

General Conditions of Sale and Delivery

General: These General Conditions of Sale and Delivery shall govern, and be incorporated in, every individual contract for the sale and purchase of Goods between the Seller and the Buyer (**Individual Contract**). Any conditions of purchase or other reservations made by the Buyer shall not be effective unless the Seller has expressly accepted them in writing for a particular order.

Quotations and Orders: The Seller's quotations shall not be binding with respect to price, quantity, delivery time or availability and shall not constitute an offer. The Seller's acceptance of the Buyer's orders shall become effective upon receipt by the Buyer of either the Seller's written confirmation of the Buyer's order, the Seller's invoice or the Seller's delivery note (whichever is the earlier).

Price: The price payable for the Goods shall be the Seller's price effective at the time of delivery. If the Seller effects a general price increase at any time following issue of the invoice but prior to delivery, the Buyer shall have the right to terminate the contract within two weeks of having been informed of the general price increase, unless the price increase is exclusively due to an increase in freight rates. The right of termination shall not apply to long-term supply contracts for a period of one year or more. The weight of the Goods and/or quantity on which the invoiced amount is to be calculated shall be ascertained in the dispatch department of the Seller's plant from which the Goods are supplied unless the Buyer wishes them to be weighed and/or measured, at its expense, by the relevant authorities at the port/station of dispatch.

Payment: Payment shall be made at the place and within the time stipulated in the invoice or otherwise within 30 days of the date of the invoice.

If any amount payable by the Buyer is overdue, interest shall be payable at a rate of at least 130% of the base interest rate of 6-month loan published by the People's Bank of China on such amount from the due date of payment until receipt by the Seller of the full amount (including accrued interest). In addition, all other amounts owing by the Buyer to the Seller shall become immediately due and payable. In case of default, the Seller reserves the right to claim damages and to terminate the contract.

Seller reserves the right to suspend the provision of Goods to the Buyer where any amounts are overdue under any contract with the Buyer until all such amounts have been paid. The Buyer shall not have the right to withhold payments. The Buyer is not entitled by reason of any set-off, counterclaim or payment of any amount due to the Seller. The Seller may suspend performance where there is evidence that the Buyer's business circumstance have significantly deteriorated; the Buyer has transferred assets including funds to evade payment obligations; there are other circumstance which have led to, or may lead to Buyer losing its ability to perform its obligations or the Buyer has lost its creditworthiness. Payment shall not be deemed to have been made until the Seller has received the amount as cleared funds. The Seller may in its absolute discretion apply the payments received against any outstanding invoices, interest on arrears and costs accrued, in such order as it sees fit.

Delivery: The Seller shall make every effort to effect delivery as early as possible but there shall be no fixed periods for delivery. Any delivery or despatch times are approximate only and not of any contractual effect. The Seller is not liable to the Buyer for failure to deliver on a particular date or dates. Delivery shall be subject to punctual delivery of the appropriate Goods by the Seller's own suppliers. If the Seller's usual suppliers fail to supply the Seller with appropriate Goods in whole or in part, the Seller shall not be under any obligation to purchase from other sources. Delivery shall occur on the dispatch of the Goods from the Seller's premises or, if the Goods are collected by the Buyer, at the time the Goods are placed at the Buyer's disposal. The Seller reserves the right to choose the route and the mode of transport. Any additional costs resulting from special transport requests made by the Buyer shall be borne by the Buyer. Unless prepaid freight has been agreed or is included in the invoice price, the Buyer shall also bear any increases in freight rates which become effective after the contract has been concluded, any additional costs resulting from re-routing a consignment, storage expenses, and any other related expenses. The Buyer shall have no right of termination in respect of such increases or additional costs. The risk for the Goods shall pass to the Buyer upon delivery.

Force Majeure: If a force majeure event occurs, being an event of any kind which can not be foreseen, avoided or overcome by the party obliged to perform including, without limitation, unforeseeable production, traffic or shipping disturbances, fire, floods, unforeseeable shortages of labour, utilities or raw materials and supplies, strikes, lockouts, acts of government, and any other events which diminish, delay or prevent production, shipment, acceptance or use of the goods, or make it an unreasonable proposition, shall relieve the party from its obligation to supply or take delivery, as the case may be, as long as and to the extent that such event prevails. If, as a result of a force majeure event, supply and/or delivery is delayed by more than eight weeks, either party shall have the right to terminate the individual sales contract and the Seller shall not be liable for any loss or damage suffered by the Buyer as a result.

Title: Notwithstanding delivery and passing of risk, the Goods remain the property of the Seller until the Buyer pays to the Seller the agreed price for the Goods (together with any accrued interest) and all other amounts owed by the Buyer to the Seller in respect of any other contract.

Until property in the Goods has passed, the Buyer is in possession of the Goods for the benefit of the Seller and shall not part with possession, shall take proper care, of the Goods and shall take all reasonable steps to prevent any damage to or deterioration to the Goods. The Seller reserves the right to repossess and resell any of the Goods to which it has retained title. The Buyer grants an irrevocable right and licence to the Seller and its employees and agents to enter the Buyer's premises, with or without vehicles, during normal business hours for the purpose of inspecting and/or repossessing Goods to which it has retained title. If the Buyer processes the Goods to which the Seller has retained title or incorporates them in or with any other products, such new product containing any part of the Goods shall become the property of the Seller and shall be separately stored and marked by the Buyer to show clearly that they belong to the Seller. The Seller's interest in such new product or products shall be equal to the total of all amounts owing by the Buyer to the Seller. If the Buyer sells the Goods or any new product or products produced with the Goods it does so as principal and the Buyer shall not commit the Seller to any contractual relationship the sub-buyer. The Buyer shall be under obligation to provide on behalf of the Seller, adequate storage of the Goods to which the Seller retains title, to service and repair them at his expense and to insure them at his expense against loss and damage up to an extent which may reasonably be expected of a prudent business person. By accepting these General Conditions of Sale and Delivery, the Buyer assigns in advance to the Seller any claims which may accrue to him under the insurance policies.

Exclusion of Liability: The Seller warrants that the Goods comply with the Sellers' specifications and except as otherwise provided by these General Conditions of Sale and Delivery, all other conditions, warranties and representations, expressed or implied, in relation to the Goods are excluded. Except as otherwise required by law, the Seller is not liable to the Buyer, whether for negligence, breach of contract, misrepresentation or otherwise for loss or damage incurred by the Buyer as a result of third party claims or indirect or consequential damage suffered by the Buyer, including without limitation loss of profit, goodwill, business opportunity or anticipated saving. The entire liability of the Seller under or in connection with the supply of the Goods, whether for negligence, breach of contract, misrepresentation or otherwise is limited in respect of each event or series of connected events to the cost of the defective, damaged or undelivered Goods which give rise to such liability as determined by the net price invoiced to the Buyer.

Notification of Defects: Notification of any defects in the Goods shall be waived unless given to the Seller in writing within two weeks of delivery of the Goods by the Buyer, together with supporting evidence, samples and packing slips stating the invoice number and date and the marking on the packaging. Latent defects must be notified to the Seller immediately upon discovery, but not later than five months after receipt of the goods. The burden of proving that a defect is a latent defect shall rest with the Buyer. Goods forming the subject of a claim or complaint shall not be returned to the Seller except with the Seller's express consent. If the Buyer has notified the Seller of a defect and the complaint proves justified, the Seller shall have the right to supply the Buyer with a replacement. Technical advice provided by the Seller verbally, in writing or by way of trials is given in good faith but without warranty. Seller's technical advice shall not release Buyer from the obligation to test the Goods supplied by Seller as to their suitability for the intended processes and uses. The application, use and processing of the Goods are beyond Seller's control and entirely the Buyer's responsibility.

Trademarks: The Buyer shall not have the right to refer to the Seller's products when offering or supplying substitute products or in price lists or similar business communications, to use the word "substitute" in conjunction with product designations (whether or not such product designations are registered trademarks used by the Seller) or list those designations together with any designations for substitute products.

When using the Seller's products for manufacturing purposes or when processing them into new products, the Buyer shall not have the right, without the Seller's prior written consent, to use the product designations (including without limitation trademarks) used by the Seller, on the resulting products or on the packaging or in any relevant printed matter or advertising literature, including by mentioning the Seller's products as components of the Buyer's products. The supply of Goods under a trademark shall not be deemed agreement to the use of this trademark for the products manufactured from such goods.

Warranties and Representations:

(Approvals) The Buyer represents and warrants that it has obtained and shall obtain, maintain in force, and comply with all applicable licences, permits, approvals, consents, certificates, authorisations, and permissions ('Approvals') required by all relevant governments, agencies or other authorities arising out of or in connection with the transaction including in connection with transportation, resale or use of the Goods. Upon request by the Seller, the Buyer agrees to promptly furnish applicable Approvals to the Seller for inspection.

(Compliance with Laws): The Buyer warrants that in execution of and performance of its obligations under each Individual Contract, the Buyer has complied with and shall comply with all applicable national and local laws, regulations, rules, decrees, demands, requirements, standards and international treaties, now or thereafter enacted, amended, consolidated or replaced, including but not limited to, the national and local laws and regulations in relation to the purchase, sales, import, export, custom clearance, transportation, storage of the Goods and any such environmental protection laws and regulations pertaining to the Goods (hereinafter collectively as 'Laws').

Indemnity

The Buyer shall indemnify, defend and hold the Seller harmless against any and all claims, liabilities, expenses, loss, damages and costs which the Seller may sustain or incur as a result of:

- (a) breach of these General Conditions of Sale and Delivery by the Buyer,
- (b) breach of any Individual Contract by the Buyer;
- (c) the Buyer's non-compliance with the Laws, or failure to obtain, maintain in force or comply with applicable Approvals; and
- (d) any claim, prosecution or suit brought against the Seller by any third party including any government agency or other authority for any loss, injury or damage wholly or partly caused in any way by the Buyer's purchase, use, transfer, sale or disposal of the Goods.

Applicable Law, Interpretation of Trade Terms, Costs: Each contract shall be governed by and construed in accordance with the law of the People's Republic of China. Unless otherwise agreed in writing, charges, taxes and costs connected with a contract shall be borne by the Buyer.

Resolution of Disputes: Any dispute or claim arising out of or in connection with this Contract including any questions regarding its existence, validity or termination shall be subject to the jurisdiction of the courts of Shanghai in the People's Republic of China.