

## 1. General, Conclusion of Contract

- 1.1 Any rights and obligations between the supplier (the "Supplier") and Mica Electric Material (Lu He) Co., Ltd. ("Customer") arising from or in connection with the contract are subject to the following general terms and conditions. Conditions and modifications proposed by the Supplier are hereby rejected unless otherwise expressly accepted in writing by the Customer. The fact that the Supplier supplies the goods and/or services shall be construed as an acceptance by the Supplier of the terms and conditions of specified by the Customer (including these General Terms and Condition of Purchase) without regard to the conditions and modifications proposed by the Supplier.
- 1.2 The Customer shall be entitled to cancel the order without any liability should the Supplier disagree with these general terms and conditions.
- 1.3 All agreements and legally relevant declarations of the parties to the contract must be in writing in order to be valid.
- 1.4 If the Supplier fails to accept the order in writing within two (2) weeks of receipt, the Customer shall have the right to cancel the order at any time.

## 2. Scope of Supplies and Services

- 2.1 The supplies and services of the Supplier are exhaustively specified in the order and in appendices thereto.
- 2.2 The Supplier shall ensure that it will, in good time, obtain all relevant information for the intended use of his supplies and services. The Supplier guarantees that the deliveries include all performances required for their correct, safe and economic use.
- 2.3 The supplied goods must be packaged appropriately and in conformity with industry practice and applicable statutory standards (whichever is higher). The Customer has the right to instruct the Supplier as to the type and method of packing. If the Customer returns reusable packing material freight prepaid to the Supplier, the Customer will be credited for the value of such packing material.
- 2.4 The Supplier shall ensure that he will continue to be able to supply the Customer the supplied goods and parts, for a period of ten (10) years following the termination of the contractual relationship and on reasonable terms and conditions.

## 3. Prices

- 3.1 The agreed prices are fixed prices, subject to the discount specified in Article 4.1 below.
- 3.2 Unless otherwise agreed, all prices shall be deemed to be DAP (as per INCOTERMS® 2010) to a location designated by the Customer and shall include packing and conservation.

## 4. Terms of Payment

- 4.1 Unless otherwise agreed, payment will be made within fourteen (14) days with a three per cent (3%) discount, until the 25<sup>th</sup> day of the following month with a two per cent (2%) discount or within ninety (90) days net. These periods are computed from (i) the date of delivery according to the contract and (ii) receipt of a proper and evidenced invoice. If the Customer accepts a delivery at a date earlier than agreed upon, the payment term starts from the agreed delivery date. The Customer is entitled to choose any method of payment during any of the periods specified above at its sole discretion.
- 4.2 In the event of a faulty delivery the Customer shall be entitled to withhold payment proportionate to value until proper performance.
- 4.3 If the Supplier agrees to provide material test certificates, such certificates shall form an integral part of the delivery and be delivered together with the goods.
- 4.4 Unless otherwise agreed, the Supplier is not entitled to assign any rights or obligations hereunder to a third Party.

## 5. Provision of Accessories

The Customer reserves the right of ownership of all substances, parts, containers, tools, measuring instruments or substances or similar items (each, an "Accessory")

provided to the Supplier (including those funded by the Customer). The Accessories provided by the Customer shall be used exclusively for the benefits of the Customer. Neither Accessories nor copies or duplicates thereof may be made available to any third party and used for any other purposes other than the agreed upon purpose. The Customer shall reserve the right of ownership of such Accessories even after processing and assembly through the Supplier. Furthermore, the Supplier hereby expressly waives any rights of retention on whatever basis to the Accessories.

## 6. Term of Delivery

- 6.1 The agreed delivery time is binding. The goods and/or services are deemed to be delivered upon the satisfactory receipt of the faultless goods and/or services at the place of receipt and/or use and time designated by the Customer.
- 6.2 The customer shall be entitled to claim liquidated damages for delayed delivery in so far as it can be proved that the delay has been caused through the fault of the Supplier. Damages for delayed delivery amount to one per cent (1.0%) of the contract price of the supplies in delay for every full week's delay and shall in no case whatsoever altogether exceed ten per cent (10.0%) of the contract price of the supplies in delay.

## 7. Quality Control

- 7.1 The Supplier shall implement a quality control system of an adequate type and scope that complies with state-of-the-art technology. The Supplier undertakes to enter into a corresponding agreement with the Customer if the latter deems this necessary.
- 7.2 The Customer will inspect the incoming goods only with respect to externally apparent defects and externally apparent deviations in identity or volume. The Customer will give notice of such defects without undue delay, but reserves the right to conduct further inspections of incoming goods. Furthermore, the Customer will also give notice of defects as soon as such defects have been detected.

## 8. Warranty, Liability for Defects

- 8.1 The Supplier represents and warrants that the supplies and services will meet the agreed upon specifications.
- 8.2 Unless otherwise agreed, the warranty period is twenty-four (24) months as from the date of the Customer's receipt of the supply. For replaced or repaired parts the warranty period starts anew on the date of repair or replacement.
- 8.3 If the supplies and/or services do not correspond to the agreed upon specifications, the Customer shall be entitled to statutory claims in addition to any rights or claims it may have under the contract.

## 9. Events of Force Majeure

No failure by either of the parties in the performance of its obligation shall be deemed a breach of the contract or create any liability for damages if it results from a cause beyond the control of such party.

## 10. Confidentiality

The Supplier undertakes to keep all figures, drawings, calculations or any other documentation and information received from the Customer strictly confidential.

## 11. Jurisdiction and Applicable Law

- 11.1 Any disputes arising from or related to the contract, shall first be settled through friendly negotiation. If no settlement is reached within 30 days after the date that one party has notified the other party in writing of such dispute, the dispute shall then be submitted to China International Economic & Trade Arbitration Commission's ("CIETAC") Shanghai sub-commission for arbitration and resolved pursuant to its then valid arbitration rules. The costs of arbitration shall be borne by the losing party, unless otherwise determined by the arbitration award.
- 11.2 The contract shall be governed by the laws of the P.R. of China