

General Conditions of Purchase

1. Application

These Conditions shall govern and be incorporated in every contract/purchase order for the purchase of goods (the "Contract") by the Buyer from the Seller. They shall prevail over any conditions stipulated by the Seller unless expressly accepted in writing by the Buyer.

2. Offer

The Seller's quotation shall cover exactly the quantities and qualities specified in the Buyer's inquiry. Any departure therefrom shall be expressly mentioned. The quotation shall be submitted cost-free and shall not impose any obligation on the Buyer.

3. Authorisation

The Seller warrants to the Buyer that:

- (a) it has full capacity to enter into the Contract as a party and perform all its obligations under the Contract;
- (b) the execution and performance of the Contract are within its authorised scope of business;
- (c) the person who has signed the Contract on behalf of the Seller is the legal representative of the Seller or a person duly authorised by the legal representative.

4. Order

4.1 The Buyer's orders and alterations to orders shall be made in writing. Verbal agreements or arrangements discussed over the phone shall not be legally binding unless confirmed in writing.

4.2 The Seller's acceptance of the order shall become effective upon receipt by the Buyer of either the Seller's written acknowledgement of the order, the Seller's invoice or the Seller's delivery note. The acceptance of the order is limited to and conditional upon acceptance by the Seller of these Conditions.

4.3 The following details shall be stated in all correspondence: product name, complete order number, date of the order and the Buyer's reference.

5. Delivery

5.1 The period of delivery shall either commence from the date of the order or shall be as specified in the order. The Seller must comply with the delivery terms specified in the order and time shall be of the essence in the performance by the Seller of the order. If the Seller has reason to assume that he will not be able to meet or meet in time, all or part of his contractual obligations, he shall notify the Buyer thereof immediately, stating the reasons and the likely duration of the delay.

5.2 The Seller shall make no charge for delivery of the goods. If the goods are delivered later than the agreed date of delivery (with the exception of force majeure causes specified in Clause 18), the Seller shall pay to the Buyer a breach of contract penalty equal to 3% of the total price for the goods per day calculated from the agreed date of delivery. If the goods are delivered more than (10 days) after the agreed date of delivery, the Buyer may refuse to accept delivery and treat the Contract as rescinded.

6. Quality, Quantity and Description

The Seller warrants that the goods are of satisfactory quality and free from defect, meet the specifications as to quantity, quality and description set out in the Contract and any other information or instructions specified to the Seller, and satisfy all applicable State or industry standards.

7. Acceptance of Goods

7.1 The goods are subject to inspection and testing by the Buyer. In the event that the specification or quality of the goods is not in compliance with the Contract, the Buyer has the right to repair such goods at the expense of the Seller or reject such goods. Before taking such action, the Buyer shall send a written notice to the Seller specifying the defect and the Buyer's suggested action. The Seller shall respond to the notice within 10 days, otherwise it will be treated as having accepted the Buyer's claim and suggested action.

7.2 If the Buyer rejects the goods, it shall return the rejected goods to the Seller at the Seller's risk and expense. In that case, the Seller shall within a reasonable time replace the rejected goods with goods which are in all respects in accordance with the Contract.

7.3 If the Seller fails to replace any rejected goods within a reasonable time, the Buyer has the right to purchase replacement goods from another source. Any money paid by the Buyer to the Seller in respect of the rejected goods together with any additional expenditure over and above the price reasonably incurred by the Buyer in obtaining replacement goods shall be paid by the Seller to the Buyer.

8. Liability for Default

8.1 If the Seller breaches the Contract, it shall pay a default penalty to the Buyer. If the default penalty is sufficient to cover the losses incurred by the Buyer, no other compensation shall be paid. If the default penalty is not sufficient to cover the losses, the Seller shall also pay compensation to supplement the insufficient amount. If the Buyer demands continued performance of the Contract, the Seller shall continue to perform.

8.2 Without limitation to the generality of the foregoing, the Seller shall pay a default penalty to the Buyer if it fails to deliver all or part of the goods. The amount of the default penalty payable by the Seller shall not exceed 5% (five percent) of the total value of the portion of the goods undelivered.

9. Indemnity

- 9.1 The Seller shall indemnify the Buyer against any liability arising from:
- (a) infringement of any patent, trademark, license or other right of a third party resulting from the purchase, use or resale by the Buyer of the goods; or
 - (b) any act or omission in the performance of or in connection with

the obligations undertaken by the Seller pursuant to the Contract excluding any liability or cost arising directly from the negligence of the Buyer.

10. Insurance

The Seller shall insure the goods until they have been delivered to the Buyer.

11. Packaging

The Seller shall at its own expense package and label the goods in a manner suitable for transit and storage.

12. Title and Risk

The property and risk in the goods passes to the Buyer upon delivery and acceptance of the goods by the Buyer in accordance with the Contract, without prejudice to any right of rejection which may accrue to the Buyer under the Contract or otherwise.

13. Payment

13.1 The Buyer shall pay only for the goods specified in the Contract.

13.2 The Buyer may deduct from any monies due or becoming due to the Seller any monies due from the Seller to the Buyer.

13.3 The Buyer shall, unless otherwise stated in the Contract, pay the invoiced amount within (60) days from the end of the month during which the invoice relating to the Contract is received by the Buyer. The Seller shall ensure that the value-added tax invoice relating to the Contract is received by the Buyer with the goods, at the latest, within seven working days after the date of delivery of the goods. The Seller shall also ensure that the value-added invoice states the contract number and the address to which the goods were delivered.

14. Weight and Other Specifications

The Seller must adhere to the weight and other specifications of the goods stated in the order except for a tolerance of +/-5%. If, in case of a purchase at fixed weight and specifications, the Seller has not officially weighed and specified the goods through the railroad, then equivalent weighing and specifying have to be performed by Seller.

15. Shipping Requirements

The Seller shall always pack, mark and ship dangerous goods in compliance with the appropriate national or international regulations. The accompanying documents shall show not only the risk category but also any further particulars required by the appropriate transport regulations.

16. Documents

If the goods are sent by air-freight, the Seller shall, prior to the goods arriving at the Buyer's destination, provide to the Buyer, by facsimile, a copy of the airway bill marked with the contract number and either "freight to collect" or "freight prepaid" at the Buyer's destination. If the goods are sent by air parcel post, the Seller shall provide to the Buyer the following documents: two copies of the air parcel post receipt addressed to the Buyer, the value added tax invoice indicating the contract number and setting out the details of the relevant contract, two copies of the packing list issued by the Seller, and the certificate of quality and quantity issued by the Seller. If the goods are sent by ship, the Seller shall provide shipping papers and invoices stating the name of the shipping company and of the ship.

17. Confidentiality

All information supplied by the Buyer shall be treated as confidential and shall not be disclosed or used other than to satisfy the requirements of the Contract. The Seller shall promptly return, when requested by the Buyer, all written materials and drawings supplied.

18. Force Majeure

18.1 The Seller shall not be held responsible for any delay in shipment or non-delivery of goods due to force majeure such as war, acts of government, serious fire, flood, typhoon or earthquake, which might occur during the process of manufacturing or in the course of loading or transit. The Seller shall promptly notify the Buyer of any force majeure event and, within fourteen days thereafter, the Seller shall send by airmail to the Buyer for its acceptance a certificate issued by the competent government authorities evidencing the occurrence of the force majeure event.

18.2 During the period of the force majeure event, the Seller shall take all necessary measures to hasten the delivery of the goods. If, as a result of the force majeure event, delivery is delayed by more than five weeks, the Buyer shall have the right to rescind the contract.

19. Effective Date

The Contract shall come into effect when the duly authorised representatives of the parties sign it and affix their official or contract seals.

20. Governing Law and Settlement of Disputes

The Contract is governed by the laws of the People's Republic of China. Any disputes between the Buyer and the Seller under the Contract shall be referred to the China International Economic and Trade Arbitration Commission Shanghai Sub-commission for arbitration. Any decision of such arbitration shall be final to both parties. The arbitration shall be conducted in accordance with the Commission's arbitration rules in effect at the time of applying for arbitration. The arbitral award is final and binding on both parties.