

General Terms of Sale for INELCO GmbH and subsidiaries

Valid as per May 1st 2014



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§ 1 General, Scope of Validity

- (1) The subject General Terms of Sale shall apply exclusively unless otherwise agreed upon in writing for the individual case. The Customer's terms shall not be accepted. This condition also applies if we carry out a delivery without reserving any rights, although we are informed of the Customer's contrary conditions.
- (2) All agreements applicable for the relation between the Customer and us shall be derived from the subject General Terms of Sale. In case of doubt the German text shall prevail.
- (3) The subject General Terms of Sale shall also apply for all future business transactions with the Customer.
- (4) Consumer in the meaning of these Terms is individual person with whom a contract is agreed which does not relate to his business activities. Entrepreneurs are individuals or legal entities trading in the range of
- (5) their business transaction (German Civil Code).

§ 2 Quotation

- (1) Our quotation is not binding, unless otherwise stipulated in the confirmation of the order.
- (2) We hereby expressly reserve the ownership and all copyrights to illustrations, drawings, calculations, samples, tools, casting moulds and other documentation. Such documentation must not be disclosed to third parties. This applies specifically to documentation marked as "Confidential".
- (3) If Customer in an Entrepreneur only the product specifications of the producer or vendor are warranted. Publications, public statements, declarations, advertising materials of the producer or vendor shall not be considered as warranted characteristics.

§ 3 Prices, Terms of Payment

- (1) Delivery and invoicing shall be carried out at the agreed prices. Any taxes, expenses and costs due shall be added. The prices are applicable ex works Shanghai/China.
- (2) We can change the list prices at any time with immediate effect. The new list prices shall apply to all orders after the date of the change.
- (3) Unless otherwise indicated in the confirmation of the order, the purchase price including any taxes, expenses and costs payable shall be due immediately upon receipt of the invoice without any deduction.
- (4) Customer will be in delay of payment on the due date of the invoice. We then shall be entitled to charge maturity interest of 5 %-points p.a. above the basis interest rate published by the European Central Bank. The accrual of a higher damage is not affected thereby; in this case the customer shall be entitled to prove to us a considerably lower loss or that we have suffered none.
- (5) In the case of irregular payments we shall be entitled to accelerate the complete remaining debt - also under the current account relation -, to claim prepayment for existing additional orders, or not to fulfill existing supply commitments.
- (6) The deduction of discounts and rebates requires a specific written agreement.
- (7) The Customer shall only be entitled to set-off if his counter-claims have been finally and absolutely ascertained, if they are undisputed or recognized by us. The right of retention can only be asserted, if the counter-claim is based on the same contract relation.
- (8) For all orders totaling less than € 500, - we will charge a € 50, - processing fee.
- (9) For each part-order under the Minimum Order Quantity – MOQ – we will charge additional 15% of that part-order, regardless of whether the total order is under or above € 500, -.
- (10) Value indication: INELCO reserves the right, by giving notice to the buyer from the time of delivery, to increase the purchase price, if any beyond the control of INELCO related conditions, such as changes in exchange rates, currency regulations, change of duties and taxes, unexpected raise of cost, further changes in delivery dates, quantities or delivery specification of the product that caused the buyer, or delays, which are the responsibility of the buyer and the buyer has not notified INELCO in advance. Particularly with regard to changes in exchange rates INELCO reserves the right to make readjustment of prices when the basis for calculation of the exchange rate EUR / USD has changed with respect to at least +/- 5% at the time of quotation.

§ 4 Terms of Delivery

- (1) The duration of the delivery term stipulated by us is subject to the solution of all technical problems.
- (2) In the case of our default in delivery for which we are to be held responsible, we shall not be held responsible for any ordinary negligence.
- (3) If we are in default of delivery and if the Customer grants us a reasonable period of grace with the threat of rejection, he shall be entitled to withdraw from the agreement after the subject period of grace has expired without results. The Customer shall only be entitled to claim for damages on account of non-fulfilment in the amount of the foreseeable damage if such default is caused intentionally or by gross negligence. In any case our liability is limited to 50% of the immediate damage. In no case shall we be held responsible for indirect damage or consequential damage.
- (4) It is a precondition for the adherence to our commitment to deliver, that the Customer complies with his commitments correctly and in due time.
- (5) If the Customer should default in acceptance or fail to perform his duty of co-operation, we shall be entitled to claim for damages for the damage and for any additional expenses incurred by us. In such case the risk of accidental loss or accidental deterioration of the object of purchase or sale shall pass to the Customer no later than at the time he defaults in acceptance.
- (6) In the case of delivery problems of our supplier for which we cannot be held responsible we shall be entitled to effect partial delivery (performance). We shall inform the Customer within reasonable time of such circumstance. In such case we shall not be in default of delivery.
- (7) In cases of force major the contractual commitments are suspended for both parties. We shall inform the Customer when the respective condition ends.

§ 5 Transfer of Risk

- (1) Unless otherwise stipulated in the confirmation of an order, the delivery shall be agreed "ex factory", i.e. the delivery shall be made from our Prague warehouse. For the Entrepreneur the risk shall pass with delivery to the Customer, or, in case of sale by shipment, with delivery to the carrier. If Customer is a Consumer the risk passes with delivery to him. At any rate risk passes if Customer is in default of acceptance.
- (2) If required by the Customer, we shall take out transportation insurance for the shipment at the Customer's expense.

§ 6 Warranty

- (1) It is a precondition for the customer's claim of damages that he has complied with his duty for inspection of delivered goods and for immediate notification of defects.
- (2) If Customer is Consumer: in case of defect under our liability Consumer is entitled to choose rectification of defect or replacement. However we are entitled to refuse rectification of defect if costs are out of proportion. If Customer is Entrepreneur: we shall have the choice to rectification of defect or replacement. If the defect is remedied we shall pay all necessary expenses unless they have been increased by the fact that the object of sale has been transported to a location other than the place of performance.
- (3) If we should not be in a position to remedy the defect or to provide a replacement, and if such remedy or replacement should be delayed under our own liability, or if remedy should fail, the Customer has the choice to rescind the Agreement or to claim a reduction of the purchase price. However if the defect is insignificant Customer has no right to rescind the Agreement.
- (4) If rectification of defect fails and Customer has chosen to rescind the Agreement, any further claim for damage is excluded. If he has chosen for damage, the delivered goods stay with the Customer; damage then will be the difference between purchase price and value for the defect goods. This shall not apply if we have caused the defect maliciously.
- (5) Any further claims of the Customer shall be excluded. Specifically, we shall not be held responsible for damages caused not directly to the object of sale, for lost profits or other financial losses incurred by the Customer.
- (6) If our liability for the replacement of material and personal damages is due to negligence, our liability shall be limited to the amount covered by our product liability insurance. If the Customer so requires, the insurance policy shall be disclosed.
- (7) The warranty period towards Entrepreneurs shall be 1 year after transfer of risk; it shall be 2 years towards Consumers. With respect to used goods it shall be 1 year.

§ 7 Scope of Liability

- (1) The limitation of liability in § 6 sections 4-6 above, shall apply without regard to the legal nature of the claim raised, i.e. also for claims on account of culpa in contrahendo, for a violation of collateral duties and for claims arising from product liability.
- (2) The above provision shall not apply for claims under the Product Liability Act; furthermore, it shall not apply for claims on account of our initial inability to perform, or of the impossibility to perform under our own responsibility.
- (3) Insofar as our liability is excluded or limited, the subject provision shall also apply for the personal liability of our employees, employees in trade and industry, and other employees as vicarious agents.
- (4) Regarding claims under the Product Liability Act, § 6 section 7 above shall apply.

§ 8 Reservation of Ownership

- (1) We reserve the ownership of an object of sale up to the receipt of all payments from the existing Agreement or the current account relation (business relation) with the Customer. Such reservation refers to the acknowledged balance in the current account relation (current account reservation).
- (2) In the case of a breach of Agreement on the part of the Customer, specifically in the case of a delay in payment, we shall be entitled to rescind the Agreement and to recover the object of sale.
- (3) The Customer undertakes to take good care of the object of sale, and to insure it sufficiently at the objects' replacement value at his own expense against fire, water and theft. If maintenance- and inspection work should be required, the Customer must carry them out in due time at his own expense.
- (4) In the case of seizure and other interference by third parties the Customer shall inform us immediately, specifically for us to be able to bring action in opposition. If the third party should be unable to compensate us for the costs incurred for the intervention, the Customer shall be liable for the extra-judicial costs and for the court fees.
- (5) The Customer is entitled to sell the object of sale in the ordinary course of business. He shall immediately assign to us all receivables in the amount of the final invoice including any taxes, if required, which accrue to him from such resale, regardless whether the object of sale has been resold without or with further processing. Also any claims to replacement shall be assigned, e.g. claims from existing insurance relationships. The Customer shall retain the right to collect such due debts in spite of the agreed assignment of the same. Our right to collect such due debts shall not be affected thereby. We undertake not to collect the due debts as long as the Customer fulfills his financial obligations on account of the earnings received by him, does not default in payment, does not file his petition in insolvency, and as long as his payments are not suspended. In the case of default of payment or the opening of insolvency proceedings, the Customer is committed to disclose to us the assigned claims and the respective debtors' names and to provide all information required for collection, specifically to hand over to us the required documents, and to notify the debtors of the assignment.
- (6) Any processing or modification of the object of sale by the Customer is always carried out on our account. If the Customer should process the object of sale with other than our products, we shall acquire partial ownership of the new object in proportion to the value of the object of sale compared to the other processed objects. The object created through the processing shall be subject to the same provisions as described above.
- (7) The above paragraph applies accordingly if the object of sale has been inseparably mixed or intermingled with other objects that are not our property. We shall in such case acquire partial property in the new object, in proportion to the value of the object of sale to the other mixed or intermingled objects at the time they were mixed or intermingled. If the Customer's object must be considered the main object, then the Customer shall transfer to us part of the ownership. In this sense, a custody relation exists between the customer and us.
- (8) We undertake to release the securities due to us, to the Customer upon request to the extent as the value of our securities exceeds the claims to be secured by more than 20 %. The selection of the securities to be released shall be at our discretion.

§ 9 Ineffectiveness of particular Provisions

The ineffectiveness of any provision in these General Terms of Sale shall not affect any part of the remaining provisions. It specifically remains without prejudice to consider another provision as agreed which most appropriately serves the agreed commercial purpose of the invalid provision.

§ 10 Venue, Place of Performance, Choice of Law

- (1) If Customer is Entrepreneur venue shall be Frankfurt in Germany. We are also entitled to file an action against the Customer at his place of residence.
- (2) Place of performance for both parties to the Agreement shall be Frankfurt/Germany.
- (3) The Law of Germany shall apply.