



CHANGRUN

**Ningbo Haishu Changrun Trade Co., Ltd.**  
305 BLK 2 193 East Jishi Raod, Haishu, Ningbo, China

## GENERAL TERMS AND CONDITIONS OF NINGBO HAISHU CHANGRUN TRADE CO., LTD

### Article 1: General

1.1. These General Terms and Conditions have been drawn up for use by Ningbo Haishu Changrun Trade Co., Ltd. (hereafter called: "CHANGRUN") in its Agreements for the sale of products (and parts thereof) for industrial and maritime applications and/or the provision of services.

1.2. These General Terms and Conditions may only be used by CHANGRUN.

### Article 2: Definitions

In these General Terms and Conditions, the following words shall have the meaning assigned each time to them.

2.1. "General Terms and Conditions": these general terms and conditions of sale of CHANGRUN;

2.2. "Services": all the services provided by CHANGRUN under the Agreement to the Client;

2.3. "Client": each natural person or legal entity with which an Agreement to sell and deliver Goods and Services is concluded;

2.4. "Goods": movable physical products sold and supplied by CHANGRUN to Client;

2.5. "Agreement": the written Agreement between CHANGRUN and Client in relation to the sale and delivery of Goods or Services;

2.6. "Quotation": an offer made by CHANGRUN further to a Request for an Offer made by the Client;

2.7. "Request for a Quotation": application from or request of the Client to CHANGRUN in respect of the sale and delivery of specific Goods and/or Services;

2.8. "Order": an order placed by Client further to a Quotation made by CHANGRUN;

2.9. "Parties": CHANGRUN and Client;

2.10. "CHANGRUN": CHANGRUN registered in Ningbo, with its principal place of business at 305 BLK 2 193 East Jishi Raod, Haishu, Ningbo.



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### **Article 3: Applicability**

3.1. These General Terms and Conditions apply to the Agreement concluded between CHANGRUN and Client and to all other agreements concluded further thereto or in connection therewith and to all Quotations, Requests for Quotations, Letters of Intent, Orders, order confirmations and other documents and acts made and/or performed in preparation of and/or prior to and/or in connection with the Agreement.

3.2. No terms and conditions of whatever nature or by whatever name which are applied by Client and/or to which Client refers apply and all such terms and conditions are hereby explicitly rejected by CHANGRUN.

### **Article 4: Delivery times**

4.1. The delivery deadline and/or work period stated by CHANGRUN are estimates.

4.2. In determining delivery deadlines and/or work periods, CHANGRUN assumes that the engagement can be carried out under the circumstances as they are known to CHANGRUN at that moment.

4.3. Delivery deadlines and/or implementation periods only commence once the Parties have agreed on all commercial and technical details, all necessary data, final and approved drawings, etc. are in CHANGRUN's possession, the payment or instalment agreed has been received and the conditions necessary for the performance of the engagement have been met.

4.4. Failure to meet the agreed delivery deadline and/or work period shall never entitle the Client to compensation for damages, unless agreed in writing.

### **Article 5: Transfer of risk**

5.1. Deliveries are made ex works, in accordance with the Incoterms 2000; the risks attached to the object are transferred at the moment that CHANGRUN makes the object available to the Client.

5.2. Notwithstanding the provisions of Article 5.1, the Client and CHANGRUN may agree that CHANGRUN will arrange transport. The risks attached to the storage, loading, transport and unloading remain with the Client in such instances. The Client may take out insurance to cover those risks.

5.3. In the event that objects are to be exchanged and the Client continues to use the exchangeable object while awaiting delivery of the new object, the risks attached to the exchangeable object remain with the Client until the moment that possession of the object has been relinquished to CHANGRUN.



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#### **Article 6: Price changes**

6.1. CHANGRUN may charge any increases in cost-determining factors that arise after the Agreement is concluded to the Client if the performance of the Agreement has not been completed at the moment of the increase.

6.2. The Client is obliged to pay the price increases at the same time as the principal sum or the next instalment is paid.

#### **Article 7: Guarantees**

7.1. CHANGRUN guarantees the proper performance of the major parts stipulated for a period of six months after delivery or completion.

7.2. If the product delivered proves to be unsound, CHANGRUN will make the necessary replacement. Those parts that are to be repaired at CHANGRUN's place of business or are to be replaced by CHANGRUN must be sent to CHANGRUN carriage paid. CHANGRUN will then elect either:

- to repair the object;
- to replace the object;
- to credit the Client for a proportionate part of the invoice.

7.4. In all situations, the Client must allow CHANGRUN the opportunity to repair any shortcomings and/or repeat the processing.

7.5. The Client may only invoke guarantees after all obligations in respect of CHANGRUN have been fulfilled.

7.6. a. No guarantee is given when defects are the result of:

- normal wear and tear;
- improper use;
- lack of proper maintenance;
- fitting, assembly, alterations or repairs improperly done by the Client or by third parties.

b. No guarantee is given for delivered objects that were not new when they were delivered or for objects whose use the Client prescribed or that were provided by or on behalf of the Client.

c. No guarantee is given on inspections of and/or repairs to objects belonging to the Client.



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#### **Article 8: Complaints**

The Client may not invoke defects in the product unless a written complaint has been submitted to CHANGRUN within fourteen days after the defect was detected or should, within reason, have been detected.

#### **Article 9: Failure to take delivery**

In the event that the Client has not taken delivery of any object after the delivery deadline has passed, those objects will remain available to the Client. Any objects of which the Client has not taken delivery will be stored for the Client's account and risk.

#### **Article 10: Payment**

10.1. Payment must be made to an account specified by CHANGRUN.

10.2. Unless agreed otherwise, payment must be made using one of the following methods:

100% by telegraphic bank transfer;

100% by sight irrevocable L/C (applicable for delivery time longer than 45 days).

10.3. If payment has not been made by the payment deadline specified, the Client is immediately liable to pay CHANGRUN interest. That interest is payable at a rate of 12% per year, or at the statutory rate if that is higher. For the purposes of calculating the interest, partial months are counted as full months.

10.4. If payment has not been made by the payment deadline specified, the Client is immediately liable to pay CHANGRUN all extrajudicial costs, to a minimum of \$75.

The costs are calculated in accordance with the following table:

over the first \$3,000 15%

over the excess up to \$6,000 10%

over the excess up to \$15,000 8%

over the excess up to \$60,000 5%

over the excess from \$60,000 3%

If the actual extrajudicial costs exceed those based on this formula, the Client is liable to pay the actual costs.



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10.5. If judicial proceedings are decided in CHANGRUN's favour, all costs incurred by CHANGRUN in connection with those proceedings are for the Client's account.

#### **Article 11: Retention of ownership and pledging**

11.1. After delivery, CHANGRUN remains the owner of the objects delivered for as long as:

- a. the Client fails or will fail in the fulfilment of the obligations stemming from this agreement or any similar agreements;
- b. the Client fails or will fail to pay for any balance amount of placed order;
- c. the Client has not paid any claims arising from non-fulfilment of those agreements, such as compensation for damages, penalties, interest and costs.

11.2. Having invoked retention of ownership, CHANGRUN may retrieve the objects delivered. The Client must allow CHANGRUN to enter the place where those objects are located.

11.3. If CHANGRUN cannot invoke retention of ownership because the objects delivered have been subject to confusion, deformation or accession, the Client is obliged to give the newly formed objects in pledge to CHANGRUN.

#### **Article 12: Termination**

If the Client wishes to dissolve the agreement without CHANGRUN having failed in the performance thereof and if CHANGRUN so agrees, the agreement will be terminated by mutual consent. In that event, CHANGRUN is entitled to reimbursement for all financial losses incurred, such as damages, loss of profits and costs.

#### **Article 13: Applicable law and competent court**

All disputes and differences that may arise from present contract shall be referred to Shanghai International Arbitration Center.