

TERMS, CONDITIONS AND DEFINITIONS

In these terms and conditions the following definitions apply:

Seller: the member of the association of importers from the Far East that enters into, or wishes to enter into, and agreement in the sense meant by article 2.

Purchaser: the counterparty to the Seller.

Delivery: the delivery of goods (in these terms and conditions also to be referred to as "items" or "articles").

The provisions of the United Nations Convention on Contracts for the International Sale of Goods (CISG) are applicable if and insofar not otherwise provided in these General Terms and Conditions.

Unless otherwise provided in these General Terms and Conditions the INCOTERMS are applicable

2. APPLICABILITY AND VALIDITY

These General Terms and Conditions are exclusively applicable to all offers and agreement in accordance with which the Seller sells and delivers. Departures from and additions to these General Terms and Conditions are only valid if and where they have been approved and confirmed in writing by the Seller. Any purchasing and other terms and conditions of the Purchaser are only applicable unless approved explicitly and in writing as a departure from these General Terms and Conditions.

3. FORMATION OF AGREEMENTS

3.1 All offers, estimates and suchlike issued by the Seller are done so free of obligation unless explicitly stated to the contrary in writing.

3.2. A purchase agreement is formed if the Purchaser places an order with the Seller (an order can be placed orally, if required by telephone, by letter, by means of an order form, fax or e-mail) and such order is confirmed in writing by the Seller, unless within five working days after receipt of the written confirmation the Purchaser issues written notification that the confirmation is not a correct representation of that which has been agreed.

4. DELIVERY AND TRANSFER OF RISK

4.1. The items shall be delivered by the Seller in the manner and to the place indicated in the order confirmation.

4.2. The Purchaser is obliged to receive the items at the agreed place at the moment that they are delivered to him or made available to him (in conformity with the order confirmation).

4.3. The Seller shall bear the costs of transporting the items.

4.4. The risk of the items passes to the Purchaser at the moment at which they are delivered (legal and/or actual).

If the Purchaser bears the expense of the transportation, the risk passes from the Seller to the Purchaser once the items are actually delivered to the party indicated by the Purchaser.

5. PERIOD FOR MAKING DELIVERY

5.1. The Seller shall attempt to deliver the items at the moment stated in the order. A period for making subsequent delivery commences on the date of delivery as stated in the order confirmation.

5.2. Unless it is not explicitly agreed to the contrary in writing, the Seller is entitled to subsequent delivery for a period of 20 working days after the agreed delivery date without the Purchaser being able to dissolve the agreement or in any way be entitled to damages. If following the subsequent delivery period of 20 days the Seller has still not

delivered the items, the Purchaser is entitled to dissolve the agreement by registered letter.

5.3. If the Seller exceeds the term of delivery or subsequent term of delivery, he can never be held liable for damages vis-à-vis the Purchaser or third parties if such late delivery was the consequence of force majeure.

Force majeure is here understood to include any and every circumstance of which the Seller could not or could not have been required to take account and as a result of which the normal execution of the agreement could not reasonably be demanded by the Purchaser. The Seller is obliged immediately to warn the Purchaser in writing in the event of force majeure.

In the event of force majeure, each of the parties is obliged to discuss with the other party with a view to reaching an arrangement regarding the execution of the agreement. If such an arrangement cannot be reached within a reasonable term, the agreement shall be deemed with the approval of both parties to be dissolved, without the Seller being liable to pay damages to the Purchaser

5.4. If in the event of delivery on demand no periods have been laid down for making such demand, the Seller is entitled to receive payment three months after written notification that the items are available.

6. PRICES, INVOICING AND PAYMENT

6.1. Unless explicitly arranged otherwise, all prices are exclusive of VAT.

6.2 Unless explicitly agreed otherwise and without prejudice to the right to demand advanced or cash payment if the Seller has reasons to do so - e.g. based on information regarding the financial solvency of the Purchaser - payment must be made in conformity with the agreed terms of payment. If payment is made through a bank, the date of payment is deemed to be the date on which the Seller's account is credited. In the case of payment by cheque, the date of payment is deemed to be the date on which the cheque is cashed.

All payments will be used first of all for offsetting against interest, costs and damages due and the rest for the oldest outstanding account(s) receivable.

6.3. The Seller is entitled to make partial delivery and to send partial invoices.

6.4. The Purchaser is entitled to deviate from the agreed period for making payment if he notices any defect in the items delivered and immediately after noticing them (i.e. within five working days) notifies the Seller of them in writing, and the defect(s) can demonstrably be attributed to the Seller.

Exercise of this right of suspension is limited to the amount that corresponds with the price of the items not delivered to the Purchaser in sound condition.

6.5. Subject to the provisions of article 6.4 the Purchaser, in the event that it has not fully paid the amount(s) owed within the agreed period, is in default after the expiry of that period without any notice of default being required. From the date upon which the amount owed is payable up to the time of payment, the Purchaser owes interest at the rate of 1% per month or part of it on the outstanding amount or at the statutory trade rate of interest, if higher, without prejudice to the other rights of the Seller.

6.6. The Purchaser may only set off an amount against a counterclaim where the Seller provides written acknowledgement of the accuracy of such counterclaim, or if at that moment such counterclaim is irrevocably established at law.

6.7. If the Purchaser does not pay the amount owed within the agreed period, the Seller is entitled to have the receivable collected, either with or without recourse to the courts, whereby all costs relating to this but at least fifteen (15) percent of the amount of the receivable, shall be borne by the Purchaser.

7. RETENTION OF TITLE AND FURTHER SECURITIES OF THE SELLER

7.1 All items delivered by the Seller remain the property of the Seller until all claims of the Seller against the Purchaser for any reasons whatever and regardless of their eligibility, including interests and costs, have been settled.

If and insofar payment in full (including interest, costs, damages, etc.) has not been made, the Purchaser is not entitled to pledge the items or to transfer possession of them

to third parties, with the exception of the items that the Purchaser transfers in the course of its normal business operations.

In the event that the Purchaser breaches any of these stipulations, as well as in the event that the Seller is entitled to apply its rights of suspension and dissolution (as defined below), the Seller has the right to repossess of its own accord all delivered items from the place where they are located without any authorisation by the Purchaser or a court of law being required. Any claim by the Seller vis-à-vis the Purchaser is then immediately due and payable.

7.2. If the Seller wishes to exercise the right defined in 7.1, the Purchaser now gives its express permission to the Seller to enter all the places where the Seller's items are (or may be) located and to repossess those items. Goods repossessed in this way shall be credited by the Seller at the market value of those goods (less interest and costs) on the date of the possession.

8. SUSPENSION AND DISSOLUTION

If following written a compliance warning the Purchaser fails to comply with any obligation arising from the agreement concluded with the Seller, or the Purchaser is in a state of moratorium on payments, is declared to be in a state of in voluntary liquidation, or decides to wind up its business, or the Seller obtains information indicating with a reasonable degree of certainty that the Purchaser very probably cannot fulfil its obligations vis-à-vis the Seller, the Seller is entitled by registered letter to suspend or dissolve, or declare dissolved, either in whole or in part, all agreements existing at that moment, without the intervention of the courts, without prejudice to the other statutory rights of the Seller. Any claims then existing will be immediately due and payable.

9. DEFECTS AND COMPLAINTS

9.1. If the Purchaser does not accept items that have been made available by the Seller to the Purchaser, the Seller is authorised to do the following:

to deliver the items by written notification by the Seller to the Purchaser, in which case the items should be shall be stored by the Seller or by a carrier designated by the Seller from the moment that such notification is sent, and to do so at the expense and risk of the Purchaser. In such a case the risk of diminishment in quality of the items is also for the Purchaser.

Or,

to dissolve the agreement, either in whole or in part, and/or to sell and deliver the items to third parties, whereby the Purchaser is liable for all damage.

The Seller shall then be entitled to sell articles to third parties which have been refused or returned, also in the event that such articles are affixed with a registered mark of the Purchaser. The Seller shall only be able to exercise the choice of rights indicated here after the Purchaser has been given the opportunity to submit a written objection, with reasons given, within five days after the date of the notification referred to in article 9 paragraph 1.

The Seller shall then exercise its choice of rights with due observance of standards of fairness and reasonableness.

9.2. The Purchaser is obliged to inspect deliveries as soon as possible but, at any rate, within five working days after the actual delivery for any, defects, to notify the Seller in writing of any defects observed.

In the event that the provisions of this article are not observed, the right of the Purchaser to invoke any rights on the grounds of observed defects lapses.

9.3. Defects that are reported in writing to the Seller within the periods referred to in paragraph 9.2, and furthermore only those defects in the delivered items that cannot reasonably have been observed during the inspection but are discovered within three months following the delivery and reported in writing within five working days after the discovery, shall, where they can be demonstrably attributed to the Seller due to failure on its part, shall at the discretion of the Seller be remedied through replacement or repair, or by crediting the account of the Purchaser after the items have been returned.

9.4. The Purchaser may never invoke any rights based on defects in the delivered items if and to the extent that such items have been treated or processed following delivery by the Seller to the Purchaser.

9.5. Defects in the delivered items constitute no grounds for dissolving the agreement in question unless such defects are those meant in paragraph 9.2 and paragraph 9.3, and despite repeated attempts, the Seller does not succeed in remedying such defects acceptably. The Purchaser is then entitled to dissolve the agreement if it cannot reasonably be required of the Purchaser that it continues to uphold the agreement. Defects may only constitute grounds for dissolution to the extent that they entail defective goods. Differences in quantity or quality, composition, colour etc, which for technical reasons cannot be prevented or which are customarily allowed, can never constitute grounds for dissolution by or at the request of the Purchaser.

9.6 Delivered items may only be returned following the written consent of the Seller. The Purchaser must return items carriage paid, accompanied by a written explanation. If the Purchaser returns items in a manner contrary to the regulations set forth here, or returns items for no valid reason, such items, where they are not rejected by the Seller, shall be kept at the disposal of the Purchaser at its expense and risk without this constituting any acknowledgement of the correctness of any possible guarantee claim. The costs of returning items for no valid reason shall be borne by the Purchaser.

10. LIABILITY FOR DAMAGE. Regarding damage to items as a result of delivery for which the Seller is liable at law, the following applies where provisions of mandatory law do not determine otherwise:

10.1. Only damage which the Purchaser incontrovertibly demonstrates was a result of the circumstances or an incident for which the Seller can be held liable shall qualify for compensation.

10.2. Damage in the form of lost profits or reduced income, etc. (consequential damages) shall in no event whatever qualify for compensation.

10.3. The liability of the Seller for damage directly arising from injury to a person shall never exceed the amount to be paid out in accordance with the insurance agreement concluded between the Seller and its insurer for such a purpose.

The Purchaser is entitled to be granted inspection of the insurance policy that covers the risk of injury to persons.

10.4 On penalty of the lapse of entitlement to damages, the Seller shall be granted all necessary cooperation by the Purchaser in its investigations into the cause, nature and extent of the damage for which compensation is claimed.

10.5 The Purchaser indemnifies the Seller against claims by third parties alleging to have suffered damage from an item delivered by the Seller.

10.6 If and to the extent that the limitation of liability in any particular case is deemed to be unreasonably burdensome or unacceptable, a limitation shall apply that is fair and reasonable, taking into account all the circumstances of the case in question.

11. BREACH OF INTELLECTUAL PROPERTY RIGHTS

If the Purchaser offers the Seller products for the purpose of development or manufacture, the Purchaser shall provide the Seller a guarantee for any damage suffered or to be suffered in the future by the Seller with regard to any breach of intellectual property rights of third parties, possibly as a result of engaging third parties.

The Seller undertakes to inform the Purchaser promptly and with due caution about any such claim by third parties.

12. GUARANTEE

12.1. All guarantees given by the Seller are in writing; announcements by or on behalf of the Seller regarding the quality, composition, possible modes of application, properties and treatment of the delivered items only serve as a guarantee if provided explicitly and in writing by the Seller in the form of a guarantee.

12.2. If during the guarantee period the Purchaser carries out repairs or modifications to the delivered items without the prior approval of the Seller , the guarantee obligation of the Seller expires immediately.

13. CHANGES TO EXISTING AGREEMENTS

Changes and modifications to agreements only take effect if these are explicitly agreed in writing by the Seller and the Purchaser.

14. DISPUTES, APPLICABLE LAW AND COMPETENT COURT

14.1. All disputes relating to (any) agreement(s) concluded or executed with due observance of these General Terms and Conditions between the Seller and a Purchaser which disputes cannot be resolved amicably, within 2 months' time after any of the parties has made an attempt in this respect, shall be submitted to the District Court, Amsterdam).

14.2. All disputes relating to (any) agreement(s) concluded or executed with due observance of these General Terms and Conditions between the Seller and a Purchaser are subject to the Laws of the Kingdom of the Netherlands.

These terms and conditions are printed overleaf each and every stationary, however, in the (also therefore, hardly imaginable) event that they have not come in the possession of the purchaser before or at the moment of the purchase, please note that they can easily be downloaded from the seller's web site www/hem-bv.nl/terms and conditions while, on top of this and on request, they also will be forwarded to the purchaser free of any charge .