

GENERAL TERMS AND CONDITIONS OF AUNG CROWN CAPS & HATS LLC's SERVICES & PRODUCTS

1. GENERAL

- 1.1. Aung Crown clothing Group Ltd, No.30,Xinmuxinyuan Industrial Zone, Pinghu Street, Longgang District Shenzhen, China 518111 ("AC") and a buyer (the "Buyer") have entered or are about to enter into a contractual relationship (the "Relationship") for the supply of certain services and products (the "Product(s)"), as further described therein.(In the PI order)
- 1.2. These General Terms and Conditions (the "Conditions") have been expressly integrated in the Relationship and shall hence govern the offering, sale and delivery of the Products from or on behalf of AC to Buyer and shall apply to all transactions between AC and the Buyer (the Buyer and AC collectively, the "Parties").
- 1.3. The various versions of the Conditions are available on the following website www.wholesaler-hats.com (the "Website"), it being specified that the Conditions applicable to the Parties for a specific transaction shall be the last version of the Conditions published on the date of the Confirmed Order. AC reserves the right to amend the Conditions at any time. The amended Conditions will take effect on the date of publishing of these amendments on the Website, which means that the amended Conditions shall apply to all transactions concluded between the Parties after the date of such publishing.
- 1.4. **AC explicitly rejects the applicability of any general terms and conditions of the Buyer.** Failure by AC to object to the terms and conditions set by the Buyer shall in no event be construed as an acceptance of any of the terms and conditions of the Buyer. If the Conditions differ from any of the terms and conditions of the Buyer, the Conditions and any subsequent communication or conduct by or on behalf of AC, including, without limitation, confirmation of an order, performance of services, and delivery of Products, constitute a counter-offer and not acceptance of such terms and conditions submitted by the Buyer. Any communication or conduct of the Buyer, which confirms an agreement for the delivery of Products by AC, as well as acceptance by the Buyer of any delivery of Products from AC, shall constitute an unqualified acceptance by the Buyer of the Conditions.
- 1.5. Any electronic communication between the Parties shall be effective as originals and shall be considered to be a "writing" between the Parties. The electronic

communication system used by AC will serve as sole proof for the content and the time of delivery and receipt of such electronic communications.

2. QUOTATION, ORDERS AND CONFIRMATION

Unless stated otherwise by AC, quotations made by AC in whatever form are not binding to AC and merely constitute an invitation to the Buyer to place an order. All quotations issued by AC are revocable and subject to change without notice.

- 2.1. Notwithstanding the foregoing, AC may issue pro forma invoice (**Pro Forma Invoice**) to the Buyer, which shall be deemed to be a firm and binding offer by AC. Pro Forma Invoice shall be deemed to be given for a period of time of 30 days from the date of sending of such invoice to the Buyer, unless otherwise specified in the Pro Forma Invoice. The offer contained in the Pro Forma Invoice will lapse if the Buyer does not send an original copy of the Pro Forma Invoice duly countersigned by it on or before the last day of validity of the offer. If the Buyer validly accepts the offer, either expressly or tacitly, then the Pro Forma Invoice will be binding upon the Parties and considered to be a "Confirmed Order" for the purpose of these Conditions.

- 2.2. Orders placed by the Buyer (other than through the acceptance of a Pro Forma Invoice issued by AC) are not binding until accepted by AC in writing (the "**Confirmed Order**"). AC shall be entitled to refuse a non-confirmed order without indicating the reasons. Changes to Confirmed Orders that have been placed likewise always require written confirmation by AC in order to become valid.

- 2.3. AC may agree in writing to the cancellation or alteration of a Confirmed Order, at its sole discretion. The costs arising from the cancellation or alteration thereof will be exclusively borne by the Buyer.

- 2.4. The Confirmed Order shall, in any case, specify the Products to be supplied by AC, together, as the case may be, with any agreed specifications for the Products.

3. PRICES – PRICE CHANGES – DISCOUNT

- 3.1. Prices and currencies of the Products of AC are as set out in the Confirmed Order. All prices are EXW or FOB china

- 3.2. Unless stated otherwise by AC, prices are exclusive of (i) all costs relating to the transportation from the agreed delivery's location (as a rule, the warehouse designated in the Confirmed Order) to the final destination and to the export/import

processing of the Products, (ii) packaging and insurance other than the standard ones provided by AC, if any, and (iii) value added tax or any other similar applicable taxes, duties, levies or charges in any jurisdiction levied in relation to the Products or the delivery thereof, included the import/export clearance related fees (the "**Taxes**"). The amount of any Taxes levied in connection with the sale of Products to the Buyer shall be for the Buyer's account and shall either be added to each invoice or separately invoiced by AC to the Buyer.

- 3.3. Unless the prices have been indicated as firm by AC in the Confirmed Order, AC is entitled to increase the price of the Products still to be delivered if the cost price determining factors have been subject to an increase between the date of execution and the date of delivery or performance. These factors include but are not limited to: raw and auxiliary materials, energy, products obtained by AC from third parties, wages, salaries, social security contributions, governmental charges, freight costs and insurance premiums. AC shall notify the Buyer of such increase which shall not exceed the increase in the determining cost factors.

- 3.4. If AC grants a discount to the Buyer, this discount only relates to the delivery specifically mentioned in the Confirmed Order.

- 3.5. If the Product to be delivered by AC consists in the artistic creation by AC of logos, brand, visual identity and/or the like, the ownership of such Products shall remain to AC as long as the Confirmed Order has not been entirely paid by the Buyer. Meanwhile, any use by the Buyer of such delivered Product shall be subject to the prior approval of AC.

4. TERMS OF PAYMENT

- 4.1. Unless stated otherwise in the Confirmed Order, the Buyer shall pay an immediate advance payment equal to 30% of the total amount mentioned in the Confirmed Order immediately upon receipt of the Confirmed Order. This deposit is considering as a non refundable deposit (NRD)*.The outstanding amount (70%) shall be paid no later than 10 days before delivery of the Products by AC.

For all order upon to 20,000 usd : 30 % Deposit (NRD) upon order , 30 % on the half production stage(NRD) and Final 10 days before shipment

*The Buyer understands, acknowledges and agrees that if he/she to pay the seller the remaining due amount by the above mentioned date, the non refundable deposit will be forfeited.

- 4.2. All payments shall be made without any deduction on account of any Taxes or

- transfer costs. For the sake of clarity, the place of payment for all payments to be made by the Buyer is the registered office of AC.
- 4.3. Unless stated otherwise in the Agreement, payment shall be made on the basis of net cash, to be received by AC within the above-mentioned deadline(s).
- 4.4. With regard to payment for the Products, the Buyer acknowledges and agrees that time is of the essence. AC may, without prejudice to any other rights of AC and without a written reminder, charge interest on any overdue payment at 12% (twelve percent) per annum from the due date computed on a daily basis until all outstanding amounts due by the Buyer are paid in full. All costs and expenses incurred by AC with respect to the collection of overdue payments (including, without limitation, reasonable attorney's fees, expert fees, court costs and other expenses of litigation, warehouse extra fees..) shall be for the Buyer's account.
- 4.5. If the Buyer is in default with payments for Products he/it has already received, AC has the right to rescind the part of the Confirmed Order not yet executed without allowing any further time and to cancel all or part of the Confirmed Orders, already confirmed but not yet executed. The Buyer must compensate AC fully for damages arising therefrom. AC keep the right to keep NRD from another order which shall be cancel in this case to cover some lose from due payment amount without any written confirmation.
- 4.6. If the Buyer does not comply with the terms of payment or if he/it is unable to make payment, all outstanding credit balances become due for payment irrespective of the agreed payment deadlines and may be claimed by AC immediately.
- 4.7. If, after having entered into a contract with the customer, it becomes clear that the customer may be unable to fulfill its contractual duties due to its financial status (particularly if payments are discontinued, insolvency proceedings have been instituted, seizure or forced execution measures have been taken, cheques and bills are protested and direct debits are returned, involving third parties as well), AC shall be entitled to retain deliveries until prepayment of the purchase price is effected or an adequate security is lodged. The same shall apply if legitimate doubts exist concerning the customer's creditworthiness or its ability to pay as a result of payments being delayed. AC keep the right to use the NRD to compensate its financial damage and keep fully ownership of the production.
- 5. TERMS OF DELIVERY – EXAMINATION – ACCEPTANCE / COMPLAINT**
- 5.1. The Confirmed Order may include a delivery time schedule which is counting in working days. AC shall make its best efforts to supply the Products within this time schedule.
- 5.2. Unless stated otherwise in the Confirmed Order, any times or dates for delivery by AC are estimates and shall not be deemed of the essence. Delay in delivery of any Products shall not relieve the Buyer of his/its obligation to accept delivery thereof.
- 5.3. Without prejudice to the foregoing, AC undertakes to inform the Buyer immediately when it anticipates constraints on its capacity to supply the Products, and discuss with the Buyer in good faith suitable measures to warrant that the Products be adequately serviced.
- 5.4. AC is entitled to deliver the Products as stated in the Confirmed Order in parts and to invoice separately.
- 5.5. Unless stated otherwise in the Confirmed Order, dispatch and transportation of the Products are Delivered At factory in Shenzhen (EXW) – Forwarder warehouse designated in the Confirmed Order, according to the Incoterms® 2010 (FOB)
- 5.6 EXPORTATION**
The Buyer of items shipping to final destinations is solely responsible for complying with applicable local import laws. Seller shall not be the importer of record and is not responsible for compliance with importation requirements of any country to which the Products are shipped
- 6. EXAMINATION – ACCEPTANCE / COMPLAINT**
- 6.1. The Buyer shall be obliged to accept the Products and pay the amount specified in the Confirmed Order for the Products delivered by AC.
- 6.2. The Buyer must inspect the Products immediately upon receipt and satisfy himself/itself that the Products delivered meet the specifications mentioned in the Confirmed Order or, in the absence of agreed specifications, to the most recent specifications used by AC at the time of delivery of the Products (the "Specifications").
- 6.3. Complaints about the Products shall be made in writing and must reach AC not later than 8 (eight) days from the date of delivery of the Products in respect of any defect or default which would be apparent from a reasonable inspection on delivery, and 8 (eight) days from the date on which any other claim (e.g. hidden defects) was or ought to have been apparent, but in no event later than the expiry of (i) a 1-month period running from the date of delivery of the Products or (ii) the warranty period mentioned in the Confirmed Order (if any and if different), whichever occurs first.
- 6.4. In case of a disaccord between the Parties concerning the quality of a Product supplied by AC to the Buyer, AC will submit the purported defective Product to an independent expert reasonably acceptable to the Buyer to have determined whether or not the Product in question has met the Specifications. The results of such analysis shall be binding upon the Parties, and the Party unable to uphold its position shall bear the related costs of the expert.
- 6.5. Defects in parts of the Products do not entitle the Buyer to reject the entire delivery of the Products, unless the Buyer cannot reasonably be expected to accept delivery of the remaining non-defective parts of the Products. Complaints, if any, do not affect the Buyer's obligation to pay as defined in Section 4.
- 6.6. Failure to complain within the appropriate time or any use of the Products shall be deemed to be an unconditional acceptance of the Products as of the date of delivery and waiver of all claims in respect of the Products.
- 6.7 COLOR PROOFING:**
Because of differences in batch processing and lots and other conditions between color proofing and production operations, a reasonable variation in color between proofs and the complete job shall constitute acceptable delivery
- 7. CANCELLATION**
The Buyer's wrongful non-acceptance or rejection of Products or cancellation of the Confirmed Order shall entitle AC to recover from the Buyer, in addition to any other damages caused by such action:
- 8. TRANSFER OF RISK – OWNERSHIP**
Unless stated otherwise in the Confirmed Order, benefit and risk are transferred to the Buyer upon the Products being handed over to the Buyer. If dispatch is not possible and no fault is attributable to AC, risk transfers to the Buyer with the notification that the Products are ready for delivery.
- 9. LIMITED WARRANTY**
- 9.1. AC solely warrants that, on the date of delivery and for an additional 2-month period as from the date of delivery, the Products shall conform to the Specifications. If and to the extent Products are in breach with such warranty, as determined in accordance with Section 5, AC may at its own option and within a reasonable time either repair or replace the Products at no charge to the Buyer. Accordingly, AC obligation shall be limited solely to repair or replacement of the Products, to the exclusion of any other remedy, service or compensation for the Buyer.
- 9.2. Without prejudice to the foregoing, it is also expressly specified that AC shall not be liable in any way whatsoever for any assertion, promises, marketing campaign

or the like made by the Buyer, notably in his/its efforts to subsequently resale the Products.

9.3. AC's obligation to repair or replace shall be contingent upon the following two cumulative conditions be met:

- (i) receipt by AC of a timely notice by the Buyer of any alleged non-conformance of Products and, if applicable, the return of the Products, in accordance with Section 6, in particular Section 6.3; and
- (ii) absence of abnormal or abusive use of the Products, which is an utilization which does not comply with standard use or with the Product's specifications, deterioration or damage of the Products resulting especially from washing, uncommon weather conditions, malicious intent, or accidents resulting from a lack or supervision.

9.4. **The foregoing is exclusive and in lieu of all other warranties, representations, conditions or other terms, express, implied, statutory, contractually or otherwise, including, without limitation, any warranty of merchantability, suitability or fitness for any purpose, or absence of infringement of any claim in any intellectual property right covering the Products.**

10. LIMITED LIABILITY

10.1. AC's liability for any and all claims arising out of or in connection with the Products and the use thereof shall per occurrence be limited to direct damages of the Buyer and shall under no circumstances exceed the sales value of the defective relevant Product supplied to the Buyer.

10.2. AC shall under no circumstances be liable to the Buyer or any other person for any kind of special, incidental, indirect, consequential or punitive damage or loss, cost or expense, including without limitation, damage based upon lost goodwill, lost sales or profit, delay in delivery, work stoppage, production failure, impairment of other goods or based on any other cause, and whether arising out of or in connection with breach of warranty, breach of contract, misrepresentation, negligence or otherwise.

11. FORCE MAJEURE

11.1. Neither Party shall be liable in any way for any damage, loss, cost or expense arising out of or in connection with any delay, restriction, interference or failure in performing any obligation towards the other Party caused by any circumstance beyond its reasonable control, including, without limitation, acts of God, laws and regulations, administrative measures, orders or decrees of any court, earthquake, flood, fire, explosion, war, terrorism, riot, sabotage, accident, epidemic, strike, lockout, slowdown, labor disturbances, difficulty in obtaining necessary labor or

raw materials, lack of or failure of transportation, breakdown of plant or essential machinery, emergency repair or maintenance, breakdown or shortage of utilities, delay in delivery or defects in goods supplied by suppliers or subcontractors ("**Force Majeure**").

11.2. Upon the occurrence of any event of Force Majeure, the Party suffering thereby shall promptly inform the other Party by written notice thereof specifying the cause of the event and how it will affect its/his performance of its/his obligations under the Confirmed Order. In the event of any delay, the obligation to deliver shall be suspended for a period equal to the time loss by reason of Force Majeure. However, should a Force Majeure event continue or be expected to continue for a period extending to more than 60 (sixty) days after the agreed delivery date, either Party is entitled to cancel the affected part of the Confirmed Order without any liability to the other Party.

12. SUSPENSION AND TERMINATION

12.1. If the Buyer is in default of performance of his/its obligations towards AC and fails to provide to AC adequate assurance of the Buyer's performance before the date of scheduled delivery; or if the Buyer becomes insolvent or unable to pay his/its debts as they mature, or goes into liquidation (other than for the purpose of a reconstruction or merger) or any bankruptcy proceeding shall be instituted by or against the Buyer or if a trustee or receiver or administrator is appointed for all or a substantial part of the assets of the Buyer or if the Buyer enters into a deed of arrangement or makes any assignment for the benefit of his/its creditors, then AC may by without any notice in writing forthwith, without prejudice to any of its other rights:

- (i) demand return and take repossession of any delivered Products which have not been paid for and all costs relating to the recovery of the Products shall be for the account of the Buyer; and/or
- (ii) suspend its performance or terminate the Confirmed Order for pending delivery of Products unless the Buyer makes such payment for Products on a cash in advance basis or provides adequate assurance of such payment for Products to AC.

12.2. In any such event of Section 12.1, all outstanding claims of AC shall become due and payable immediately with respect to the Products delivered to the Buyer and not repossessed by AC.

If the customer ceases to pay its debts in the ordinary course of business or cannot pay its debts as they become due or being a company is deemed to be unable to pay its debts or has a winding-up petition issued against it or being a person commits an act of bankruptcy or has a bankruptcy petition issued against it, AC without prejudice to other remedies shall (i) have the right not to proceed further with

the contract or any other work for the customer and be entitled to charge for work already carried out (whether completed or not) and materials purchased for the customer, such charge to be an immediate debt due to AC, and (ii) in respect of all unpaid debts due from the customer have a general lien on all goods and property in AC possession (whether worked on or not) and will be entitled on the expiration of 7 days' notice to dispose of such goods or property in such manner and at such price as the AC thinks fit and to apply the proceeds towards such debts.

13. INTELLECTUAL PROPERTY

13.1. The Buyer acknowledges that it shall acquire ownership rights to the intellectual property of the branding and of the respective person or entity which is part of the manufacture or distribution process of the Products (the "**Manufacturers**"), in particular in and to the trademarks, brands, illustrations, logos and the like which appear on the Products and the related accessories and packaging.(the "**Signs**").

THE CUSTOMER SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY AUTHORITIES AND CONSENTS TO REPRODUCE BRAND NAME, ARTWORK, PHOTOGRAPHS, COPYRIGHT TEXT, FONTS AND/OR ANY OTHER REPRODUCIBLE MATERIALS ("MATERIALS") PRIOR TO INSTRUCTING AC TO REPRODUCE THE SAME. THE CUSTOMER SHALL INDEMNIFY AND HOLD AC HARMLESS AGAINST ALL CLAIMS, DEMANDS, ACTIONS, COSTS, EXPENSES (INCLUDING BUT NOT LIMITED TO LEGAL COSTS AND DISBURSEMENTS), LOSSES AND DAMAGES ARISING FROM OR SUFFERED OR INCURRED BY REASON OF ANY CLAIM (INCLUDING BUT NOT LIMITED TO THE DEFENSE OF SUCH CLAIM) THAT THE REPRODUCTION OF THE MATERIALS BY AC INFRINGES THE INTELLECTUAL PROPERTY OR OTHER RIGHTS OF ANY THIRD PARTY OR MISUSES THE CONFIDENTIAL INFORMATION OF A THIRD PARTY.

14. CONFIDENTIALITY

The terms and conditions set forth in the Confirmed Order and any and all other information relating to AC and its related Manufacturers in any form, including any information relating to the Products, such as any advance showing, display or preview of any collection, shall be deemed to be confidential and proprietary information; provided, however, that the term "confidential and proprietary information" shall not include: (i) information which, at the time it is disclosed, is generally known by the public; or (ii) information which a third party discloses to a Party, provided that the third party has a right to disclose such information. The Buyer shall not duplicate use or disclose, and shall take all reasonable steps to prevent the duplication, use or disclosure of, any confidential and proprietary information belonging to AC or to any Manufacturer to any person (other than the Buyer's employees, agents or representatives who must have such information for the performance of its/his obligations hereunder).

15. MISCELLANEOUS

15.1. Compliance with Laws and Standards.

The Buyer acknowledges that the use of the Products may be subject to requirements or limitations under any law, statute ordinance, regulation, code or standard ("**Laws and Standards**"). The Buyer shall be exclusively responsible for (i) ensuring compliance with all Laws and Standards associated with his/its intended use of the Products; and (ii) obtaining all necessary approvals, permits or clearances for such use.

15.2. Non-Assignment.

Neither Party may assign any of the rights or obligations under the Confirmed Order without the prior written consent of the other Party, except that either Party may assign such rights and obligations to any of its affiliates or to a third party acquiring all or a substantial part of its assets or business relating to the Products.

15.3. Severability. If any provision of the Conditions is held to be unenforceable for any reason, it shall be adjusted rather than voided, if possible, in order to achieve the legal and economic intent of the Parties to the fullest extent possible. In any event, all other provisions of the Conditions shall remain valid and enforceable to the fullest extent possible

15.4. Heading. The headings contained in the Conditions are included for mere convenience of reference and shall not affect the latter's construction or interpretation.

15.5. Waiver. Failure by AC to enforce at any time any provision of the Conditions shall not be construed as a waiver of AC's right to act or to enforce any such term or condition and AC's rights shall not be affected by any delay, failure or omission to enforce any such provision. No waiver by AC of any breach of the Buyer's obligations shall constitute a waiver of any other prior or subsequent breach.

16. APPLICABLE LAW AND JURISDICTION

16.1 The Confirmed Order and the Conditions shall be governed by and construed in accordance with the substantive laws of Republic of China, without regard to the conflict of laws provisions thereof. The United Nations Convention on Contracts for the International Sale of Goods dated 11 April 1980 (CISG) shall not apply.

16.2 **Any dispute arising out of, or in connection with, the Confirmed Order and/or the Conditions shall be exclusively submitted to the courts of Shenzhen**

17. LANGUAGE

The original version of the Conditions is made in the English language. In the event of any inconsistency or contradiction between the English version and any translation thereof, the English version shall prevail.

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