

CONDITIONS OF SALE

1. **AGREEMENT OF SALE:** Hubei Gold Dragon Nonwoven Fabric Co., Ltd. ("**Seller**") hereby agrees to sell the goods specified on the overleaf pro-forma invoice ("**Goods**") and to transfer the title therein to the buyer ("**Buyer**"). The Buyer agrees to purchase the Goods from the Seller and receive title therein, all in accordance with the terms and conditions specified herein ("**Terms**").

The Seller and the Buyer will separately hereinafter be referred to as ("**Party**") and collectively hereinafter be referred to as the ("**Parties**").

2. **DELIVERY OF GOODS:** Except as otherwise specifically agreed in writing the Seller will complete delivery of the Goods to the Buyer under delivery terms at ExWorks Seller's Premises/Distributions Centers, on the date as set out in Seller's confirmation of Buyer's purchase order ("**Delivery**"). The dates for Delivery on the overleaf pro-forma invoice shall be deemed estimates only, and the Seller shall bear no liability for delayed Delivery.
The Buyer shall be liable for payment for the Goods and shall either accept the Goods or acknowledge in writing its request to the Seller for placing said Goods in storage. Such Goods shall be insured and stored in a secure location designated by the Buyer and at the Buyer's sole expense and liability.
3. **RISK:** Except where specifically agreed otherwise in writing, the Seller will assume risk for damage to the Goods up to Delivery. The Buyer will assume all risks regarding the Goods from Delivery onward.
4. **PRICES:** The purchase price of the Goods is as specified in the invoice and does not include the costs of shipment and insurance of the Goods. Except where agreed to otherwise in writing, the Buyer will bear the entire costs of shipment of the Goods and insurance.
5. **PAYMENT:** The terms of payment for the Goods are stated in the overleaf pro-forma invoice. If the Buyer fails to make any payment when due, without prejudice to Seller's other rights and remedies herein, the entire price for the Goods will become due immediately. In the event of delay of any payment, the Seller shall (i) suspend any further delivery of the Goods to the Buyer immediately; (ii) charge interest at the rate of two percent (2%) of the entire purchase price for the Goods per month; and (iii) charge fees to cover its storage costs and any other expenses for the Goods. The Buyer shall assume the risk for any damage to the undelivered Goods due to the delayed payment. In the event that Buyer fails to meet the payment schedule set forth overleaf, the purchase price of all future purchases ordered by the Buyer shall be paid in advance by the Buyer before Delivery. Any payment made by the Buyer hereunder shall be made without setoff, deduction or other withholding (including tax withholding, if applicable).
6. **ACCEPTANCE:** In the event that, within seven (7) days upon the Delivery, the Buyer fails to notify the Seller in writing, designating the number of the relevant invoice issued by the Seller, of the existence of purported non-conformity, shortage or damage of the Goods, the Buyer will be deemed to have accepted the Goods. Upon acceptance of the Goods, the Buyer will irrevocably and unconditionally have no claim of any nature against the Seller as to non-conformity, shortages or damage of the Goods and subject to Paragraph 7, will in no circumstances be entitled to return any of the Goods, receive any refund of purchase price or any other remedy related to the Goods.
7. **WARRANTY AND DISCLAIMER:** The Seller hereby warrants that upon production and for a period of twelve (12) months thereafter ("**Warranty Period**"), the Goods will be free of defect in design, materials and workmanship ("**Defects**"). Upon the discovery of Defects in any Goods ("**Defective Goods**") after the Buyer's acceptance of the Goods according to Clause 6 and during the Warranty Period, the Buyer shall submit to the Seller a written complaint describing the Defects, and attach a sample of the Defective Goods. Under the warranty, upon the Seller's reasonable inspection of the Defective Goods and confirmation of the Defects, the Seller's sole liability shall be, at its sole discretion, to repair or replace the Defective Goods, free of any additional charge. The foregoing warranty shall not be valid to the extent the Defects arises from (i) any modification or changes of the Goods by any person or entity other than the Seller, (ii) misuse or abuse of the Goods by the Buyer, the Buyer's customers, end users or any person or entity other than the Seller, (iii) normal wear and tear, willful damage, negligence or wrongdoing of the Buyer, the Buyer's customers, end users or any person or entity other than the Seller, (iv) accident or disaster, (v) use of the Goods in any manner inconsistent with documentation or instructions provided by the Seller, (vi) improper storage, loading and unloading of the Goods. Unless otherwise explicitly provided for herein, the Seller makes no other warranties, implied or expressed, including without limitation any warranties of merchantability or fitness of purpose with regard to the Goods or related materials.
8. **LIMITATION OF LIABILITY:** The Seller will bear no liability toward the Buyer or toward any third party for any indirect, special, exemplary, punitive, consequential or incidental damages, including loss of profits, or injury to reputation or goodwill, or interest, howsoever caused, arising out of, or in connection with the Goods, whether arising from claims based in warranty, contract, tort or otherwise, even if it has been advised of the possibility of such damages. The Seller's liability to the Buyer under any or all provisions of these Terms shall be limited to the purchase price of the specific Goods actually paid by the Buyer to the Seller. The Seller's limitation of liability is cumulative with all of the Seller's expenditures being aggregated to determine satisfaction of the limit.
9. **INTELLECTUAL PROPERTY:** The Buyer acknowledges the Seller's exclusive right, title and interest in any and all patents, patent applications, copyrights, designs, trademarks, inventions and any other intellectual property rights, whether registered or not, and all know-how (collectively "**Intellectual Property**") related in and to the Goods and/or any literature provided by the Seller. The Buyer shall not contest or dispute the validity of or title to any of the Seller's Intellectual Property and shall make its best efforts to assist and to protect the Seller's rights herein, and upon the Seller's request, shall, amongst others, execute any documents confirming the Seller's ownership of such rights. The Buyer shall not apply to register in any country or region any right with respect to the Seller's Intellectual Property and/or literature provided by the Seller.
The Buyer shall not alter, obscure or remove the Seller's trademarks or any markings, colors, logos or any other insignia which are contained on or in or affixed to the Goods at the time of Delivery (the "**Marks**"). The Buyer shall use the Marks only for the purpose of identifying and advertising the Goods, in the Seller's sole interest and in compliance with the Seller's requirements. The Buyer hereby agrees neither to register, nor to have registered in any country or region, the Marks or any other trademarks, trade names, symbols or domain names that are confusingly similar to the Marks.
10. **TRANSFER OF TITLE:** Title to the Goods will remain with the Seller until the receipt by the Seller of the entire purchase price thereof and thereafter will transfer to the Buyer; save that all title to the Intellectual Property related to the Goods

shall remain with the Seller. The Seller shall retain a traceable ownership and/or security interest in the Goods until the receipt of the entire purchase price therefor. The Buyer shall not, by any means, resale, mortgage, lien or dispose, of any nature, the Goods to which the Seller still holds title.

11. **TAXES AND COMPULSORY PAYMENTS:** The Buyer shall pay all present and future duties, taxes, levies, governmental charges, or other compulsory payments, of whatever nature, arising out of or associated with the sale of the Goods, and imposed by any country or territory through which the Goods may pass.
12. **TERMINATION:** If the Buyer (i) becomes subject to any proceedings for bankruptcy, winding up, insolvency, liquidation, dissolution, reorganization, reconstruction, or similar type action, or if a receiver or trustees is appointed to its business or to all or part of its property, or (ii) is in breach of any of its obligations hereunder, then the Seller may terminate any order governed by these Terms effective immediately, by providing the Buyer an written notice. The Buyer shall be liable to compensate any losses and damages suffered by the Seller due to such termination of any order governed by these Terms.
13. **SPECIAL ORDERS:** The Buyer acknowledges that the Goods have been ordered and manufactured specially in accordance with its requirements, needs, and/or specifications. Any cancellation or termination of an order or delivery thereof, or any breach of these Terms or sale may cause the Seller extensive or even total loss regarding such Goods. The Buyer agrees to compensate the Seller for the full extent of such loss, including, without limitation, loss of profits.

Where the Goods are manufactured according to the Buyer's requirements, needs and/or specifications, and such manufacturing requirements, needs and/or specifications result in any claim made by any third party for damages due to infringement of its intellectual property rights, the Buyer indemnify the Seller for any costs, expenses or other losses arising out of or in connection with such claim.
14. **FORCE MAJEURE:** The Seller will be fully and totally excused, without liability to the Buyer from performance under these Terms to the extent prevented or delayed by fire, explosion, unavoidable breakdown of machinery, government acts or regulations, war, strikes, or labor disputes, or any act of God, or by any similar circumstances reasonably beyond its control and unforeseen at the time that these Terms were made.
15. **ASSIGNABILITY:** The Buyer may not assign any of its rights and/or obligations hereunder without the prior written consent of the Seller; any assignment for which consent was not obtained will not be considered valid. These Terms will inure to the benefit of the Seller and the Buyer, their successors, and assigns.
16. **WAIVER:** The failure at any time of either Party to enforce any of these Terms will in no way be construed to be a waiver, or in any way to affect the validity of these Terms. The acceptance by the Seller of any payment beyond the date on which it was due will not be construed as a waiver by the Seller of any rights which it may have, including the right to receive interest according to Clause 5 of these Terms, or as a waiver of its right to receive from the Buyer future timely payments.
17. **QUALIFICATIONS:** The Buyer shall promptly notify the Seller of any necessary certification, qualification, testing, labeling or other requirements and laws, rules and regulations applicable in the territory in which it operates, that require any action or impose any liability on the Seller and any changes thereto, and assist the Seller to the extent any action by the Seller is required.
18. **SEVERABILITY:** Every delivery, or partial delivery, of an order, will be considered severable. Failure by the Seller to execute any delivery or partial delivery will not alter the Buyer's obligations regarding any remaining deliveries, and will not abrogate the Buyer's obligations regarding payment of deliveries already executed.
19. **DISPUTE:** The Parties will actively endeavor to equitably settle any dispute arising between them. In the event that the Parties are unable to reach an equitable settlement of such dispute, these Terms will be governed by and construed in accordance with the laws of the People's Republic of China and the competent court at the place where the Seller is located shall have exclusive jurisdiction with respect to any dispute arising hereunder.
20. **HEADINGS:** All headings, headlines, and/or numeration of articles, and the division of these Terms into paragraphs are for convenience purposes only and shall not have any legal meaning attributed thereto.
21. **NOTICES:** any notice authorized or required to be given in accordance with these Terms may be given by telex, facsimile, or by registered or certified mail. Such notice shall be deemed properly given twenty four (24) hours after having been sent by telex or facsimile and ten (10) days after having been posted by registered or certified mail to the addresses of the Parties as listed in the overleaf pro forma invoice.
22. **CONDITIONS OF PURCHASE:** Any conditions or terms of purchase previously agreed upon or offered by the Buyer which is in any way inconsistent with these Terms are hereby rejected. Any changes or amendments to these Terms shall be in writing and signed by the Seller and the Buyer. In the event of any discrepancy between these Terms and a signed definitive agreement between the Seller and the Buyer, the terms of the definitive agreement shall prevail.