
General Terms and Condition of Purchase
Of John Crane Technology (Tianjin) Co., Ltd

John Crane Technology (Tianjin) Co., Ltd (hereinafter the “JC”) addressed general terms and condition (hereinafter the “Terms and Conditions”) as the standard articles of any purchase order or contract for both parties’ rights and obligations to your company (hereinafter the “Company”) who provides JC with the material, products and services.

The Terms and Conditions should be applied to JC SAP Purchase Order and to any other purchase contract issued by JC. These articles in Terms and Conditions are same legal obligations with SAP order and other contracts.

The “Contract” refers to the purchase order and attachment of the purchase order including the Company’s order acknowledgement, supplements issued by JC as well as the Terms and Conditions.

The goods refers to the products, spare parts and sub-contracted parts addressed in the Purchase order or contract provided by the company.

Terms and Conditions

- 1 The details of Purchase items should be defined and written by both parties in Purchase order and specific contract. They should be:
 - 1.1 Purchased good’s name, Specification requested by JC, Quantity, Unit, Delivery date, Delivery place, Transportation Model, Freight terms, Price and Payment;
 - 1.2 Sub-contracted product’s name, Specification, Quantity, Unit, Raw material provider, Provided material’s name, Price, Delivery date and place, Transportation Model, Freight terms, Price and Payment;
- 2 Quality Requirement and Technical Standard:
 - 2.1 JC provides the purchased product’s drawing, sample, technical property, dimension etc to the Company. The Company produces and

provides the products according to the above information addressed by JC.

2.2 If the products needs sealed sample, it should be sealed by both parties as the criteria of acceptance.

2.3 The company could not outsource the product to the third party without JC's written approval.

2.4 The company must deliver the quality certificate and technical documents as per JC's requirement in Purchase order, contact and the former's supplements.

3 Conditions and Validity of Obligation for Quality :

3.1 The company should compensate JC for all quality loss caused by the company within the validity.

3.2 The above validity has been made specifically by both the company and JC according to the product's properties.

4 Packages

4.1 The company bears all the cost of package of product.

4.2 The standard of packing is as JC's requirement.

4.3 All damages and defects of the product caused by the insufficient package should be the company's obligation to cover the loss.

5 Goods Acceptance:

5.1 The criteria of goods acceptance are relied on JC's technical standard or specifically defined by the both parties.

5.2 The inspection department of JC should complete the incoming goods inspection within 10 days after the goods' arrival at JC. The company should present the quality certificate and technical documents requested by JC.

5.3 Once JC find any quality defectives, JC should deliver the written complaint notice to the company within 5 days after the completion of goods checking. The company should give a response within 5 days

after receiving the complaint notice. If the disputes on the quality still exist, both parties should seal the defective part together and submit to the authoritative third party on the site of JC's location for the inspection. The result of the third party is the final inspection for the defective goods. The quality obligation and cost will be distinguished by the final results.

5.4 During the period of dispute, JC should keep the defective goods properly. After the third party confirming the defect, the carrying cost should be paid by the company, and vice versa.

6 Payment term and ledge time should be agreed by both parties.

7 Breach:

7.1 The company should be responsible for their provided product. If the defective is caused by the company, the company should accept the goods return, replacement and account for all the expense caused. If it leads to any loss of JC, the company should compensate all the loss. Upon the agreement by both parties, JC could accept the defect with deducted price.

7.2 If the company could not deliver the goods on time as per the date of purchase order or contract, JC has the right to cancel the very purchase order or contract and ask for the compensation unless JC permits the company to remedy it in reasonable days.

7.3 If the company delays the goods including the delay caused by the replacement and repair, the company should pay the liquidated damages by 1% of the purchase order and contract's value for 1 day delay; If delayed for 10 days, it could be regarded as non-fulfillment order, the company should pay the liquidated damages by 20% of total purchase value and compensate all the loss caused by the delay. After that, JC has the right to terminate the purchase order and contract or ask the company to fulfill the order to the end.

7.4 JC could not cancel the purchase order or contract for no any reason

when the order is in the progress. Otherwise, JC will compensate the direct los. The maximal compensation is the value of purchase order or contract.

7.5 Under any circumstance, the company doesn't have the right to detain the goods; if this case happens, it could be regarded as delay of the order and the company should be for the liability for breach of contract.

8 Validity, Amendment and Termination:

8.1 The Purchase Order of the contract should be effective after signed by both parties. The company should confirm with signature within 2 days after receiving the purchase order and send back to JC for record. All the supplement or attachment should be also signed by both parties. The Terms and conditions are only signed and stamped by the company. And the signed terms and conditions still affect all the purchase order or contract before the signed date of Terms and Conditions.

8.2 During the commitment of the order, one party could not fulfill the order due to force majeure. The party should notice the other in writing within 10 days and present the evidence proved by local authority. The liability for breach of contract should be exempted. The both parties should negotiate to amend or terminate the order.

8.3 Agreed by both parties to amend or terminate the article of terms and conditions, the raising party should notice the other in writing and the receiving party should reply to agree or not within 10 days. Otherwise it should be default to accept the amendment or termination. If the amendment and termination caused by the party in breach of the contract lead to the other party's loss, the party in breach should take on the compensation.

8.4 Before the expire of the terms and conditions, any party explicitly indicates or reflects with its actual behavior not to fulfill the main obligation of the terms and condition, the other party should terminate

the order as well as the terms and conditions and ask for the compensation accordingly.

8.5 If the postponed delivery by the company except for the force majeure results in JC's production schedule delay, JC has the right asking for the compensation for the delay loss or terminate the contract, the terms and conditions according to the extent that the production is affected.

9 The attachment of the order are below, but not limited by the following documents:

9.1 The quality standard issued by JC;

9.2 The written notice from one party to the other

10 Arbitration:

If any dispute arises, both parties should negotiate friendly. If no settlement is acceptable, the both parties agree to submit to JC local court for the judgement.

Stamp of the company:

Date: