

GENERAL SALES CONDITION FOR TOPVALUE GLOBAL

1 Applicable law and choice of forum

- 1.1 The law of the Chinese is applicable.
- 1.2 Only the civil court that has jurisdiction in the place of establishment of the seller may take cognizance of dispute, unless this would be contrary to preemptory law. The seller may deviate from this rule of jurisdiction and apply the statutory rules governing jurisdiction.
- 1.3 The parties may agree a different form of dispute resolution such as arbitration or mediation.
- 1.4 In the event of any disputes on the interpretation of these general items of sales, or any of the provisions included in contracts to which these general items apply, the English text shall be conclusive.

2 Applicability

- 2.1 These conditions apply to all offers and to all agreements they conclude and to all agreements that may be the result thereof. The supplier is designated in these conditions as the seller or factory or sub-factory. The other party is designated as the customer or buyer.
- 2.2 The standard conditions of the customer shall not apply and are expressly rejected.

3 Offers

- 3.1 All offers are made without engagement.
- 3.2 If the customer supplies data, drawings etc. to the seller, the seller may assume them to be correct and may base his offer upon them.
- 3.3 If his offer is not accepted, the seller has the right to charge the customer for all the costs which he has had to incur in order to make his offer.

4 Sales price

- 4.1 The sales price is set out in QUOTATION.
- 4.2 The sales price covers:
 - a The products list in the QUOTATION and service;
 - b If seller is the party responsible for shipment, the cost of shipment of the products to the place of delivery;
- 4.3 The sales price does not cover the cost and expenses that are for customer's account under this sales condition, or any taxes (including but not limited to customs duty and add value tax) payable by customer in respect of this sales condition.

5 Intellectual property rights

- 5.1 Unless agreed otherwise, the contract retains the copyright and all industrial property rights in the offers may by customer and in design, illustrations, models, test models, software etc. supplied by customer.
- 5.2 The rights to the date referred to in paragraph 5.1 shall remain the property of the seller irrespective of whether costs are charged to the customer for their production. Such data may not be copied, used or shown to third parties without the express consent of the seller. If this provision is infringed, the customer shall owe the seller a penalty of actual cost of intellectual property. This penalty may be claimed in addition to any compensation owed by law.

6 Advice, designs and materials

- 6.1 The customer cannot derive any rights from advice and information obtained from the seller if they do not relate directly to the order.
- 6.2 The customer is responsible for the drawing and calculations made by him or on his behalf and for the functional suitability of the materials prescribed by him or on his behalf.
- 6.3 The customer shall safeguard the seller against any claim by its third

- parties relating to the use of drawings, calculations, samples, models and so forth supplied by or on behalf of the customer.
- 6.4 The customer may, at his own expense, examine (or arrange for the examination of) the materials, which the seller wishes to use before they are processed. If the seller suffers damage as a result, this shall borne by the customer.

7 Delivery period

- 7.1 The delivery period and / or implementation period quoted by the seller will be ascertained upon approximation.
- 7.2 In fixing the delivery period and / or implementation period the seller assumes that he can execute the order in the circumstances known to him at that time.
- 7.3 The delivery period and / or implementation period starts when agreement has been reached on all technical details, all necessary data, final drawings etc. are in the possession of the seller, the agreed payment or installment has been received and the necessary conditions for execution of the order have been fulfilled.
 - a If circumstances occur other than those known to the seller when he fixed the delivery period and / or implementation period, the seller may extend the delivery period and / or implementation period by the time necessary to execute the order in the circumstances. If the work cannot be fitted into the planning schedule of the seller, it shall be completed as soon as his planning schedule permits this.
 - b If there is additional work, the delivery period and / or implementation period shall be extended by the time that is necessary to supply (or arrange for the supply of) the materials and parts for this purpose and to carry out the additional work. If the additional work cannot be fitted into the planning schedule of the seller it shall be completed as soon as his planning schedule permits this.
 - c If there is a suspension of obligations by the seller, the delivery period and / or implementation period shall be extended for the duration of the suspension. If continuation of the work cannot be fitted into the planning schedule of the seller, the work shall be completed as soon as his planning schedule permits this.
 - d If work is impossible owing to weather conditions, the delivery period and / or implementation period shall be extended for the term of the delay that has occurred as a result.
- 7.4 If the agreed delivery period and / or implementation period is exceeded, this shall not under any circumstances confer entitlement to compensation unless this has been agreed in writing.

8 Transmission of risk

- 8.1 In the case of delivery ex works/FOB/CIF, in accordance with Incoterms 2000, the risk in relation to the goods shall pass at the moment when the seller makes them available to the buyer.
- 8.2 Irrespective of the previous paragraph, the customer and the seller agree that the seller shall arrange for the carriage. The risk of storage, loading, carriage and unloading shall be borne by the customer in this case too. The customer may insure himself against these risks.
- 8.3 Even if the seller installs and / or assembles the goods sold, the risk in relation to the goods shall pass at the moment when the seller makes them available to the buyer at the business premises of the seller or at another agreed place.
- 8.4 If a purchase involves a trade-in and the buyer continues to use the goods to be traded in pending delivery of the new goods, the risk in the relation to the goods to be traded in shall continue to be borne by the buyer until the moment at which he transfers them to the possession of the seller.

9 Price changes

- 9.1 Arise in cost price determining factors arising after the closing of the agreement may be charged by the seller at the account of the buyer when the fulfillment of the agreement is not yet wholly fulfilled at the time of the rise.
- 9.2 Payment of the price increase as referred to in paragraph 9.1 shall take place together with payment of the principal or the nearby term of payment.
- 9.3 The price will be modified accordingly if the foreign exchange fluctuation exceed $\pm 5\%$.
- 9.4 The price will be modified accordingly if the raw material price fluctuation exceed $\pm 5\%$.

10 Impossibility of performance

- 10.1 The seller shall be entitled to suspend performance of his obligations if he is temporarily prevented from performing them by circumstances that could not be foreseen at the time of the conclusion of the agreement and which are beyond his control.
- 10.2 Circumstances which could not be foreseen by the seller and which are beyond his control are deemed to include failure of this suppliers and / or sub sellers to fulfill their obligations or to do so in good time, weather conditions, earthquakes, fire, loss or theft of tools, loss of processed materials, road blockades, strikes or work stoppages and import or trade restrictions.
- 10.3 The seller shall not be entitled to suspend performance if performance is permanently impossible or if a temporary impossibility has lasted for longer than six months. The agreement may then be terminated in respect of such part of the obligations as have not yet been performed. In that case the parties shall not be entitled to compensation for damage suffered or yet to be suffered as result of the termination.

11 Scope of the work

- 11.1 The seller shall ensure that all licenses, exemptions and other decisions that are necessary in order to carry out the work obtained in good time.

12 Liability

- 12.1 The seller is liable for damage, which the customer suffers and which is the direct and sole result of a failure attributable to the seller. However, only loss or damage for which the seller is insured or for which he should reasonably have been insured will be eligible for compensation.
- 12.2 When it is not possible for the seller at the time of the agreement to obtain insurance or when this is not possible at reasonable conditions, as is devised in paragraph 12.1, or afterwards possible to extend the insurance at reasonable conditions, remuneration of the damage will be limited to the amount which the seller has charged in the present of agreement.
- 12.3 The following are not eligible for compensation:
- a Consequential loss or damage, including for example loss or damage due to business standstills and loss of profit;
 - b Damage to goods which are being worked on or to goods which are in the vicinity of the place where the work is being carried out;
 - c Damage caused by the intent or deliberate recklessness of auxiliaries;

13 Warranty

- 13.1 The seller warrants the proper execution of the agreed performance for a period of 12 months after delivery or completion.
- 13.2 The customer may invoke the warranty only after he has complied with all his obligations to the seller.
- 13.3 a No Warranty is given for defects that are result of:
- Normal wear and tear;
 - Injudicious use;

- Non-maintenance or defective maintenance;
 - Improper Installation, assembly, modification or repair by the Customer or by third parties.
- a No warranty is given for delivered items of goods that were not new at the moment of delivery.

14 Claims

The customer may no longer invoke an instance of non-performance if he does not lodge a written claim with seller within 14 days of the date on which he discovers the defect or could reasonably be expected to discover it.

15 Settlement of dispute

15.1 Friendly consultations

In the event of any dispute, controversy or claim arising out of or relating to this Contract, or the breach, termination or invalidity hereof ("dispute"), the Parties shall attempt in the first instance to resolve such dispute through friendly consultations.

15.2 Arbitration

- a In the event such dispute is not resolved through consultations within [sixty (60)] days after the date such consultations were first requested in writing by a Party, then any Party may submit the dispute for arbitration in [Beijing] before the China International Economic and Trade Arbitration Commission ("CIETAC") in accordance with CIETAC Arbitration Rules then in force, and as amended by this Article 19.2 ("Arbitration Rules")
- b All costs of arbitration (including but not limited to arbitration fees, costs of arbitrators and legal fees and disbursements) shall be borne by the losing party, unless otherwise determined by the arbitration tribunal.

15 Payment

15.1 Establish business relationship less than 1 year

- a Payment shall be made at the place of business of the seller to an account designated by the seller.
- b Unless agreed otherwise, payment shall be made as follows:
 - 1) For production
 - 30% advance payment by T/T, the remaining 70% will remitted upon Bill of Lading at buyer consignee via T/T;
 - 30% advance payment by T/T, the remaining 70% will be paid by irrevocable L/C at sight against Bill of Lading. Bank guarantee
 - 2) For sample
 - 50% tooling cost advance payment to start tooling and remaining 50% tooling cost will remitted after sample approval
- c If payment has not been made within the agreed period for payment, the customer shall immediately owe interest to the seller. The interest shall be 3% per month or the statutory rate of interest whichever is the higher. For the purpose of calculating the interest, over 15 days shall be treated as a full month.
- d If the seller held to be in the right in legal proceedings, all costs which he has incurred in connection with proceedings shall be borne by the customer.

15.2 Establish business relationship more than 1 year

Seller will adjust the payment terms according to customer credit class to relieve the pressure of customer's capital turnover.