

GENERAL TERMS & CONDITIONS OF SALES AND DELIVERY

Article 1 GENERAL PROVISIONS

- 1.1 This General Terms & Conditions of Sales and Delivery (hereinafter referred to as the "General Conditions") shall be applicable for sales and deliveries of all the products and service (hereinafter referred to as the "Products") provided by FUCHS Lubricants (China) Ltd., FUCHS Lubricants (Yingkou) Ltd. and/or its subsidiaries, affiliates in China (hereinafter referred to as "FUCHS") to buyers or a third party designated by the buyers (hereinafter referred to as the "Buyers") without any exceptions.
- 1.2 Any terms and conditions stated by the Buyers which might contradict or deviate from these stipulated in the General Conditions shall apply only if and when confirmed and accepted expressly by FUCHS in writing. The General Conditions shall also be valid in the events that FUCHS executes orders without reservations even when aware of contradictory or deviating terms and conditions of the Buyers.

Article 2 OFFERS AND ORDERS

- 2.1 Unless otherwise stated and agreed by both FUCHS and the Buyers (hereinafter referred to as both "Parties"), all offers from FUCHS are based on EXW FUCHS (as per INCOTERMS 2000) and exclude all other additional costs including but not limited to VAT, consumption tax, customs duties, special packaging costs, transportation insurance, storage costs, loading/unloading fees and inspection fees charged by the Buyers and/or any other third parties.
- 2.2 All offers, price lists, samples, material compositions, durability data, indications of weight and volume and other specifications and information related to the Products are provided by FUCHS without any commitments. They might be subject to changes without any prior notices provided to the Buyers. Offers provided by FUCHS shall not be binding on FUCHS unless the Buyers accept them in writing within the specified periods.
- 2.3 Orders from the Buyers shall not become binding on FUCHS until FUCHS' acceptance of the orders in writing, commencement of works on the Products ordered or by FUCHS' deliveries of the Products, whichever occurs first.
- 2.4 FUCHS reserves the rights to adapt prices, for confirmed orders as well, to reflect any dramatic increases in its costs as the result of factors beyond its controls, which include but not limited to shortages of raw materials or labor, strikes, transportations or problems of similar nature, if the increases arise before the related Products are delivered.
- 2.5 Cancellations or modifications of the orders placed by the Buyers may be possible only with prior written consents from FUCHS. FUCHS reserves the rights charge back to the Buyers the costs incurred from either order cancellations or modifications.

Article 3 DELIVERIES

- 3.1 Unless both Parties expressly agreed on delivery schedules in writing, FUCHS has the rights to, at its own discretions, to fix delivery schedules for orders. Partial deliveries are allowed.
- 3.2 If FUCHS is prevented from deliveries by causes beyond its controls, including but not limited to fires, floods, accidents, government actions, shortages of labor, raw materials, production facilities and/or transportation, the delivery schedules are appropriately extended. FUCHS will inform the Buyers of the beginning and the end of such circumstances by written notices specifying the causes of the events and how they will affect and/or have affected the performance of its obligations.
- 3.3 FUCHS is only obliged to meet the delivery schedules confirmed if the Buyers have met their obligations.
- 3.4 The Products are deemed to have been delivered to the Buyers while they are transferred to the Buyers or to a third party/location designated by the Buyers. In the events that the Buyers or a third party/location designated by the Buyers are not in a position to receive the deliveries or the Buyers can not designate a third party/location, FUCHS is deemed to have fulfilled the obligations for the deliveries at the date when they are ready for dispatches.
- 3.5 Quantities, weights, volumes and other measures marked on packages, delivery notes or other documentations for the Products shall establish the basis for FUCHS' fulfillments of obligations for deliveries and thereafter, invoicing.
- 3.6 Without incurring any liabilities to the Buyers, FUCHS retains the right to reject or delay any orders, delivery schedules and pick-up requests of the Buyers at any time, if either the Buyers or their suppliers do not have the legitimate license, qualified staff and facilities to store, ship and/or re-sell the hazardous Products or the Products of similar nature within the required timing schedules under national and local laws and regulations in China.

All costs and liabilities arising from the activities of the Buyers or their suppliers related to the hazardous Products or the Products of similar nature shall be on the Buyers' accounts, notwithstanding the facts that the Buyers or their suppliers know that they do not have the legitimate license, qualified staff and facilities to store, ship, and/or re-sell these Products under the above said rules and regulations or not, or the Buyers and their suppliers have got FUCHS informed with the same or not.

- 3.7 Unless otherwise agreed and accepted by FUCHS in writing, FUCHS' responsibilities for deliveries of the Products to the Buyers are deemed to have been fulfilled while the deliveries arrive at a location designated by the Buyers. In no circumstances shall the Buyers force or request FUCHS or FUCHS' suppliers to bear additional charges and risks related to activities, such as, loading/unloading, exchanges of the Products in the Buyer's equipments, etc., in the locations designated by the Buyers.
- 3.8 All packages for the Products shall not be collected or recycled by FUCHS unless related costs and risks for such works are on the Buyers' account.
- 3.9 FUCHS shall not accept consignment stock arrangements of any kinds, unless the Buyers can provide in writing the following:
- 3.9.1 Forecasts or delivery schedules based on which FUCHS can have sufficient time to source raw materials and then, manufacture and deliver the Products;
- 3.9.2 Safeguards against any possible losses or damages of the Products if the consignment stocks are located in the Buyers' locations or any locations designated by the Buyers;
- 3.9.3 Updates of the data for the movement of consignment stocks on a regular basis for the Products if they are in the Buyers' locations or any locations designated by the Buyers;
- 3.9.4 Guarantees to buy all the remaining stocks of the Products or dedicated materials prepared by FUCHS based on the forecasts or delivery schedules if there are any delays or variations to them;
- 3.9.5 All related costs and liabilities shall be on the Buyer's accounts;

Article 4 PAYMENTS

- 4.1 FUCHS shall issue the invoices for related deliveries and then, send them to the postal addressees specified by the Buyers through conventional express mail delivery service. The invoices are deemed to have arrived at the Buyers while FUCHS sends out them in this way.

- 4.2 FUCHS shall prepare account statements and send them to the Buyers periodically. The Buyers are obliged to check the account statements and to reply to FUCHS with seven (7) days upon receipts of them. The Buyers are deemed to have accepted the account statements without any questions if no replies are received by FUCHS within that period. Payments by the Buyers are not regarded as having been effected until the date of receipts thereof on FUCHS' bank accounts.
- 4.3 The Buyers must make payments to FUCHS through direct wire transfers to FUCHS' nominated bank accounts as per agreed payment terms. The Buyers shall bear all related bank charges.
- 4.4 If the Buyers are no longer able to meet its payment obligations for any reasons, FUCHS is entitled, at its own discretions,
- 4.5.1 to cease the provisions of the Products, unless the Buyers offer a bank guarantee or other security which secures the immediate settlements of the outstanding balances;
- 4.5.2 to demand reimbursements for the actual losses arising or interest charges for delays in payments. The interest charges for the delays are set at a rate of 0.5% per day for the debit balances due;
- 4.5.3 to demand the outstanding accounts to be settled immediately, even if they have not yet fallen due or have been extended, without any further delays or to take any other actions deemed necessary to recover the outstanding payments;
- 4.5.4 to cancel the General Conditions concerning a part of or all deliveries with a written notice without prejudice to the rights to which FUCHS is otherwise entitled, without the requirements of any specific period of notice in any of these cases;
- 4.5.5 to file claims against the Buyers for all expenses and losses arising from the Buyers' non-performance of its payment obligations;
- 4.6 Offsetting against counterclaims by the Buyers is only permissible if the claims have been finally and conclusively proved FUCHS.

Article 5 TRANSFER OF RISKS AND OWNERSHIP RETENTION

- 5.1 The risks pertaining to the Products shall pass to the Buyers upon deliveries.
- 5.2 In the events that delivery schedules are postponed by FUCHS or caused by any factors as defined in §3.2, the risks shall be transferred to the Buyers at the date when the relevant Products are ready to be delivered.
- 5.3 The Buyers may sell the Products subject to title retentions only in the ordinary course of business and reserving the rights of property. However, the Products delivered remain in the ownership of FUCHS until payments have been made in full, even if further processing is carried out on the Products.
- 5.4 Until payments have been received in full in respect of all of the claims from FUCHS, the Products may not be pledged, handed over as security or encumbered with other rights of third parties.
- 5.5 If the Buyers violate the General Conditions, especially by defaulting in payments, FUCHS shall be entitled to recover possession after due warnings are given to the Buyers. In the event of the Products being taken back, FUCHS is also entitled to invoice the Buyers for any transports or handling expenses incurred.

Article 6 WARRANTIES AND LIABILITIES

- 6.1 FUCHS warrants that on the date of delivery the Products shall conform to relevant standards and specifications in FUCHS. Any further expressed or implied warranties, including but not limited to the merchantability of the Products or the adaptability to any specific applications of the Buyers, are explicitly excluded.
- 6.2 Unless the specifications and other information provided by FUCHS for the Products have been agreed to be firm for a certain period, FUCHS reserves the rights to change or modify them and to substitute materials used in the production the Products from time to time.
- 6.3 The Buyers are obliged to check the Products and immediately notify FUCHS within eight (8) days after they are delivered in writing with any quality and/or quantity deficiencies. Otherwise, it is deemed that Buyers have accepted the deliveries.
- 6.4 If the Products are not in their original packages or have been removed from their original destinations to other locations without prior notices provided to FUCHS, FUCHS shall not accept any claims against any possible quality or quantity deficiencies raised by the Buyers for the Products unless further evidence can be provided to prove otherwise.
- 6.5 If the Buyers have any claims against the Products, they must send samples or other related evidence to FUCHS for technical analysis. The Buyers must keep remaining Products in good conditions. FUCHS retains the rights to send staff or assign other people to carry out inspections at the locations where these Products, against which the Buyers raised claims, are placed. The Buyers should cooperate with FUCHS for such activities.
- 6.6 If FUCHS regards the claims raised by the Buyers for any possible quality or quantity deficiencies related to the Products as reasonable and acceptable, FUCHS shall, at its sole discretions, to decide if FUCHS shall provide replacements or materials in short, or to provide discounts for the Products delivered. Apart from the said remedies, FUCHS shall not be responsible for any other, either direct, indirect or consequential, costs or losses.
- 6.7 FUCHS shall not be responsible for any losses or consequences caused by the Products not used or handled by the Buyers in a proper manner.

Article 7 PLACE OF PERFORMANCE, JURISDICTION AND APPLICABLE LAW

- 7.1 The place of performance of deliveries and the place of jurisdiction shall be Shanghai, China.
- 7.2 The General Conditions shall be governed, construed and enforced according to the laws and regulations in P.R. China.

Article 8 FINAL PROVISIONS

- 8.1 The Buyers are obliged to keep confidential all information provided by FUCHS, which is either a proprietary nature for FUCHS or is not the intentions of FUCHS to be disclosed to others. It includes but not limited to offers, price lists, samples, material compositions and other specifications.
- 8.2 If one or several of the provisions in the General Conditions should be or become invalid, it shall not affect the validity of the other provisions and the validity of the General Conditions. The provisions held to be invalid or unenforceable shall be replaced by those satisfying the legal and economic intents of the original provisions to the maximum extent permitted by the laws.
- 8.3 Oral agreements or consensus reached between both Parties, before or in the course of order conclusions, shall not be binding on FUCHS unless otherwise accepted in writing.
- 8.4 FUCHS reserves the rights to amend the General Conditions at any time.
- 8.5 The Buyers and FUCHS are independent legal entities and contractors and the relationship created hereby shall not be deemed to be that of principal or agent.