

General terms and conditions

1. General provisions - scope of validity

The Sales Terms below are deemed to be the sole basis for all deliveries and services by CIP Services AG Chinese Intelligent Procurement (hereinafter: CIP). Divergent provisions, supplements, agreements and ancillary understandings require written confirmation by CIP in order for them to be valid. Divergent standard business or purchasing terms shall not become a component part of the contract unless confirmed in writing by CIP. CIP's Sales Terms shall also apply if CIP, being aware of the buyer's divergent terms, or despite the buyer's divergent terms from CIP's Sales Terms, unreservedly executes a delivery to the buyer. The Sales Terms shall also apply to all future transactions with the buyer. CIP's Sales Terms apply only in relation to undertakings within the meaning of section 310 I of the German Civil Code.

2. Signing of the contract

All offers are non-binding and subject to change. A contract only comes about if an order by the buyer is received by CIP in writing (including by means of a signature on the non-binding offer), by fax or by electronic transmission and the latter is confirmed within two weeks. The provisions above also apply to supply call-ins by the buyer.

3. Deliveries and services

3.1. Products

All project descriptions tendered are, unless they are explicitly designated as binding, non-binding and subject to change. In particular guaranteed properties require written confirmation by CIP. CIP shall not assume any warranty for a product's suitability for a specific purpose unless this has been explicitly confirmed in writing. Public statements, praise or advertising statements by the product's manufacturer or by third parties shall not constitute an indication of contractually agreed properties.

3.2. Price indications

The contractually agreed price plus freight and packing costs and value-added tax applies unless in any specific contract other arrangements have been agreed. CIP shall not be bound by price indications if the customer demands modifications during or after execution of the order.

3.3. Delivery deadlines

Binding delivery deadlines shall be in writing. Deadlines indicated by CIP shall apply with the provision that incoming deliveries are made in time. If the contract is supplemented, extended or otherwise adjusted, deadline commitments agreed up through that point shall no longer be binding unless they are once again explicitly confirmed in writing.

3.4. Partial deliveries and subcontracting

Partial deliveries and partial services by CIP are allowed to a reasonable extent. In the framework of executing the contract CIP shall be authorised to subcontract with third party companies, in particular to commission subcontractors with execution of the contract.

3.5. Late delivery

Partial deliveries and partial services by CIP are allowed to a reasonable extent. In the framework of executing the contract CIP shall be authorised to subcontract with third party companies, in particular to commission subcontractors with execution of the contract. There shall be no late delivery in case of force majeure as well as due to unforeseen events that make delivery essentially more difficult or impossible for CIP through no fault of the latter. This shall include operational disturbances, strikes, etc regardless of whether these occur in own operations, in those of any supplier or sub-supplier or with the companies commissioned with shipping. In such cases the deadline shall be moved forward by the duration of the delay. CIP will immediately inform the buyer about the delay. Should the delay persist for an inappropriately long period of time (i.e. more than three months) each party may without incurring liability for damages withdraw from the contract. The buyer shall otherwise not be entitled to claim late delivery compensation or damage compensation for failure to fulfil. Any eventual partial services separately performed prior to that shall be paid for by the buyer.

3.6. Passing of risk

All risks shall pass to the buyer, including where free shipment has been agreed, as soon as the goods have been handed over to the persons charged with their shipment or have left CIP's warehouse or any other proper point of shipment for the purpose of shipment. If the customer wishes to insure the goods he shall indicate this explicitly in the order. Obvious shipping damages shall be reported immediately and hidden shipping damages within four working days since insurance coverage otherwise lapses.

4. Safeguarding retained title

4.1. Retained title

CIP shall retain title to goods sold up through receipt of all payments under the supply contract. In case of action by the customer in violation of the contract, in particular in case of payment delay, CIP shall be entitled but not obligated to retake the goods sold. CIP's retaking of goods sold shall constitute withdrawal from the contract. After retaking the goods sold CIP shall be authorised to liquidate their commercial value in order to credit the proceeds of such liquidation to the buyer's liabilities, minus reasonable costs for commercial liquidation.

4.2. Extended retained title

The buyer shall be entitled to sell the goods sold in its proper commercial operations; it however hereby assigns all of its claims in the amount of CIP's final invoiced amount (including VAT) for CIP's claim in relation to the buyer incurred by it in relation to its users or third parties through its onward sale, and, more precisely, regardless of whether or not the goods sold are sold onwards with or without further processing. The buyer will remain authorised to collect on this claim even after assignment. CIP's authorisation to collect the claim itself shall not be prejudiced by this. However CIP hereby obligates itself not to collect on the claim as long as the buyer complies with its payment obligations from out of the proceeds received, is not overdue with payments and, in particular, no motion for initiation of composition or insolvency proceedings is filed or suspension of payments occurs. However, if the latter is the case then CIP may demand that the buyer discloses the assigned claims and those liable for them, provides all information needed for proper collection, hands over the relevant documentation and informs the (third) parties liable of such assignment.

4.3. Third-party levies of execution

In cases of levy of execution or other intervention by third parties CIP shall be informed immediately in writing by the buyer so that CIP can bring suit under section 771 of the German Code of Civil Procedure. Where the third party is not in a position to reimburse CIP for court fees and out-of-court expenses for legal action under section 771 of the German Code of Civil Procedure the buyer shall be liable for any shortfall incurred by CIP. The buyer shall otherwise not be entitled to forgive payment for goods that have not been fully paid for, or to voluntarily pledge them or to transfer title to them for collateralisation.

4.4. Insurance

The buyer shall be obligated to handle the goods sold with care; it shall in particular be obligated at its own expense to take out adequate insurance against fire, leakage and theft damages on the goods at their replacement value.

4.5. Processing or conversion of the goods sold

Processing or conversion of the goods sold by the buyer shall always be deemed to be for CIP's account. If the goods sold are processed together with other items not belonging to CIP then CIP acquires title to the new object in the ratio of the value of the goods sold (final invoiced amount including VAT) to the other processed items at the time of processing. The same shall apply to the object thus brought about as to the goods sold and delivered with retained title.

4.6. Commingling of the goods sold

If the goods sold are inseparably commingled with other items not belonging to CIP then CIP shall acquire shared title to the new object in the ratio of the value of the goods sold (final invoiced amount including VAT) to the other commingled items at the time of commingling. If commingling occurs in such a way that the buyer's object must be deemed to be the main one then it shall be deemed to be agreed that the buyer will transfer pro rata title to CIP. The buyer shall safeguard the sole title or shared title thus created on behalf of CIP.

4.7. Assignment by way of security

The buyer shall also assign the claims to CIP to secure such of CIP's claims on the buyer as are incurred in relation to third parties by combining the goods sold with real estate property.

4.8. Release of securities

CIP obligates itself to release such securities as CIP is entitled to upon demand by the buyer as the liquidatable value of CIP's securities exceeds the claims secured by more than 10 %; it shall be CIP's prerogative to choose the securities to be released.

5. Delivery and payment terms

5.1. Mode of payment

Unless otherwise agreed in writing invoices shall be payable within two weeks of receipt of the invoice. An early payment discount shall be granted in writing by means of an offer, an order confirmation or an invoice. Early payment discounts on freight and packing costs, insurance and shipping costs shall be excluded. Payment instructions, cheques and drafts are only accepted upon separate agreement and only for purposes of payment taking into account the costs associated therewith such as collection and discount fees and taxes on drafts.

5.2. Payment delay

In case of failure to comply with a confirmed payment date CIP may charge late payment interest in the amount of 8 % (eight percent) above the currently applicable discount rate of the European Central Bank. The interest shall be due and payable at the end of a payment deadline indicated on an invoice. The assertion of damages going beyond such late payment damages shall be reserved.

All of CIP's payable claims including those for which instalment payments have been agreed shall be immediately payable and the grant of any payment deadline shall lapse if the deadline for payment of a claim is not complied with and/or after signing of the contract a basic deterioration in the buyer's financial circumstances becomes known. In such a case CIP shall be entitled to make outstanding deliveries dependent upon prepayment.

5.3. Right of retention and right to setoff

The buyer shall not be entitled to any right of retention in relation to CIP. Setoff shall only be allowed against counterclaims that are not disputed by CIP or that have been legally binding adjudicated by a court.

5.4. Default in acceptance

In case of refusal to accept goods or where the delivery cannot be effected for reasons for which CIP is not liable, CIP shall be entitled to invoice compensation for costs for de facto incurred shipping costs as well as a flat fee for processing of 10% of the value of the goods but with a minimum of euro 40.00.

Should the customer even after the setting by CIP of a second deadline not accept delivery of the goods then CIP shall be entitled to withdraw from the contract by written declaration or to demand damage compensation for non-fulfilment. In that case the damages shall be set at a flat rate of 30% of the total price unless CIP can prove that the damages were greater or the customer can prove that the damages were less.

6. Contract impairment

6.1. Obligation to report defect claims

The buyer's rights in case of defects presuppose that the latter has properly complied with its obligations to examine and complain owed under section 377 of the German Commercial Code. According to the latter complaints about obvious defects must be reported in writing to CIP immediately but at the latest within one week of receipt of the goods with information provided on the nature and scope of the defect. Timely dispatch of the defect notification will suffice to meet this deadline. After the deadline has passed CIP shall be free from any warranty obligation. Where operating or servicing recommendations have not been followed, modifications to the goods have been undertaken, parts have been replaced or supplies used that do not meet the original specifications then any warranty shall lapse. Where CIP has originally produced a prototype sample as a specification for mass production and the latter has been cleared by the buyer, the buyer shall be only entitled to complain of defects to the extent that the

goods complained of deviate from the prototype sample cleared to an appreciable extent and in a way that impairs its functional usefulness. The onus of proof in regard to the claim prerequisites, in particular in regard to the defect, the time when it was discovered and the timeliness of the defect report shall be on the buyer.

6.2. Remedy of the defect

In case of a defect in the item delivered that also includes its lack of assured properties, CIP shall at its discretion be entitled to subsequently improve the defective item or deliver a new one. In case of remedy of the defect CIP shall only be obligated to bear all of the expenses required for the purpose of remedying the defect, in particular shipping, haulage, work and material costs up to the amount of the purchase price. Subsequent improvement shall be deemed to have failed if the tangible defect could not be completely remedied after the third subsequent improvement within an appropriate period of time or if the replacement delivery displays a comparable defect. The buyer shall be entitled, where subsequent improvement or replacement delivery fail, to demand withdrawal from the contract or reduction in price. However, withdrawal from the contract shall be excluded where there is or remains only an insignificant defect that does not impair the conventional use of the item or which corresponds to the usual quality of comparable goods. Where the customer with justification withdraws from the contract then its damage compensation claim due to the defect shall be excluded. Otherwise damage compensation shall be limited to the difference between the purchase price and the value of the defective object, provided that the goods remain with the customer.

6.3. Return of defective goods

The buyer shall be obligated in case of a defect complaint to send the defective goods in their original packing to CIP at its own expense and risk including any eventual accessories together with a precise description of the defect, indication of model and serial numbers as well as a copy of the delivery ticket or invoice. As long as the buyer fails to comply with these obligations it shall not be entitled to demand any subsequent improvement, withdrawal from the contract or reduction in price.

6.4. Other damage compensation claims

CIP shall be liable under statutory regulations to the extent that the buyer asserts damage compensation claims based on intent or gross negligence, including intent or gross negligence on the part of CIP's representatives or agents. To the extent that a grossly negligent violation of obligations obtains, the damage compensation liability shall be limited to predictable and typically occurring damages.

CIP shall be liable under statutory regulations to the extent that CIP has culpably violated an essential contractual obligation; in that case, however, damage compensation liability shall be limited to predictable and typically occurring damages.

This provision shall not apply to any claims under product liability or due to violation of obligations attributable to CIP that entail injury to the customer's life, limb or health or loss of the customer's life.

6.5. Exclusion of liability otherwise

Unless something to the contrary has been regulated above, any liability whatsoever on the part of CIP shall be excluded in relation to the buyer.

6.6. Reversal of the transaction due to rescission

If the buyer acts in error within the meaning of the German Civil Code then CIP shall be entitled in case the purchase agreement is challenged to charge a usage fee for the period of time in which the product was available to the buyer. The usage fee is charged by day reckoned from the date of invoicing up through the date of receipt of the product by CIP. The usage fee per day shall be calculated from the sale price divided by 365 but will at minimum come to euro 40.00 per day plus statutory VAT.

6.7. Statute of limitations

The statute of limitations for defect complaints shall be 12 months reckoned from the passing of risk.

6.8. Violation of third-party rights

The customer shall be obligated to inform CIP immediately in writing if in connection with deliveries and services performed by CIP assertions are made of any violation of third-party intellectual property rights.

7. Total liability

Any liability for damage compensation than that provided for in section 6 shall be excluded, regardless of the legal nature of the claim asserted. This applies in particular to damage compensation claims due to culpability when the contract is signed, due to any other violation of obligations or due to tort claims for compensation of property damages under section 823 of the German Civil Code.

The limitation as per paragraph 1 shall also apply where the buyer in lieu of a claim to compensation for damages demands compensation of unnecessary expenditures in lieu of performance.

Where damage compensation liability in relation to CIP is excluded or limited, this shall also apply with regard to personal damage compensation liability of CIP's employees, salaried employees, independently engaged contractors, representatives and agents.

8. Final provisions

8.1. Lack of legal effect of individual provisions

If one or more provisions of these Standard Business Terms are held to be invalid or unenforceable, (i) such provision shall be deemed to be restated to reflect as nearly as possible the original intentions of the parties in accordance with applicable law and (ii) the remaining provisions shall remain in full force and effect.

8.2. Place of jurisdiction

The place of jurisdiction for both parties for all legal disputes, including proceedings over documents and drafts, as well as all disputes on the legal effectiveness of contracts and these Standard Business Terms shall be, unless statutory regulations mandatorily require otherwise, the court district of CIP's registered offices; however, CIP shall be entitled to sue the buyer also in the court district of the buyer's domicile. The entire contractual relationship shall be subject to the law of the Federal Republic of Germany; the application of the UN Convention on contracts for the International Sale of Goods (CISG) shall be excluded.