



**LEISTER GENERAL TERMS AND CONDITIONS OF SALES AGREEMENT OF
HOT-AIR PRODUCTS LASERSYSTEM AND SERVICES**

1. GENERAL PRINCIPLES

- 1-1 This General Terms and Conditions of Sales Agreement of Hot-air Products Lasersystem and Services (hereinafter referred to as the "General Conditions") shall apply to all the sales and deliveries of welding systems and/or services ("the Products") provided by Leister Technologies Ltd. ("Leister") and its affiliates in China. The Products shall include laser system, hot-air welding system and other products and services that may be provided by Leister. The clauses of this General Conditions with specific scope of applied products shall only apply to the products specified. This General Conditions together with the order confirmation issued by Leister constitute the whole Sales Agreement containing the rights and obligations of Seller and Purchaser.
- 1-2 Leister shall not be bound to any purchase conditions, requirements or right reservations proposed by the Purchaser unilaterally via letter of inquiry, order or any other forms. Delivering products or no unambiguous rejection from Leister shall not be deemed as implied consent for accepting aforesaid purchase conditions, requirements or right reservations. Should any conflict between the order confirmation and this General Conditions, this General Conditions shall prevail.
- 1-3 Unless otherwise confirmed in writing by Leister or its specific authorized representatives, Leister is not bound to any oral statement or consent by management personnel, employee, representative and/or agent of Leister regarding the execution and implementation of the Sales Agreement.
- 1-4 Leister has the right to revise and update the clauses in this General Conditions and the revised and updated General Conditions shall apply to all the deals between the Parties upon Leister notifying the Purchaser about the revision and update.
- 1-5 Any amendments and supplementary to this General Conditions shall be conducted in writing.
- 1-6 The Purchaser in this General Conditions includes the distributors and resellers and end-user of Leister. In case of discrepancy between the General Conditions and a distribution agreement, the terms of the distribution agreement shall prevail.
- 1-7 The written forms in this General Conditions shall include paper document, photograph, fax, electric data exchange, email and all kinds of forms that may visibly express the content.
- 1-8 If any of the preceding provisions become legally ineffective, all other provisions remain valid. The rights and obligations referred by the legally ineffective provision shall be agreed in a written supplementary upon friendly negotiation or decided according to the laws and regulations of PRC.

LEISTER Technologies Ltd.

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1-9 This General Conditions shall be made in both English and Chinese. In case of any discrepancy between these two versions, the Chinese version shall prevail.

2. QUOTATION AND ORDER CONFIRMATION

2-1 The quotation of Leister shall be deemed as invitation for making orders. Unless otherwise agreed in writing, the quotation of Leister shall be valid for a period of 30 days from the day of the issuance. The day of issuance shall be the day on which Leister signs the quotation document.

2-2 Orders become valid only after order confirmation with written consent has been given by Leister.

2-3 Leister shall notify the Purchaser of the acceptance or rejection of a purchase order within 15 days of receipt of the purchase order. The Purchaser shall be solely responsible for obtaining all import licenses for the import of all Products

2-4 A purchase order shall contain the following:

- Model numbers of Products;
- Quantity of Products to be purchased;
- Shipping point (Leister's manufacturing facility or Leister's European shipping point) and special shipping instructions, if any;
- Requested delivery schedule, which shall be within the next succeeding six (6) months, and which shall conform to be minimum lead times for such Products as published by Leister;
- Destination;
- Billing address if different from address listed above, and
- The net price for the Products at the time of ordering.
- Payment terms

3. DESCRIPTION OF PRODUCTS

3-1 All details contained in offers, leaflets, drawing and photographs etc. are based on the specifications that are valid at the time of offer being made. Such details are intended to serve merely for closer orientation and are in no way intended to be understood as guaranteed features or properties of the Products in question. The Purchaser makes use of such data and information at his own risk.

3-2 For the sales via distributors of Leister, the instructions of use of Leister and the warnings as well as all amendments relating thereto must be immediately forwarded by distributors to their customers.

3-3 At any time prior to delivery, the Products are subject to alterations and modifications in respect of construction and design that in no way impair the correct functioning of the product or the application intended by the customer at the time the Sales Agreement was entered into. Such alterations or modifications do not represent cause for complaint or entitle the customer to cancel an order.

4. PRICE

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- 4-1 The Price of the Products and the currency shall be specified in the order confirmation issued by Leister. Unless otherwise agreed, the Price includes standard packing cost, but excludes valued added tax and other taxes and charges relating to sales of the Products according to Chinese law and the costs of loading and delivery. The taxes and charges relating to sales of the Products shall be borne by the Purchaser and listed into the invoice issued by Leister or invoiced respectively.
- 4-2 The price of the product is made on the basis of the costs at the time of order confirmation, including but without limitation to the costs of material, R&D, production, human resource, taxes, etc.. Unless Leister states clearly in the order confirmation that the price is fixed, Leister has the right to adjust the price after the order confirmation issued and before the delivery, provided the costs increase more than 5%.

5. PAYMENT

- 5-1 The Purchaser shall make the payment specified in the order confirmation. Without written consent by Leister or confirmation via valid legal instrument, the Purchaser shall not set off or deduct payment under the Sales Agreement with other payables to Leister under other agreements and contracts.
- 5-2 The non-delivery of insignificant parts of an order or any claims under the terms of the warranty vis-à-vis Leister do not entitle the Purchaser to postpone or withhold due payments.
- 5-3 Should the Purchaser due to late payment within agreed period or fail to make the full payment the Purchaser is in default of payment. If the Purchaser makes the payment via bill of exchange, check or other payment orders, the costs paid to the bank by Leister for cashing shall be borne by the Purchaser. Should Leister fail to cash the payment orders before the expiration of the payment period due to the Purchaser, it shall also be considered as delay in making payment by the Purchaser.
- 5-4 Should the purchaser delay in making payment, Leister has the right to ask a penalty at the rate of 0.5% of the unpaid payment per day. If the penalty is not enough to make up the actual loss of Leister, Leister shall be entitled to compensation for the actual loss.
- 5-5 If the Purchaser does not comply with his obligation to pay installment or full payment, or Leister has the evidence showing that the Purchaser has credit deterioration, all residual claims immediately become payable. Meantime, Leister has the right to suspend the delivery of the Products and ask the Purchaser to provide guarantee or down payment in a reasonable period. If the Purchaser fails to provide guarantee or down payment in this period, Leister has the right to terminate the Sales Agreement and claim the actual loss caused by the termination.
- 5-6 Leister shall not bear the obligations in the Sales Agreement after issuance of

termination notice, except the warranty obligations of the products that delivered and fully paid before the termination of the Sales Agreement.

6. DELIVERY

- 6-1 Unless the Parties have any other written agreement in between, Leister deliver the products at the premise of manufacturing unit (see also International Commercial Terms 2000 called Incoterms 2000) without packaging and shipment. The location of delivery shall be Building A, 1588 Zhuanxing Rd., Xinzhuang Industry Park, Shanghai.
- 6-2 The delivery time quoted by Leister in the order confirmation is intended merely as an approximation unless a delivery date is expressly indicated as being binding in the order confirmation.
- 6-3 Leister shall send the Purchaser the acceptable and valid delivering schedule together with order confirmation. The product shall be delivered on the agreed date, provided all the documents, certificates and transferring files required from the Purchaser, particularly the supply materials and specification documents, are delivered to Leister in time and the payment terms and other obligations of the Purchaser have been well fulfilled. Otherwise Leister may deliver the products later than scheduled.
- 6-4 The Purchaser shall remind Leister the delivery date 15 days before the cut-off date of delivery, otherwise the Purchaser shall not require Leister to be responsible for any delay in delivery.
- 6-5 Leister undertakes commercially reasonable efforts to meet all agreed delivery dates. However, a delay in delivery does not entitle the Purchaser to refuse acceptance of the goods, to cancel the order and/or to claim any form of compensation.
- 6-6 Leister is entitled to affect partial deliveries and to invoice for these separately.
- 6-7 The risk transfers from Leister to the Purchaser, at the time which hereof is earlier: 1) the products have been actually handed over to the Purchaser or its designated or authorized consignee; or 2) the Purchaser fails to receive the products as required in the Sales Agreement at the agreed delivery date. For the products that haven't been transferred together with the risk, the Purchaser shall bear all the costs and expenses Leister spends to preserve the products.
- 6-8 Leister reserves the property right of the delivered products until the Purchaser makes the full payment of the products and previous receivables. During this period, if the product is combined with other items, the Purchaser relinquishes to Leister his ownership or, respectively, co-ownership of the new object immediately upon its creation. If the Purchaser sells the delivered Products, he relinquishes the selling price and all subsidiary rights against his Purchaser to Leister until payment of all Leister's claim is made in full. If the Purchaser fails to make payments or gets bankruptcy, Leister has the right to withdraw or resell

the product and enter the business location of the Purchaser to this effect.

6-9 If the delivery is delayed for reasons beyond the control of Leister, including and without limitation to force majeure, government behavior, takeover, natural disaster, hostilities and war, embargo, armed rebellion, labor dispute, or delivery failure or delay by the supplier of Leister, the delivery period shall be extended accordingly and/or the cut-off date of delivery shall be postponed.

Should the extension period be more than ninety (90) days, any party may inform the other party in writing within fourteen (14) days upon the expiration of the extension period to terminate the Agreement, and state the part it doesn't want to deliver. Leister shall take no responsibility for aforesaid delay.

7. ACCEPTANCE

7-1 The Purchaser shall primarily examine the quantity, specification and weight of the Products within one week upon receiving the Products. Should there be any defect of the Products, the Purchaser shall issue product defect statement to Leister within the examination period. Any delay in examination or providing the product defect statement leads to that the Products delivered will be deemed to be qualified.

7-2 All the Products shall be examined with standard process of Leister. Should the Purchaser require special examination by itself or by the manufacturing workshop, the costs caused by shall be borne by the Purchaser.

8. WARRANTY

8-1 Leister hereby warrants that the Products delivered by Leister correspond to the respective state-of-the-art at the time of delivery and are not faulty in terms of verifiable manufacturing or material defects. Alterations on construction or version undertaken by Leister prior to delivery do not entitle the Purchaser to deem the Products faulty.

8-2 For laser system: unless otherwise agreed in writing, the warranty period is 12 months, which shall start from the date of shipment of the Products. .

8-3 For hot-air products: unless otherwise agreed in writing, the warranty period shall be 12 months from the date of shipment. Warranty coverage is conditioned upon Purchaser furnishing Leister with adequate written proof of the original purchase date.

8-4 The warranty is void if :1) the damage is due to abuse, negligent, accident or use of the product by against Leister's instruction; 2) the product is repaired or altered in the locations other than Leister's workshop or by unauthorized person without written consent from Leister; 3) the parts the Purchaser gain from other suppliers than Leister shall be warranted by the producer of the parts and Leister shall be of no responsibility for the compatibility of Leister's products and the parts from others; 4) the damage is due to natural wearing of the Products

8-5 For lasersystem: during warranty period, the Purchaser shall inform Leister by

an immediate written notice upon the defect of the Products being found or doubted. Leister shall repair and/or alter any part of the equipment having defects in design, workmanship or damages result from abuse of materials. Leister shall decide the detailed solution of warranty as the case might be. With the consent of Leister, the Purchaser may carry out the repair with Leister providing the necessary parts and paying the cost of freight. Leister may compensate the Purchaser with a lump sum for the necessary labor according to actual situation.

- 8-6 For lasersystem: unless the failure cannot be eliminated or the Products can not be further repaired or improved, the Purchaser may not require for termination of the Sales Agreement or reducing the price. If the Products is delivered to Leister with verifiable defects, the defective items, if returned in their original condition in adequate packing carrying original invoice number, will be replaced, freight paid and free of charge. The risk of the returned Products before reaching the workshop of Leister shall be borne by the Purchaser. The risk of the replaced products before reaching the location of the Purchaser shall be borne by Leister.
- 8-7 During the warranty period, should the product exhibit a defect in materials or workmanship, such defect will be repaired when the product is returned to the nearest Leister owned sales and service centre. Transportation to the nearest Leister owned sales and service centre will be paid by the customer. Other than transportation, no charge will be made for repairs covered by this warranty.
- 8-8 The warranty shall only cover the material and the labor cost if the repair is conducted by the engineer of Leister on site. The traveling time and costs for traveling, food and accommodation shall be borne by the Purchaser. During the warranty period, if the defect is due to Leister's fault in service, Leister shall repair the defect at its own cost. The Purchaser shall inform Leister in writing no later than 10 days after service providing.
- 8-9 The above is the only warranty of any kind, either express or implied, including but not limited to the implied warranties of merchantability, fitness and other aspects. Neither the express scope of the warranty shall be increased, decreased or affected nor shall the responsibilities and obligations of Leister be increased upon Leister providing equipment related technical support, suggestions and services.

9. INTELLECTUAL PROPERTY RIGHT PROTECTION

- 9-1 The Intellectual Property Right upon the Products ("IPR") (in particular the trademark right and copyright, including but not limited to the publication, reproduction, processing and exploitation rights) belongs to Leister. The execution of this General Conditions and sales of the Products shall not be deemed as any prove of licensing or authorization of IPR, unless otherwise provided herein.
- 9-2 The patent and copyright of the Products of Leister as well as the design shall



- be protected by PRC law. Without the consent of Leister, The Purchaser shall not split or re-assemble the Products, reverse engineer in malice and making production drawings and/or produce similar products for business purpose. The drawings, illustrations and descriptions for offers, installations, tools, machinery and accessories remain the property of Leister, which shall not be used by the other party of the objects illustrated or described.
- 9-3 The word and image trademark "LEISTER" upon the Products of Leister are registered worldwide and protected by the laws of every registered country. The brand of "LEISTER" (in particular the trademark right and copyright, including but not limited to the publication, reproduction, processing and exploitation rights) remains the exclusive property of LEISTER PROCESS TECHNOLOGIES. Except special arrangement between Leister and its distributors (9-4), the distributors shall not obtain any right related to the brand upon the agreement signing with Leister.
- 9-4 Leister shall issue written authorization letter to its distributors and permit them to use the logo of Leister and name label of "LEISTER" in sales, promotions and marketing in the area agreed in the distribution agreement. Upon the termination of the distribution relationship, the Purchaser shall stop using the IPR of Leister such as the trademarks and logos, and issue the statement, and return all of the commercial documents, authorization certificates and contracts.
- 9-5 Any modification of the trade name is prohibited. In particular, no logos or name labels on any Leister's products or documentation may be removed, obscured or otherwise altered.
- 9-6 Only Leister's patterns and logos may be used on the Products and documentation mentioned above.
- 9-7 Leister retains the patent right and copyright of all the documents and all the information contained, the information otherwise disclosed to the Purchaser (in particular including the specification and the descriptions, design drawing, product drawing and computing formula) and prototypes / models as well as the property right of the materials containing such information. Notwithstanding a product or service is provided on the basis of the specifications provided by the Purchaser, or otherwise supported by the Purchaser, the using right of the related IPR is completely and exclusively belong to Leister. Such documents, information and prototypes / models shall not be transferred to a third party or be used beyond the agreed purpose without the expressly written approval of Leister.
- 9-8 After the cancellation or termination of the Sales Agreement, the Purchaser shall keep confidential of the business information and secrets disclosed by Leister or otherwise obtained by the Purchaser, except the information entering into the public domain or legally obtained by a third party.
- 9-9 Without the written approval of Leister, the Purchaser shall not sub-distribute the Products at its discretion and disorder the product market of Leister, and shall

not export the Products to any member states of EC, or to countries outside EC. The Purchaser shall be responsible for checking the laws and regulations of the destination country to ascertain the compliance of the Products in the destined country.

9-10 Should the Purchaser breach this General Conditions, Leister has the right to ask the Purchaser to compensate the loss, and Leister reserves the right for legal action. The Purchaser shall be responsible for the breach of this General Conditions by his employee.

10. PATENT LIABILITY EXEMPTION

10-1 Leister warrants and holds the Purchaser harmless from any legal expenses and compensation arising from the patent infringement caused by the Products delivered by Leister (except compensation for consequential loss and special damage). If such situation occurs: (1) the Purchaser shall promptly notify Leister, in writing or orally, of such litigation, claim or potential patent infringement litigation; (2) the Purchaser agrees that Leister may decide, in its own discretion, whether to take over, handle, or defend such case, at Leister's expense; (3) where Leister decides to take over, handle, or defend such case, the Purchaser shall provide the information already known or available, and (4) Leister is entitled to replace the products alleging to infringe the patent of a third party with other non-infringing products, and Leister shall ensure the same applicability of the delivered product. Should the Product is prohibited to use by the laws, Leister may take the following actions at its own expense: (a) to revoke the right for continuing using the Product; or (b) to replace such product with non-infringing products; or (c) to modify the Products to make it non-infringing; or (d) to withdraw the Products and return the payment, freight cost and related installation fee.

10-2 The above liabilities shall be exempted from the following situations: (1) the Products are made according to the design and specification provided by the Purchaser; (2) the orders of special product for non-commercial purpose and not sold in the public commercial market; (3) the infringement is caused by the modifications of the Products by the Purchaser, or using auxiliary or equipment added or connected by the Purchaser without written approval of Leister. (4) The Purchaser continues using the equipment after Leister informs the Purchaser to stop using the equipment concerning ongoing and potential claims mentioned above.

10-3 The Purchaser agrees to ensure that, Leister shall exempt from any legal expenses or compensation claims arising from patent infringement by the product made of the Purchaser's design. Should such situation occur, Leister shall promptly notify the Purchaser and give reasonable cooperation to the Purchaser to defend such request or claim.

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11. LIABILITY RESTRICTION

- 11-1 Leister shall not bear any special, occasional or consequential damage except the warranties and aforesaid liabilities. Leister shall not bear any other expenses, losses or damages, directly or indirectly, in particular the loss of expected interest or the claims by a third party to the Purchaser, caused by the design, manufacturing, sale, use or maintenance of the Products, or any failure of using the Products, no matter alone or with other equipment, or any other reasons.
- 11-2 The Purchaser and Leister agree that, under any situation, the compensation arising from Leister's liability of breach shall not exceed the purchasing price of the Product in question. The indemnification or compensation under this clause and the above clauses constitute the only basis on which Purchaser claims damage to Leister, no matter such claim is for infringement or breach of contract. The liabilities of quality claims or negligence shall also be referred by such claim.

12. DELAY PERFORMANCE AND TERMINATION

- 12-1 Cancellation or alteration of orders following the issuance of order confirmation is subject to Leister's written consent.
- 12-2 Should the Purchaser intends to delay or cancel the Sales Agreement for its own convenience or without reason, the Purchaser shall compensate for Leister's costs incurred and bear the cost of Leister incurred from customizing the specific equipment. The Purchaser may also be required to pay the whole price of the customized special equipment. Leister shall make the utmost effort to take necessary measures to transfer the customized products or materials into other client's orders to reduce the loss of the Purchaser. However, Leister shall take no liability to the Purchaser should Leister fail to realize such measures.
- 12-3 Should Leister delay the performance of the Sales Agreement as upon the request of the Purchaser, Leister is entitled to require the compensation for the reasonable direct and consequential expenses and losses. Leister deems it reasonable to delay the performance of the Sales Agreement should it have to postpone the schedule or other time-line specified in the Sales Agreement.
- 12-4 For Lasersystem: the Purchaser may terminate or cancel the Sales Agreement partially or the entire by paying the cancellation fee which should be equal to Leister's costs plus reasonable profits calculated with acceptable accounting principles. For any product that is completed in production within 60 days after the Purchaser cancels or re-schedules the delivery time, the Purchaser shall pay the entire price of the order. Leister reserves the rights to purchase materials and start production in advance, based on the facilities of the workshop and the preparation time required by Leister's suppliers. Should the Purchaser breach the General Conditions or cancel the order at any reason, the

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Purchaser shall be responsible for all the loss caused to Leister accordingly.

12-5 For hot-air products: the Purchaser may not cancel or terminate the Sales Agreement partially or the entire without Leister's prior written approval. The cancellation or termination shall be subject to a fifteen percent (15%) of the order price as cancellation charge.

13. NOTIFICATIONS

- 13-1 Should any notices or documents be given pursuant to this clause regarding the execution, implement and dispute resolution of the General Conditions and order confirmation, such documents or notices shall be dispatched in person or via EMS express or registered email to the address of the other party.
- 13-2 The address for receiving documents by Leister: Building A, 1588 Zhuan Xing Road, Xinzhuang Industry Park, Shanghai, P.R. of China. The address for receiving documents by the Purchaser is the one specified in the order confirmation
- 13-3 Should the addresses above mentioned is altered, the altering party shall notify the other party of its new address and the effective date. Otherwise the delivery of the documents to the original address shall be deemed as the effective delivery.

14. DISPUTE RESOLUTION

- 14-1 The laws of P.R. China shall apply in the establishment, effectiveness, interpretation, implement and dispute resolution of this General Conditions. Should anything beyond coverage of the promulgated law, the international treaties signed or joined by P.R. China shall apply. Where there is no such treaty, the international practice shall apply.
- 14-2 The place for the delivery and payment making under the General Conditions is the place where Leister locates.
- 14-3 Both parties shall friendly negotiate with each other should any dispute arising from the establishment, effectiveness, interpretation and performance of the General Conditions. Should no amicable settlement be reached, the dispute shall be submitted to the People's court where Leister locates.
- 14-4 Either Party's failure or delay of executing any right or remedy under this General Conditions shall not be considered as a waiver thereof, and any single or partial execution of such right or remedy shall not be waiver of other rights or remedies or preclude any further execution thereof, or any right or remedy arising from the General Conditions or any relevant document or according to the law.
- 14-5 The breaching party shall pay the costs of litigation, preservation and investigation and lawyer charges incurred by the non-breaching party for protecting its legal rights.