

VEYANCE (QINGDAO) ENGINEERED ELASTOMERS CO., LTD.

TERMS AND CONDITIONS OF SALE

Effective January 1, 2013

- (1) Exclusive Terms and Conditions of Sale. These Terms and Conditions of Sale (the "Terms") apply to sales by **Veyance (Qingdao) Engineered Elastomers Co., Ltd.** (the "Seller") of any product(s) (the "Product(s)") to any buyer worldwide (the "Buyer") and are the exclusive terms and conditions of sale. Any offer by Seller to sell Products is expressly conditioned on Buyer's assent to and acceptance of these Terms. Any additional, different or other terms and/or conditions contained in any acceptance, confirmation or other document by or from Buyer are hereby objected to and rejected by Seller. Buyer accepts the Terms by receipt of the Product. Any acceptance by Seller of any offer to purchase Products is expressly conditioned on Buyer's assent to and acceptance of these Terms, including all terms that are different from or in addition to any terms and conditions of the offer. Any additional, different or other terms and/or conditions contained in any purchase order or other document by or from Buyer are hereby objected to and rejected by Seller. In the event of any claimed conflict between these Terms and other alleged terms and conditions contained in any other document, these Terms shall control and take precedence over any other alleged terms and conditions.
- (2) Integration. These Terms, together with the quantity, price and delivery schedule for the Product(s), the distributor agreement, if any, and other writings annexed hereto and signed by authorized representatives of Buyer and Seller, (collectively, the "Agreement"), set forth the complete, and final agreement and understanding between Seller and Buyer in respect of the subject matter hereof, and supersede all prior oral or written agreements, understandings, representations, statements, and assurances. Buyer represents and acknowledges that Buyer is not relying upon any oral or written statement, warranty or representation of Seller, its employees, agents and/or representatives not fully set forth in the Agreement.
- (3) No Modification. These Terms and the other components of the Agreement shall not be amended, or modified, nor shall any party be released from any provision thereof, unless such change occurs in a single writing signed by authorized representatives of Buyer and Seller.
- (4) Warranty on Seller's Product(s). Until the earlier of twelve (12) months from the date of installation of the Product or eighteen (18) months from customer's receipt of the Product, Seller warrants good and free title in the Product(s) and that the Product(s) will conform to the specifications published or modified by Seller from time to time, if any exist, or to such other specifications the parties have agreed upon in a single writing signed by both authorized representatives of Buyer and Seller. Product(s) will conform to such specifications according to established tests performed under controlled laboratory conditions and specific test requirements. These tests are intended to reflect the performance of the Product(s) under controlled laboratory conditions rather than actual use conditions. Performance of the Product(s) under actual use conditions or as a component in a finished product, may not necessarily meet the test requirements. Due to the number and variety of applications for which the Product(s) sold hereunder may be purchased and because Seller has no control over (or knowledge of) the conditions under which the Product(s) may be used by others, Seller makes no recommendation, warranty or representation as to the suitability of the Product(s) for Buyer's application, use, end-product, process or combination with any other product or substance, or as to any results Buyer might obtain in Buyer's use(s) for the Product(s). **SELLER MAKES NO REPRESENTATION OR WARRANTY OF ANY KIND WITH RESPECT TO PRODUCT(S), EXPRESS OR IMPLIED, RESPECTING MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE.**
- (5) Obligation of Reseller. If Buyer distributes or resells the Product(s), Buyer represents and agrees that Buyer will cause its customer to receive and accept the Warranty and Remedy limitations set forth in paragraphs (4) to (7) herein. Buyer agrees to hold harmless and indemnify Seller from and against any losses, damages and expenses from or relating to Buyer's failure to satisfy its obligations under this paragraph.
- (6) No Reliance. Buyer represents and acknowledges that Buyer used its own knowledge, skill, judgment, expertise and experience in (i) the selection of the Product(s) and/or (ii) the selection, provision, or designation of any specification or set of specifications for the Product(s) agreed upon by Buyer and Seller; and Buyer represents and acknowledges that Buyer does not rely on any oral or written statements, representations, or samples made or presented by Seller, its employees, agents and/or representatives to Buyer, unless such statements or representations are in a written document signed by the authorized representative of Seller and incorporated into the Terms or the Agreement as specifications. Buyer represents and acknowledges that Buyer does not rely on any knowledge, skill, judgment, expertise or experience of Seller, its employees, agents and/or representatives in Buyer's selection of the Product(s) or in Buyer's selection, provision or designation of any specification or set of specifications. Without limiting the foregoing, Buyer agrees that Seller shall not be liable for, and assumes all risk of, inaccurate or unsuitable specifications or information provided, selected or designated by Buyer.
- (7) Limitation of Liability of Seller and Buyer's Exclusive Remedy. If Buyer claims that any Product(s) are non-conforming or defective in any way, Buyer shall give notice in writing to Seller of such claim within ninety (90) days of Buyer becoming aware of such claim. Upon Seller's approval, Buyer shall return the Product(s) to a location designated by Seller, at Buyer's expense. As Buyer's exclusive remedy for breach of warranty, breach under the Agreement and/or any other alleged claim relating to the Product(s), Seller will make an adjustment for Product(s) it finds to be non-conforming to the warranty hereunder either by repairing Product(s) or replacing Product(s), or in lieu thereof, at Seller's sole discretion and option, Seller may refund the purchase price. In the event that a warranty provision in the other components of the Agreement provides that, for a specific Product, no adjustment shall be made after a specified period of time, Seller shall not be responsible under the terms of such warranty unless the claim is made within the required period of time. Seller's total responsibility and liability for any and all claims, losses and damages of any kind whatsoever arising out of any cause whatsoever (whether under any warranty or based in contract, negligence, other tort, strict liability, breach of warranty, other theory under law or equity or otherwise) shall not exceed the original purchase price of the non-conforming Product(s). **IN NO EVENT SHALL SELLER BE LIABLE FOR SPECIAL, INCIDENTAL, CONSEQUENTIAL, EXEMPLARY, OR PUNITIVE DAMAGES RESULTING FROM ANY CAUSE.** Seller shall not be liable for, and Buyer assumes all liability for, all personal injury and property damage connected with the handling, transportation, or further manufacture, fabrication, assembly, or processing of the Product(s).
- (8) No License. No statement contained herein shall be construed as a license to any intellectual property, a license to operate or use the Product(s) in any specific application, or as a recommendation or inducement to infringe patents or as an endorsement or recommendation for use with other manufacturers' products or systems.
- (9) Price Adjustment. Prices are subject to change without notice and all such items will be billed at prices in effect at the time of shipment. Buyer will be notified of any price increase and may cancel any undelivered portion of the order by written notice to Seller provided such written notice is received by Seller not more than 10 days after Buyer's receipt of notification of the increase. Upon such cancellation, Buyer shall have no liability to Seller for the canceled portion of the order except as to product manufactured or in process, components procured by Seller from outside sources, and special tooling, equipment or single use raw materials procured for performance of this order.
- (10) Ordering & Limits. Seller may discontinue any Product(s) sold hereunder at any time, unless Buyer and Seller have otherwise agreed in a writing signed by authorized representatives of both parties.
- (11) Payment & Credit. Buyer will make all payments hereunder in cash, or in negotiable paper collectible at face value in the funds and at the location indicated on Seller's invoice; late payments will bear interest at 1.5%/month. If Seller determines that Buyer's financial responsibility has become impaired or otherwise

unsatisfactory to Seller, Seller may require proof of financial condition, advance cash payments, COD, shorter terms, and/or the posting of satisfactory security by Buyer, and may withhold shipments until Buyer complies.

(12) Taxes and Governmental Limits on Price. All prices are subject to increase from time to time to compensate for any tax, excise, duty or levy imposed upon the products sold, or upon the manufacture, sale, transportation, importation or delivery of them or whenever any tax, excise, duty, levy, law or governmental regulation has the effect, directly or indirectly, of increasing the cost of manufacture, sale or delivery. Buyer will reimburse Seller for all federal, state, local or other taxes, excises, duties or charges associated with the manufacture, sale, importation or delivery of the Product(s) that Buyer is legally obligated to pay, including, but not limited to any sales, use, business or value-added taxes, as well as customs duties and import value-added taxes. If any government action or law should have the effect of establishing a maximum price on the Product(s) to be delivered, Seller may, at its option and without liability to Buyer, terminate its obligation with respect to future shipments upon thirty (30) days written notice.

(13) Delays in Delivery. Seller shall not be liable or deemed in default for failure to deliver or delay in delivery due to a force majeure or any other cause beyond Seller's reasonable control. If unable to meet delivery schedules, Seller will endeavor to allocate material fairly among itself and/or its buyers, but reserves to itself final determination of the deliveries to be made without liability. Buyer will accept, as full and complete performance by Seller, deliveries in accordance with such determinations as Seller may make. Except in the case of a force majeure, if not satisfied with Seller's determination, Buyer as its sole remedy shall have a right to terminate the Agreement without further obligation upon: (i) 10 days written notice and (ii) payment for all Product received to date.

(14) Indemnification. Seller will indemnify Buyer against all claims and demands for infringement of any third party's patent by the Product(s) manufactured by Seller, provided the Buyer notifies Seller of any patent infringement and upon request tenders Seller the defense of the claim. **Buyers who furnish specifications to Seller agree to hold Seller harmless and indemnify Seller against any claims which arise out of such specifications.**

(15) Safety Information. Buyer acknowledges that Seller has furnished to Buyer product information which includes warnings and safety and health information concerning the Product(s). Buyer represents and agrees that it will disseminate such information so as to give warning of possible hazards to persons whom Buyer can reasonably foresee may receive exposure to such hazards, including, but not limited to, Buyer's employees, agents, contractors and customers.

(16) Risk of Loss. Unless otherwise set forth in the Agreement, all Products sold by Seller shall be delivered FCA (Seller's location). Title to the goods shall pass to Buyer upon passage of the risk of loss; provided, however, that to the extent permitted by law, until each of the goods delivered hereunder has been paid for in full, Seller shall retain title to the goods; however, all risk of loss and responsibility for transportation and storage, taxes and duties shall transfer in accordance with the Agreement. Buyer hereby agrees that notwithstanding any estimated shipment, production or requested date(s) for the Product(s), Seller is not obligated to produce, deliver or ship the Product(s) by the estimated shipment, production or requested date(s). Buyer hereby agrees that unless Buyer notifies Seller in writing within ninety (90) calendar days of shipment, there shall be a presumption that Product(s) conforming to the goods ordered were received by Buyer.

(17) Applicable Law and Jurisdiction. Buyer and Seller agree that the Terms and the Agreement shall be governed by and construed in accordance with the laws of the People's Republic of China. Buyer and Seller exclude the application of the United Nations Convention on Contracts for the International Sale of Goods. In the event any dispute arises in connection with the Terms, the Agreement and/or the Product(s), both parties agree to subject to the exclusive jurisdiction of the People's Court with competent jurisdiction where Seller is located, and the Parties hereby submit to the exclusive jurisdiction of that court for these purposes.

(18) Severability. In the event of illegality or invalidity of a provision of the Terms or the Agreement, the parties shall deem that provision stricken in its entirety; the balance of the Terms or the Agreement shall remain in full force and effect.