

General Conditions

1. Application

These general terms and conditions of purchase (these "Conditions") shall apply to, and be reflected in, each Order placed by Buyer with the Seller for the purchase of Goods (such Contract, the "Contract" and such Order, the "Order"). Unless otherwise specifically consented by the Buyer in writing, these Conditions shall replace any terms or conditions of purchase of Goods stipulated by the Seller. In these Conditions, a "Contract" means the agreement or Contract concluded by the Buyer and the Seller for the purchase of goods and pursuant to which Orders may be placed, as well as each individual agreement or Contract concluded under the Order.

2. Offer

The Seller's quotation shall cover exactly the quantities and qualities specified in the Buyers inquiry. Any departure therefrom shall be expressly mentioned. The quotation shall be submitted cost-free and shall not impose any illegal obligation on the Buyer.

3. Warranties

The Seller represents and warrants to the Buyer that:

- 3.1. The Seller has the full capacity to enter into the Contract and/or the Order as a party thereto and perform all its obligations thereunder;
- 3.2. The coming into force and performance of the Contract and/or the Order is within the legitimate business scope of the Seller;
- 3.3. The person who signs the Contract and/or the Order on behalf of the Seller is the legal representative of, or the person duly authorized by the Seller;
- 3.4. The Sellers own the goods with free and clear of encumbrances of any kind.

4. Order

The Buyers Orders and alterations to Orders shall be made in writing. Verbal arrangements or arrangements discussed over the phone shall not be legally binding unless confirmed by the Buyer in writing.

5. Delivery

- 5.1 The period of delivery shall either commence from the date of the Order or shall be as specified in the Order. The Seller must comply with the delivery terms specified in the Order and time shall be of the essence in the performance by the Seller of the Order. If the Seller has reason to assume that he will not be able to meet or meet in time, all or part of his Contractual obligations, he shall notify the Buyer thereof immediately, stating the reasons and the likely duration of the delay.
- 5.2 The Seller shall make no extra charge for delivery of the goods. If the goods are delivered later than the agreed date of delivery (except for that caused by force majeure as specified in Condition 18 below), the Seller shall pay to the Buyer liquidated damages equal to [0.3%] of the total price for the goods per day, calculated from the agreed date of delivery until the date of actual delivery. If the goods are delivered more than [five (5)] days after the agreed date of delivery, the Buyer has the right, but is not obliged, to refuse delivery and treat the Contract as rescinded.

6. Quality, quantity and descriptions

- 6.1. The Seller warrants that the goods are of satisfactory quality and free from defect, meet the specifications as to quantity, quality and description set out or referred to in the Order and any other information or instructions specified to the Seller, and satisfy all applicable statutory or industry standards.
- 6.2. The Supplier shall not use, and permit the use of, any 2,4,6-tribromoanisole treated wood pallet in supplying the Goods. 2,4,6-tribromoanisole treated wood pallet shall not be used in any circumstances, including without limitation, the production process, production area, warehousing or transportation of the goods supplied to Bayer.

The Supplier shall procure its upstream suppliers (including without limitation the suppliers of raw material and packaging material of the Goods) to comply with this Article 6.2. Upstream suppliers neither shall use or permit to use any 2,4,6-tribromoanisole treated wood pallet to provide goods (including but not limitation to raw material and packaging material of the goods). 2,4,6-tribromoanisole treated wood pallet shall not be used in conditions including but not limitation to: the production process, production area, warehousing or transportation of the goods supplied to the Supplier by its upstream supplier.

6.3. The above warranties are in addition to those implied by or available at any applicable law, and will continue in force notwithstanding the acceptance by the Buyer of all or part of the goods to which those warranties apply.

7. Acceptance of Goods

7.1. The goods are subject to inspection and testing by the Buyer. In the event that the specification or quality of the goods is not in compliance with the Order, the Buyer has the right to repair such goods at the expense of the Seller or reject such goods. Before taking such action, the Buyer shall send a written notice to the Seller specifying the defect and the Buyer's suggested action. The Seller shall respond to the notice within ten (10) days after receiving the notice; otherwise it will be treated as having accepted the Buyer's claim and suggested action.

7.2. If the Buyer rejects the goods, it shall return the rejected goods to the Seller at the Seller's risk and expense. In that case, the Seller shall within a reasonable time replace the rejected goods with goods which are in all respects in accordance with the Order.

7.3. If the Buyer rejects the goods, the Buyer has the right to purchase replacement goods from other sources. Any money paid by the Buyer to the Seller in respect of the rejected goods, together with any additional expenditure above the original price for the rejected goods reasonably incurred by the Buyer in obtaining replacement goods, shall be paid by the Seller to the Buyer.

8. Liability for Breach

If the Seller breaches the Contract, it shall pay damages to the Buyer. If the damages are sufficient to cover the losses incurred by the Buyer, extra remedies are not needed. If the damages are not sufficient, the Buyer shall be entitled to other remedies. If the Buyer demands continued performance of the Contract, the Seller shall continue to perform. The agreement of this article shall not affect the validity of the liability for breach of Contract between the parties in other terms.

9. Indemnity

The Seller shall indemnify the Buyer against any loss, liability and cost directly or indirectly arising from or consequential upon :

- (a) alleged or actual infringement of any patent, trademark, copyright and any other intellectual rights or license, other right of a third party resulting from the purchase, use or resale by the Buyer of the goods; or
- (b) any act or omission in the performance of or in connection with the obligations undertaken by the Seller pursuant to the Contract, except for any liability or cost arising from the willful misconduct and negligence of the Buyer.

10. Insurance

The Seller shall insure the goods for their full value with a reputable insurance company until they have been delivered to the Buyer.

11. Packaging

The Seller shall at its own expense package and label the goods in a manner suitable for transit and storage in accordance with the Order.

12. Title and Risk

The title and risk in the goods pass to the Buyer upon delivery and acceptance of the goods by the Buyer in accordance with the Contract, without prejudice to any right of rejection which may accrue to the Buyer under the Contract or otherwise.

13. Payment

- 13.1.** The Buyer shall pay only the price for the goods specified in the Order. Unless otherwise agreed in writing by the parties, the price shall include all fees, charges, expenses and costs, both direct and indirect, for supplying the goods pursuant to the Order, and include any applicable value-added tax and other taxes, levies and customs duties.
- 13.2.** The Buyer may deduct from any money due or becoming due to the Seller any money due from the Seller to the Buyer.
- 13.3.** The Buyer shall, unless otherwise stated in the Order, pay the invoiced amount during the stipulated payment terms upon the related invoice being received by the Buyer. The Seller shall ensure that the invoice or, if applicable, the value-added tax invoice relating to the Order is received by the Buyer within [seven (7)] days after the date of delivery of the goods. The Seller shall also ensure the value-added tax invoice states the Order number and the address to which the goods were delivered.

14. Weight and Other Specifications

The Seller must adhere to the weight of the goods stated in the Order except for a tolerance of +/-5%. If, in case of a purchase weight, the Seller has not officially weighed the goods through the railroad, then equivalent weighing has to be performed by Seller.

15. Shipping Requirements

The Seller shall always pack, mark and ship dangerous goods in compliance with the applicable national or international regulations. The accompanying documents shall state not only the risk category but also any further particulars required by the applicable regulations.

16. Documents

- 16.1.** If the goods are sent by air-freight, the Seller shall, prior to the goods arriving at the Buyer's destination, provide to the Buyer, by facsimile, a copy of the airway bill marked with the Order number and with the words of either "freight prepaid" or "freight to collect" at the Seller's location. If the goods are sent by air parcel post, the Seller shall provide to the Buyer the following documents: two copies of the air parcel post receipt addressed to the Buyer, the invoice or, if applicable, the value-added tax invoice indicating the Order number and setting out the details of the relevant Contract, two copies of the packing list issued by the Seller, and the certificate of quality and quantity issued by the Seller. If the goods are sent by ship, the Seller shall provide shipping papers and the invoice or, if applicable, the value-added tax invoice stating the name of the shipping company and of the ship.
- 16.2.** Without prejudice to the above, the Seller shall provide at its own expense to the Buyer all the documents that the Buyer may reasonably request for the performance of the Contract and the Order.

17. Confidentiality, Advertisement and Force Majeure

- 17.1.** All information supplied by the Buyer shall be treated as confidential and shall not be disclosed or used other than to satisfy the requirements of the Contract. The Seller shall promptly return, when requested by the Buyer, all written materials and drawings supplied.
- 17.2.** Without the prior written consent of Bayer, the Supplier shall not by any means publicize or make it publicly known that the Seller provides or will provide the goods to Bayer.
- 17.3.** Without the prior written consent of Bayer, the Supplier shall not use any name, logo, trade mark or brand of Buyer or an affiliate of Buyer, either alone or together with the Seller's or its affiliate's name, logo, trade mark or brand or in any other manner.
- 17.4.** The Supplier hereby acknowledges its full understanding and commitment that the Supplier shall strictly comply with all aspects of the applicable Code of Conduct and all substantially similar documents, which Bayer may release from time to time. The current version of the Code of Conduct is posted on the following website:

[http://www.beschaffung.bayer.de/procmt/byc_cpmm.nsf/CMSLUByIntID/HWER-7YADKR/\\$File/Supplier%20Code%20of%20Condcut_chinese.pdf?OpenElement](http://www.beschaffung.bayer.de/procmt/byc_cpmm.nsf/CMSLUByIntID/HWER-7YADKR/$File/Supplier%20Code%20of%20Condcut_chinese.pdf?OpenElement)

18. FORCE MAJEURE

- 18.1.** The Seller shall not be liable for any delay in shipment or non-delivery of goods due to a force majeure event, being an event which is beyond the control of the parties and which are unforeseeable or, if foreseen, unavoidable, such as war, serious fire, flood, typhoon or earthquake. The Seller shall promptly notify the Buyer of any force majeure event and, within fourteen (14) days thereafter, the Seller shall send to the Buyer for the Buyer's acceptance a certificate issued by the competent government authorities evidencing the occurrence of the force majeure event.
- 18.2.** During the period of the force majeure event, the Seller shall take all necessary measures to facilitate the delivery of the goods. If, as a result of the force majeure event, delivery is delayed by more than five (5) days, the Buyer shall have the right to rescind the Order.

19. Effective date

The Orders shall take effect upon affixation of the company seals or Contract seals of the Parties.

20. Applicable laws and dispute resolution

- 20.1.** The Seller's employment shall comply with the Labor Law of the People's Republic of China, Labor Contract Law of the People's Republic of China, Law on Protection of Minors of the People's Republic of China, Provisions on Prohibition of Child Labor and other relevant laws and regulations, and shall not illegally recruit, or in the course of providing the Services or during any stage of performance of the Contract and/or the Order, illegally use minors under the age of 16.
- 20.2.** The Contract and the Order shall be governed by the laws of the People's Republic of China. Any dispute arising out of or relating to the Order shall be submitted to the China International Economic and Trade Arbitration Commission for arbitration in Beijing in accordance with the arbitration rules of such commission then in force. The arbitral award shall be final and binding on the Parties.

21. Inspection and audit

- 21.1.** During the term of the Contract and/or the Order and for a period of two (2) years thereafter, Bayer and/or its duly authorized third-party auditor chosen and paid by Bayer has the right to do the following at normal business hours and upon seventy-two (72) hour prior notice:
- 21.1.1.** To have access to, inspect, examine, audit and copy (at no charge to Bayer) all books, records and all other documents and materials in the possession of or under the control of the Seller which in the reasonable judgment of Bayer relate in any way to the Contract and/or the Order;
- 21.1.2.** To interview key employees of the Seller who performed the Services under the Contract and/or the Order; and
- 21.1.3.** To enter the Supplier's facilities to conduct the above activities.
- 21.1.4.** The Supplier shall provide full cooperation for Bayer to exercise the rights under this Clause 21.1, including without limitation, furnishing reasonably adequate workspace free of charge.
- 21.2.** The Supplier shall, at its own cost and consistent with generally accepted accounting principles, maintain complete and accurate books and records covering all the activities and transactions arising out of, or relating to the performance of the Contract and/or the Order, including but not limited to the documents supporting entries to the Supplier's books of account, such as relevant time registers and third party expenses. The Supplier shall keep such books and records in a manner suitable for a complete and accurate inspection and audit. The Supplier shall keep all papers, correspondences, data, accounts, reports, records, receipts and other sources of information relating to the Services for at least two (2) years after completion of the Services.
- 21.3.** If an audit reveals that the Supplier has overcharged Bayer, Bayer shall be entitled to an immediate refund of the overcharged amount. Bayer has the right to terminate the Contract and/or cancel the Order immediately, if any such audit reveals any Supplier's material breach of the Contract and/or the terms of the Order.
- 21.4.** The Supplier shall, at the request of Bayer, provide reasonable financial information to Bayer on an annual basis to enable Bayer to evaluate the Supplier's long term financial stability.
- 21.5.** Any exercise of the right by Bayer under this Clause 21 or any acceptance of any invoice or any payment thereof by Bayer shall not affect any other rights or remedies available to Bayer, nor preclude Bayer from

disputing the accuracy of any invoice or payment. The Supplier shall remain fully liable for any amount due under the Contract and/or the Order.