

General Terms and Conditions of CHENMING GmbH

1. Scope

- a. These General Terms and Conditions shall apply to all contracts that Chenming GmbH (hereinafter referred to as "CHENMING") enters into with its customers. CHENMING does not recognize any deviating, contrary, or ancillary terms of the contracting party, unless CHENMING has expressly and in writing consented to their application. These General Terms and Conditions shall apply as well if we deliver to the customer without reservation, in knowledge of terms by the contracting party that are contrary to or that deviate from our terms of sale.
- b. The Terms and Conditions shall apply to all current and all future sales relationships, even if they are not expressly agreed upon once more.
- c. These Terms and Conditions shall apply only to entrepreneurs as defined in Sec. 14 of the German Civil Code (Bürgerliches Gesetzbuch - BGB).

2. Conclusion of Contract

- a. Any offers made by CHENMING are subject to change without notice.
- b. By placing the respective order, the contracting party makes an offer to which said party shall be bound vis-a-vis CHENMING for one month. The contract is only concluded when a written order confirmation is supplied or when the goods are delivered to the contracting party.
- c. All agreements made between the parties at the conclusion of the contract, including these General Terms and Conditions, shall be reflected in writing in the contract. CHENMING's staff shall not be authorized to make any deviating verbal agreements.
- d. CHENMING hereby reserves all rights of title and copyrights to illustrations, drawings, samples, calculations, and other documents. These may not be made available to third parties and may only be used for the jointly pursued contractual purposes. They shall, at CHENMING's discretion, be made available to CHENMING for pickup or sent back.

3. Terms of Delivery

- a. The period of delivery shall commence at the earliest at the conclusion of the contract, but not before all technical and commercial questions have been clarified; they require the fulfillment of the contractual duties by the contracting party. The contracting party must therefore provide all specifications and approvals that are required for the execution of the delivery in a timely manner.
- b. Strikes, lawful lockouts, war, government sanctions, natural disasters, force majeure, and similar events that prevent CHENMING from fulfilling its duty to perform shall release CHENMING from its duty to perform for the time of their duration. CHENMING shall promptly inform the contracting party about the performance impairment and its expected duration. If, due to the duration of the impairment, it is no longer reasonable to maintain the contract in consideration of the interests of both sides, each party shall be entitled to withdraw from the contract, either in its entirety or parts thereof. An unreasonable duration is generally assumed if an impairment lasts for more than six months. In the event of a withdrawal, CHENMING shall promptly reimburse any payments the contracting party has already made.
- c. CHENMING expressly reserves the right to a correct and timely self-delivery.
- d. CHENMING shall be entitled to appropriately store the delivery item at the risk and cost of the contracting party if said party is in default with acceptance.
- e. CHENMING shall be entitled to a partial delivery if the contracting party can use the partial delivery in the context of the contractual intended purpose, if the delivery of the remainder of the ordered goods is guaranteed, and if the contracting party does not incur any significant additional expenses or costs due to the partial delivery.
- f. The risk of accidental loss or accidental deterioration of the goods transfers to the contracting party upon handover and, in the case of a mail order, upon delivery of the goods to the shipper, the freight carrier, or any other natural or legal person or establishment intended to handle the shipment.

g. The handover shall be deemed as having taken place if the contracting party is in acceptance default.

4. Terms of Payment

- a. Unless stipulated otherwise, all CHENMING prices are understood to be in EURO.
- b. Subject to a specifically deviating agreement, every invoice shall become payable within 30 days after receipt of the invoice and delivery of the goods.
- c. Upon unsuccessful expiration of the 30-day deadline, the contracting party shall be deemed in default.
- d. In the event of a default of payment, CHENMING shall be entitled to demand default interest in the statutory amount. The assertion of further default damages shall remain unaffected.
- e. The contracting party shall only be permitted to offset counterclaims if its counterclaims are determined by a non-appealable court decision, are undisputed, or accepted by CHENMING. This limitation shall not apply to claims the contracting party may have due to defects or partial nonfulfillment resulting from the same contractual relationship as CHENMING's claim.
- f. The contracting party may only exercise a right of retention if its counterclaim results from the same contractual relationship. The rights afforded by Sec. 320 of the German Civil Code (Bürgerliches Gesetzbuch - BGB) shall remain unaffected.
- g. CHENMING shall be entitled to fulfill all pending contracts only in return for cash in advance or the provision of security if it becomes apparent that CHENMING's claim is jeopardized due to the contracting party's inability to pay. CHENMING may withdraw from individual or all contracts in question, either entirely or partially, if cash in advance or security are not provided upon expiry of a reasonable grace period. CHENMING may furthermore assert other rights.

5. Defects

- a. At the time risk is transferred, the delivery items shall have the agreed-upon properties and condition. Agreements on properties and condition made prior to and at the time the contract is concluded must be made in writing so that the contracting party may assert rights on their basis.
- b. Samples, product descriptions, price lists, catalog pages, and other informational material provided by CHENMING to the contracting party shall not be considered guarantees for particular specifications.
- c. The contracting party is advised that production may lead to a delivery surplus or shortfall of up to 10%. These types of surplus or shortfall deliveries are within customary industry margins and do not constitute a contractual breach of duty. The invoice must list the actual quantity delivered, and the consideration must reflect that amount as well.
- d. The contracting party shall be required to comply with the inspection and objection obligations set forth in Sec. 377 of the German Commercial Code (Handelsgesetzbuch - HGB). Otherwise, the contracting party cannot assert any warranty claims due to defects. CHENMING must, in particular, be informed in text form of any obvious defects such as a wrong delivery and obvious transport damage. Any hidden defects must be communicated to CHENMING promptly upon their discovery.
- e. CHENMING shall be entitled to inspect and test the rejected delivery items each time a notice of defect is submitted. To this purpose, the contracting party shall grant CHENMING the time and opportunity necessary for doing so. Upon request, the contracting party shall return the rejected delivery item at the expense of CHENMING.
- h. In the event of defective goods, at first, CHENMING shall render supplementary performance at its discretion either by rectifying the defect or sending a replacement. The right to refuse supplementary performance under the statutory requirements shall remain unaffected. If supplementary performance fails, is refused, impossible or unreasonable the contractual partner shall be entitled to reduce the purchase price or to rescind the contract in

accordance with the statutory provisions. The contractual partner shall only be entitled to damages subject to clause 7.

i. In this regard, CHENMING shall assume all transport, labor, and material costs necessary for the supplementary performance. In the event of an unintentional or negligent notice of defect by the contracting party, said party shall be required to reimburse CHENMING for all expenses incurred in this context. These include in particular travel expenses, labor, or transportation costs.

j. The limitation period of claims due to defects of material or title shall be one year from the delivery of the goods. In deviation from this, the statutory warranty periods shall apply to damage claims relating to intentional or grossly negligent breaches of duty or a culpable injury of body, life, or health. The time limitation provisions in the event of recourse against suppliers pursuant to Sec. 445 b BGB shall remain unaffected as well.

6. Title

a. Until all current and future claims under the contract and an ongoing business relationship (secured claims) have been paid in full, CHENMING shall retain the title to the goods sold.

b. The title retained by CHENMING shall serve to secure the outstanding balances owed to CHENMING due to the ongoing business relationship.

c. The contracting party shall be entitled to sell and/or process the goods subject to a retention of title (goods under reservation of title) as part of its regular business operations. In this case, the following provisions shall apply as well:

d. The retention of title shall extend to the products that result from the processing or combining of the goods under reservation of title, whereby CHENMING shall be deemed the manufacturer. If goods are processed or combined with third-party goods and title of such third party remains intact, CHENMING shall acquire joint title in relation to the values stated on the invoices for the processed or combined goods. Furthermore, the same shall apply to the resulting product as for the goods supplied under retention of title.

e. If goods under reservation of title are resold without being processed or after having been processed or combined with goods that are the exclusive property of the contracting party, said party hereby assigns the claims resulting from the resale to CHENMING in their full amount. If CHENMING goods under reservation of title are resold by the contracting party - upon processing/combining - together with goods that do not belong to CHENMING, the contracting party hereby assigns the claims resulting from the resale in the amount of the value of the goods under reservation of title together with all ancillary rights. CHENMING hereby accepts the assignment. The contracting party shall be entitled to collect these claims even after the assignment. The authority of CHENMING to collect the claims itself remains unaffected by this; CHENMING does, however, commit not to collect the claims as long as the contracting party duly meets its payment and other obligations.

f. CHENMING may request that the contracting party disclose the assigned claims and the respective debtors, to provide all information necessary for the collection of the claims, to hand over all the pertaining documents, and to inform the debtors about the assignment. The contracting party shall inform CHENMING about any access or third-party claims relative to the product subject to retention of title and to hand over the necessary documents. The contracting party shall inform the third party of CHENMING's retention of title. Any costs resulting from a defense against such accesses and claims shall be borne by the contracting party.

g. The contracting party may not pledge the products under retention of title or provide them as collateral. The contracting party shall not be entitled to make any other dispositions that may put the title of CHENMING at risk.

h. The contracting party shall be required to treat the products under retention of title with due care for the duration of the retention of title.

i. When the value of the existing security exceeds the claims to be secured by more than 10%, CHENMING shall release security at the request of the contracting party at CHENMING's discretion.

j. If deliveries are made to other countries in which these title retention provisions do not have the same securing effect as in the Federal Republic of Germany, the contracting party shall do everything in its power to promptly provide CHENMING with the corresponding security interest. The contracting party shall assist by taking all steps that are necessary or helpful to render this security interest effective and enforceable.

k. The contracting party shall be required to adequately insure the products under reservation of title, to provide CHENMING upon request with the respective proof of insurance, and to assign the claims from the insurance policy to CHENMING.

7. Liability

a. CHENMING shall not be liable for damages in the event of simple negligence, unless essential contractual duties (obligations, the fulfillment of which only allow for the proper execution of the contract and that the contracting party regularly trusts and may trust that they are complied with) are breached. If essential contractual obligations are breached due to simple negligence, liability shall be limited to the replacement of damages that are foreseeable and that are typically incurred. Indirect damages and consequential damages due to defective goods are, according to this, only reimbursable in the event of simple negligence if such damages can typically be expected if the goods are used as intended.

b. If CHENMING is in delivery default due to simple negligence, the liability for default damages (damages plus payment) shall be limited to 5% of the purchase price of the goods delivered late.

c. The liability exclusions and limitations resulting from the provisions above under no. 8 a. and b. shall not apply in the event a guarantee is assumed or for claims due to an injury of life, body, or health, or under the product liability act (*Produkthaftungsgesetz*).

8. General Provisions

a. Assignments by the contracting party of CHENMING claims to third parties require the written consent of CHENMING.

b. Should individual provisions of these terms and conditions be invalid, the validity of the remaining provisions shall not be affected. The invalid provision shall be replaced by the corresponding legally valid provision.

c. The place of fulfillment for CHENMING and the contracting party shall be the business seat of CHENMING.

d. If the contracting party is an entrepreneur, a legal person under public law, or a public-law special purpose vehicle, the exclusive place of jurisdiction for all disputes shall be the business seat of CHENMING.

If the contracting party has its seat outside of the European Union, the following provision shall apply in deviation from the place of jurisdiction provision above:

(1) All disputes that arise from or in the context of this contract or about its validity shall ultimately be decided according to the Rules of Arbitration of the DIS German Institution of Arbitration [Schiedsgerichtsordnung der Deutschen Institution für Schiedsgerichtsbarkeit e.V.] with the exclusion of recourse to the courts.

(2) The arbitral tribunal shall consist of a single arbitrator if the value in dispute does not exceed EUR 100,000.00 and of three arbitrators if the value in dispute exceeds EUR 100,000.00.

(3) The place of arbitration shall be Düsseldorf, Germany.

(4) The language of the case shall be English.

e. The law of the Federal Republic of Germany shall apply. The provisions of the CISG (United Nations Convention on Contracts for the International Sale of Goods) shall not apply.