

Tongrun International Purchase Order Terms and Conditions

STANDARD PURCHASE ORDER TERMS AND CONDITIONS

All purchase orders (“PO Agreement”) issued by Tongrun International (“Buyer”) are made expressly subject to these additional terms and conditions.

This PO Agreement is between the buyer and the “seller” listed on the front of the PO Agreement. The PO Agreement constitutes Buyer’s offer to Seller to supply named products (“Purchased Products”) or services (“Purchased Services”). This is a binding contract on the terms and conditions set forth herein when it is accepted by Seller or on commencement of performance hereunder. No condition stated by Seller in accepting or acknowledging this PO Agreement shall be binding upon Buyer if in conflict with, inconsistent with, or in addition to the terms and conditions contained herein unless accepted by Buyer’s written approval. Any additional or different terms proposed by Seller are objected to and rejected unless expressly assented to in writing by Buyer. In the event there are conflicting terms and conditions between the PO Agreement and an additional valid agreement fully executed by both parties (the “Other Agreement”), the Other Agreement will prevail through the term of the Other Agreement.

No revisions to the PO Agreement shall be valid unless in writing and signed by an authorized representative of the Buyer.

1. ACCEPTANCE

By shipping the Purchased Products or performing the Purchased Services specified in the PO Agreement, Seller accepts the PO Agreement and agrees to be bound by the terms and conditions provided herein.

2. TIMELY PERFORMANCE

Seller acknowledges and agrees that time is of the essence in the delivery of the goods or completion of the services; seller will execute delivery within the time frame mutually agreed upon by Buyer and Seller. Seller acknowledges that time is vital to the interest of Buyer, and that failure to complete the services within such timeframe constitutes a breach of this PO Agreement.

3. CHANGES

Buyer reserves the right, at any time prior to the start of production, to make a change to (1) specifications and (2) quantities. Prior to shipment, Buyer reserves the right to make changes to: (3) method of delivery; (4) place of delivery, (5) schedule of delivery, and the (6) quantities of delivery.

4. CANCELLATION

Buyer reserves the right to cancel this PO Agreement, or any portion of thereof, without liability, if; (a) delivery is not made when and as specified; (b) Seller fails to meet contract commitments as to exact time, price, quality or quantity; (c) Seller ceases to conduct its operation in the normal course of business; (d) Seller is unable to meet its obligations as they mature; (e) proceedings are instituted against Seller under the bankruptcy laws or any other laws relating to the relief of creditors; (f) a receiver is appointed or applied for by Seller; or (g) any assignment is made by Seller for the benefit of creditors.

In the event of a cancellation, Buyer shall have no further obligations to Seller except to pay for deliverables that were provided to Buyer prior to such termination and were accepted by Buyer. Upon termination, Seller shall provide any transition assistance that may be reasonably requested by Buyer.

5. DELIVERY

Seller shall deliver the goods or services to Buyer by appropriate conveyance - no later than the dates specified in the PO Agreement. Changes to delivery dates are not allowed without Buyer's prior written consent.

6. INSPECTION AND REJECTION

All goods are subject to final inspection and acceptance by Buyer at destination notwithstanding any payment. Such inspection will be made within a reasonable time after receipt of goods.

Buyer shall notify Seller if any goods delivered hereunder are rejected, and at Buyer's election and Seller's risk and expense, such goods shall be held by Buyer or returned to Seller. No replacement or correction of nonconforming goods shall be made by Seller unless agreed to in writing by Buyer.

7. INVOICING

Invoices shall be mailed immediately after shipment of goods or rendering of service is complete to the address shown on the face of the PO Agreement and including an "attention to" line indicating the Seller's primary business contact at Buyer. Delays in receiving invoices, errors, or omissions on invoices or lack of supporting documentation required by the terms of this PO Agreement will be cause for postponing the start of the payment terms until the correct information is received. Buyer will not be responsible for charges on invoices received more than 120 days after the rendering of service is complete or shipment of the goods unless indicated otherwise in a written agreement between Buyer and Seller.

8. PAYMENT

In consideration of the performance of the completion of the obligations by Seller and acceptance by Buyer under the PO Agreement, Buyer will pay the applicable invoice amount. Payment terms are net 30 days from receipt of invoice, unless indicated otherwise in a written agreement between Buyer and Seller.

9. DISPUTED CHARGES

Where any item or items on an invoice are disputed, Buyer may withhold payment for the item or items so disputed until such time as the dispute is resolved.

10. SELLER'S REPRESENTATIONS AND WARRANTIES

Seller represents and warrants that: (a) Seller owns all rights, title and interest in the products and services and has legal authority to sell, license or otherwise transfer the right to use or sell such items to the company; (b) the product and service covered under the Purchase Order are of good and merchantable quality and free from defects in design, material and workmanship, are safe and conform to applicable specifications, drawings, samples, descriptions and associated documentation provided to the company in writing; (c) the product and services, and the production and sale thereof, and all warranties, guarantees, representations by Seller made or authorized to be made in connection therewith are in all respects in compliance with all applicable international, federal, state, local laws, rules and regulations; (d) the goods are fit for the use intended; (e) no Purchased Product and/or Purchased Service, or their sale or use will infringe any patents, trademarks, copyrights, trade secrets or similar intellectual property rights of any third party; (f) Seller will comply with all federal, state and local laws, ordinances, rules and regulations applicable to its performance under this Purchase Order; (g) Seller has not changed any compositions, formulations, or other constituents of the Purchased Products without written approval from Buyer.

11. COMPLIANCE WITH LAWS

Seller represents and warrants that no law, regulation, or ordinance of the United States, or any state or governmental authority or agency has been violated in the manufacture, procurement, transporting or sale of any of the deliverables or services furnished, work performed, or service rendered pursuant to this PO Agreement.

12. INDEMNIFICATION

Seller shall assume entire responsibility for and shall defend, indemnify and hold Buyer, and its directors, officers, employees and agents (collectively, the "Indemnitees") harmless against all losses, liabilities, claims, costs and expenses arising directly or indirectly out of or in connection with the performance related to this PO Agreement arising from, but not limited to: Injury to any person in the employment of the Seller or any Seller subcontractors; Loss of or damage to the property of Seller, any subcontractor and any of their respective personnel whatsoever and howsoever arising, or by reason of any actual or alleged infringement of any United States patent, copyright or trade secret arising out of the services, products and/or deliverables supplied to Buyer by Seller.

The provisions of this paragraph "Indemnification" shall survive the termination of the PO Agreement for whatever reason.

13. CONFIDENTIALITY

Seller acknowledges that it is, may be or will be privy to Confidential Information. Seller agrees the use of Confidential Information is only acceptable in the furtherance of its work under the PO Agreement and shall not transfer or otherwise disclose the

Confidential Information to any third party except with written authorization from an officer of Buyer.

14. INSURANCE

Whenever Seller shall, by virtue hereof, have in its possession property of Buyer, Seller shall be deemed as insurer thereof and shall be responsible for its safe return to Buyer.

If Seller is to perform any services for Buyer on any premises owned or controlled by Buyer or elsewhere, Seller agrees to: (1) keep such premises and work free and clear of all mechanic's liens, and furnish to Buyer proper affidavits and/or waivers certifying thereto; (2) perform such services at Seller's sole risk prior to its written acceptance by Buyer, and replace at Seller's sole expense all property damaged or destroyed by any cause whatsoever; (3) carry workmen's compensation insurance covering all employees to be used by Seller or Seller's subcontractors in connection with such services and public liability insurance covering Seller's liability hereunder; and (4) prior to commencing the performance of any services hereunder, furnish to Buyer certificates of its insurance carrier showing that such workmen's compensation and liability and property damage insurance is in force.

All shipments shall be insured for full value of goods therein. This insurance shall include the full value of any materials furnished by Buyer, even if these materials have been altered by Seller. Seller accepts full responsibility for financial reimbursement to Buyer for all materials, lost, damaged, and/or not insured.

15. PUBLICITY

Seller shall not make or publish any notice, advertisement, press release, or other communication with respect to the PO Agreement, its contents, or the goods or services without Buyer's prior written consent. Seller shall not use Buyer's name or logo in any of its advertising, client list, or sales promotional material without Buyer's prior written consent.

16. EQUAL OPPORTUNITY

Seller will provide Services to Buyer without discrimination on account of race, sex, color, religion, national origin, age, physical or mental disability, or Veteran's status.

17. DISPUTE RESOLUTION

All claims, disputes and other matters in question arising out of or relating to this subcontract with a breach thereof, except for claims which have been waived by the making or acceptance of final payment, shall be decided by mediation or non-binding arbitration pursuant to the Texas Arbitration Dispute Resolution Act, (Texas Practice and Remedies Code, Chapter 154), and in accordance with the construction industry rules then in effect unless the parties mutually agree otherwise. Each party shall pay its own legal and additional costs relating to the mediation or the non-binding arbitration regardless of the outcome of the mediation or the non-binding arbitration.

18. ASSIGNMENT

No assignment of any rights, including rights to money due or to become due hereunder, or delegation of any duties under this order shall be binding upon Buyer until its written consent has been obtained.

19. HEADINGS

The headings contained in this PO Agreement are for convenience of reference only and are not intended to have any substantive significance in interpreting this PO Agreement.

20. FORCE MAJEURE

Both parties shall be relieved from any and all liability under or in connection with this PO Agreement to the extent that such liability arises from any failure to perform any of its obligations under or in connection with this PO Agreement has been caused or contributed to by a force majeure event or circumstance including acts of God, war, hostilities (whether war be declared or not), civil disturbance, government action, strikes, lock-outs, labor disputes, computer virus, or any other event, circumstance or cause whatsoever beyond the reasonable control of the party.

21. SEVERABILITY AND INDIVIDUAL PROVISIONS

If any term, condition, or provision of this PO Agreement is for any reason declared or found to be illegal, invalid, ineffective, inoperable, or otherwise unenforceable, it shall be severed and deemed to be deleted from this PO Agreement and the validity and enforceability of the remainder of this PO Agreement shall not be affected or impaired thereby the remaining terms shall remain in full force and effect.

22. WAIVER OF FAILURE TO ENFORCE A PROVISION

Failure by either party at any time to enforce any provision of this PO Agreement against the other shall not be construed as a waiver of such entitlement and shall not affect the validity of this PO Agreement or any part or parts hereof or the right of the relevant party to enforce any provision in accordance with its terms. The rights and/or remedies of either party may only be waived by formal written waiver which is signed by a duly authorized representative of the party waiving its rights and which makes express and unequivocal reference to the waiver being made.

23. APPLICABLE LAW

This PO Agreement shall be governed by and construed in accordance with the laws of the State of Texas, without regard to conflicts-of-law principles.