

## **General Conditions of Sale of Forbo Movement Systems China**

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### **1 General**

1.1 Our conditions of sale apply exclusively; we do not accept conditions of sale which conflict with these, or customer's general business conditions which deviate from these, unless we have explicitly agreed to their validity in writing. Our conditions of sale apply even if we make deliveries without reservation and are aware of customer conditions which conflict with or deviate from our conditions of sale.

1.2 Our conditions of sale only apply with respect to enterprises within the meaning of the Company Law of the People's Republic of China, (PRC), if the contract is part of the operations of such enterprise, Partnership Enterprise Law of the PRC and against legal persons under public law or a separate property under public law within the meaning of Legal Persons of Chapter 3 of Book one of Civil Code of the People's Republic of China.

1.3 Our conditions of sale also apply to all future transactions with the customer.

1.4 If we also take on assembly work, then to this extent our special conditions for assembly work will apply. If any provisions of this extent are in conflict with this master General conditions, the extent terms shall prevail.

### **2 Quotations and Quotation Documentation**

2.1 Our quotation is non-binding until a definitive order confirmation has been issued by us.

2.2 The purchase order from the customer is a binding offer. We are entitled to accept this offer within two weeks by sending an order confirmation or by sending the ordered goods to the customer within this period.

2.3 The technical data in our catalogues, lists and drawings (including weight and dimensional details) are carefully compiled; errors excepted. The same applies to all data in our sales documentation. We reserve the right to modify any data in our released documents. Such data, however, do not represent any warranties; in every case, warranty promises require an express confirmation by us.

2.4 We reserve the right to make any changes to the products delivered by us in the interest of technical progress even after the order confirmation.

### **3 Prices and payment conditions**

3.1 Unless stated otherwise in the order confirmation, our prices are DDP including legally applicable sales tax.

3.2 For belts and tapes delivered pre-tensioned, the geometric operating length serves as a basis for invoicing.

3.3 We reserve the right to increase prices 4 months after the end of the contract in the event of a clear increase in raw materials or other costs, which we will of course provide the customer with detailed supporting documentation.

3.4 Unless stated otherwise in the order confirmation, the purchase price is due and payable immediately in full without any reduction.

3.5 Unless otherwise agreed, payments can be delayed by up to 30 days. Otherwise we reserve the right to charge interest on late payments at the rate of the People's Bank of China annual

interest rate for the same period plus 8%. The assertion of further claims for damages is not excluded hereby. We are not obligated to make any further deliveries under any running contract with the customer until payment of any invoiced amount due, (including late payment interest if any) thereon has been received in full.

3.6 Bills of exchange and cheques will only be accepted by special agreement and only for purposes of payment; In case of acceptance of bills of exchange, we shall be entitled to give these back if discounting thereof is refused by the state central bank.

3.7 The customer has the right to offset payments only if his counterclaims are legally ascertained, undisputed, or accepted by us. Furthermore, the customer is entitled to exercise a right to withhold payment only to the extent to which his counterclaims are based on the same contractual relationship.

3.8 If after the acceptance of an order facts become known to us which give rise to doubts as to the customer's ability to pay, we reserve the right to demand full payment or the provision of corresponding securities prior to delivery; alternatively, we have the right to rescind the contract if a payment deadline set by us has not been respected. In addition to delays in payment which have already occurred, information given by a bank, a credit-reference agency, another company with a business relationship with the customer or similar and corresponding to the care taken by a respectable business person, will count as proof of an essential deterioration in assets. If delivery has already been made, then the invoice amounts in question will become due for payment in full immediately, irrespective of any payment conditions agreed otherwise.

#### **4 Delivery Dates and Delays of Delivery**

4.1 Unless expressly agreed otherwise, all delivery dates are to be considered as non-binding.

4.2 All delivery periods shall begin on the date of the order confirmation, but not prior to the timely and proper fulfillment of the obligations of the customer, particularly not prior to the furnishing of the documentation, approvals or clearances to be provided by the customer and also not prior to receipt of any agreed down-payment.

4.3 The delivery period shall be deemed to have been adhered to if the merchandise has left the factory or the shipment warehouse on or prior to the expiry of such period or notification of readiness for shipment of such merchandise has been given to the customer. The foregoing does not apply if inspection and approval is contractually stipulated or if an obligation for assembly has been agreed.

4.4 In the event of acts of God or other unforeseeable extraordinary events beyond our control, such as e.g. strikes, interventions by the authorities, interruptions of power supply, plant malfunction, lock-outs, late or incorrect delivery of raw materials, semi-finished parts or finished products needed for the manufacture of the merchandise to be supplied, the delivery period will be extended by the duration of such obstruction and a suitable lead time if we are prevented thereby from performing our obligations at the proper time. The foregoing also applies if the aforementioned events occur at any sub-suppliers. In important cases, the customer will be informed by us soon as possible of the beginning and the end of such events.

If due to any of the above-named events the delivery or service becomes impossible or unreasonable, we shall be released from the obligation to supply. If the delivery period is extended or if we are released from the obligation to supply, the customer shall not have any claims for damages as a result hereof. To the extent we are released from the obligation to supply,

we shall reimburse any initial payments made by the customer.

4.5 The statutory right of the customer to rescind the contract remains unaffected, provided that we are responsible for the delay. The customer is obligated, on demand from us, to declare within an appropriate period whether, after the expiry of such period, he will rescind the contract due to the delay in the delivery and/or seek damages instead of the delivery or compensation for expenditures incurred, or whether he will be insisting on delivery as agreed.

4.6 If delivery is delayed at the request of the customer, we shall reserve the right to charge the warehousing costs incurred - beginning one month after notification of readiness for delivery. Upon the expiry of an appropriate period set by us, and following reasonable advance notice, we are entitled to dispose of the merchandise in any other way and/or to deliver the merchandise to the customer with a suitably extended delivery period.

## **5 Delivery, Passing of Risk, Shipment**

5.1 Partial shipments are permissible to the extent this is reasonable.

5.2 Normally, the transfer of control of the goods is limited to their departure from our warehouse. All delivery risks and charges shall pass to the customer if customer specifies and insists on a delivery method different from our default shipping method.

5.3 If shipment is delayed by circumstances which can be attributed to the customer, then all risks are transferred to the customer upon notification of readiness for shipment. At the request and expense of the customer, we shall arrange for any insurance coverage requested by the customer.

5.4 At the request of the customer, shipments will be insured by us, at the cost of the customer, against theft or breakage, and also against transport fire or water damage, and against other insurable risks. The timing of the passing of risk pursuant to Clause 5.2 remains unaffected.

## **6 Retention of Title**

6.1 We reserve title to the goods delivered until we have received full payment of all amounts arising from our business relationship with the customer. In case of a breach of contract by the customer, in particular a delay in payments, we are entitled to request the return of the delivered goods. Such request and the assertion of the retention of title, respectively, does not require a rescission of the contract by us. The taking of any of these actions or the garnishment of the goods delivered by us does not imply a rescission of the contract unless we have expressly declared such rescission in writing. Upon the return of the delivered goods, we are entitled to utilize them. The proceeds from such utilization - less appropriate utilization costs - will be credited against the liabilities of the customer. The customer is obligated to treat the delivered goods with care and, at our request, to insure them adequately against damage for the entire duration of the retention of title. The customer hereby assigns to us any claims which he may have under such insurance.

6.2 The customer is obligated to inform us in writing and without undue delay about any garnishments or other interferences by third parties so that we can institute proceedings pursuant to Code of Civil Procedure of the People's Republic of China. Insofar as such third party is not in a position to reimburse us for the court and out-of-court costs for such proceedings, the customer accepts liability for the loss incurred by us.

6.3 The customer is entitled to resell the delivered goods in the ordinary course of business. However, the customer hereby assigns to us all receivables from his customer or a third party which accrue to him from such resale, up to the total amount invoiced (including sales tax), regardless of whether the goods delivered were resold before or after processing. The customer is authorized to collect these receivables even after assignment to us, provided that our right to collect these receivables remains unaffected. However, we undertake not to make such collection as long as the customer is properly meeting his payment obligations from the revenues collected, is not in arrears with payments and particularly no application for the opening of insolvency proceedings has been filed or the customer has not stopped making payments. Whenever our obligation not to collect ends, we can demand that the customer provide us with information about the receivables so assigned and the respective debtors, give all details required for the collection, hand over the relevant paperwork and inform the debtors of the assignment.

6.4 We undertake, at the request of the customer, to release the collateral we are entitled to, to the extent that the realisable value thereof exceeds the amount of receivables being secured by more than 10%; the choice of the collateral to be released is at our discretion.

6.5 The customer is obliged to co-operate in any action which we wish to take in order to protect our property rights or, in lieu thereof, some other right to security.

## **7 Material and legal defects**

7.1 We supply our products and services with the due care customary in the industry in accordance with the technical specifications documented and applicable at the time and in line with recognised technical practice. The customer is responsible for checking any other legal, official, or technical requirements relating to the specific application and must inform us in detail of such.

7.2 Where one of our products shows a defect in material or workmanship or a defect in title (hereinafter: a "Defect") within the limitation period whose cause was already present at the time of the passing of risk, the customer shall be entitled to a repair or re-delivery of such product, at our discretion. We shall only bear the expenses necessary for such repair or replacement, such as e.g. wages, material, transport and travelling costs, to the extent that such expenses are not increased as a result of a product having subsequently been removed to a location other than the headquarters of the customer, unless such removal is in accordance with the intended use of such product. Replaced parts shall be our property and are to be returned to us.

7.3 Should our efforts to repair a defective product fail, the customer shall be entitled, at his sole option, – irrespective of any claims for damages and reimbursement of expenses pursuant to Clause 8 – either to a reduction of the purchase price or - where our breach is material - to a rescission of the contract.

7.4 Any liability for Defects shall require that

a) none of the following circumstances prevail: Dimensional deviations and manufacturing tolerances, within specifications, data sheets etc., normal ageing, wear and tear, in particular those which are described in the respective technical data sheets, unsuitable or improper use, faulty assembly or commissioning by the customer or third parties, normal wear, faulty or careless treatment, unsuitable operating materials, replacement materials, defective construction work, chemical, electrochemical or electrical effects.

b) the customer has properly complied with his statutory obligations with regard to investigation and reporting of complaints. Defects must be notified to us in writing and substantiated in detail, by giving details of the type and extent thereof within 10 days from arrival of the delivered product at the destination, or, if such Defects were not evident upon proper inspection, within 10 days after discovery thereof.

c) the customer – taking into account an appropriate withholding amount in accordance with Item 7.8, - is not in arrears with his payments.

7.5 The customer, upon consultation with us, has to allow for the time and opportunity required to undertake all repairs and replacement deliveries which appear necessary in our reasonable discretion. Otherwise, we shall not be liable for any damages arising as a result of the customer not allowing us the time and opportunity to undertake the necessary repair measures or replacement deliveries, as the case may be.

7.6 Claims by the customer for defective products shall be subject to the warranty period agreed in the order (normally 6 months after shipment, exceptionally no more than 12 months). This shall not apply if the defect is due to an intentional act attributable to us and if mandatory law (Chapter 9 of Book one of the Civil Code (statute of limitations ) and Article 594 of Chapter 8 of Book 3 of the Civil Code of the People's Republic of China (statute of limitations clause for litigation or arbitration for the contracts of international sale of goods and the contracts of import and export of technologies) require a longer period of time. We accept liability for replacement items or repairs up until the expiry of the limitation period applicable to the product originally delivered.

7.7 The customer shall only be entitled to exercise recourse against us to the extent that the customer has not entered into any agreement with its customers for defects beyond statutory remedies. If the Customer exercises recourse against us due to a claim by its customer for a defect in the latest production, the Customer shall be obliged to notify us of such claim without delay. In such cases, if the customer's client is satisfied with the claim, the customer shall be deemed to be satisfied with our recourse to compensation.

7.8 In the event of complaints of Defects, the customer shall have the right to retain payments to the extent that they are in a reasonable proportion to the damages incurred by the customer. If a complaint regarding a Defect proves to be unjustified, we shall be entitled to demand reimbursement of the expenses incurred by us from the customer.

## **8 Claims for Damages and Expenses**

8.1 In the event of a claim by the customer against us for damages or costs (hereinafter referred to as damage claims), we shall only be liable to the extent of the law for damages caused by intentional fault or gross negligence on the part of our agents or auxiliary personnel, and at the same time we shall only be liable to the extent of the law for damages arising out of a breach of a material obligation of the contract on our part, as well as for damages for injuries to life, body or health in the event of the relevant incident and for the fulfillment of the warranty obligations.

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8.2 In the absence of intentional fault or gross negligence, the absence of an obligation for injury to life, body or health or any warranty we have undertaken, any claim for damages for breach of a material obligation of the contract shall be limited to damages reasonably foreseeable and

representative of the damages to be incurred. The statute of limitations for any claim for personal damages shall be one year from the date of occurrence of the damage.

8.3 We shall not be liable for any damages in the event of personal injury or property damage due to improper use of the product or failure to follow the instructions for use, or any factor not attributable to us, especially in, we shall not be liable for damages that do not occur on the product itself, such as product malfunction, wear and tear of use, or loss of profit.

8.4 The mandatory provisions of the Product Quality Law of the People's Republic of China remain unaffected.

8.5 Claims for reimbursement of expenses by the customer are limited to the interest he has in the fulfillment of the contract.

8.6 The foregoing limitations of liability also apply to the personal liability of our employees, representatives and auxiliary persons.

## **9 Technical Application Notes**

9.1 Our instructions for use represent only general guidelines. Due to the wide variety of purposes of use of the individual products and due to the special circumstances of each such use, the customer is responsible for carrying out his own trial runs.

9.2 Where we provide technical applications support to the customer, the customer shall be solely responsible for the successful operation of his plant and equipment. If the product cannot be used effectively due to the specificity of the purpose of use and the environment, we will provide technical application support and assistance, but the customer understands that this is not our obligation.

## **10 Place of Performance, Venue, Applicable Law**

10.1 The place of performance for the delivery is the manufacturing plant or our delivery warehouse, as the case may be. The place of performance for payments shall be at our corporate headquarters.

10.2 The court of jurisdiction is the place of payment fulfillment,. However, we are entitled to institute proceedings against the customer at any other competent court.

10.3 The contract is subject to the requirements of the UN Convention on the International Sale of Goods ("CISG"). To the extent that the CISG remains silent, Chinese Law shall apply, with the exclusion of the rules on conflicts of laws.

10.4 Should any provisions in these general conditions of sale or other contractual agreements be or become completely or partly ineffective, the remaining conditions shall remain unaffected hereby.

10.5 These General Terms and Conditions of Sale are our sales policy and are provided as a prerequisite to the transaction between the parties in order for the Customer to better understand and implement our policy, and the Customer acknowledges that it has carefully reviewed the foregoing terms and conditions and has had ample opportunity to consult with us, and that it considers these terms and conditions to be reasonable and enforceable. Accordingly, the Customer hereby voluntarily signs its endorsement of this Policy and is bound by the terms of the Policy at the time of placing and during the fulfillment of its order.