbish/garbage collection, industrial safety, security and traffic direction and control, and for the general day to day operation and administration of the **leased premises** plus reasonable administrative service fees.

In addition to the aforementioned items, said monthly CUSA dues shall include building facilities and improvements which are of common use, as well as the advertising and promotions expenses of the **GAMMA COMMERCIAL COMPLEX** and a contingency fund shall be reserved for capital expenditures such as for major repairs of equipment and facilities, repainting of the building and other similar major items of expense which may have to be incurred in the future. The amount of expenditures for the operation and management of **GAMMA COMMERCIAL COMPLEX** shall be solely and reasonably determined by the **SUBLESSOR**.

The aforementioned monthly CUSA dues shall take effect on the turnover date of the premises with due notice from the **SUBLESSOR** regardless of the **SUBLESSEE's** actual physical possession of the premises. Said monthly CUSA dues shall be payable in advance within the first ten (10) days of the month prior to the month to which said Monthly CUSA Dues correspond and /or are to be incurred. Furthermore, the monthly CUSA dues shall be subject to an automatic annual increase of ten (10%) per cent and the increased monthly CUSA dues shall become effective December 1st of each succeeding year provided that the **SUBLESSOR** reserves the right to increase the same at any time during the life of this contract as the electric and water utility rates and or constituting monthly CUSA dues would increase; provided however, that such increase for any given month may initially be billed separately and shall be payable to the **SUBLESSOR** by the **SUBLESSEE** within Ten (10) days from receipt of the statement.

The **SUBLESSEE's** proportionate share on the foregoing total costs and expenses shall be that portion of the whole to which the floor area of the premises of the **SUBLESSEE** bears to the total area of the **SUBLESSOR's** Leasehold rights over the **leased area**. Notwithstanding the latter, however, the **SUBLESSOR** shall have the option to allocate such charges as are attributable only to a particular area in the **leased premises** and the appurtenant **SUBLESSOR's** therein such an equitable manner as the **SUBLESSOR** deems it appropriate, taking into consideration the extended operating hours of the **SUBLESSEE**, the size of area served, exclusive advantage thereof and other like factors.

- 2) **BREACH OF INSURANCE POLICY** - The **SUBLESSEE** shall not do or permit or suffer to be done any act or thing whereby the policy or policies of insurance on the premises against damage by fire or other perils may become void or voidable or whereby the rate of premium thereon may be increased. The **SUBLESSEE** shall repay the **SUBLESSOR** all sums paid by way of increased premium and all expenses incurred by the **SUBLESSOR** in or about any renewal of such policy or policies rendered necessary by a breach of this term.

3) UTILITY EXPENSES:

- 3.1 The **SUBLESSEE** shall pay a security deposit of PHP5,000.00 for the electric sub-meter and additional PHP 5,000. for water sub - meter. This amount shall be paid by the **SUBLESSEE** to the **SUBLESSOR** upon signing of this contract and before occupancy of the subleased unit and such deposit or the remaining thereof shall be refundable to the **SUBLESSEE** at the end of the term after surrender of the leased premises, completely vacated and its possession returned by the **SUBLESSEE** to the **SUBLESSOR**, less whatever amount the **SUBLESSEE**'s liabilities for any breach of this contract or for any obligation by virtue thereof shall in no way be limited to the amount of the said deposit.
 - 3.2 The **SUBLESSEE** shall pay for the utility bills (electric & water) submitted by the **SUBLESSOR**, within ten (10) days after receipt of such statement.
 - 3.3 The **SUBLESSEE** is required to secure a VL-approved 20 lbs. Fire extinguisher to comply with the Fire Code and Standards imposed by SBMA. To keep within the specs issued by the Fire Department of SBMA, the fire extinguisher has to be purchased from the **SUBLESSOR**.
- 4) **IMPROVEMENT, ALTERATIONS etc..** - The **SUBLESSEE** is precluded from altering the original form and structure of the subleased property or from tearing it down or demolishing it, as well as introduce improvements thereon without the prior written consent of the **SUBLESSOR** and violation of this condition shall constitute a breach of this contract. Before any such improvements are made by the **SUBLESSEE** with the approval of the **SUBLESSOR**, the former is under obligation to furnish the latter with a blueprint copy of the plan/s thereof including the building permit. Violation of this provision will subject the **SUBLESSEE** to a fine of P500 for every square meter affected by the unapproved improvement. All permanent improvements to the property subject to this lease shall ipso facto become the property of the **SUBLESSOR**, without obligation to reimburse the **SUBLESSEE** for the cost thereof. All improvements that can be removed without altering or damaging the form of the subleased property shall remain in the name of the **SUBLESSEE**.
- 5) **CARE OF THE SUBLEASED PREMISES** - The **SUBLESSEE**, at his expense shall maintain the subleased premises in a clean and sanitary condition, free from obnoxious odors, disturbing noises or other nuisances- The **SUBLESSEE** shall be responsible for the maintenance and repair of plumbing and electrical fixtures. The **SUBLESSEE** shall not drive nails, screws, hooks or other augments on the walls, frames or other portions of the building nor in any manner deface or damage any part of the premises of the building. Any injury or damage caused or done by the **SUBLESSEE** may be repaired by the **SUBLESSOR** but shall be for the account of the **SUBLESSEE**.

SUBLESSOR hereby further agrees that any damage to the subleased premises or its appurtenances caused by or due to the negligence of its agents, customers, employees, guests and other persons entering the subleased premises with the **SUBLESSEE**'s consent shall be the sole responsibility of the **SUBLESSEE**, the repair of which shall be made at its own expense within five (5) days from date of Occurrence thereof, or the **SUBLESSOR** may make or cause to be made said repairs at all expenses and for the account of the **SUBLESSEE**.

SUBLESSEE shall install at its own expense for ready use at all times the necessary number of fire extinguishers as may be determined by the **SUBLESSOR**.

SUBLESSOR shall make the necessary repairs for the preservation and conservation of the building in which the subleased premises form part, however, the **SUBLESSOR** shall not be liable for any inconvenience, annoyance, or injury that may be suffered by the **SUBLESSEE** and/or its business, including its employees, guests, agents, customers and any other persons inside the subleased premises, during and occasioned by such repair. It is understood that in the course of said repairs, the **SUBLESSOR** may cause the closure of the business or have it relocated to any other place in the building if there is available all not affecting whatsoever the manner of payment of rental and duration of the lease.

- 6) **SECURITY AND LOSSES** - The **SUBLESSEE** shall be exclusively responsible for securing the subject premises from losses due to theft, robbery or similar acts by anybody whomsoever. In no event shall it have a cause of action against the **SUBLESSOR** for any such losses unless the **SUBLESSOR** authorized the commission of the same. The **SUBLESSEE** shall cooperate with the **SUBLESSOR** in minimizing, if not altogether eliminating the possibility of such losses being committed in or around the subject premises, and the **SUBLESSEE** undertakes to comply with such rules and regulations of the **SUBLESSOR** which may be imposed from time to time by the latter in respect thereof.
- 7) **REPAIRS** - The **SUBLESSOR** shall not allow the **SUBLESSEE** to make repairs, or to undertake those works, for the preservation, conservation or decoration of the premises.
- 8) **GUARANTEE AGAINST LIENS** - the **SUBLESSOR** warrants that the property subleased is free from all liens and encumbrances; that it warrants that the **SUBLESSEE** is protected from actions of ejectment from third parties; that in any case, it hereby binds itself to hold the **SUBLESSEE** harmless from all actions, suits damages and claims from third parties arising from disputes concerning the possession or ownership of the subleased property;
- 9) **PROHIBITIONS** - The **SUBLESSEE** shall not use the subleased premises for gambling in any form and/or illegal acts or functions therein without prejudice to any criminal liability there from arising under the law.

9.1 SUBLESSEE shall declare and submit a list of inventory of furniture, equipment, tools, etc. which are placed and used inside the sub-leased premises. The same shall not be allowed to be brought out, transferred, and/or removed from the sub-leased premises without ANY written approval being given by the **SUBLESSOR**. All said merchandise, tools, equipment, etc. shall be considered as security for any back accounts in rentals and other charges. All back accounts must be settled in full before any clearance or gate pass is given by the **SUBLESSOR**.

9.2 SUBLESSEE shall not place any merchandise or install, attach or incorporate any structure, annex or work of any kind outside of or protruding from the subleased premises. Any such merchandise, structure, annex, etc. may be summarily removed by the **SUBLESSOR** and/or its authorized representatives at the expense of the **SUBLESSEE**.

9.3 SUBLESSEE shall not use the sidewalks, passageways, corridors or stairways of the building for any purpose other than that for ingress to or egress from the subleased premises, nor allow vendors, or peddlers to use of display or sell wares along the sidewalks, entries, passageways, corridors, staircases and others.

9.4 SUBLEASE The **SUBLESSEE** is likewise prohibited from entering any contract with any person or entity for the joint use of premises or to do business therein without the written consent of the **SUBLESSOR**. **The SUBLESSEE is prohibited from using his SUBLEASE rights for the purpose of selling or securing any mortgage, loan or financial assistance with these rights as collateral, including all improvements introduced during the period of this lease or in any manner encumber such rights and/or the improvements therein for any purpose and under any circumstance whatever**

- 10) **VIOLATIONS OF CONTRACT-** Violations of any of the terms and conditions of this contract by the **SUBLESSEE** shall constitute a breach of contract and the **SUBLESSOR** shall have the option to revoke, rescind or terminate this contract or, if necessary to file and institute the appropriate action/s against the said **SUBLESSEE**. In any case, the **SUBLESSOR**, is given absolute and unconditional authority to cut off (after giving due written notice, at least ten (10) days before, to the **SUBLESSEE**'s Office Manager or Officer- In- Charge), ALL utility services e.g. water, electricity, telephone, etc. on the subleased premises and padlock the same until such violation or breach is resolved judicially or extrajudicially. In such case, the **SUBLESSEE** is authorized to remove from the subleased property non-permanent improvement within the said Ten (10) day period.
- 11) **SURRENDER OF PREMISES** - Upon expiration of the lease, the **SUBLESSEE** is duty bound to surrender the subleased premises to the **SUBLESSOR**, free of all accounts, tenants and effects and other articles maintained by the **SUBLESSEE**. However, the provisions herein shall not apply in case of prior renewal of the Contract of Lease;

- 12) **COURT ACTION** - In case of court action arising from non-payment of rentals, ejection or violation of the terms and conditions of this contract, in addition to all the relief sought by the **SUBLESSOR** in his complaint, the party defendants named in the said complaint shall jointly and severally pay not less than P50, 000.00 as and for liquidated damages, attorney's fees, other damages and costs legally taxable which the law entitles the **SUBLESSOR** to recover. Provisions of a penal character in the other paragraphs of this contract shall be considered as cumulative to the reliefs granted by this paragraph;
- 13) **SCOPE OF CONTRACT** - This contract sets forth the entire agreement and understanding between the parties as its subject matter and merges all prior discussions between them with respect to such subject matter and shall not be supplemented, amended, modified or superseded unless such amendment or modification shall have been made in writing and signed by both parties.
- 14) **DAMAGE OR INJURY TO SUBLESSEE** - the **SUBLESSOR** shall not be liable or responsible for any injury, loss, damage including death, which the **SUBLESSEE** or its agents; employees, customers or guests may suffer within the subleased premises nor for damage or loss to **SUBLESSEE**'s property, equipment, merchandise, furniture and effects likewise sustained within the subleased premises, caused by, but not limited to the following:
- a) The presence of bugs, roaches, vermin, ants, termites and other kinds of insects;
 - b) The failure or disruption of water supply and/or electric current;
 - c) Fire due to faulty electrical wiring, fuses, installation, etc;
 - d) Defective plumbing or pipes, bursting, leaking, destruction or clogging of any cistern tank, washstand, water closet, waste or soil pipe, etc.;
 - e) Leakage of water elements from the roof or any part of the building (s) due to rain, typhoon, flood, earthquake, repairs or other construction works;
 - f) Loss of any article delivered to or left with any employee of the **SUBLESSEE**; Robbery, theft or any other crimes;
 - g) Acts of negligence and/or vandalism of **SUBLESSEE** or its employees, customers or guests;
 - h) For any cause whatsoever not due directly to the fault or negligence of the **SUBLESSEE**.
- 15) **PENAL PROVISIONS** - The **SUBLESSEE** agrees if default or breach be made of any of the covenants and conditions in this contract, then this lease at the, discretion of the **SUBLESSOR**, may be terminated and canceled forthwith and the **SUBLESSEE** shall be liable for any and all damages, resulting from such default and termination.
- 16) **ABANDONMENT** - In the event the subleased premises shall be , closed, deserted or vacated for a continuous period of three (3) months during the term of this contract ,without the **SUBLESSOR** being informed in writing or the **SUBLESSEE** fails to open or start its business operations within three (3) months from the date possession of the subleased premises was turned over to the **SUBLESSEE**, the **SUBLESSEE** is deemed to have abandoned the same and the **SUBLESSOR** shall have the right to repossess the subleased premises without need of any court order and exercise its rights or ownership thereof. Furthermore, as notice to the **SUBLESSEE** in this instance, it is enough that said notice is posted in and without the premises of the **SUBLESSEE**.
- 17) **BREACH OF CONTRACT** - The **SUBLESSEE** agrees that all the provisions contained herein shall be deemed as conditions and covenants binding and enforceable between the parties herein and should the **SUBLESSEE** violate any or all said condition, including the non-payment of monthly installments on the rental due, or monthly utilities and maintenance fees for subleased premises and common areas, then the **SUBLESSOR** may consider this contract as automatically canceled and be of no further force and effect without necessity of any judicial declaration to that effect, and to that end, the **SUBLESSOR** is hereby appointed the Attorney-in-fact of the **SUBLESSEE**, with full power and authority to open, enter, occupy, padlock, secure, enclose, fence or otherwise take full and complete physical possession of whatever equipment, furniture, articles, merchandise, appliances, fixtures, etc., for storage and liquidate its liabilities with the **SUBLESSOR** within thirty (30) days from date of said transfer to **SUBLESSOR**'s warehouse. The **SUBLESSOR** is hereby likewise authorized and empowered by the **SUBLESSEE** to sell or dispose said property in a public auction sa1e

through a Notary Public and to apply the proceeds therefore to whatever liability and/or indebtedness that the **SUBLESSEE** may have to the **SUBLESSOR** plus reasonable expenses for the sale including storage fees, auction sales, etc., and the balance thereof, if any shall be turned over to the **SUBLESSOR**; that the **SUBLESSEE** hereby expressly agrees that any and all acts of the **SUBLESSOR**, its authorized representative or employees, by virtue of this Section, may not be subject of any petition for a Writ of Preliminary Injunction or Mandatory Injunction in court and that the **SUBLESSOR** or its authorized representatives or employees shall be free and harmless from any claim, civil or criminal liability or responsibility whatsoever.

- 18) **TERMINATION OF LEASE** – The **SUBLESSEE** agrees to return and surrender the premises at the termination of this lease in as good condition as reasonable wear and tear will permit and without any delay whatsoever, devoid of all occupants, furniture, articles and effects or any kind other than such alterations, additions or improvements which pertain to the **SUBLESSOR** in accordance with the provisions of Paragraph 7 thereof.

If the premises are not surrendered at the termination of this lease, the **SUBLESSEE** shall be responsible to the **SUBLESSOR** for all damages which the latter may suffer by reason thereof and will indemnify the **SUBLESSOR** against any and all claims made by any succeeding tenant against the **SUBLESSOR**, resulting from delay by the **SUBLESSEE** in delivering possession of the premises to such succeeding tenant, so far as such delay is occasioned by the failure of the **SUBLESSEE** to surrender the premises on time,

- 19) **RENEWAL OF LEASE:** - Should **SUBLESSEE** be interested to renew, this contract, **SUBLESSOR** should express its desire to renew contract by giving at least one (1) month notice in writing to **SUBLESSOR**. **SUBLESSOR** however, has the right to refuse renewal of contract in favor of **SUBLESSEE** or to renew the contract under such terms and conditions as it may deem proper or necessary.
- 20) **NON-WAIVER** - The failure of the **SUBLESSOR** to insist upon the strict compliance by the **SUBLESSEE** of the terms, covenants and conditions of this Contract shall not be deemed a relinquishment or waiver of any right or remedy that the **SUBLESSOR** may have, nor shall it be construed as waiver of any subsequent breach or default of the terms and conditions hereof which terms, covenants and conditions shall continue to be in full force and effect. No waiver by the **SUBLESSOR** of any of its right under this Contract shall be deemed to have been made unless the same is expressed in writing,
- 21) **INDEMNITY FROM SUITS:** The **SUBLESSEE** shall indemnify and hold harmless the **SUBLESSOR** against all actions, suits, damages and claims whomsoever they may be brought or made by reason of the violation, non-observance or non-performance of the rules, regulations, ordinances or laws of the government or any of its agencies and instrumentalities, and the covenants set forth herein, without prejudice to the right of the **SUBLESSOR** to cancel, rescind or terminate this contract in case of serious repeated violations;
- 22) **SBMA RULES AND REGULATIONS** - The Implementing Rules and regulations of the SBMA is incorporated herein by reference and made an integral part of this Agreement.
- 23) **SUBLESSEE** shall comply with any and all reasonable rules and safety regulations which may be promulgated from time to time by SBMA, together with all the rules, regulations, ordinances or laws made by the, duly constituted authorities of the national or city governments arising from or regarding the use, occupancy and sanitation of the premises.
- 24) **SBMA TERMINATION** - This contract shall be deemed terminated if this Contract is disapproved by the SBMA or in the event the SBMA cancels or terminates the Lease Agreement between the **SUBLESSOR** and the SBMA or in case the registration including the permit to operate of **SUBLESSOR** as a Subic Bay Freeport enterprise is revoked by SBMA, The **SUBLESSOR** shall not be liable for any damage the **SUBLESSEE** may sustain by reason of such termination,
If premises are not surrendered at the termination of this lease, the **SUBLESSEE** shall be responsible to the **SUBLESSOR** for all the damages which the latter may suffer by reason thereof and will indemnify the **SUBLESSOR** against any and all claims made by any succeeding tenant., against the **SUBLESSOR**, resulting from the delay by the

SUBLESSEE in delivering possession of the premises to succeeding tenant, so far as such delay is occasioned by the failure of the **SUBLESSEE** to surrender the premises on time.

25) **INCORPORATION OF THE LEASE AGREEMENT BETWEEN SBMA & SUBLESSOR.**

The **SUBLESSEE** affirms that it is aware of the provisions of the Lease Agreement between SBMA and the **SUBLESSOR** and hereby binds itself to perform and abide by all the covenants and conditions contained therein.

All pertinent provisions contained in the said Lease Agreement shall be deemed and is considered to be incorporated in this Sublease Agreement and shall, under this Agreement, be considered applicable and operational.

Neither this sublease nor anything contained in this Sublease Agreement shall release the Sublessor from its obligation to perform and be bound by all the covenants and conditions contained in the said Lease Agreement.

IN WITNESS WHEREOF, the parties have set their hands and affixed their signatures on this ____ day of _____, 2007, at the Subic Bay Freeport, Philippines.

GAMMA-F ASIA INC.
(Sub-Lessor)

(Sub-Lessee)

By:

By:

LEO Y. VILLAROSA
President

SIGNED IN THE PRESENCE OF:

APRIL JOY MIRANDA-VILLAROSA
General Manager

ACKNOWLEDGEMENT

Republic of the Philippines)
Olongapo City, Zambales) S.S.

BEFORE ME, a Notary Public for and in the City of Olongapo, Province of Zambales, personally appeared the following:

<u>NAME</u>	<u>CTC</u>	<u>DATE</u>	<u>PLACE OF ISSUE</u>
1. LEO Y. VILLAROSA	116349058	01/23/07	Olongapo City
2.			

Known to me to be the same persons who executed the foregoing instrument, and who acknowledged to me that the same is their free and voluntary act and deed, as well as the free and voluntary act and deed of the entities represented therein.

This Instrument, which is the Lease Agreement, consists of ten (12) pages including this page, where the Acknowledgement is written, and is signed by the parties and their instrumental witness on each and every page thereof.

WITNESS MY HAND AND SEAL this _____ at the place first above written.