

General Terms and Conditions of Purchase

1. THE SCOPE OF APPLICATION OF THE GENERAL TERMS AND CONDITIONS:

- 1) These General Terms and Conditions of Purchase (GTCP) outline the general terms and conditions under which Liugong Dressta Machinery Sp. z o.o., hereinafter referred to as the Customer, shall purchase the products specified in the Purchase Order, constituting the general terms and conditions of the agreement.
- 2) The General Terms and Conditions of Purchase are applicable to Purchase Orders made by Liugong Dressta Machinery Sp. z o.o. with the Supplier, insofar as they do not conflict with the provisions included in the Purchase Order. In case of any doubts, it is stated that the provisions of a Purchase Order should have precedence, followed by the GTCP.

2. DEFINITIONS:

Each time when the capitalized terms listed below are used in a Purchase Order, they should have the following meanings:

Customer (or LDM) – Liugong Dressta Machinery Sp. z o.o., with principal office in Stalowa Wola, entered in the registry of entrepreneurs of the National Court Register (KRS), maintained by the District Court in Rzeszów, XII Commercial Division of the National Court Register, under the number 0000380594, share capital: PLN 101,000,000.00, NIP tax identification number: 8652546835, REGON business registry number 180675155.

General Terms and Conditions of Purchase (“GTCP”) – this document, governing the principles of delivery of the Products under a Purchase Order, including the related rights and obligations of the Parties in the extent not regulated by the Purchase Order;

Order Line – an assortment of ordered Products, separated by the Customer, designated in the Purchase Order by an ordinal number of a Purchase Order item;

Parties – the Supplier and Liugong Dressta Machinery Sp. z o.o.;

Price List – a document agreed upon and signed by the Parties, individually specifying the prices of the Products for the Purchase Order placing procedure. Along with the prices, the Parties shall include the validity period of the Price List as well as the update intervals of the Price List.

Product – the supplied object indicated in the Purchase Order, or a work or service performed by the Supplier on behalf of Liugong Dressta Machinery Sp. z o.o.;

Purchase Order – a declaration made by the Customer to the Supplier, regardless of the form in which it has been placed (in writing, by email), specifying the conditions for delivery of a product batch indicated therein, i.e. the scope of the delivery, including a detailed listing of the ordered Products, names of the Customer and the Supplier, number of the Purchase Order, date of the Purchase Order, price of the Products, and the value of the Purchase Order, times and conditions of the delivery, including the place of delivery and additional requirements;

Supplier – an entrepreneur supplying the Product to Liugong Dressta Machinery Sp. z o.o. as a part of implementation of a Purchase Order.

3. PURCHASE ORDER ACCEPTANCE CONFIRMATION: the Supplier undertakes to confirm the acceptance of a Purchase Order for implementation within 7 calendar days since the placing date of a Purchase Order by the Customer or to report objections within this period (by facsimile or email). A lack of confirmation of acceptance of a Purchase Order within a time limit indicated above, in lack of objections, shall mean acceptance of a Purchase Order for implementation.

4. TECHNICAL CONDITIONS: the supplied Products included in the Purchase Order must fulfill the quality requirements specified in the technical documentation for the given Product and in the relevant standards.

5. DELIVERY RECEIPT: the required quality documents compliant with the conditions of the Purchase Order should be attached to a delivery, including: Quality Control Certificate, attestations, measurement cards and other required quality documents. The Purchase Order shall be deemed implemented upon delivery of all fault-free Products in accordance with the Purchase Order together with the required documentation.

6. GUARANTEES:

- 1) Upon confirmation of a Purchase Order, the Supplier shall grant the Customer a quality guarantee for the delivered Products, to be valid for a period of 3 years counted since the date of delivery in accordance with the Purchase Order, however, no longer than 2 years since the Customer's products are put into service.
- 2) If a necessity arises to perform an urgent repair of a Product (e.g. in a situation when the faults of the Product may cause disruption of the Customer's production process), the Customer reserves the right to perform a repair of the Products. The Supplier shall be charged with the total repair-related costs.

7. CONDITIONS OF PAYMENT:

- 1) Deliveries of the Products covered by this Purchase Order shall be payable at prices and under conditions agreed upon between the Customer and the Supplier before placing a Purchase Order.
- 2) Unless the Purchase Order states otherwise, the deadline for payment shall be 30 days since the receipt date of an invoice correctly issued after the due implementation of a delivery.
- 3) The Customer has the right to withhold a part or the entirety of the payment:
 - a) if any qualitative faults and/or quantitative shortages are found – until the moment of removal of the faults or delivery of the missing Products (fault-free Products);
 - b) until submitting of a set of documents required with a delivery, that the Supplier is obliged to attach;
 - c) until proper issuance of an invoice, i.e. in accordance with the regulations in force.
- 4) In connection with the expected volume of cooperation regarding supply, the Supplier undertakes not to demand statutory interest from the Customer after 30 days counted since the date of fulfillment of its obligation and submitting the invoice to the Buyer, and, where appropriate, only after the expiry of the agreed payment period.

8. ADMINISTRATIVE FEES AND CONTRACTUAL PENALTIES:

- 1) In case of delay in implementation of the Purchase Order or a part thereof or in removal of faults of the delivered Products within a suitable determined time, the Supplier shall pay the Customer, at its request, a contractual penalty amounting to 0.3% of the net value of the Order Line per each day of delay, or per each day of delay in removal of faults in the period of guarantee and warranty, however, no more than 10% of the value of the Order Line.
- 2) In case of an early delivery, i.e. implemented earlier than 7 days before the agreed delivery date, the Customer shall have the right to refuse accepting the delivery. However, in case of receipt of an early delivery, the provisions concerning a contractual penalty for delayed delivery, as stated above, shall apply accordingly. The delivery period specified in the Purchase Order is reserved for the benefit of the Customer.
- 3) The Customer shall have the right to charge the Supplier with an administrative fee for each case of a substantiated complaint, at a net amount of EUR 90.
- 4) The Customer reserves the right to deduct administrative fees and contractual penalties mentioned above from the amounts due to the Supplier.
- 5) The reserved contractual penalties do not preclude the Customer's right to seek supplementary compensation to the full amount of the incurred loss.

9. PACKING, MARKING AND STORAGE:

- 1) The Supplier bears the responsibility for proper packing, marking and storage of the Products and is obliged to follow the instructions received from the Customer in this regard.
 - 2) The Products should be delivered as packed in a manner most suitable for the used means of transport and in accordance with the nature of the Products. The packaging should protect the Products against contamination as well as against any damage and corrosion, taking account of the duration of transport, any possible relocation from one means of transport to another, and the duration of the storage period.
 - 3) If the packaging does not conform with the requirements above, in particular, with the received Customer's instructions of packaging, due to which it fails to properly secure the Product, the Customer shall have the right to charge the Supplier for any incurred additional costs of handling, and if the Products are damaged due to inadequate packaging, the Supplier shall be obliged – at request of the Customer – to supply fault-free Products immediately, at its own expense.
 - 4) If the Products are delivered by the Supplier directly to the Customer's client, the Supplier cannot place any delivery notes, specifications, commercial or marketing materials in the packaging of the Products without the Customer's permission.
 - 5) The Supplier is obliged to mark the Products with appropriate markings and hazard codes, in accordance with the applicable law.
- PACKING, MARKING AND STORAGE:

10. OTHER PROVISIONS:

- 1) Within a period agreed upon between the Parties and indicated in the Price List (so-called “Frozen Period”), the Customer reserves the possibility of unilateral change or cancellation of a Purchase Order without bearing compensatory liability for this reason, if implementation of this Purchase Order proves unnecessary.
- 2) The Customer has the right to return a delivery incompatible with the Purchase Order, incomplete, incompatible with the quality parameters, or lacking the appropriate documentation. In such case, the cost of return of the delivery shall be borne by the Supplier.
- 3) Due to implementation of the quality management system compliant with ISO-9001, the Customer reserves the possibility to perform an inspection of the course of the production and technology process and qualitative inspection of the ordered product.
- 4) Under Article 509 of the Civil Code, Liugong Dressta Machinery Sp. z o.o. reserves that receivables resulting from implementation of the Order cannot be transferred to another natural person or legal entity.
- 5) In matters not governed by the GTCP and the Purchase Order, the provisions of the Civil Code and other legal regulations in force shall apply.
- 6) All disputes are subject to resolution by courts with jurisdiction over the Customer's seat.