

Kern-Liebers Taicang Co., Ltd**PURCHASE ORDER – STANDARD TERMS AND CONDITIONS**

1. You must supply the Goods to us in accordance with, and as specified in, the Order.
2. The Goods must:
 - (a) match the description (including performance criteria, if any) specified in the Purchase Order. If you gave us a sample of the Goods before you fulfilled the Order, the Goods must correspond with the sample in addition to matching the description;
 - (b) be fit for the purpose for which goods of the same or similar kind are commonly supplied and for any other purpose which we have made known to you; and
 - (c) be new and of merchantable quality unless otherwise stated in the Order.
3. We have a right to inspect and examine the Goods prior to accepting delivery and if, as a result of our review, inspection or examination, we are not satisfied that the Goods comply in all respects with the Order and we inform you in writing of our dissatisfaction, we can reject the Goods and you agree to take such steps as are necessary to ensure compliance with the Order. We have the right to withhold any payment of money due to you under the Order until such time as the Goods comply with the Order.
4. We agree to pay you the Price so long as the Goods fully comply with the Order. Unless the Order provides otherwise, the Price is inclusive of:
 - (a) all charges for packaging, packing, insurance and delivery of the Goods by the Delivery Date to the Delivery Point in accordance with the Order;
 - (b) incorporating the Buyer's Equipment into the Goods in accordance with the requirements specified in the Order (if any); and
 - (b) all taxes and charges imposed or levied on you or on your personnel by any government bodies in the PRC in connection with the provision of the Goods including, without limitation, value added tax, business tax, corporate income tax, stamp duty, individual income tax, payroll and employment taxes, all contributions payable by law, import or export licences, import and export taxes, harbour dues, pilotage fees, port fees, wharf fees, loading or unloading costs.
5. You must invoice us upon delivery of the Goods. When submitting your invoice you must provide us with a Special VAT Invoice and a Special Tax Receipt if the invoice is subject to value added tax. Unless we receive the Special VAT Invoice and the Special Tax Receipt, we will not be liable to pay you the Price.
6. We will pay all invoices rendered to us by you under clause 5 in accordance with the payment terms set out in the Purchase Order, except where we:
 - (a) exercise a right to retain part of the Price pursuant to the Order including if there is any damage to the Buyer's Equipment when the Buyer's Equipment is in your possession, and when incorporated into the Goods, prior to risk of the Goods passing to us; or
 - (b) dispute the invoice, in which case:
 - (i) we will pay the undisputed part of the relevant invoice (if any) and dispute the balance; and
 - (ii) if the resolution of the dispute determines that we are to pay an amount to you, we will pay that amount as soon as practicable after resolution of that dispute.
7. We may reduce any payment due to you under the Order by any amount for which you are liable to us. This does not limit our right to recover those amounts in other ways. You will be responsible for the full cost of replacing or repairing the Buyer's Equipment if the Buyer's Equipment is damaged at anytime the Buyer's Equipment is in your possession and including when the Buyer's Equipment is incorporated into the Goods but prior to risk of the Goods passing to us.
8. Unless otherwise stated in the Order, title to the Goods (or part of the Goods) will pass to us on the earlier of
 - (a) we take delivery of the Goods (or part of the Goods) at the Delivery Point; and

(b) we pay for the Goods (or part of the Goods).

Risk in the Goods will pass to us on delivery of the Goods as the Delivery Point.

9. You warrant that:

(a) you have complete ownership of the Goods free of any liens, charges and encumbrances and will provide the Goods to us on that basis; and

(b) we will be entitled to clear, complete and quiet possession of the Goods.

10. You must effect all risks property insurance for the risk of loss or damage or destruction to the Goods and the Buyer's Equipment for an amount equal to 110% of their full replacement or reinstatement value including cover while the Goods and the Buyer's Equipment are in transit or in temporary storage during the course of transit.

11. Except where the Order provides otherwise, you are responsible at your cost for ensuring that the Goods are properly marked, packed and delivered by the Delivery Date and to the Delivery Point. Such markings and packaging must be in compliance with government regulations in the PRC and the following requirements:

(a) packing - the Goods must be packed in a strong steel or wooden case, container or carton, suitable for long distance ocean/air freight transportation and to changes in climate. The Goods shall be well protected against moisture and shock. You shall be liable for any damage to the Goods and expenses incurred on account of improper packing and for any rust attributable to inadequate or improper protective measures taken by you in regard to the packing;

(b) shipping mark - on each steel or wooden case, container or carton include with fadeless paint the following details - the package number, gross weight, net weight, measurement and the wording: "KEEP AWAY FROM MOISTURE", "HANDLE WITH CARE", "THIS SIDE UP" and the shipping mark:

Kern-Lieber Taicang
Package #
Shanghai, P. R. China

(c) port of destination - Shanghai, P. R. China (where applicable); and

(d) document list – provide to us the documents listed in the Purchase Order at the times indicated in the Purchase Order.

12. We will be responsible for obtaining any customs clearance of the Goods (if applicable) and you will provide all necessary assistance and cooperation (including providing advanced notice of when the Goods will be ready for customs clearance and providing the required paperwork and documents) to enable the customs clearance of the Goods.

13. We will not be deemed to have accepted any Goods until we have had a reasonable time to inspect the Goods after delivery to the Delivery Point. Payment for the Goods or the signing of delivery receipts before inspection does not constitute acceptance of the Goods. If upon inspection we find any Goods to be defective, we may reject the defective Goods or make good the defective Goods. At our option and request, you agree to:

(a) refund to us any payments made by us in respect of any defective Goods that we reject; or

(b) make good free of charge any defective Goods that we reject; or

(c) reimburse us for any expenses we incur in making good any defective Goods.

14. We may immediately terminate the Order by notice in writing to the you if:

(a) you do not comply with or are in breach of any of your obligations under the Order and such non-compliance or breach is not remedied within 14 days after we request you to remedy it; or

(b) you are declared bankrupt or a controller or administrator is appointed to you or you enter into a deed of company arrangement with creditors or a winding up order is made in respect of you.

15. We may terminate the Order at any time upon 24 hours written notice to you, in which case, you will be paid for the Goods delivered to us prior to the date of termination.

16. We may vary the Order at any time upon 7 days' written notice to you and you must comply with that notice. We

will agree with you the value of any variation to the Order.

17. You warrant that the Goods will be free from any defects in design, performance, workmanship and makeup, and will conform with the Order (including, without limitation, clause 2).
18. If, during the Warranty Period, we find any of the Goods to be defective, we may, at our option, return the defective Goods to you or make good the defective Goods. At our option and request, you agree to:
- (a) repair or, at our option, replace any defective Goods that we reject free of charge; or
 - (b) reimburse us for any expenses we incur in making good any defective Goods.

Any repairs or replacement Goods provided by you under this clause will be subject to the same warranty as the original Goods, from the date of repair or replacement.

19. You will be liable for, and will indemnify us and keep us indemnified from and against any liability and/or any loss or damage of any kind suffered or incurred by us whatsoever arising directly or indirectly from:
- (a) any breach of any warranty or any of the other terms and conditions of the Order by you;
 - (b) any loss or damage arising out of, or in connection with, any personal injury, illness or death to any person or damage to any property or any other loss or damage of any kind whatsoever caused or contributed to by you carry out your obligations under the Order;
 - (c) any negligence or wilful act or omission by you and/or any of your employees or sub-contractors in connection with fulfilment of the Order;
 - (d) any claim made against us by or on behalf of any of your employees or sub-contractors, and/or by any government or regulatory authorities, in respect of any relevant legislation concerning pay-roll tax, remuneration, income tax, workers compensation, annual leave, long service leave, superannuation or any applicable award, determination or agreement of a competent industrial tribunal;
 - (e) any penalty imposed for breach of an applicable law in connection with you carrying out your obligations under this Order;
 - (f) loss or damage to any plant, equipment, tools, appliances or other property owned, rented or hired by you and used in relation to the Order; and
 - (g) any claim that the Goods, anything you do in supplying us with the Goods or our use of the Goods infringes or allegedly infringes the intellectual property rights of any person,

except to the extent that any liability, loss or damage is solely and directly caused by our wilful misconduct or negligence.

20. We will not be liable to you:
- (a) under or in connection with the Order;
 - (b) in tort for negligence or otherwise; or
 - (c) otherwise at law (including by statute, to the extent that it is possible to so exclude liability) and in equity generally, including without limitation for restitution or unjust enrichment,

for any cost, loss, expense, claim, liability or damage which is not expressly provided for in the Order.

21. You must not assign, transfer or novate any of the rights or obligations under the Order without our prior written consent. We have the right to assign, transfer or novate any or all of our obligations and rights under the Order.
22. You must not sub-contract your obligations under the Order unless we consent to such arrangement. Sub-contracting does not relieve you from any liability or obligation under the Order. You remain liable to us for the acts and omissions of any sub-contractors, as if they were your acts or omissions.
23. Any notice, approval, consent or other communication in relation to the Order must be in writing and must be sent by post or by facsimile to the last notified address or facsimile of the party. If posted, a letter is taken to be received on the third day after posting. A facsimile is taken to be received at the time shown in a transmission report by the machine which indicates that the whole facsimile was sent.

24. Any terms and conditions contained in or relating to any other documents, including any of your documents, in respect of the Goods are excluded.
25. Any of our rights under these terms can only be waived by us in writing.
26. These terms may not be varied except in writing signed by you and us.
27. If we do not exercise a right, remedy or power at any time, this does not mean that we cannot exercise it later.
28. The Order is governed by the laws of the PRC.

Buyer's Equipment means the equipment and materials supplied to you by us for incorporation into the Goods as specified and required by the Order (if any).

Delivery Date means the date or dates specified for delivery of the Goods as set out in the Purchase Order.

Delivery Point means the place or places specified in the Purchase Order to which you have to deliver the Goods.

Goods means the goods described in the Purchase Order (including any part of the Goods specified).

Order means the agreement between you and us consisting of the Purchase Order to which these Standard Terms and Conditions apply and all documents referred to in the Purchase Order.

PRC means the People's Republic of China.

Price means the price specified in the Purchase Order.

Purchase Order means the document headed "Purchase Order" to which these Standard Terms and Conditions are attached.

Standard Terms and Conditions means these terms and conditions.

you and **your** means the person named in the Purchase Order as the supplier of the Goods.

Warranty Period means the period of [24] months from the date of delivery of the Goods to the Delivery Point.

We, our and **us** means Kern-Liebers Taicang Co., Ltd