

# MASTER FORFAITING AGREEMENT

This MASTER FORFAITING AGREEMENT (the "Agreement") is entered into as of [ ] by and between \_\_\_\_\_ the "Company") and Deutsche Bank AG Seoul Branch (the "Bank").

WHEREAS, the Company requests the Bank to purchase certain shipping documents under letters of credit ("L/Cs") where under the Company is the beneficiary;

WHEREAS, the Bank agrees to purchase L/Cs pursuant to the following terms and conditions; and

NOW THEREFORE, the parties hereby agree to be bound by the following terms with respect to the Bank's purchase of L/Cs.

## Article 1. (Purchase)

1.1 Pursuant to the Company's purchase request received from time to time via Electronic Data Interchange or any other means acceptable to the Bank from time to time, the Bank shall review the relevant L/C, and other ancillary documents submitted by the Company. Each purchase is subject to the Bank's acceptance on a case by case basis at its sole discretion.

1.2 For L/C submitted by the Company thru the FIs, please refer to Appendix C.

## Article 2. (Payment)

2.1 The Bank's payment to the Company for the purchase of an L/C by the Bank shall be subject to its prior receipt of originals of the following documents in satisfactory form and substance:

- (i) the L/C, as accepted by the L/C Issuing Bank or L/C Confirming Bank (as the case may be). The Bank shall effect payment against tested telexes or swift from the L/C Issuing Bank or L/C Confirming Bank to the L/C Negotiating/Presenting Bank confirming acceptance of the L/C documents and maturity date of the L/C and confirming that at maturity funds will be remitted in accordance with the instructions of the L/C Negotiating or Presenting Bank;
- (ii) the Company's Notice of Transfer of Rights in the Bank's favor in writing (substantially in the form of APPENDIX A and B);
- (iii) to the extent requested by the Bank, the L/C Issuing Bank's and L/C Confirming Bank's (as the case may be) acknowledgement of the Notice of Transfer of Rights in the Bank's favour in such form acceptable to the Bank; and

- (iv) a true and complete original copy of the L/C to which the purchase relates and all amendments thereto, if any, and any other ancillary documents required under the L/C.

2.2 For L/C submitted by the Company thru the FIs, please refer to Appendix C.

### Article 3. (Assignment of Proceeds)

3.1 The Bank shall at its sole discretion purchase L/Cs, where the Bank has the right to notify assignment of proceeds to L/C issuing bank or L/C confirming bank on behalf of the Company, if it deems necessary at any time thereafter.

3.2 In case that the Company does not submit written form of the Company's Notice of Transfer of Rights to the Bank at the time of purchase, the Company automatically, unconditionally and irrevocably has transferred to the Bank all the rights and benefits under the LCs with this master forfeiting agreement.

3.3 The Bank has the right to demand the Company to undertake to forthwith provide the Notice of Transfer of Rights describing individual LC details (substantially in the form of APPENDIX A and B) at any time.

### Article 4. (Without Recourse)

4.1 Except as provided in Articles 4.2 and 4.3 below, once the payment for the purchase of an L/C is made in accordance with Article 1.1 above, the Bank shall be deemed to have waived the right of recourse held by it against the Company or any previous holders/endorsers even if the L/C is not paid in full at maturity thereof for any reason, including without limitation, failure to make payment by the L/C/debt obligor (including the buyer or the applicant or account party of the L/C, L/C Issuing Bank and L/C Confirming Bank) or moratorium, exchange control or currency restriction.

4.2 The Bank will be entitled to full recourse against the Company if the Bank suffers any loss or damage as a result of;

- (i) the Company's breach of any representations and warranties provided in Article 5;
- (ii) the Company's breach of the underlying contract with the buyer pursuant to which the L/C was issued, or any court order or judgment prohibiting the payment by the L/C issuing bank under the purchased L/C;
- (iii) the L/C issuing bank or L/C confirming bank expresses clear objection to assignment of proceeds to the Bank in writing; or
- (iv) the L/C issuing bank or L/C confirming bank is not obliged to, fails to or refuses to pay to the Bank any amount(s) under the terms and conditions of the L/C (or there is delay or reduction of any such payment) as a result of the documents or the transaction violating any local or international trade embargoes, restrictions or sanctions related issue.

and the Company shall immediately, upon the Bank providing written notice to it on the occurrence of any recourse event set forth above, reimburse the Bank for any principal amount paid to the Company by the Bank (i.e. value of the purchased L/C) and indemnify the Bank against such loss or damage incurred or suffered by it, together with interest at 3.00% p.a. (unless otherwise agreed between the Company and the Bank) from the date of the Bank's payment or the date which the Bank incurred or suffered such loss or damage, as the case may be, i.e. from the next calendar date of agreed maturity date under purchased L/C, until the date of actual receipt by the Bank in full of the relevant reimbursement amount.

4.3 Prior to acceptance advice from L/C Issuing Bank or the L/C Confirming Bank the Bank may, at request from the Company, agree to effect payment to the Company with full recourse against the Company. Upon receipt of duly authenticated acceptance from L/C Issuing Bank or L/C Confirming Bank, the Bank's recourse shall be subject to and in accordance with Articles 4.1 and 4.2 above. In case of non-acceptance by the L/C Issuing Bank or L/C Confirming Bank, the Bank will be entitled to full recourse against the Company and the Company shall pay the Bank immediately upon the Bank's demand for such amount paid to the Company by the Bank and indemnify the Bank against such loss or damage incurred or suffered by it, together with interest at 3.00% p.a. (unless otherwise agreed between the Company and the Bank) from the date which the Bank incurred or suffered such loss or damage, as the case may be i.e. from the next calendar date of agreed maturity date under purchased L/C, until the date of actual receipt by the Bank in full of the relevant reimbursement amount.

#### Article 5. (Representations and Warranties)

The Company hereby represents and warrants and repeats such warranties and representations as of the date of this Agreement, as of each day a purchase is requested by, or payment is made to the Company hereunder, and as of each day any sum or liability is outstanding under this Agreement or the L/Cs purchased hereunder, as if made on each such date or day with reference to the facts and circumstances then existing that:

- (i) it is an entity duly existing under the laws of the Republic of Korea;
- (ii) it has all right, title and interest in the L/Cs and the relevant documents, that the same will be sold and assigned to the Bank free and clear of all liens, security interests, claims, charges or encumbrances, that the same are legal, valid and enforceable against the issuer/obligor, that there is no dispute in relation to the same, that the issuer/obligor is obliged to make payment under the same in good and transferable funds and without any deduction, set-off nor withholding whatsoever, that its rights and claims against the issuer/obligor are unrestricted under applicable laws and undisputed and it has full legal power and authority to transfer to the Bank any and all of its right, title and interest to the L/Cs without any adverse claim by any other party;
- (iii) L/Cs including amendments, if any, and each other documents including

necessary licenses, approvals etc. submitted by the Company to the Bank are true, complete and valid;

- (iv) it will fulfill / perform its obligations under the underlying contracts;
- (v) this Agreement constitutes its legal, valid and binding obligations enforceable against it according to law;
- (vi) it has not and will not assign/charge/pledge/encumber the proceeds of the L/Cs submitted or to be submitted to the Bank;
- (vii) it will give all information, assistance and do all necessary acts and things to complete, perfect or enforce the Bank's rights in relation to the L/Cs purchased under the Agreement; and
- (viii) it will not accept any further amendments to the L/C which might affect the purchase of an L/C without the Bank's prior written consent.

#### Article 6. (Assignment)

The Bank is entitled at its discretion at any time to assign, transfer, sell and/or otherwise dispose of all or any of its rights and obligations under this Agreement to any party(ies) and in any manner as it deems fit with notice to the Company. The Company hereby consents to any such assignment, transfer, sale and/or disposal and waive the right to receive the notice of such assignment, transfer, sale and/or disposal.

#### Article 7. (Term)

This Agreement shall be valid for 5 years from the date hereof, and shall be automatically extended and renewed in case (i) the Bank requests the Company to determine whether to extend or renew this Agreement (such request can be proceeded by dispatching an email) and (ii) the Company does not make any response to such request in 14 business days from the date the Company receives such request. The validity period of the extended or renewed Agreement pursuant to this Article would be the same as the original validity period of this Agreement. . Also for the avoidance of doubt, the terms of this Agreement shall be deemed to be valid and applicable to all outstanding transactions notwithstanding the expiry or termination of this Agreement until such outstanding transactions are fully discharged.

#### Article 8. (Governing Law and Jurisdiction)

8.1 This Agreement, and any term sheet issued pursuant to it, and all matters arising out of or in connection herewith shall be governed by and construed in accordance with the laws of the Republic of Korea.

8.2 The Company and the Bank hereby submit to the exclusive jurisdiction of the court of Korea over all disputes, controversies, or differences which may arise between the parties, out of, or in

relation to, or in connection with this contract, or for the breach thereof.

Article 9. (General Terms and Conditions)

The terms and conditions specified in (i) the Export Transaction Agreement of the Bank ii) the Master Corporate Banking Terms and Conditions of the Bank to be submitted by the Company shall apply to this transaction. In the event of any inconsistency between the terms and conditions therein and in this Agreement, the latter shall prevail.

Article 10. (Taxes and Duties)

If any deduction is made for any present or future taxes, duties, levies or imposts of whatsoever nature from the payment of an L/C purchased by the Bank pursuant to this Agreement and held by the Bank at maturity, the Company shall be responsible for and forthwith on demand pay the Bank amounts equivalent to such deducted taxes, duties, levies or imposts.

Article 11. (Language)

This Agreement is executed in both Korean and English languages. In the event of any conflict between the two versions, the Korean language version shall prevail.

Article 12. (Appendices)

Each of the appendices to this Agreement shall form an integral part of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized signatories as of the day and year first written above.

\_\_\_\_\_, Seoul, Korea

By \_\_\_\_\_

Deutsche Bank AG, Seoul Branch

By \_\_\_\_\_

By \_\_\_\_\_

APPENDIX A

To: Deutsche Bank AG Seoul Branch  
From : \_\_\_\_\_

Re: Notice of Transfer of Rights

Letter of Credit ("L/C") details

- |                            |   |
|----------------------------|---|
| 1. Issuing Bank            | : |
| 2. Confirming Bank, if any | : |
| 3. L/C number              | : |
| 4. L/C Amount              | : |
| 5. L/C Tenor               | : |
| 6. Goods description       | : |

Pursuant to and subject to the terms of the Master Forfeiting Agreement dated \_\_\_\_\_ between your Bank and ourselves ("the Company") and under the above Letter of Credit, we have presented documents in the following amounts and which become due as follows:

Invoice/Financing amount : USD \_\_\_\_\_  
Maturity date : \_\_\_\_\_

We herewith irrevocably assign, sell and transfer to yourselves all our rights and claims to the proceeds due under the above mentioned Letter of Credit.

We confirm that we have not in any way assigned, charged, pledged or otherwise encumbered any of our rights to payment under the above mentioned Letter of Credit in the amount assigned to yourselves otherwise than in favour of yourselves (and will not do so); and that such rights are fully assignable by us without restriction.

Place : Seoul / Date \_\_\_\_\_

<exporter's seal and signatures>

APPENDIX B

To: (Name and Address of L/C issuing Bank or L/C confirming Bank)

Re: Notice of Transfer of Rights

Under irrevocable Letter of Credit ("L/C") no. \_\_\_\_\_ dated \_\_\_\_\_ issued  
by \_\_\_\_\_ for USD \_\_\_\_\_ advised through  
\_\_\_\_\_

L/C details

1. Issuing Bank :
2. Confirming Bank, if any :
3. L/C number :
4. L/C Amount :
5. L/C Tenor :
6. Goods description :

Under your above mentioned Letter of Credit, we have presented documents in the following amounts and which become due as follows:

Invoice/draft amount : USD \_\_\_\_\_  
Maturity date : \_\_\_\_\_

Please take note that we have irrevocably assigned all our rights and claims to the proceeds of the above invoice/draft amount USD \_\_\_\_\_ and due under the above mentioned letter of Credit to the below bank.

Deutsche Bank AG  
Seoul Branch  
16/F Young-Poong Bldg. 41, Cheonggyecheon-ro, Jongro-ku, Seoul, Korea KPO Box 512

Place : Seoul / Date \_\_\_\_\_

<exporter's seal and signatures>

## APPENDIX C

Purchase and payment terms and condition for each L/Cs submitted by the Company thru the financial institutions or banks in Korea or foreign country (the "FIs")

### Appendix 1. (Purchase)

- 1.1 All terms and conditions from Article 1 (Purchase) shall be applicable to each L/C submitted by the Company through the FIs and received by the Bank.
- 1.2 The Bank will assume without any further reference that the Company has requested for purchase of each of the L/Cs mentioned in 1.1 above instead of a purchase as requested directly by the Company.
- 1.3 In spite of submitting L/C to the Bank through FIs, the FIs has no obligation on the Bank's purchased L/C.

### Appendix 2. (Payment)

- 2.1 All terms and conditions from Article 2 (Payment) shall be applied to the Company, except for (iv) a true and complete original copy of the L/C. The Bank does not take any responsibility on copy of L/C presented through FIs.
- 2.2 The Bank shall make a payment as per instruction from FIs.

### Appendix 3.

- 3.1 All other terms and conditions in this Agreement shall apply to all L/Cs submitted by the Company thru the FIs.