

1. General

All sales, deliveries and projects carried out by RAHN TRADING (SHANGHAI) CO., LTD. (hereinafter RAHN CN), shall be subject to the following General Terms and Conditions. Acceptance and keeping by the Purchaser, of the products delivered by RAHN CN or its distributors, shall be construed as acceptance of the present General Terms and Conditions. The Purchaser's General Terms and Conditions shall not be applicable.

In the event that a provision of the General Terms and Conditions should become partially or wholly invalid, the rest of the contract shall remain unaffected.

2. Offers and Conclusion of Contract

Contracts governing specific products and services shall be considered validly concluded as soon as RAHN CN has issued the Purchaser with a corresponding confirmation of order in writing, at the latest at the point in time at which RAHN CN has completed the Seller's order in accordance with the order's terms and conditions. This General Terms and Conditions together with the order confirmation issued by RAHN CN constitute the whole Contract containing the rights and obligations of RAHN CN as Seller and Purchaser. No other terms and conditions whatsoever shall be controlling unless contained in a formal written agreement signed by RAHN CN and Purchaser dated after the respective order confirmation and invoice.

3. Scope of the Delivery

For determining the scope and execution of a product, a delivery, or a service, the confirmation of order shall be decisive. Materials or services which are not listed therein can be additionally invoiced to the Purchaser.

4. Technical Information

4.1. Indications and other technical data, which have been set out, in any form, in catalogues or promotional materials are only of an informative and an informal nature and shall not be binding on RAHN CN. In the event that a product has erroneously been falsely described, RAHN CN cannot be declared as liable for this oversight.

4.2. Technical information, such as drawings, descriptions, illustrations and the like shall only be binding, for as long as they have been declared an integral part of the contract in the confirmation of order. RAHN CN reserves the right to make whatever changes seem necessary at any time.

5. Regulations in the Country of Delivery

5.1. In the event that diverging or additional statutory, regulatory or other provisions and norms are applicable to the execution of a delivery or operation, in the country of delivery, the Purchaser must inform RAHN CN thereof at the latest when making its order.

5.2. At the same time, the Purchaser must inform RAHN CN as to provisions and norms regarding medical and accident insurance at the intended place of use of the delivery object. Where the Purchaser neglects to do this, it may under no circumstances assert any warranty or damage compensation claims.

6. Prices

The price of Goods shall be the price stated in the Order Confirmation of the seller. As a rule, and if not otherwise agreed, the Incoterms in their last official version shall be applicable. The decisive date is the date of the RAHN CN order confirmation. If no Incoterms are agreed, all RAHN CN prices are meant to be net and FCA, free carrier. If not otherwise agreed, prices are meant to be in the currency generally accepted in the country of Purchaser's domicile. All additional costs and charges such as Value Added Tax, permits, certification etc. shall be borne by the Purchaser.

7. Terms of Payment

7.1. Unless otherwise agreed, payment without any deduction is due from the Purchaser within 30 days after receiving the invoice of RAHN CN, net, of delivery, payable at the place of RAHN CN's domicile. Any eventual fees shall be borne by the Purchaser.

7.2. In case of default Purchaser has to pay default interest of 5 % above the then prevailing discount rate of the People Bank of China.

7.3. If payment is not made as agreed, or if Purchaser's financial responsibility becomes unsatisfactory to RAHN CN, RAHN CN may further, besides the collection of default interest as above and at its option: (1) elect to withhold future deliveries of goods to Purchaser until such breach has been cured or Purchaser's financial responsibility has been established to RAHN CN's satisfaction; (2) require payment in advance as to future deliveries; or (3) demand return from Purchaser of any goods under this or any other invoice for which payment has not been made; or (4) cancel the contract. If deliveries of goods are to be made in installments, the purchase price of each installment shall, at the opinion of RAHN CN, be recoverable as a separate sale. The remedies contained in this paragraph are cumulative and shall be in addition to any other remedies available to RAHN CN under applicable law.

8. Retention of Title

8.1. RAHN CN remains the owner of all deliveries until it has received full payment in accordance with the contract. RAHN CN is entitled to make the corresponding entries in the title retention register. Notwithstanding the foregoing, risk of loss of the goods shall pass to Purchaser upon tender of the goods by RAHN CN to the carrier at the shipping point of RAHN CN.

9. Time Limits for Delivery and Delivery Default

The Seller shall use all reasonable endeavors to deliver the Goods on the stated delivery date but the dates and times quoted for delivery of the Goods are approximate only. RAHN CN indicates said time limits in good faith but without warranty, and RAHN CN shall not be liable for any delay in delivery of the Goods where the delay is beyond the reasonable control of RAHN CN however caused, for instance, by transport problems or force majeure (see Article 15).

10. Inspection and Notification of Defects

10.1. Purchaser is required, upon delivery or acceptance of goods, to check immediately, whether the products delivered by RAHN CN correspond to the contract. The Purchaser must immediately inform RAHN CN – in any event within 10 days from the date of delivery – as to any eventual damages, defects or complaints it has identified. Where the Purchaser neglects to make such notification of a claim within this time limit, then the deliveries and services shall be deemed to have been accepted, and shall constitute a waiver by Purchaser of such claim(s). Any hidden defects must be notified, in writing, immediately upon discovery, to RAHN CN, at the latest following expiration of the warranty clause pursuant to Article 11 of the General Terms and Conditions.

10.2. However, objections can under no circumstances be made following expiration of the product-life of the product in question.

10.3. If, upon inspection or acceptance, delivery does not prove to be in conformity with the contract, RAHN CN shall be required to repair any defects in accordance with the following provisions, and the Purchaser must afford RAHN CN an opportunity to do so. Once said defects have been repaired, and upon request of the Purchaser or RAHN CN, an acceptance inspection shall take place.

11. Warranty and Liability for Defects

11.1. Where no alternative arrangement has been agreed upon, RAHN CN's warranty for deliveries corresponding with their specifications shall be valid for 3 months from date of delivery.

11.2. Warranty shall be limited to replacement or repair, according to RAHN CN's preference. For breakdowns which are caused by normal wear, no warranty is provided. In the case of modifications or repairs, which are carried out without the written consent of RAHN CN, as well as in cases of violations of the present sales conditions, any warranty shall be excluded. The Purchaser can only assert his warranty upon production of an original invoice and the original delivery note.

11.3. The warranty shall not cover damages which were caused by an accident, or which occurred due to faulty use or noncompliant configuration on the part of the Purchaser.

11.4. RAHN CN's liability shall be limited to the quality of its products in conformity with agreed specifications on the face of RAHN CN's invoice and order confirmation. No warranty can be assumed as to the suitability of products for the uses to which the Purchaser intends to put them. Operating instructions, recommendations, and suggestions of our

technical application advisory team, are provided to the best of RAHN CN's knowledge and in accordance with experiences made in practice. They are, nevertheless, non-binding and do not release the Purchaser from making its own experiments and examinations. No liability results therefrom.

12. Limitation of RAHN CN's Liability

12.1. Under no circumstances shall the Purchaser be able to assert claims for compensation for damages, which did not arise on the object itself, such as damages for loss of profit, loss of production, loss of capacity, foregone opportunities, *lucrum cessans*, as well as other special, incidental or consequential damages, regardless of negligence. In excess of this, so far this is legally permissible, our total obligation to provide compensation for damages, on all claims for any kind (whether in contract, warranty, indemnity, tort, strict liability or otherwise, arising out of or related to these Terms and Conditions or from the use of any goods), shall be limited to the invoice value allocable to our merchandise which played a direct role in the damaging event.

12.2. RAHN CN's liability and Purchaser's exclusive remedy for any cause of action arising out of the sale, use or non-delivery of the goods is expressly limited at Purchaser's option to replacement of non-conforming goods at FOB (RAHN CN's shipping point) or payment not to exceed the purchase price of the goods for which damages are claimed.

13. Indemnification

13.1. Purchaser shall indemnify, defend and hold RAHN CN and its directors, officers, employees, agents, suppliers, parents, affiliates, subsidiaries, successors, and assigns harmless from any and all fines, penalties, suits, actions, claims, liabilities, judgments, costs and expenses (including attorney's fees) resulting of arising from (i) Purchaser's negligence or breach of the contract; (2) Purchaser's use, sale, handling, storage or disposal of goods or any product or waste derived therefrom; (iii) Purchaser's discharge or release of the goods or any product or waste derived therefrom, including failure to warn of such exposure; or (v) the transportation of the goods to Purchaser after tender of the goods by RAHN CN to the carrier at RAHN's shipping point. The foregoing shall apply, but not be limited to, injury to person (including death) or damage or harm to property or the environment.

13.2. Where RAHN CN is held liable by a third party for damages, the Purchaser must compensate, defend and indemnify RAHN CN. Where a third party asserts damage compensation claims against one of the Parties in the context of merchandise delivered by RAHN CN, then this Party must immediately inform the other Party in writing hereof.

13.3. The Parties are obliged, in the context of court or arbitration proceedings, which have been initiated by third parties in order to assert damage compensation claims, to take up their defence to the extent that this is necessary to defeat such claims. In such cases, the Parties are obliged to mutually assist one another.

14. Intellectual Property

14.1. RAHN CN warrants that the goods, except as specifically made for Purchaser according to Purchaser's design, do not infringe any PRC patent. Purchaser agrees that it shall promptly notify RAHN CN of any claim or suit alleging patent infringement, shall permit RAHN CN to control the defense or compromise of such claim or suit, and shall provide RAHN CN with all necessary information, authority and

assistance. With respect to goods furnished which are not manufactured by RAHN CN, only the patent indemnity of the manufacturer, if any, shall apply. RAHN CN does not warrant that Purchaser's particular use of the goods either alone or in combination with other materials or that any product obtained therefrom will not infringe a patent.

14.2. The Intellectual Property Right upon the Products (in particular the patent, trademark right and copyright, including but not limited to the publication, reproduction, processing and exploitation rights) belongs to RAHN CN. The execution of this General Terms and Conditions and sales of the Products shall not be deemed as any prove of licensing or authorization of Intellectual Property Right, unless otherwise provided herein.

14.3. With regard to all illustrations, calculations, technical descriptions and other documents related to the quotation or order, RAHN CN reserve the property rights, copyrights, and other patent rights. The Purchaser may not pass these documents on to third parties without RAHN CN's written consent, regardless of whether RAHN CN has marked these as confidential or legally protected.

15. Force Majeure

Neither party shall be liable in any respect for failure or delay in the shipment or acceptance of the goods if hindered or prevented, directly or indirectly, by war, national emergency (act of terrorism), inadequate transportation facilities, inability to secure materials, supplies, fuel or power, fire, flood, windstorm or other act of God, strike, lockout, or other labor dispute, order or act of any government, whether foreign, national or local, whether valid or invalid, or any other cause of like or different kind beyond the reasonable control of such party. Strikes, lockouts, or other labor disputes involving employees of either party shall be deemed to be beyond the reasonable control of such party. Any quantity of goods so affected shall be deducted from the total quantity purchased by Purchaser. RAHN CN, during any period of shortage due to any of the above causes, may allocate its available supply of goods among itself and its customers on whatever basis it deems desirable.

16. Severability

Should any term of this General Terms and Conditions be held by a court of competent jurisdiction or arbitration as invalid or unenforceable, then this General Terms and Conditions, including all of its remaining terms, shall remain in full force and effects, as if such invalid or unenforceable term had never been included.

17. Amendments and Interpretation

All changes to the present General Terms and Conditions must be made in writing. No modification or addition to or deletion from the terms and conditions contained herein shall be affected by the acknowledgement or acceptance by RAHN CN of any Purchase Order, Acknowledgement, Confirmation, Release, or other form submitted by Purchaser containing other or different terms and conditions. These General Terms and Conditions shall be issued in English and Chinese. When interpreting this General Terms and Conditions, the English version shall take precedence.

18. Applicable Law and Dispute Resolution

18.1. The contract is subject the laws of P.R. China (including the international treaties signed or joined by P.R. China).

18.2. Both parties shall friendly negotiate with each other should any dispute arising from the establishment, effectiveness, interpretation and performance of the General Terms and Conditions. Should no amicable settlement be reached, the dispute shall be submitted to China International Economic and Trade Arbitration Commission Shanghai Branch for arbitration which shall be conducted in accordance with the Commission's arbitration rules in effect at the time of applying for arbitration.