

CHENSO INC
Chemical Engineering Solution

Standard Terms and Conditions for the Sale of Goods

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TERMS OF SALE

1. Interpretation

- 1.1.** In these Conditions:
“**BUYER**” means the person who accepts a quotation of the Seller for the sale of the Goods or whose written order for the Goods is accepted by Seller

“**GOODS**” means the goods (including any installment of the goods or any parts for them) which the Seller is to supply in accordance with these Conditions

“**SELLER**” means **CHENSO Inc** (registered in the USA)

“**TERMS**” means the standard terms and conditions of sale set out in this document and (unless the context otherwise requires) includes any special terms and conditions agreed in writing between the Buyer and the Seller

“**INCOTERMS**” means the International Rules for the interpretation of Trade Terms of the International Chamber of Commerce as in force at the date when the contract is made

“**CONTRACT**” means the contract for the purchase and sale of the Goods

“**WRITING**” includes telex, cable, facsimile, email transmission and comparable means of communication
- 1.2.** Any reference in these Conditions to any provisions of a statute shall be constructed as a reference to that provision as amended, re-enacted or extended at the relevant time
- 1.3.** The headings in these Conditions are for convenience only and shall not affect their interpretation

2. Basis of the Sale

- 2.1.** The Seller shall sell and the Buyer shall purchase the Goods in accordance with any written quotation of the Seller which is accepted by the Buyer, or any written order of the Buyer which is accepted by the Seller, subject in either case to these Terms which shall govern the Contract to the exclusion of any other terms subject to which any such quotation is accepted, or any such order made or purported to be made, by the Buyer
- 2.2.** No variation to these Conditions shall be binding unless agreed in Writing between the authorized representatives of the Buyer and the Seller
- 2.3.** The Seller’s employees or agents are not authorized to make any representations concerning the Goods unless confirmed by the Seller in Writing. In entering into the Contract the Buyer acknowledges that it does not rely on any such representations which are not so confirmed
- 2.4.** Any advice or recommendation given by the Seller or its employees or agents to the Buyer or its employees or agents as to the storage, application or use of the Goods which is not confirmed in writing by the Seller is followed or acted upon entirely at the Buyer’s own risk, and accordingly the Seller shall not be liable for any such advice or recommendation which is not confirmed.
- 2.5.** Any typographical, clerical or other error or omission in any sales literature, quotation, price list, acceptance offer, invoice or other document or information issued by the Seller shall be subject to correction without any liability on the part of the Seller

3. Orders and Specifications

- 3.1. No order submitted by the Buyer shall be deemed to be accepted by the Seller unless and until confirmed in writing by the Seller's authorized representative
- 3.2. The Buyer shall be responsible to the Seller for ensuring the accuracy of the terms of any order (including any applicable specification) submitted by the Buyer, and for giving the Seller any necessary information relating to the Goods within sufficient time to enable the Seller to perform the Contract in accordance with its terms
- 3.3. The quantity, quality and description of and any specification for the Goods shall be those set out in the Seller's quotation (if accepted by the Buyer) or the Buyer's order (if accepted by the Seller)
- 3.4. If the Goods are to be manufactured or any process is to be applied to the Goods by the Seller in accordance with a specification submitted by the Buyer, the Buyer shall indemnify the Seller against all loss, damages, costs and expenses awarded against or incurred by the Seller in connection with or paid or agreed to be paid by the Seller in settlement of any claim for infringement of any patent, copyright, design, trade mark or other industrial or intellectual property rights of any other person which results from the Seller's use of the Buyer's specifications
- 3.5. The Seller reserves the right to make any changes in the specification of the Goods which are required to conform with any applicable statutory or US requirements or, where the Goods are to be supplied to the Seller's specification, which do not materially affect their quality or performance
- 3.6. No order which has been accepted by the Seller may be cancelled by the Buyer except with the agreement in writing of the Seller on terms that the Buyer shall indemnify the Seller in full against all loss (including loss of profit), costs (including the cost of all labor and materials used), damages, charges and expenses incurred by the Sellers as a result of cancellation
- 3.7. In connection with special designs we reserve the right to under-and oversupply in accordance with the practice of our own suppliers.

4. Price of the Goods

- 4.1. The price of the Goods shall be the Seller's quoted price or, where no price has been quoted (or a quoted price is no longer valid), the price listed in the Seller's published price list current at the date of acceptance of the order. Where the Goods are supplied for export from the United States, the Seller's published export price list shall apply. All prices quoted are valid for 30 days only or until earlier acceptance by the Buyer, after which time they may be altered by the Seller without giving notice to the Buyer.
- 4.2. The Seller reserves the right, by giving notice to the Buyer at any time before delivery, to increase the price of the Goods to reflect any increase in the cost to the Seller which is due to any factor beyond the control of the Seller (such as, without limitation, any foreign exchange fluctuation, currency regulation, alteration of duties, significant increase in the costs of labor, materials or other costs of manufacture), any change in delivery dates, quantities or specifications for the Goods which is requested by the Buyer, or any delay caused by any instructions of the Buyer or failure of the Buyer to give the Seller adequate information or instructions
- 4.3. Except as otherwise stated under the terms of any quotation or in any price list of the Seller, and unless otherwise agreed in writing between the Buyer and the Seller, all prices are given by the Seller on an ex works basis, and where the Seller agrees to deliver the Goods otherwise than at the Seller's premises, the Buyer shall be liable to pay the Seller's charges for transport, packaging and insurance unless agreed otherwise by the Seller
- 4.4. The price is exclusive of any applicable value added tax, which the Buyer shall be additionally liable to pay to the Seller

- 4.5. The cost of pallets and returnable containers will be charged to the Buyer in addition to the price of Goods, but full credit will be given to the Buyer provided they are returned undamaged to the Seller before the due payment date.

5. Terms of Payment

- 5.1. Subject to any special terms agreed in writing between the Buyer and the Seller, the Seller shall be entitled to invoice the Buyer for the price of the Goods on or at any time after delivery of the Goods, unless the Goods are to be collected by the Buyer or the Buyer wrongfully fails to take delivery of the Goods, in which event the Seller shall be entitled to invoice the Buyer for the price at any time after the Seller has notified the Buyer that the Goods are ready for collection or (as the case may be) the Seller has tendered delivery of the Goods
- 5.2. Provided no previous invoice is overdue, the Buyer shall be entitled to a prompt payment discount of 1 per cent of the price of the Goods (excluding any charge for transport, packaging or insurance) for payment within 14 days of the date of the Seller's invoice. The Buyer must inform the Seller in writing prior to taking such discount
- 5.3. The Buyer shall pay the price of the Goods (less any discount to which the Buyer is entitled, but without any other deduction) within 30 days of the date of the Seller's invoice, and the Seller shall be entitled to recover the price, notwithstanding that delivery may not have taken place and the property in the Goods has not passed to the Buyer. The time of payment of the price shall be of the essence of the Contract. Receipts for payment will be issued only upon request. Settlement of the invoice must be effectuated within thirty days from submission of invoice. In case of arrears of payment, purchaser shall pay penalty interest at eight percent per annum. In case of arrears of payment we are entitled to withdraw from the contract even if the object of purchase has already been delivered to purchaser
- 5.4. If the Buyer fails to make any payment on the due date then, without prejudice to any other right or remedy available to the Seller, the Seller shall be entitled to:
- 5.4.1. cancel the contract or suspend any further deliveries to the Buyer
 - 5.4.2. appropriate any payment made by the Buyer to such of the Goods or the goods supplied under any contract between the Buyer and the Seller) as the Seller may think fit (notwithstanding any purported appropriation by the Buyer); and
 - 5.4.3. charge the Buyer interest (both before and after any judgment) on the amount unpaid, at the rate of 8 per cent per annum above The Bank of America base rate from time to time, until payment in full is made (a part of a month being treated as a full month for the purpose of calculating interests)

6. Delivery

- 6.1. Delivery of the Goods shall be made either :
- 6.1.1. By the Buyer collecting the Goods at the Seller's premises at any time after the Seller has notified the Buyer that the Goods are ready for collection or, if some other place for delivery is agreed by the Seller, by the Seller delivering the Goods to that place under such further operative terms as are agreed between the Seller and Buyer or
 - 6.1.2. The Goods shall be delivered to the Buyer at the Port specified in the Seller's Quote on or before the Delivery Date. The Seller shall procure a contract of carriage and insure the Goods from dispatch until delivery on terms current in the trade for the benefit of the Buyer. The Goods shall be at the risk of the Buyer as they are loaded on board. The Seller shall promptly tender to the Buyer a clean shipped bill of lading the insurance policy and an invoice in respect of the Goods. The Buyer shall accept the documents tendered by the Seller if they correspond to this contract

and take delivery of the Goods at the Port specified in the Sellers quote and bear all other costs and charges arising out of shipment of the Goods to the said Port

- 6.2. Any dates quoted for delivery of the Goods are approximate only and the Seller shall not be liable for any delay in delivery of the Goods however caused. Time for delivery shall not be of the essence of the Contract unless previously agreed by the Seller in Writing. The Goods may be delivered by the Seller in advance of the quoted delivery date upon giving reasonable notice to the Buyer
- 6.3. Where delivery of the Goods is to be made by the Seller in bulk, the Seller reserves the right to deliver up to 1 per cent more or 1 per cent less than the quantity ordered without any adjustments in the price, and the quantity so delivered shall be deemed to be the quantity ordered
- 6.4. Where the Goods are to be delivered in installments, each delivery shall constitute a separate contract and failure by the Seller to deliver any one or more of the installments in accordance with these Conditions or any claim by the Buyer in respect of any one or more installments shall not entitle the Buyer to treat the Contract as a whole as repudiated
- 6.5. If the Seller fails to deliver the Goods (or any installments) for any reason other than any cause beyond the Seller's reasonable control or the Buyer's fault, and the Seller is accordingly liable to the Buyer, the Seller's liability shall be limited to the excess (if any) of the cost to the Buyer (in the cheapest available market) of similar goods to replace those not delivered over the price of the Goods
- 6.6. If the Buyer fails to take delivery of the Goods or fails to give the Seller adequate delivery instructions at the time stated for delivery (otherwise than by reason of any cause beyond the Buyer's reasonable control or by reason of the Seller's fault) then, without prejudice to any other right or remedy available to the Seller, the Seller may:
 - 6.6.1. store the Goods until actual delivery and charge the Buyer for the reasonable costs (including insurance) of storage; or
 - 6.6.2. sell the Goods at the best price readily obtainable and (after deducting all reasonable storage and selling expenses) account to the Buyer for any shortfall below the price under the Contract

7. Risk and Property

- 7.1. Risk of damage to or loss of the Goods shall pass to the Buyer:
 - 7.1.1. in the case of Goods to be delivered otherwise than at the Seller's premises, at the time when the Seller notifies the Buyer that the Goods are available for collection; or
 - 7.1.2. in the case of Goods to be delivered otherwise than at the Seller's premises, at the time of delivery under the operative conditions or, if the Buyer wrongfully fails to take delivery of the Goods, the time when the Seller has tendered delivery of the Goods
- 7.2. Notwithstanding delivery and the passing of risk in the Goods, or any other provision of these Conditions, the property in the Goods shall not pass to the Buyer until the Seller has received in cash or cleared funds payment in full of the price of the Goods and all other goods agreed to be sold by the Seller to the Buyer for which payment is then due
- 7.3. Until such time as the property in the Goods passes to the Buyer, the Buyer shall hold the Goods as the Seller's fiduciary agent and bailee, and shall keep the Goods separate from those of the Buyer and third parties and properly stored, protected and insured and identified as the Seller's property, but the Buyer shall be entitled to resell or use the Goods in the ordinary course of its business
- 7.4. Until such time as the property in the Goods passes to the Buyer (and provided the Goods are still in existence and have not been resold), the Seller shall be entitled at any time to require the Buyer to deliver up the Goods to

the Seller and, if the Buyer fails to do so forthwith, to enter upon any premises of the Buyer or any third party where the Goods are stored and repossess the Goods

- 7.5. The Buyer shall not be entitled to pledge or in any way charge by way of security for any indebtedness any of the Goods which remain the property of the Seller, but if the Buyer does so all moneys owing by the Buyer to the Seller shall (without prejudice to any other right or remedy of the Seller) forthwith become due any payable

8. Warranties and Liability

- 8.1. Subject to the conditions set out below the Seller warrants that the Goods will correspond with their specification at the time of delivery and will be free from defects in material and workmanship for the period indicated on the individual specification of the product
- 8.2. The above warranty is given by the Seller subject to the following conditions:
- 8.2.1. the Seller shall be under no liability in respect of any defect in the Goods arising from any drawing, design, or specification supplied by the Buyer;
 - 8.2.2. the Seller shall be under no liability in respect of any defect arising from fair wear and tear, willful damage, negligence, abnormal working conditions, failure to follow the Seller's instructions (whether oral or in writing). Misuse or alteration or repair of the Goods without the Seller's approval;
 - 8.2.3. the Seller shall be under no liability under the above warranty (or any other warranty, condition or guarantee) if the total price for the Goods has not been paid by the due date for payment
 - 8.2.4.1. the above warranties does not extend to parts, materials or equipment not manufactured by the Seller, in respect of which the Buyer shall only be entitled to the benefit of any such warranty or guarantee as is given by the manufacturer to the Seller
 - 8.2.4.2. The above warranty does not extend to the suitability of packaging or containers of whatsoever description supplied or procured by the Buyer
- 8.3. Subject as expressly provided in these Conditions. And except where the Goods are sold to a person dealing as a consumer (within the meaning of the Unfair Contract Terms Act 1977), all warranties, conditions or other terms implied by statute or common law are excluded to the fullest extent permitted by law
- 8.4. Where the Goods are sold under a consumer transaction (as defined by the Consumer Transactions (Restriction on Statements) Order 1976) the statutory rights of the Buyer are not affected by these Conditions
- 8.5. Any claim by the Buyer which is based on any defect in the quality or condition of the Goods or their failure to correspondent with specification shall (whether or not delivery is refused by the Buyer) be notified to the Seller within 7 days from the date of delivery. If delivery is not refused, and the Buyer does not notify the Seller accordingly, the Buyer shall not be entitled to reject the Goods and the Seller shall have no liability for such defect or failure, and the Buyer shall be bound to pay the prices as if the Goods has been delivered in accordance with the Contract
- 8.6. Where a valid claim in respect of any of the Goods which is based on any defect in the quality or condition of the Goods or their failure to meet specification is notified to the Seller in accordance with these Conditions, the Seller shall be entitled to replace the Goods (or the part in question) free of charge or, at the Seller's sole discretion, refund to the Buyer the price of the Goods (or a proportionate part of the price), but the Seller shall have no further liability to the Buyer
- 8.7. Except in respect of death or personal injury caused by the Seller's negligence, the Seller shall not be liable to the Buyer by reason of any representation (unless fraudulent), or any implied warranty, condition or other

term, or any duty at common law, or under the express terms of the Contract, for any indirect, special or consequential loss or damage (whether for loss of profit or otherwise), costs, expenses or other claims for compensation whatsoever (whether caused by the negligence of the Seller, its employees or agents or otherwise) which arise out of or in connection with the supply of the Goods or their use or resale by the Buyer, and the entire liability of the Seller under or in connection with the Contract shall not exceed the price of the Goods, except as expressly provided in these Conditions

8.8. The Seller shall not be liable to the Buyer or be deemed to be in breach of the Contract by reason of any delay in performing, or any failure to perform, any of the Seller's obligations in relation to the Goods, if the delay or failure was due to any cause beyond the Seller's reasonable control. Without prejudice to the generality of the foregoing, the following shall be regarded as cause beyond the Seller's reasonable control:

- 8.8.1.** Act of God, explosion, flood, tempest, fire or accident;
- 8.8.2.** War or threat of war, sabotage, insurrection, civil disturbance or requisition
- 8.8.3.** Acts, restrictions, regulations, bye-laws, prohibitions or measures of any kind on the part of any governmental, parliamentary or local authority
- 8.8.4.** Import or export regulations or embargoes
- 8.8.5.** Strikes, lock-outs or other industrial actions or trade disputes (whether involving employees of the Seller or of a third party)
- 8.8.6.** Difficulties in obtaining raw materials, labor, fuel, parts or machinery
- 8.8.7.** Power failure or breakdown machinery

9. Indemnity

9.1. If any claim is made against the Buyer that the Goods infringe or that their use or resale infringes the patent, copyright, design, trade mark or other industrial or intellectual property rights of any other person, then unless the claim arises from the use of any drawings, design or specification supplied by the Buyer, the Seller shall indemnify the Buyer in connection with the claim, or paid or agreed to be paid by the Buyer in settlement of the claim, provided that:

- 9.1.1.** the Seller is given full control of any proceedings or negotiations in connection with any such claim;
- 9.1.2.** the Buyer shall give the Seller all reasonable assistance for the purposes of any such proceedings or negotiations;
- 9.1.3.** except pursuant to a final award, the Buyer shall not pay or accept any such claim, or compromise any such proceedings without the consent of the Seller (which shall not be unreasonably withheld);
- 9.1.4.** the Buyer shall do nothing which would or might vitiate any policy of insurance or insurance cover with the Buyer may have in relation to such infringement, and this indemnity shall not apply to the extent that the Buyer recovers any sums under any such policy or cover (which the Buyer shall use its best endeavors to do);
- 9.1.5.** the Seller shall be entitled to the benefit of, and the Buyer shall accordingly account to the Seller for, all damages and costs (if any) awarded in favor of the Buyer which are payable by, or agreed with the consent of the Buyer (which consent shall not be unreasonably withheld) to be paid by, any other party in respect of any such claim; and

- 9.1.6.** without prejudice to any duty of the Buyer at common law, the Seller shall be entitled to require the Buyer to take such steps as the Seller may reasonably require to mitigate or reduce any such loss, damages, costs or expenses for which the Seller is liable to indemnify the Buyer under this clause

10. Insolvency of Buyer

- 10.1.** This clause applies if:
- 10.1.1.** the Buyer makes any voluntary arrangement with its creditors or (being an individual or firm) becomes bankrupt or (being a company) becomes subject to an administration order or goes into liquidation (otherwise than for the purpose of amalgamation or reconstruction); or
 - 10.1.2.** an encumbrance takes possession, or a receiver is appointed of any of the property or assets of the Buyer; or
 - 10.1.3.** the Buyer ceases, or threatens to cease, to carry on business; or
 - 10.1.4.** the Seller reasonably apprehends that any of the events mentioned above is about to occur in relation to the Buyer and notifies the Buyer accordingly
- 10.2.** If this clause applies then, without prejudice to any other right or remedy available to the Seller, the Seller shall be entitled to cancel or suspend any further deliveries under the Contract without any liability to the Buyer, and if the Goods have been delivered but not paid for the price shall become immediately due and payable notwithstanding any previous agreement or arrangement to the contrary

11. Export Terms

- 11.1.** Unless the context otherwise requires, any terms or expression which is defined in or given a particular meaning by the provisions of Inco terms shall have the same meaning in these Terms, but if there is any conflict between the provisions of Inco terms and these Terms, the latter shall prevail
- 11.2.** Where the Goods are supplied for export from the United States, the provisions of this clause 11 (subject to any special terms agreed in writing between the Buyer and the Seller) apply notwithstanding any other provision of these Terms
- 11.3.** The buyer shall be responsible for complying with any legislations or regulations governing the importation of the Goods into the country of destination and for the payment of any duties on them
- 11.4.** The Goods shall be delivered under the ex works terms referred to in clause 6.1.2 or such other operative export terms as are agreed in writing between the Seller and Buyer
- 11.5.** The buyer shall be responsible for arranging for testing and inspection of the Goods at the Seller's premises before shipment. The Seller shall have no liability for any claim in respect or any defect in the Goods which would be apparent on inspection and which is made after shipment, or in respect of any damage during transit
- 11.6.** The Buyer may apply for a credit account with the Seller. If approved, the Seller will afford the Buyer a credit account with a specified limit and payment period. Credit accounts are available by written approval only and specific terms will be confirmed in writing at the time of approval. Prior to approving a credit account the Buyer must furnish the seller with suitable trade and bank references together with other information deemed reasonable by the Seller. If no credit is provided by the Seller then 11.7 below applies
- 11.7.** Payment of all amounts due to the Seller shall be made
- 11.7.1.** by irrevocable letter of credit opened by the Buyer in favor of the Seller and confirmed by a bank in USA acceptable to the Seller or, if the Seller has agreed in Writing on or before

acceptance of the Buyer's order to waive this requirement, by acceptance by the Buyer and delivery to the Seller of a bill of exchange drawn on the Buyer payable 30 days after sight to the order of the Seller at such branch of Bank of America in USA as may be specified in the bill of exchange

11.7.2. By cash in advance, by telegraphic transfer (TT)

12. General

- 12.1.** Any notice required or permitted to be given by either party to the other under these Terms shall be in Writing addressed to that other party at its registered office or principal place of business or such other address as may at the relevant time have been notified pursuant to this provision to the party giving the notice
- 12.2.** No waiver by the Seller or any breach of the Contract by the Buyer shall be considered as a waiver of any subsequent breach of the same or any other provision
- 12.3.** If any provision of these Terms is held by any competent authority to be invalid or unenforceable in whole or in part the validity of the other provisions of these Terms and the remainder of the provision in question shall not be affected
- 12.4.** Any dispute arising under or in connection with these Terms of the Sale of the Goods shall be referred to arbitration by a single arbitrator by agreement or (in default) nominated on the application of either party by the President for the time being of the US Chamber of Commerce in accordance with the rules of Arbitration Act 1996
- 12.5.** The Contract shall be governed by the laws of USA, and the Buyer agrees to submit to the exclusive jurisdiction of the courts of USA