



General Trade Conditions of ELEKTROPORCELAN a.s. – Sales

1 Introductory Provisions

1.1 These General Trade Conditions of ELEKTROPORCELAN a.s. — Sales (hereinafter referred to as GTC-S) apply to the sales of all products (hereinafter referred to as Goods) of Elektroporcelan Louny a.s. (ELEKTROPORCELAN a.s., domiciled at LOUNY, Postoloprtska 2951, ZIP Code 44015, Czech Republic, hereinafter referred to as the Seller) are binding subject not being claimed before signing of Purchase Order by the customer (hereinafter referred to as the Purchaser)

1.2 .Any Annex or any change of the GTC-S are valid and binding subject being in written and signed by both parties.

2 Conclusion of a Purchase Contract

2.1 The Purchaser's Order becomes a binding Purchase Contract when the Purchaser signs the written Order Confirmation issued by the Seller and sends back it to the Seller or the Seller sends signed Purchase Order issued by the Purchaser back to the Purchaser.

2.2 The written Order Confirmation contains Goods specifications such as type of Goods, quantity, prices without VAT, delivery time, delivery terms in accordance with INCOTERMS 2010, total purchase price and payment condition. If the Order Confirmation contains all of the above and if the Goods specification corresponds to the Purchaser's order at least in type of Goods, quantity and unit price, the Order Confirmation is considered to be a duly concluded Purchase Contract without the need for further confirmation from the Purchaser.

2.3 If the Purchase Contract requires other information (appendices) or documentation (such as samples, technical documentation, kind and way of packing etc.), these will form an inseparable part of the Purchase Contract.

2.4 If the nature of the Purchase Contract stipulates the assistance of the Purchaser (e.g. the supply of technical documentation, samples, work tools, ancillary materials, etc.), the delivery time is understood to be dependent on the adequate and active assistance of the Purchaser.

2.5. The Seller has the right to ask the Purchaser to sign agreed technical documentation (drawings etc.)

3 Delivery of the Goods

3.1 If the means of transport are not expressly indicated in the Purchase Contract, the Purchaser will inform the Seller regarding the means of transport sufficiently in advance of delivery time agreed in the Purchase Contract; otherwise the Seller will choose the means of transport. The Seller will confirm the delivery time to the Purchaser in the written Order Confirmation. Delivery of the Goods is understood to mean the moment when the Goods are handed over by the Seller in accordance with the delivery terms agreed in the Purchase Contract, compliant to INCOTERMS 2010. If the delivery terms are not specified in the Purchase Contract, the delivery term will be FCA warehouse of the Seller.

3.2 Unless the contract parties have expressly agreed otherwise, the title to the Goods will be transferred over to the Purchaser upon full payment of the Goods.

3.3 The Purchaser must accept delivery of the Goods delivered in accordance with the conditions specified in the Purchase Contract, as well as inspect them and pay the agreed Purchase Price.

3.4 In case of not accepting delivery according to the point 3.3 the Seller has the right to fine the Purchaser for warehousing in amount of 0,5% from the value for each day.

3.5 The Purchaser has the right to claim any defects visible in the transport packaging. If the transport packaging is damaged the claim must be filed directly with the carrier in the form of a written record confirming that the consignment has been damaged.

4 Purchase Price and Payment Thereof

4.1 Unless agreed otherwise in the Purchase Contract, the Purchase Price is understood to mean the EXW price (INCOTERMS 2010) without VAT in the appropriate currency, for the quantity of the appropriate unit of measurement, including Seller's standard packaging, if this is part of the Goods. If, when exporting the Goods outside of the Czech Republic, the Goods cannot be shown to have crossed the external border of the Czech Republic, the Purchaser must pay the Seller VAT at the rate

specified by applicable laws.

4.2 The Seller will confirm the Purchase Price of the ordered Goods to the Purchaser in a written Order Confirmation and this will become a binding contract for both contracting parties upon the conclusion of the Purchase Contract in accordance with Point 2.

4.3 The maturity date of the invoiced Purchase Price is understood to mean the date shown on the invoice. The goods are deemed to have been paid once the invoiced price has been transferred to the account of the Seller specified on the invoice. No disputes extend the maturity date of the invoiced Purchase Price.

4.4 The Seller has the right to sell the receivable before the maturity date to a third party, usually a factoring bank.

4.5 If the Purchaser delays the payment of an outstanding invoice, the Seller can suspend shipment of any further Goods (including Goods bought on the basis of other Purchase Contracts concluded between the Seller and the Purchaser) until the outstanding debt has been paid off. Nondelivery of the Goods in accordance with the above does not give the Purchaser right to the payment of stipulated penalties and damages.

4.6 The mutual obligations of the contracting parties may be credited only with the express written consent of both contractual parties.

4.7 The Seller has the right to ask for interest of 0,05% from the invoiced value for every day of delayed payment of an outstanding invoice.

5 Permitted Tolerance

5.1 If the contracting parties do not agree otherwise, the quantity of Goods delivered may vary from the quantity specified in the Purchase Contract by a maximum of +1- 5 %. Where the actual quantity of goods cannot be specified beforehand for technological reasons the quantity will be estimated in advance or will be specified in auxiliary units. If the Purchase Contract does not specify otherwise, partial deliveries of the Goods are permitted and may be invoiced. Invoices will always be issued for the actual quantity of Goods delivered.

5.2 Minor deviations in the design of the Goods having no impact on technical and functional use (particularly deviations listed on samples) are allowed due to the nature of the technological production process within a respective EU standards or norms. They do not constitute a defect of the Goods.

6 Warranties, claims

6.1 The Seller grants to the Purchaser Goods warranty in the duration of 12 months from the moment of delivery in accordance with Article 3 of the present GTC-S (hereinafter the Warranty Period), unless specified otherwise in the Purchase Contract. The warranty does not cover Goods Purchase Price of which has been reduced due to the quality of the Goods.

6.2 If the Goods are defective, the Purchaser has the right to file the appropriate claims with the Seller during the above mentioned Warranty Period. To file a claim the Purchaser must provide a detailed description of the defects with the appropriate documentation and send the Seller a proposal during the Warranty Period stating how the claim should be resolved.

Upon request, the Purchaser will send the Seller a sample of the goods against which the claim has been filed, in the original packaging and in the relevant quantity. The Seller will evaluate if the claim is substantiated within 30 days of the delivery of the claim to the Seller or within 30 days from the delivery of the requested samples of the Goods to the Seller, whichever occurs later.

Claims filed after the expiry of the Warranty Period will not be considered.

6.3 Unless specified otherwise in the Purchase Contract, the Goods delivered to the Seller are intended only for the specified (customary) use.

6.4 If a substantiated claim is filed against defects of the Goods (with the exception of defects developed during transport, which must be resolved with the appropriate carrier in accordance with Article 3 of the present GTC-S), the Purchaser may choose one of the following means of resolving the claim: replacement delivery or refund of the Purchase Price (if it has already been paid by the Purchaser) or a discount on the Purchase Price.

6.5 No manipulation with claimed Goods resolving in unabling to recheck claimed defects is allowed without written permission of the Seller. In case of the claim the Seller reserve the right to recheck the condition of claimed Goods at the place of occurrence.

7 Withdrawal from a Purchase Contract

7.1 It is impossible to withdraw from a duly concluded Purchase Contract unless such circumstances should occur which would entitle the appropriate (eligible) party to do so in accordance with

the law. The Seller is also entitled to withdraw unilaterally from the Purchase Contract if the Purchaser commits a fundamental breach of the Purchase Contract and does not have the situation rectified within a reasonable length of time despite having been requested in writing to do so by the Seller. In such case the Seller is entitled to ask for damage compensation if any happened. The following circumstances in particular are deemed to be a fundamental breach of the Purchase Contract on the part of the Purchaser:

- failure to accept delivery of the Goods supplied in compliance with a Purchase Contract and the present GTC-S,
- delay in the fulfillment of financial commitments (payment of the Purchase Price),
- breach of any of the Purchaser's obligations as defined by the present GTC-S.

7.2 The contracting parties may agree to terminate the Purchase Contract at any time.

7.3 The Seller is entitled to withdraw from the Purchase Contract if there are reasons to assume that the Purchaser's economic situation has deteriorated. Reasons may include the liquidation of the Purchaser or the declaration of bankruptcy on the Purchaser's assets, or the fact that a credit provider or factor significantly reduces the credit limit provided to the Seller for trading with the Purchaser.

7.4 Any penalty provisions mentioned in the present GTC-S are considered to be contractual penalties, which do not affect the right of the entitled party to damages.

8 Circumstances Limiting Liability

8.1 Neither of the contracting parties is liable for any delay in the fulfillment of their commitments caused by circumstances which limit liability, e.g.: natural disasters, strikes, measures taken by state authorities (force majeure).

8.2 Each of the contracting parties undertakes to inform the other party without undue delay upon the occurrence of any circumstances limiting liability due to force majeure and to do everything possible to overcome any such circumstances limiting liability.

9 Intellectual Property Rights

9.1 The Seller is the owner of, among other things, trademarks registered in the Czech Republic and other countries. The Purchaser has the right to use the Seller's trademarks to identify the Seller's Goods. Any other use of trademarks is conditional upon the written consent of the Seller, or the conclusion of the appropriate contract.

10 Electronic Communication

10.1 All communication between the contracting parties via electronic mail will be deemed to have been delivered to the other contracting party in good faith and in compliance with this contract and carries the same legal weight as information handed over in a letter or fax.

11 Concluding Provisions

11.1 Jurisdiction Contractual relations between the contracting parties are formed on the basis of the present GTC-S and Purchase Contracts concluded in accordance therewith are to be governed by the Czech law. Any disputes arising from the commercial relationship between the contracting parties domiciled in or trading out of a location in the Czech Republic will be in the jurisdiction of the appropriate County court in Usti nad Labem, the Czech Republic.

Disputes arising from the commercial relationship between the contracting parties where at least one party is domiciled in or trading out of a location outside of the Czech Republic will be in the jurisdiction of the Arbitration Court attached to the Economic Chamber of the Czech Republic and Agricultural Chamber of the Czech Republic in Prague.

Application of the United Nations Agreement on the International Purchase of Goods (Federal Ministry of Foreign Affairs Memo No. 160/1991 Coll., as subsequently amended) is explicitly excluded.

11.2 Invalidity of part of the present GTC-S

If any one of the stipulations of the present GTC-S is found to be invalid, it will have no effect on the validity of all other stipulations. Other stipulations will become invalid only if, due to its nature, content or circumstances under which it was negotiated, the invalid stipulation cannot be separated from the remaining content of present GTC-S.

11.3 Validity and effectiveness of the GTC-S, language versions

These GTC-S have been executed in Czech / English / German / Russian. If any conflict between these language versions arises, the version that was signed by the Purchaser will have precedence.

Revision

16.11.2015