

TERMS AND CONDITIONS  
PURCHASE

Our order of goods or services is subject to the following terms, applying in the following order of precedence:

- (1) Any specific terms set forth in our order;
- (2) If existent, any supply or framework agreement between you and us applying to the goods or services ordered;
- (3) If existent, any supply or framework agreement with another company of The AVK Group or another company of the supplier group applying to the goods or services ordered;
- (4) Our General Terms and Conditions of Purchase incorporated in this document;
- (5) Your confirmation of our order without reservation or modification.

Your standard terms (including any pre-printed standard terms and conditions on the reverse of, or attached to, any offer, invoice, delivery note or any other documents submitted by you in connection with our order) shall not apply unless we expressly consent thereto in writing, even if we accept the goods and/or services without reservation while having knowledge of conflicting or deviating terms from your side.

General Terms and Conditions of Purchase of AVK Valves Manufacturing Malaysia Sdn Bhd ("AVK")

1. APPLICABILITY, ORDERS, KEY DEFINITIONS

- 1.1. These General Conditions of Purchase ("Conditions") apply to the purchase of (i) any goods and materials, including, without limitation to products, parts or components specifically developed or customized and deliverables resulting from a service ("Goods") and (ii) any services ("Services") by AVK.
- 1.2. The Conditions apply to all current and future business relations for the purchase of Goods and Services by AVK, even if not explicitly referred to Standard terms of the SUPPLIER shall not apply unless AVK expressly consents thereto in writing. The Conditions also apply where AVK, having knowledge of conflicting or deviating terms of the SUPPLIER, accepts the Goods or Services without reservation.
- 1.3. "Order" means a request (in whatever form) to the SUPPLIER for the supply of Goods or Services, and any drawings, specifications, and other attachments thereto and which is deemed to always include the Conditions. The Conditions supplement the Order and in case of a conflict between the Order and the Conditions, the terms of the Order prevail.
- 1.4. If an Order is not accepted by the SUPPLIER within 14 days after receipt or any other period stipulated in the Order ("Acceptance Period"), the Order is deemed revoked. Until an Order is accepted by the SUPPLIER in writing, AVK is not bound by such Order and may revoke, modify or change the Order at any time.
- 1.5. Any (i) Order accepted without reservation or modification within the Acceptance Period by the SUPPLIER, (ii) Order accepted by the SUPPLIER with a reservation or modification or received by AVK after the Acceptance Period, but accepted by AVK (in whatever form), or (iii) other agreement between the SUPPLIER and AVK which refer to these Conditions, constitutes a "Contract". Any specifications for the Goods and/or Services contained in or incorporated in the Contract by reference, or any other specifications agreed in writing between AVK and the SUPPLIER from time to time are referred to as "Specifications".
- 1.6. "Applicable Law" means the laws applicable in the country according to section 19.1, unless agreed otherwise in the Contract.
- 1.7. If in these Conditions the term "in writing" is used, this shall include communication via e-mail or fax.

2. DELIVERY OF GOODS AND PERFORMANCE OF SERVICES

- 2.1. Time is of the essence for performance of the Contract by the SUPPLIER. Without prejudice to any other rights AVK may have under the Contract or any other legal grounds, the SUPPLIER shall inform AVK in writing without delay if circumstances become apparent which indicate that the agreed time for delivery of Goods or performance of Services will not be met.
- 2.2. The SUPPLIER shall deliver the Goods and perform the Services during regular business hours (as applicable at the place of delivery/performance) in accordance with the time schedule in the Contract ("Delivery Dates"). If no Delivery Dates have been stated, the SUPPLIER shall deliver the Goods and perform the Services as soon as reasonably possible and the SUPPLIER shall inform AVK of the date of delivery in writing reasonably in advance. Unless otherwise agreed in the Contract, the SUPPLIER shall deliver the Goods in accordance with Incoterms 2010 E-a-work, FOB or DAP and the Contract to the destination specified in the Order or Contract ("Location of Receipt").
- 2.3. If the SUPPLIER fails to deliver the Goods or fails to perform the Services by the Delivery Dates, or, if no Delivery Dates have been stated, by the time reasonably set by AVK, AVK may, without prejudice to other rights or remedies AVK may have under the Contract or any other legal grounds and without liability to the SUPPLIER, rescind the Contract by giving written notice to the SUPPLIER. In such a case, AVK may request a refund of the purchase price, if already paid, and claim compensation for all costs, expenses, damages and other losses suffered due to the SUPPLIER's failure. In addition, regarding Services, AVK shall have the rights as set forth in section 8.3.
- 2.4. For each delivery of Goods, the SUPPLIER is responsible for ensuring continuous compliance with all legislation and regulations applicable to the transportation and delivery of such Goods.
- 2.5. Each delivery of Goods must include documents containing the following minimum information and any additional information requested by AVK: order number; description of Goods and name of the SUPPLIER, unit of measure specifying volume, quantity or number and delivery point for the Goods.
- 2.6. All Goods must be packaged (i) securely so as to prevent damage during loading, transportation and off-loading and (ii) in compliance with AVK's packaging specifications if provided to the SUPPLIER.
- 2.7. In addition, the SUPPLIER shall:
  - 2.7.1. provide AVK, upon request, with certificates of origin, declarations, documents and data pertaining to trade requirements and, upon request, inform AVK in detail and in writing of any possible export restrictions or approval obligations in the country of origin of the Goods or Services or their destination;
  - 2.7.2. furnish full details regarding all immediate and long-term potential hazards or dangers relating to the Goods, including, but not limited to, toxicity, flammability, harmful effect due to inhalation or direct contact and whether due to direct or indirect use thereof;
  - 2.7.3. furnish full details relating to the most appropriate safety precautions to be taken in connection with the use and handling of the Goods; and
  - 2.7.4. appropriately and prominently label all packages and containers that contain dangerous, toxic or otherwise harmful Goods in order to protect those who handle or are exposed to them.
- 2.8. Partial shipments of Goods or early deliveries may only be made with AVK's prior written approval. In the event of a delivery earlier than agreed, AVK reserves the right to return the shipment at the expense of the SUPPLIER. If AVK does not return an early delivery, it may store the Goods up to the delivery date at the SUPPLIER's risk and expense.
- 2.9. The SUPPLIER shall carry out Services at the agreed locations at the Delivery Dates according to the Specifications and good industry practice and standard. The SUPPLIER shall document the performance of Services and provide such documents to AVK upon request or completion of the Services, at the latest together with the SUPPLIER's invoice. If a deliverable or a specific result is to be achieved through the Services, the provisions of these Conditions relating to Goods shall apply accordingly.
- 2.10. The SUPPLIER shall ensure that its personnel performing the Services, in particular when working on AVK's or AVK's customer's premises, is not considered having entered into or being entitled to enter into an employment relationship with AVK or AVK's customer. In the case of a breach, the SUPPLIER shall indemnify AVK against all related costs, expenses, damages or other losses.
- 2.11. If the SUPPLIER is required to operate on premises owned or operated by or on behalf of AVK, then the SUPPLIER shall comply with all AVK's site safety rules and procedures at its own expense. These include, but are not limited to, using appropriate personal protective equipment, attending site induction training, removing all rubbish, debris, surplus materials and temporary structures, and leaving the site tidy. The SUPPLIER bears the risk of loss and damage for all materials used or to be used until completion of the Contract.

3. TRANSFER OF RISK AND TITLE

- 3.1. Unless the parties agree otherwise, the risk of loss and damage passes to AVK at the time of receipt of the Goods at the Location of Receipt. Where an Acceptance Procedure (as defined in section 6.3) is agreed or required, the date of final acceptance by AVK will determine the transfer of risk.
- 3.2. Title to all or the relevant part of the Goods passes to AVK on the earlier of (i) payment for such Goods or part thereof; and (ii) delivery of such Goods at the agreed Location of Receipt. Where title to all or any part of the Goods has passed to AVK but the Goods remain in the possession of the SUPPLIER, the SUPPLIER shall clearly label the Goods as the property of AVK and store them separately from all other goods.

4. PRICE AND PAYMENT

- 4.1. The price(s) for the Goods and/or Services must be specified in the Contract and remain fixed for the term of the Contract.
- 4.2. Unless otherwise stated in the Contract, the price payable for the Goods and/or Services is:
  - 4.2.1. Inclusive of Sales and Service Tax ("SST") or other sales tax and
  - 4.2.2. inclusive of all charges for packaging, packing, shipping, carriage, insurance and delivery of the Goods, all travel expenses, food and beverage, accommodation and other costs related to the Services and all duties, licenses, permits and taxes (other than SST or other sales tax) as may be payable for the Goods and/or Services from time to time.
  - 4.3. If the Contract states that SST or other sales tax is payable with respect to any Goods or Services, AVK is only required to pay such tax upon receipt of a valid SST or other sales tax invoice.
  - 4.4. Unless otherwise specified in the Contract, the SUPPLIER may not issue the invoice until the relevant Goods have been delivered to AVK or the relevant Services have been completed. Invoices must always include the official order number and comply with all applicable laws and any specifications requested by AVK.
  - 4.5. AVK may withhold payment of any undisputed or insufficiently documented amounts included in any invoice. AVK may further set-off any sum due from the SUPPLIER to AVK or any other member of The AVK Group, against any amount due from AVK to the SUPPLIER under the Contract, or to recover such sums as a debt.
  - 4.6. Payment of an invoice by AVK does not constitute acceptance of the Goods and/or Services covered by the invoice and is without prejudice to any and all claims AVK may have against the SUPPLIER in connection with the Contract.

5. QUALITY REQUIREMENTS

- 5.1. The SUPPLIER shall provide Goods of the highest quality and in accordance with the SUPPLIER's Warranties as defined in section 7.3. The SUPPLIER shall comply with the applicable statutory provisions and good industry practice and standard and shall develop, manufacture and test the Goods to be delivered so that they are in accordance therewith and with the Contract.
- 5.2. If the SUPPLIER becomes aware that the Goods or Services do not comply with quality requirements and the SUPPLIER's Warranties as defined in section 7.3 and/or if the SUPPLIER has legitimate doubts regarding the Goods' or Services' compliance with such requirements, then the SUPPLIER shall promptly notify AVK in writing and shall advise AVK on any further steps to be taken. The same applies if the SUPPLIER becomes aware of property rights of third parties which conflict with the unrestricted use of the Goods or Services by AVK. Receipt and handling of such information by AVK is without prejudice to any and all claims AVK may have against the SUPPLIER resulting from such non-compliance.
- 5.3. AVK may inspect the Goods or Services at any time prior to delivery or completion of the Goods or Services at the SUPPLIER's premises or at any other location. Inspection by AVK does not relieve the SUPPLIER of its responsibility or liability for the Goods and Services and does not imply AVK's acceptance of the Goods or Services. AVK's right of inspection prior to delivery is without prejudice to AVK's right to reject the Goods after delivery.
- 5.4. AVK may call for certificates of raw materials and test certificates for materials and equipment used in the sourcing and manufacture of the Goods. The SUPPLIER shall provide such certificates to AVK within five working days after receipt of such request.

6. INSPECTION, TESTING

- 6.1. The SUPPLIER shall supply all Goods and Services in accordance with the Contract and the Specifications. AVK may inspect and test the Goods upon or after AVK's receipt of the Goods.

Any obligation of AVK under the Applicable Law to inspect the Goods or Services or to notify the SUPPLIER of any defects within a certain period of time is hereby excluded to the extent legally possible. If the obligation to inspect cannot be excluded, the following will apply:

  - (i) AVK is only required to inspect the Goods for variations in identity and quantity and obvious transport damage and
  - (ii) AVK shall notify the SUPPLIER of any such discrepancies and damages within 14 days after receipt of the Goods at the Location of Receipt. To fulfill the notification requirement, AVK need only provide the SUPPLIER with a brief description of the discrepancy, damage or defect.
- 6.2. Before and within 30 days following delivery or performance, or any longer period as set forth in section 6.3, and without prejudice to other rights or remedies AVK may have under the Contract or any other legal grounds, AVK may reject in whole or in part any delivery of Goods or performance of Services which are not in full compliance with the Contract. If certain parts of the Goods or Services do not comply with the Contract, AVK may reject the entire delivery or performance unless the SUPPLIER can prove that the remainder of such delivery or performance is in compliance with the Contract.
  - 6.3. If, according to the Contract or under the particular circumstances, AVK is required to test and approve the Goods or Services as to their compliance with the Contract, the SUPPLIER shall request that AVK carry out such test and acceptance after the Goods or Services are completed ("Acceptance Procedure"). The SUPPLIER shall make such request in accordance with the dates, stated in the Contract or, if no date is specified, as soon as practicable. Upon reasonable request by AVK, the SUPPLIER shall provide suitable personnel to attend any such tests at its own cost. AVK may reject the Goods or Services in whole or in part if they are not proven by the SUPPLIER to be compliant with the requirements under the Contract and/or any acceptance criteria agreed.
  - If AVK does not accept the Goods or Services in whole or in part, the SUPPLIER shall promptly investigate the non-conformity, correct such non-conformity and repeat the Acceptance Procedure. After failure of the second Acceptance Procedure, AVK may at its discretion choose whether to repeat the Acceptance Procedure or assert the remedies set forth in section 8. AVK will not be deemed to have accepted the Goods or Services solely because it is using them in whole or in part due to operational necessities.
- 7. THE SUPPLIER WARRANTIES AND OBLIGATIONS
  - 7.1. Without prejudice to any warranties under the Contract or any other legal grounds, the SUPPLIER warrants that the Goods and any parts or materials used in the manufacture or performance of any work related to the Goods will:
    - 7.1.1. be fit for the intended purpose;
    - 7.1.2. be fit for any special purpose as defined by AVK to the SUPPLIER;
    - 7.1.3. conform to the Specifications in all respects and, where applicable, to any samples or drawings; in particular, the weights, measures, signs, legends, words, particulars, or descriptions, if any, stamped, printed, or otherwise attached to the Goods or containers (including any required country of origin markings) or referring to the Goods delivered hereunder will be true and correct and comply with all relevant statutes, regulations and legislations;
    - 7.1.4. be new and unused, of sound materials and workmanship and free from any defects (latent or otherwise);
    - 7.1.5. conform to all applicable international and local laws and regulations relating to the design, manufacture, sale, packaging, labelling, safety standards and use of the Goods, which are in force on the date of delivery;
    - 7.1.6. be accompanied by all information, warnings, instructions and documentation relevant for the use, storage, operation, consumption, transportation and disposal of such Goods; and
    - 7.1.7. unless agreed otherwise, conform to the representations and warranties in the SUPPLIER's literature and advertising materials.
  - 7.2. In addition to any other warranties AVK may have under the Contract or any other legal grounds, the SUPPLIER warrants that all Services will be performed (i) with a degree of high professional skill, sound practices and good judgment normally exercised by recognized professional firms providing services of a similar nature, (ii) in full compliance with all applicable laws and (iii) so as to ensure that the Services completed under the Contract are free from defects in materials and workmanship and are fit for the intended purpose.
  - 7.3. Any warranties set forth in this section 7 or existing under the Contract or any other legal grounds ("SUPPLIER's Warranties") apply for a period of 24 months after acceptance of the Goods at the Location of Receipt, approval by AVK according to section 6.3, or completion of the Services (whichever occurs later) or any longer period stipulated by the Applicable Law or in the Contract ("Warranty Period").

8. REMEDIES

- 8.1. If the Goods delivered fail to conform with the SUPPLIER's Warranties ("Defective Goods"), then, without prejudice to other rights or remedies AVK may have under the Contract or any other legal grounds, AVK may, at its option choose one or several of the following remedies:

