§ 1 General Provisions

(1) These General Business Terms and Conditions ("**GTC**") apply to all our business relations with our customers ("**Customer**"), in particular to contracts for the sale and/or supply of movable things ("**Goods**").

(2) Unless otherwise agreed, the GTC in the version applicable at the time when the order is placed by the Customer or in the version last notified to the Customer in written form shall also apply to similar future contracts without our having to refer to them again each time a similar contract is entered into.

(3) In the relationship to our Customers solely our GTC shall apply. Deviating, conflicting or supplementary general terms and conditions of business of the Customer shall only form a component part of the contract if and to the extent that we have explicitly agreed to the application thereof. This consent requirement shall apply in any event, in particular also if we execute a contract without making a reservation although we had knowledge of the general terms and conditions of business of the Customer.

(4) Any individual agreements entered into with the Customer in an individual case (including ancillary agreements, addenda and amendments) shall take precedence over these GTC. Only a contract in writing and/or confirmation in writing shall determine the content of such agreements subject to proof to the contrary.

(5) Declarations and notices to be delivered to us by the Customer after conclusion of the contract (e.g. setting time limits, notifications of defects, a declaration of rescission or reduction of the purchase price), must be given in written form in order to be effective.

(6) References to the application of statutory provisions shall be significant only for the purpose of clarification. Even without such clarification the statutory provisions therefore apply except to the extent amended by or explicitly excluded in these GTC.

§ 2 Conclusion of the contract

(1) Our offers are subject to change and are non-binding. This also applies if we provide the Customer with catalogues, technical documentation (e.g. drawings, plans, calculations, costing, references to DIN standards), other product descriptions or documents – including in electronic form.

(2) If we receive a purchase order from the Customer for the Goods and such order is not a response to an Offer by us, or if we receive an order or Confirmation by the Customer which deviates from our Offer, such order or Confirmation, respectively, shall be deemed to constitute a new binding offer to enter into a contract. Unless otherwise set forth in the afore mentioned new Offer by the Customer, we have the right to accept this offer to enter into a contract within two (2) weeks after the date of receipt by us. Our acceptance can be given either in writing (e.g. by means of an order confirmation) or by delivering the Goods to the Customer.

(3) We reserve the ownership and copyright in and to all the quotations and cost estimates given by us and in and to the formulae, specifications and in drawings, illustrations, calculations, brochures, catalogues, models, tools and other documents and auxiliary devices made available to the Customer. Without our explicit consent, the Customer may not make these items available to third parties as such nor may the Customer make the content thereof accessible to third parties, the Customer may not publicize them, may not use or duplicate them itself or through third parties. If we so request, the Customer shall return these items to us in full and destroy any copies that may have been made thereof if they are no longer

Karl Dungs (Trading) Shanghai Co., Ltd.
Plant 8A, 1. Floor, Lane 333, Zhujian Road
Eureka City Industrial Park
Shanghai 201107 / P.R. China
Tel: +86 21 522 15800
www.dungs.com/cn

required by the Customer in the normal course of business or if negotiations do not lead to the conclusion of a contract.

§ 3 Delivery period and default in delivery

(1) The information we provide on the delivery period is non-binding unless a delivery period is individually agreed or indicated by us on acceptance of the purchase order. The precondition for compliance with the delivery period by us is that, upon conclusion of the contract, all the questions of a commercial and technical nature relating to the item for delivery have been clarified and that the Customer has performed the obligations incumbent upon the Customer, for example any acts of collaboration including that we ourselves receive on time from the Customer all the required documents, permissions and releases, particularly plans, which have to be provided by the Customer, and has made any payments which may have become due in the intervening period; otherwise the delivery period shall be extended appropriately.

(2) If we cannot comply with binding delivery periods for reasons which we are not responsible for (unavailability of performance), we shall inform the Customer thereof without undue delay and simultaneously advise of the expected new delivery period. If performance is not available during the course of the new delivery period either, we have the right to withdraw from the contract in whole or in part; we shall reimburse without undue delay any payment already made by the Customer. A case of unavailability of performance within the meaning of this sub-section is deemed to be, in particular, our own supplier's failure to deliver to us on time if we have entered into a matching-cover transaction, if neither we nor our supplier are/is at fault, or if we are not obliged to procure in an individual case.

(3) The occurrence of our default in delivery shall be determined by the statutory provisions of the People's Republic of China ("PRC") . In any event a warning notice is required from the Customer, however. If we are in fault in delay of delivery, the Customer is only entitled to withdraw from the contract according to the applicable law of the PRC under the condition that the Customer has provided a reasonable grace period with the illustration that upon expiration of such grace period, the Customer will reject the Goods. Once the grace period expires, the Customer is entitled to withdraw from the contract in the form of written statement, and the legal liabilities of us are only limited to the deferred delivery caused by intent or gross negligence.

(4) The Customer's rights pursuant to § 8 of these GTC and our statutory rights, in particular in the event of exclusion of the obligation to perform (e.g. because of impossibility of performance or because performance is not reasonable and/or due to supplementary performance), shall remain unaffected.

§ 4 Delivery, passing of risk, default of acceptance

(1) Unless otherwise agreed, delivery shall be ex works (INCOTERMS 2010) Shanghai; the factory is also the place of performance of the supply and of any supplementary performance. The Customer shall pick up the Goods at our factory in Shanghai at the delivery date individually agreed or indicated by us on acceptance of the purchase order. The Goods shall be dispatched to a different place of destination at or before the delivery date at the Customer's request, expense and risk (sale involving the carriage of Goods). Except as otherwise agreed, we have the right to determine the type of shipping (in particular the transport company, shipping route, packaging) ourselves. If desired by the Customer in writing in advance, we undertake to insure the Goods against transport damage at the cost of the Customer.

(2) If the delivery period cannot be adhered to for reason of force majeure, then we are entitled to defer the delivery for the duration of the hindrance plus a reasonable start-up period to the appropriate extent.

Karl Dungs (Trading) Shanghai Co., Ltd.
Plant 8A, 1. Floor, Lane 333, Zhujian Road
Eureka City Industrial Park
Shanghai 201107 / P.R. China
Tel: +86 21 522 15800
www.dungs.com/cn

(3) If, in accordance with the statutory provisions of PRC or on the basis of a contractual agreement to be explicitly reached, our performance requires an acceptance procedure, then the following is agreed in this respect: Our performance shall be deemed accepted at the latest if and to the extent that

- after delivery, the things manufactured or processed by us are resold by the Customer to a third party or provided to a third party for use, or
- the things manufactured or processed by us are processed or mixed or combined with other things with the approval of the Customer, or
- the things manufactured or processed by us are used in a manner going beyond trial use, either by the Customer or by third parties with the approval of the Customer or
- the performance is accepted by the Customer's customer with respect to the Customer.

An earlier date for the acceptance procedure as a result of statutory provisions or individual agreements shall remain unaffected.

(4) Unless expressly otherwise agreed, the risk of accidental loss and accidental deterioration of the Goods shall pass to the buyer at the latest when the Goods are handed over at the delivery date, or, if no delivery date has been agreed, upon preparation of the Goods at our factory and notice of such preparation to the Customer. In the event of a sale involving the carriage of Goods, the risk of accidental loss and accidental deterioration of the Goods and the risk of delay already passes when the Goods are delivered to the carrier, the freight forwarder or to the person or organization otherwise determined to conduct the shipping. If an acceptance procedure has been agreed, this determines the passing of risk.

(5) If the Customer is in default of acceptance, fails to carry out collaborative action, or if our supply is delayed for other reasons for which the Customer is responsible, we have the right to demand compensation of the damage arising as a result, including additional expenses (e.g. storage costs).

(6) Deliveries made in installments are permissible if the Customer accepts this as reasonable.

§ 5 Prices and terms of payment

(1) Unless otherwise agreed in an individual case, our list prices current on the date on which the contract is concluded shall apply; these are the ex-works (INCOTERM 2010) price (Shanghai), exclusive of value added tax (VAT) and packaging.

(2) If the Customer wishes to have the Goods shipped (sale involving the carriage of Goods, cf. § 4 sub-sec. 1 above), the Customer shall bear the transport costs from the factory and the costs of any transport insurance desired by the Customer. Any customs, charges, taxes and other public levies shall be borne by the Customer.

(3) Unless otherwise stated in the order confirmation, the purchase price is due by immediate payment upon receipt of proforma invoice. We shall issue the official VAT-invoice after receipt of the payment. If deliveries are made in installments, each installment may be separately invoiced and shall be paid on the due date. Supplies of spare parts and repairs are payable immediately upon supply of the spare parts or of the repaired Goods with no deduction.

Karl Dungs (Trading) Shanghai Co., Ltd.
Plant 8A, 1. Floor, Lane 333, Zhujian Road
Eureka City Industrial Park
Shanghai 201107 / P.R. China
Tel: +86 21 522 15800
www.dungs.com/cn

(4) In the context of a current and on-going business relationship we have the right, at any time, to effect delivery in whole or in part against advance payment only. We shall make a corresponding reservation in the order confirmation at the latest.

(5) Bills of exchange and cheques shall only be accepted on the basis of an explicit agreement and only as payment and subject to our acceptance in each individual case. Any costs or other charges shall be borne by the Customer and are due for payment immediately.

(6) The Customer shall be in default immediately upon expiry of the above payment period. In case of the Customer's default on payment, such customer shall bear all subsequent losses due to such deferred payment according to the applicable law of PRC. Without prejudice to the aforesaid stipulation, the customer shall pay the interest at the rate of the then current discount rate of Bank of China plus 4%, plus the VAT.

(7) The Customer only has the right of offset or the right of retention insofar as the Customer's claim has been decided by a final and non-appealable judgment of a court of law or is undisputed. In the event of defects in the supply, the rights of the Customer, in particular those pursuant to § 7 sub-sec. 4 sentence 2 of these GTC, shall remain unaffected.

(8) If, after the contract has been concluded, it should become apparent (e.g. due to an application to open insolvency proceedings) that our claim to payment of the purchase price is in jeopardy due to the Customer's lack of ability to pay, then in accordance with the provisions of statute of PRC we have the right to refuse to perform. If the Customer has not regained its ability to pay or provided an appropriate guarantee within a reasonable time, we may rescind the contract.

§ 6 Retention of title

(1) Until all our current and future claims under the purchase contract and an on-going business relationship with the Customer are paid in full and all cheques and bills of exchange submitted to us are cashed, we reserve the title in and to the Goods sold.

(2) Prior to being paid for in full, the Goods subject to retention of title may neither be pledged to third parties nor transferred as security. The Customer shall advise us in writing without undue delay if an application has been filed to open insolvency proceedings or insofar as third parties have attached the Goods belonging to us (e.g. seizures).

(3) In the event of behavior by the Customer in breach of contract, in particular if the Customer fails to pay the purchase price due, we have the right to rescind the contract and to demand that the Goods be surrendered by virtue of the retention of title and the rescission. Such acts or the attachment of conditional goods by us shall not constitute a repudiation of contract unless expressly declared by us unless expressly declared by us. If the Customer fails to pay the purchase price due, we may only assert these rights if we have already set the Customer a reasonable period of time for payment which expired to no avail, or if setting such a time limit is dispensable in accordance with the provisions of statute.

(4) Pending revocation pursuant to sub-sec. (c) below, the Customer has the right to resell and/or process the Goods subject to retention of title in the ordinary course of its business. In this case the provisions set forth below shall apply in addition.

(a) The retention of title shall cover the full value of the products created through processing, mixing or combining our Goods. If, in the event of the Goods being processed, mixed or combined with products of third parties, their property right remains upheld, we shall acquire joint title in proportion to the invoice values of the Goods processed, mixed or combined. In all other respects

Karl Dungs (Trading) Shanghai Co., Ltd.
Plant 8A, 1. Floor, Lane 333, Zhujian Road
Eureka City Industrial Park
Shanghai 201107 / P.R. China
Tel: +86 21 522 15800
www.dungs.com/cn

the same shall apply to the product then created as applies to the Goods supplied subject to retention of title.

(b) The Customer assigns to us as security now already the claims against third parties arising from the resale of the Goods or of the product created, in full or in the amount of our joint ownership share in accordance with the above sub-section. We accept the assignment. The obligations of the Customer set out in sub-section 2 shall also apply with regard to the claims assigned.

(c) The Customer remains entitled to collect the claim in addition to us. We undertake not to collect the claim as long as the Customer complies with its payment obligations to us, provided that there is no lack of financial capability on the Customer's part and we do not assert our claim to retention of title by exercising a right pursuant to sub-section 3. If this is the case, however, we can demand that the Customer advise us of the claims assigned and the debtors thereof, provide all the information required for the collection, hand over the corresponding documents and notify the debtors (third parties) of the assignment. In addition, in such a case, we have the right to revoke the Customer's authorization to resell and process the Goods subject to retention of title.

(d) If the value of the collateral security exceeds the claims to be secured by more than 20%, our company undertake to release to this extent at the request of the customer or third party the collateral security to which it is entitled. Our company is entitled to select the collateral security to be released.

§ 7 Claims on account of defects

(1) All parts found defective due to any circumstances occurring prior to the transference of risk are to be improved or replaced with perfect parts, at our discretion, free of charge. The discovery of any such defects is to be reported to us in writing, without delay.

(2) The precondition for defect claims by the Customer is for the Customer to have complied with its statutory duties to examine the Goods and object to defects. The Customer shall inspect the goods immediately upon
receipt. In event of a short delivery, any deviation in model and type, any defects or failure viewable or detectable by a decent review ("Evident Defects"), the customer shall notify our company in writing within five (5) working days after the receipt of the goods. Where the customer fails to notify us accordingly, the delivered goods shall be deemed as accepted by the customer and any and all claims against our company in connection with such Evident Defects shall be excluded.

(3) Any other defects than the Evident Defects shall be notified by the Customer without undue delay after the discovery of the defects. Such notification is deemed to be without undue delay if made within two weeks, whereby the time limit is deemed met if the notification is dispatched on time. The Customer must provide us the opportunity to carry out any improvement work or replacement at our own discretion. Otherwise we are released from liability for any arising consequences. Only in urgent cases does the Customer have the right to remedy the defect himself or to have it remedied by third parties, and thereafter to demand reimbursement of the incurred reasonable expenditure from us. Our right to refuse supplementary performance subject to the statutory requirements shall remain unaffected.

(4) We have the right to make the supplementary performance owed conditional upon the Customer's payment of the purchase price due. However, the Customer has the right to withhold an appropriate portion of the purchase price corresponding to the defect.

(5) The Customer shall accord to us the time and opportunity necessary to conduct the supplementary performance owed; in particular the Customer shall deliver to us for examination purposes the Goods

Karl Dungs (Trading) Shanghai Co., Ltd.
Plant 8A, 1. Floor, Lane 333, Zhujian Road
Eureka City Industrial Park
Shanghai 201107 / P.R. China
Tel: +86 21 522 15800
www.dungs.com/cn

complained of. If substitute Goods or parts are supplied, the replaced Goods or Parts become our property and the Customer shall return the defective thing to us in accordance with the provisions of statute.

(6) Even in the event of defects, claims by the Customer for damages or compensation of the foreseeable damage which can typically occur shall only exist in accordance with the provisions of § 8 and are otherwise excluded.

(7) Regarding the direct costs associated with the improvement work or replacement, insofar as any claims of the Customer turn out to be justified, we will bear the costs of the improvement/replacement of the defective parts, in case of any replacement including the cost of delivery.

(8) In event of a quality defect, the Customer has the right to reject the Goods or withdraw from the contract if we fail to meet a reasonable grace period set by the customer, for carrying out the improvement work or for delivering the replacement parts. If the defect is merely minor, the Customer only has a right to a reduction in the purchase price. Any right to a reduction in the contract price is otherwise excluded. No obligation as set out in § 7 shall be undertaken by us in the following cases in particular: Improper or incorrect use, defective assembly or operation on the part of the customer or any third party, natural wear and tear, incorrect or negligent treatment, incorrect maintenance or any other use not in line with the intended use according to the contractual obligations regarding the delivered goods - in so far as we are not answerable for such.

(9) If the Customer or any third party performs any poorly executed remedial work, we are not responsible for any ensuing consequences. The same applies to any modifications to the delivered Goods without our express prior consent.

§ 8
Other liability

(1) If the goods is unable to be used in the way envisaged in the contract as a consequence of work not having been done or having been implemented erroneously on the basis of suggestions or advice that had been given either prior to or after conclusion of the contract, or if other additional contractual obligations have been breached (in particular the instructions for operation and maintenance of the delivered goods) by our company, then the regulations set out in sections VII accordingly apply, excluding any further claims on the part of the customer.

(2) In case of damage which is other than damage to the delivered goods itself, we are liable (whatever the legal grounds may be) only

- in event of intent
- in event of gross negligence on the part of us, executive bodies, or our managing employees
- in event of culpability for loss of life, physical injury or impairment of health
- in event of defects which we have maliciously failed to disclose or the absence of performance we have guaranteed in accordance with §7
- in event of defects to the delivered goods if, in compliance with Product Quality Law of PR China, there is liability for personal injury or damage to property in respect of privately used objects.

Karl Dungs (Trading) Shanghai Co., Ltd.
Plant 8A, 1. Floor, Lane 333, Zhujian Road
Eureka City Industrial Park
Shanghai 201107 / P.R. China
Tel: +86 21 522 15800
www.dungs.com/cn

In the event of culpable violation of important contractual obligations, we are also liable for gross negligence of non-managerial employees and in the case of minor negligence. In the latter case, our liability is limited to direct losses that are typical for the contract and which could have reasonably been expected to have been foreseen.

Any other claims are excluded.

§ 9 Statute of limitations

For the statute of limitations regarding the claims of the Customers, the law of PRC shall apply.

§ 10 Use of software

Insofar as software is included in the scope of delivery, the Customer shall be granted a non-exclusive right to use the supplied software including the corresponding documentation. It shall be provided for use on the delivery item it is intended for. Use of the software on more than one system is prohibited. The Customer undertakes not to remove any information of the manufacturer - especially copyright notices - and not to change this without our
prior explicit consent. All other rights to the software and to the documentation, including copies thereof, shall remain with DUNGS and/or the software supplier. Granting sub-licenses is not permitted.

§ 11 Choice of law and jurisdiction

(1) All legal relationships between us and the customer are exclusively subject to the law of the People's Republic of China.

(2) Any arguments or differences related to these General Business Terms and Conditions and/or relevant sales contracts and its validity shall be settled through arbitration proceedings with the Shanghai International Economic and Trade Arbitration Commission (SHIAC) without recourse to the ordinary courts of law. The disputes shall be decided in accordance with the arbitration rules of SHIAC in effect at the time of arbitration proceedings. The place of arbitration shall be in Shanghai, PR China. The arbitral award is final and binding upon both Parties. The language of the arbitration proceedings is English. During the arbitration, the parties are obliged to enforce the obligations arising from these general terms and conditions, except for provisions in dispute. All costs of arbitration (including but not limited to arbitration fees, costs of arbitrators and legal fees and disbursements) shall be borne by the losing party, unless the arbitration rules include mandatory regulations to the contrary.

(3) Unless otherwise agreed by the parties and issued in writing, any alteration or amendment of these General Business Terms and Conditions or the relevant sales contracts shall be presented in writing and takes effect only after written confirmation by signature and/or company chop.

****

Karl Dungs (Trading) Shanghai Co., Ltd.
Plant 8A, 1. Floor, Lane 333, Zhujian Road
Eureka City Industrial Park
Shanghai 201107 / P.R. China
Tel: +86 21 522 15800
www.dungs.com/cn