

GENERAL TERMS AND CONDITIONS OF SALE

I. Scope of application

These general terms and conditions (the "GTC") shall govern the services (the "Services") and all Products (the "Products") provided by **SANHUA INTERNATIONAL EUROPE S.L.** and its divisions, subsidiaries and affiliates ("SANHUA") to its Customers (the "Customers").

The GTC replace and supersede any prior communications, agreements and understandings between the SANHUA and the Customer earlier orally or in writing concerning the sale and supply of the Products and supersedes and replaces any term or condition applicable to orders submitted by the Customer and any other terms and conditions presented by the Customer. Under no circumstances and for any reason, unless written acceptance by SANHUA, any general conditions of the Customer shall be construed as implicitly and / or explicitly accepted by SANHUA.

Any purchase order issued by the Customer to SANHUA shall be subject to the present GTC and the Customer accepts the applicability of these in future dealings, even if this is not expressly stated in the further dealings. SANHUA may update and/or modify the GTC regularly and, from time to time by notice to the Customer or after sending the Customer the updated or modified GTC together with further dealings, such revised GTC will be applicable to the future business relationship between SANHUA and the Customer.

II. Orders

Customer may place orders (the "Order") by fax or e-mail (+34 91 123 03 08; orders@sanhuaeurope.com, orders2@sanhuaeurope.com, orders3@sanhuaeurope.com) The Order shall include:

- (i) Customer's details and VAT n°
- (ii) Customer P/N and Sanhua P/N
- (iii) Unit quantity and price
- (iv) Incoterms
- (v) Delivery date
- (vi) Delivery address
- (vii) Payment terms according to the quotation

All Orders are subjected to SANHUA's acceptance ("**SANHUA's order confirmation**") which must be in writing. Contractual relationship between the Customer and SANHUA shall be formed upon SANHUA's acceptance and (unless SANHUA and the Customer agree otherwise only by written agreement), shall be subject to these GTC.

The Customer shall be responsible to SANHUA for ensuring the accuracy of the terms of any Order submitted by them, and for giving SANHUA any necessary information relating to the Products and (where applicable) the Services with a sufficient time to enable SANHUA to perform the Services or deliver the Products.

The Customer shall also be responsible to SANHUA for the accuracy of any Order provided to SANHUA shall indemnify the SANHUA against any loss costs, damages, changes and expenses incurred by SANHUA as a result of such Order.

III. Cancellations

Customers may not cancel the Order unless such cancellation is expressly agreed to in writing by SANHUA.

In the event of cancellation, the Customer shall be obliged to pay the charges derived from the cancellation, including, but not limited to, storage and shipment costs, all costs of producing Products or the Services rendered, cancellation costs imposed on SANHUA by its suppliers, and any other cost resulting from cancellation of the Order.

IV. Price

Price shall be as stated in the latest quotation agreed. Unless explicitly otherwise, all prices are quoted in Euros.

The following additional costs will be also assumed by the Customer:

- the applicable VAT (which shall be payable by the Customer subject to receive a VAT invoice).
- Other taxes, shipping charges, freight, duties, according to the agreed incoterms, and other charges or fees, such as fees for special packaging and labeling of the Products, permits, certificates, customs declarations and registration (collectively, "**Additional Fees**")
- Any service not projected shall be invoiced based on the certified wage hours by SANHUA plus any allowances and travel expenses and based on material used at current prices.
- Special requests or change requests by Customer after SANHUA's Acceptance shall also be invoiced separately.

Any agreed cash discount for early payment shall require the Customer to meet any and all of his obligations towards SANHUA in due time.

SANHUA is entitled to at any time change or modify the prices for its Products or Services as they are settled on the website and the quotations, at its

own criterion. In particular, SANHUA is entitled to update the prices at any time, based on the fluctuation of exchange rate, raw material, transport cost. SANHUA also reserves itself the right to update the prices if the volumes (EAU) for which the prices in quotation have been defined, are not reached.

For such reason SANHUA recommends to check the relevant prices before placing any Order.

V. Payment

Payment terms will be agreed on the quotations. General payment terms should be 30 days net (unless SANHUA and the Customer agree otherwise only by written agreement) from the date of the invoice, through a bank transfer to the account number indicated by SANHUA.

Any query by the Customer relating to an invoice must be made in writing within 30 days from the date of invoice.

VI. Default of Payment.

In case of Customers does not pay within the term of payment, without prejudice to any other right or remedy available to SANHUA, it shall be entitled to:

- (i) may charge an interest from the payment due date to the date of payment at 3% per annum;
- (ii) Reschedule or cancel any outstanding delivery.

VII. Delivery

The delivery period shall be established in SANHUA's Acceptance and shall commence upon sending the said SANHUA's Acceptance.

Unless SANHUA's Acceptance established otherwise, the delivery period shall be as follow:

- a) If enough stock is available at the Order's date: 7 working days. This term shall be only applicable when the customer supplies a 3 months rolling forecast, and SLA is signed.
- b) If not enough stock is available at the Order's date, or, if there is no signed stock agreement (SLA) between the parties: 10 to 14 weeks.

Notwithstanding the above, all delivery dates quoted are estimated, are not guaranteed and do not form a term of these GTC. SANHUA undertakes to make every endeavor to deliver the Product or provide the Services on the delivery date but will not accept cancellation of Order for, or liability for, any direct or indirect losses which may arise from late delivery.

Where an Order calls for a number of Products, SANHUA reserves the right to provide all or any number of Products as and when available and the Customer shall pay all invoices in respect of such deliveries in accordance with the terms of payment set out above.

The possible cancellation of orders for products not yet delivered and/or the negative to the Customer to receive the Products in any way affect the right of SANHUA to receive payment in full of the Products delivered. In such case, SANHUA, an its own criterion, may (a) retire the Products and cancel the relevant Order –but assuming the Customer the total transportation costs and any other expenses related to- or (b) depot the Products at Customers disposal and own cost, being in such case SANHUA entitled to still claim its payment.

VIII. Transfer of risk and Insurance

Risk of loss or damage for Products shall pass upon delivery to Customer, even if partial deliveries are made or if SANHUA has assumed other Services, according to Incoterm 2010 [-].

If the transport to Customer is delayed due to circumstances for which Customer is responsible, risk shall pass to Customer as of the day of readiness for dispatch.

IX. Title

Products supplied are the property of SANHUA until full compliance by the Customer of all its payment obligations in terms of Article IV (price, interest, penalties and other amounts due, including those due to reimbursement of expenses of recovery and collection).

It is expressly forbidden to give collateral to the Customer on the goods covered by this contract or in general to give a guarantee of its debt, an asset still owned by SANHUA, the violation of this prohibition will result in the forfeiture of the Customer from receiving of the term, pursuant to art. 1186 Spanish civil code, and will be obliged to pay immediately and without delay all sums due to SANHUA for any reason. In case of resale of the products to any third party, authorized in writing by the SANHUA, the original Customer is still obliged to inform the third party the existence of a reservation of title in favor of SANHUA the subject of sale materials.

X. Claims. Warranty

Immediately upon Customer's receipt of any Products, it shall inspect the same and shall notify SANHUA in writing of any claims for shortages, defects or damages and shall hold the Products.

If Customer shall fail to so notify SANHUA within one (1) day after the Products have been received by Customer, such Products shall conclusively be deemed to conform to the GTC hereof and to have been irrevocably accepted by the Customer.

SANHUA warrants that all Products manufactured by SANHUA are free from defects in material and workmanship. Any claim of breach of said warranty shall be made within 15 days of receipt of the Products by the Customer.

The warranties provided by SANHUA are those prescribed by law for the sale of similar products (24 months).

For components, the warranty period begins on the date of delivery of the Product.

For Micro Channel Heat Exchangers Coils, unless agreed differently, the warranty period begins on the manufacturing date of the products and is:

- For standard alloy Coils 24 months
- For long life alloy Coils 36 months
- For long life alloy (LLA) with e-coating Coils 42 months

In the case of materials of trade, product warranty is issued by the supplier (manufacturer) and not SANHUA, the duration of the warranty period is set by the supplier itself.

Claims must be notified by Customer within 3 working days, if within the warranty period, SANHUA will register and process the claim, asking customer full support to gather the relevant information. SANHUA will then decide if to scrap or ship the faulty material for investigation. If the returned part for analysis does not reveal any evidence of Sanhua responsibility the related cost of shipment will be rebilled to the customer.

Notwithstanding the information provided by SANHUA, in relation to the Products and their use by the Customer the latter must use and rely only on its expertise and discernment. The advice or information about the adequacy and use of the Product given by SANHUA not gives rise to additional obligations.

The Customer shall indemnify and hold harmless SANHUA against all damages, losses, costs, expenses, claims, demands and liabilities arising out of or related to the Products and their use by the Customer and / or the final customer, its use or application, storage, damage or loss.

XI. Representations of SANHUA

SANHUA declares and represents that all the Products which have been sold to the Customer shall correspond to the quality and quantity indicated in the Acceptance and shall be sold in full compliance of the laws in force.

SANHUA declares and represents that the Products shall be sold free from any charge and/or lien.

SANHUA declares and represents that no third party has any right to the ownership of the Products and that ownership shall pass to the Customer only after complete fulfilment by the Customer of all the payment obligations within the terms indicated in article IV above (price, default interest, sanctions and other amounts due, including those due as reimbursement of recovery and collection costs).

XII. Administrative permissions

The Customer is solely and exclusively responsible for the achievement and maintenance of the relevant authorizations and of any other authorizations required for carrying out –in case- the supply of the Products and their installation or utilization.

XIII. Right to transfer

SANHUA has the right to assign or transfer one or more obligations, rights and/or fee undertaken after accepting the Acceptance to any subsidiary, associated company and/or holding of SANHUA in any form and without the Customer's consent.

Notwithstanding the above provisions, the Customer may not assign and/or transfer any obligations, rights and/or charges undertaken after accepting the Acceptance, in any form and without the prior written consent of SANHUA.

XIV. Intellectual property

Each party is obliged not to utilize the brands, names, logotypes, and/or any other distinctive signs of the other party in any way without the prior written consent of the same. Any authorization by one of the parties to use the brands,

names, logotypes and/or any other distinctive signs of the other party does not imply any right whatsoever to transfer the property of the same to the party utilizing them.

XV. Withdrawal of SANHUA

SANHUA has the right to terminate the contract by written notice to the Customer with a notice of 30 days. The exercise of the right of withdrawal will not lead to the title and/or reason for any type of compensation and/or indemnity.

XVI. Force Majeure

No delay or failure in performance by SANHUA or the Customer shall constitute default hereunder or give rise to any claim for damages or loss including anticipated profits if such delay or failure is caused by Force Majeure.

XVII. Partial Invalidity

Should any clause in these GTC be or become invalid in full or in part, this shall not affect the validity of the rest of conditions concluded on the basis of these provisions being the remaining clauses or the remaining parts of the clause concerned full in force.

XVIII. Law and Jurisdiction

These GTC and any disputes or claims arising out of or in connection with its subject matter are governed by and construed in accordance with the laws of Spain. The parties irrevocably agree to submit to the exclusive jurisdiction of the courts of Madrid.

XIX. Personal Data

In relation to personal data provided by the Customer in through the website, SANHUA informs that it fulfills the Organic Law 15/1999 of December 13, of Protection of Personal Data and other legislation related to. Consequently, the personal data of the customer will be included in files under the responsibility and ownership of SANHUA and companies of its group. By accepting the present GTC, the Customer assumes and consent SUCH archival of his personal data by SANHUA.

SANHUA collects such personal data exclusively to formalize the purchase of products, which means billing shipping and related actions, as well as for sending regular offers and commercial information to Customer.

However, the Customer is entitled to exercise the rights of access, rectification, cancellation and opposition to such personal data by requesting it by post to SANHUA, S.L. C/ Jose Celestino Mutis, 4, 28703 San Sebastian de los Reyes, Spain, attaching copy of his ID card, or equivalent identification document.

Notwithstanding the above-mentioned, the Customer is exclusively responsible for the veracity of his personal data, agreeing not to introduce false personal data and to proceed to the modification thereto.