

TERMS AND CONDITIONS OF PURCHASE

1. GENERAL

1.1 The contract of which these Terms and Conditions are a part has been concluded in accordance with the principles of equality, mutual benefit and consensus.

1.2 The contract consists of these Terms and Conditions and the purchase order to which they are attached or referred, and any additional specifications, terms and conditions incorporated herein and attached hereto. There are no other documents which are part of the contract.

1.3 The contract shall be governed by and interpreted in accordance with the laws and regulations of the PRC.

2. DELIVERY

Unless otherwise expressly specified in this contract, the price to be paid for the Equipment includes the cost of delivery of the Equipment on board the carrier's transportation equipment at the designated point of delivery. Seller shall notify Buyer promptly thereof at such time as the Equipment has been loaded on the transportation equipment.

3. PACKING

One copy of the detailed packing list shall be forwarded to Buyer at such time as the Equipment has been loaded on the transportation equipment. All shipments will be packed, bundled and crated in accordance with standard commercial practice for domestic or export shipment as applicable. No charge will be allowed for packing, crating, drayage or storage unless stated herein.

4. AMENDMENTS

All amendments to the contract shall be in writing and shall be signed by both parties. Buyer reserves the right to make changes in the contract at any time, subject to mutually agreeable adjustments of the contract.

5. TERMINATION

Buyer shall have the right to terminate the contract at any time at the convenience of Buyer, upon written notice to Seller. In the event of such termination, at the request of Buyer, Seller shall deliver to Buyer such portions of the Equipment as have been fabricated by Seller, and Buyer shall pay to Seller a portion of the purchase price representing the value of the portions of the Equipment which are so delivered. Where Buyer elects not to take delivery, Buyer shall reimburse Seller its costs of performance to the time of termination which are necessary, fair and reasonable, taking into account the value of the work-in-process which will remain the property of Seller and which is potentially usable by Seller in other projects.

6. NONDISCLOSURE

Seller shall not make use of drawings, specifications, data and other information furnished to it by Buyer, except in performance of the contract. Upon completion, cancellation or termination of the contract, Seller shall promptly return to Buyer all drawings, specifications, data and other information furnished by Buyer in connection with the performance of the contract, and shall not retain or permit others to retain any reproduction or copy thereof. Seller shall not disclose any such drawing, specification, data or other information, including pricing information, to any third party and shall make no further use thereof (or of any information derived therefrom), either directly or indirectly, without Buyer's prior written consent, except in connection with the performance of the contract. Seller shall comply with all export control regulations to which Buyer is subject, to the extent Buyer informs Seller thereof.

7. INSPECTION

All goods and work in process may be subject to any or all of source, site and final inspection and tests, by Buyer. If inspection and tests, whether preliminary or final, are made on Seller's premises, Seller shall furnish, without additional charge, all reasonable facilities and assistance for safe and convenient inspection and tests required by Buyer and/or Buyer's customer, as the case may be. Inspection and approval by Buyer, or failure to inspect by Buyer, shall not relieve Seller of any responsibility or liability hereunder. In the event that any inspection or test hereunder establishes that the quality of Seller's work is unsatisfactory, Buyer shall have the right to instruct Seller to discontinue work until satisfactory corrective action is taken. Seller shall be responsible for corrective costs and shall perform corrective action to meet the agreed upon delivery schedule.

8. WARRANTY; REMEDIES

8.1 Seller warrants that (i) the Equipment will conform to the specifications, drawings, samples, or other description furnished or specified by Buyer, and all other requirements of the contract, (ii) the Equipment shall be free from any defects in design, material or workmanship for a period of twelve (12) months after being placed in operation, or eighteen (18) months from date of delivery, whichever period expires later, (iii) Seller has good title to the Equipment and that the Equipment will be delivered free of any encumbrance or third party interest, and (iv) the Equipment will not infringe any patent and the ownership and use of the Equipment by Buyer or Buyer's customer will not interfere with the intellectual property rights of Seller or any third party. Seller shall correct, at no cost to Buyer, any such defects in the Equipment in the most expeditious manner possible that is agreeable to Buyer. Seller shall pay any and all freight costs in connection with correcting defects.

8.2 Buyer shall have available to it all rights and remedies as provided by the contract, including without limitation the liquidated damages for late delivery, if any, as set forth in the purchase order, and as established by the Contract Law, the General Principles of the Civil Law, or any other applicable law or regulation, and it is the intent of the parties that Buyer's rights and remedies not be limited in any respect.

9. ASSIGNMENT; ETC.

9.1 Seller shall not assign, transfer, delegate or subcontract all or any portion of the performance of the contract, without Buyer's prior written consent.

9.2 Seller shall not in any manner advertise or publish the fact that Seller has furnished, or contracted to furnish to Buyer, the Equipment, without Buyer's prior written consent.

10. TAXES

All PRC state, provincial, city, district or local taxes, including but not limited to value added taxes, applicable to the sale, purchase, manufacture, delivery and transportation of the Equipment, are deemed included in the purchase price and shall be separately stated on any invoice rendered to Buyer.

11. ARBITRATION

Any unresolved dispute between the parties in connection with this contract shall be submitted for resolution exclusively to the China International Economic and Trade Arbitration Commission ("CIETAC") in Shanghai for final resolution by arbitration in accordance with the rules and procedures of CIETAC. The panel of arbitrators shall consist of three arbitrators.