

SUPPLIER'S TERMS AND CONDITIONS

1. INTERPRETATION

1.1 Unless the context otherwise requires, the following terms shall have the following meanings:

“Affiliate(s)”	means, in relation to any Party, any company, partnership or other entity which directly or indirectly controls, is controlled by or is under common control with the Party in question;
“Business Day”	means any day other than a Saturday, Sunday or public or bank holiday in Hong Kong;
“Code of Conduct”	the code of conduct prepared by GSM International Limited (“ GSM ”), as amended from time to time and the current version being attached at Schedule 4 herein;
“Collateral Agreement”	means each written request or order issued by GSM to the Supplier for the manufacture and supply of Product(s) which has been or will be sent to the Supplier by GSM and any agreement which has been or will be entered into between GSM and the Supplier for the manufacture and supply of Product(s);
“Confidential Information”	means any trade secrets or other confidential information of GSM and/or any of its Affiliate(s), whether or not such information is marked as confidential or not including but without limitation to the Specifications;
“Force Majeure Event”	means any event beyond the reasonable contemplation and control of a Party including, without limitation, acts of God, war, industrial disputes, protests, fire, flood, storm, tempest, epidemic, explosion, acts of terrorism and national emergencies but not including any failure by a supplier or sub-contractor of the Supplier;
“GSM”	means GSM International Limited;
“Hong Kong”	means the Hong Kong Special Administrative Region of the People's Republic of China (“ HKSAR ”);
“Jurisdiction of Manufacture”	means the territorial jurisdiction where the Production Facilities are located in the People's Republic of China (“ PRC ”), Hong Kong Special Administrative Region (“ HKSAR ”) and /or other places as agreed by the Parties from time to time;
“Parties”	means GSM and the Supplier and " Party " shall mean either of them;
“Product(s)”	means those products which have been or are to be produced and manufactured by the Supplier as notified to the Supplier pursuant to a Collateral Agreement and " Product "

shall mean any one of them;

“Revised Specifications”

means any modifications, amendments, alterations, improvements or variations to the Specifications as GSM may, in its sole and absolute discretion, from time to time deem appropriate and which are notified to the Supplier by GSM in accordance with **Clause 4.2.2**;

“Sample”

means a prototype or actual sample of a Product, where the Supplier is required to provide the quantity of the sample in accordance with **Schedule 1** free of charge to GSM;

“Specifications”

means any Trade Marks, Confidential Information, designs, artwork, sketches, drawings, graphics, trade marks (other than the Trade Marks), photographs, diagrams, charts, blueprints, data, specifications, features of shapes, mock-ups, prototypes, models, samples and the like and all intellectual property and other technical information and know-how and all improvements or additions thereto (in each case of any nature whatsoever and howsoever arising) and notified to the Supplier pursuant to any Collateral Agreements which relate to, or are in connection with, the manner in which all, or any, or any part, of the Samples and/or the Product(s) are, may be, and/or may potentially be, designed, created, developed, assembled, manufactured, packaged, tested, analysed, assessed, and/or distributed, and whether they:

(i) are stored, made available and/or provided in electronic form, paper form, physical form, or otherwise; and/or

(ii) were originated, conceived, written, designed, created or developed and/or made by GSM or on their behalf by the Supplier, or by any of their respective Affiliate(s), their respective employees, and/or any other company, business, entity, or other person whether in the course of performing the functions, duties, and/or obligations set out herein, or otherwise;

“Supplier’s Intellectual Property”

all copyright, database rights, topography rights, design rights, trade marks, trade names, utility models, patents, domain names and any other intellectual property rights of a similar nature (whether or not registered) subsisting anywhere in the world owned by the Supplier and associated with the manufacture and supply of the Product(s);

“Trade Marks”

means only those trade marks, comprised in the Specifications and identified by the Unique Product Code in the Collateral Agreements, which the Supplier is granted a licence to use pursuant to **Clause 3.1**, which may include, without limitation, any or all of the trade marks identified in **Schedule 2**, and/or any other trade marks (whether registered or unregistered and whether or not applications for registration have been submitted and whether or not such applications for registration has been rejected or accepted) of GSM and/or of any GSM Affiliate(s);

- “Unique Product Code”** means the unique code allocated by GSM or by GSM’s Affiliate(s) to each Product which identifies, inter alia, the GSM brand or its relevant Affiliate(s)’ brand to which that Product relates and the relevant Trade Mark required to manufacture such Product; and
- “Warranty Period”** means in respect of any Product, a period of fifteen (15) calendar months beginning on (and including) the date such Product is delivered to GSM in accordance with the relevant Collateral Agreement.

2. APPOINTMENT

- 2.1 The Supplier acknowledges and agrees that it shall at all times deal with and/or comply with the Specifications, any Revised Specifications solely in accordance with the terms herein or as directed by GSM from time to time.
- 2.2 The Supplier hereby acknowledges that GSM shall be under no obligation at any time to order any Product(s) from the Supplier.
- 2.3 The Parties agree that the terms of the Code of Conduct are incorporated herein and agree that they shall each comply with the terms of the Code of Conduct and this Agreement.

3. TRADE MARKS AND GRANT OF LICENCES

- 3.1 Pursuant to the Collateral Agreements, GSM will grant to the Supplier, in the Jurisdiction of Manufacture, and the Supplier will accept, revocable, non-exclusive, non-assignable and non-transferrable licences to use the Specifications, identified in or by the relevant Collateral Agreement, in the capacity as bare licensee of GSM, solely in connection with the manufacture and sale to GSM of the Product(s) ordered pursuant to such Collateral Agreement. Unless otherwise agreed by the Parties the licences granted pursuant to this **Clause 3.1** shall be temporary in nature and shall commence on the date of the relevant Collateral Agreement and shall terminate on the earlier of:
- 3.1.1 the date of receipt by the Supplier of written notice from GSM that the licence is terminated; or
- 3.1.2 the date the order for the manufacture and supply of the Product(s) made pursuant to the relevant Collateral Agreement is satisfied.
- 3.2 The Supplier acknowledges and agrees that GSM shall at all times be the sole proprietary owner of and shall have sole and exclusive rights in and to the Specifications, any Revised Specifications, Trade Marks and any related-registrations, applications or other property therein and is the duly authorised licensee of the Trade Marks and that the use of the Trade Marks and/or the Specifications shall not vest in the Supplier any title to the same or right or presumptive right or interest to continue the use of the same except as provided herein. The Supplier shall not sub-license, transfer or otherwise deal with the rights of use of the Trade Marks and/or the Specifications granted herein.
- 3.3 The Supplier shall, upon becoming aware of any infringement of the Specifications, or any Revised Specifications, promptly notify GSM in writing of the same.
- 3.4 GSM shall have the sole conduct of all proceedings relating to the Specifications, any Revised Specifications, and/or the Product(s) whether in the Jurisdiction of Manufacture or elsewhere and

the Supplier shall, at its own expense and cost, at the request of GSM, give full co-operation to GSM in any action, claim or proceedings brought or threatened in the Jurisdiction of Manufacture, or anywhere else in the world.

- 3.5 Any damages or compensation awarded as a result of any action (whether legal or otherwise) taken or defended pursuant to the provisions herein shall be paid to and be for the sole and absolute benefit and account of GSM.
- 3.6 The Supplier shall, at no cost to GSM, forthwith upon the written request of GSM duly and effectively assign to GSM (or to such third party as GSM may direct) all, or any, as the case may be, intellectual property rights in respect of the Specifications, any Revised Specifications, the Product(s) used or developed for use in connection with the Product(s) upon such terms as GSM may in its sole and absolute discretion determine.
- 3.7 The Supplier hereby grants to GSM an irrevocable, non-terminable, royalty-free licence to use and reproduce the Supplier's Intellectual Property for all purposes relating to the development, manufacture and sale of the Product(s) by GSM including, but without limitation, the reconstruction, modification, maintenance, advertisement, repair, redevelopment, use, promotion and sale of the Product(s). GSM shall also be entitled to grant sub-licenses to others and these shall be transferable to third parties without the prior consent of the Supplier. The provisions of this **Clause 3.7** will continue to apply notwithstanding the termination of any of the Collateral Agreements for any reason.
- 3.8 The Supplier shall not, without seeking the prior written consent of GSM, use in relation to performing its obligations herein, any trade mark, patent, copyright, design right or other intellectual property right of whatsoever nature which is owned by a third party or to which a third party claims rights.
- 3.9 All patent, trade mark and copyright registrations and other registrations and protections in respect of designs and artwork, sketches, logos, labels, samples and other materials depicting the designs for any of the Product(s) (including the Specifications and any Revised Specifications) provided by GSM to the Supplier shall remain to be GSM's property.
- 3.10 The Supplier shall not use (other than pursuant the terms herein) or seek to register any trade mark or trade name (including any company name), patent, copyright, design right or other intellectual property right of whatsoever nature which is identical to, confusingly similar to or incorporates any trade mark or trade name, patent, copyright, design right or other intellectual property right of whatsoever nature which GSM (or any of its Affiliate(s)) owns or claims rights in anywhere in the world.

4. SUPPLY OF PRODUCT(S)

Collateral Agreement and Supply of Product(s)

- 4.1 In respect of each Collateral Agreement for Product(s):
 - 4.1.1 GSM shall send the Supplier a Collateral Agreement each time it desires any Product(s) to be manufactured and supplied, stating the quantity of Product(s) it wishes the Supplier to produce and precise details of when, where, and to whom it desires the relevant Product(s) to be delivered;
 - 4.1.2 the Collateral Agreement shall also state the price and payment terms for the Product(s) and any other information relevant to the manufacture of the Product(s) including, without limitation, the details of the Specifications (if any) to which the Supplier is granted a licence pursuant to **Clause 3.1**;

- 4.1.3 the Supplier shall indicate its acceptance or otherwise of the terms of the Collateral Agreement within seven (7) Business Days of receipt of the Collateral Agreement. If no response is received by GSM within seven (7) Business Days of receipt of the Collateral Agreement by the Supplier, then the Collateral Agreement shall be deemed to be accepted by the Supplier in accordance with the terms set out in the relevant Collateral Agreement;
- 4.1.4 the Supplier shall, on acceptance of each Collateral Agreement, and/or if otherwise requested to do so by GSM, provide GSM with full details (including any registration numbers) of all of the Supplier's Intellectual Property which the Supplier proposes to or will use to satisfy its obligations under the relevant Collateral Agreement, under the terms herein and/or under any other Collateral Agreements existing at that time (as the case may be);
- 4.1.5 in accordance with **Schedule 1**, the Supplier shall free of charge provide:
- 4.1.5.1 six (6) pieces of Sample, for GSM's approval before proceeding with the production of the Product(s);
- 4.1.5.2 one (1) piece of Sample as production sample; and
- 4.1.5.3 five (5) pieces of Sample as control sample for the 1st production lot of the Product(s) and one (1) to two (2) pieces of Sample (at GSM's absolute discretion) for 2nd or further production lot of the repeated Product(s);
- 4.1.6 any delays in delivery of the Product(s) shall be subject to the provisions of **Clause 6.5**;
- 4.1.7 if no payment terms are set out in the relevant Collateral Agreement then the payment terms set out in **Schedule 3** shall apply to payment;
- 4.1.8 the Supplier shall provide and pay for all packaging and shipping materials for the delivery of all Product(s) under each Collateral Agreement, which packaging and shipping materials shall comply with all directions given by GSM;
- 4.1.9 in the event that the Supplier is in breach of **Clause 6.5**, GSM shall have the right to terminate the relevant Collateral Agreement entered and GSM shall also have the right, immediately on serving written notice on the Supplier to terminate all other existing Collateral Agreements entered into between the Parties. The Supplier shall immediately refund all deposits paid by GSM for the relevant Collateral Agreement within ten (10) Business Days of the date of notice and GSM shall not be liable for any losses (whether direct, indirect or consequential), damages, expenses or liabilities suffered and/or incurred by the Supplier and arising out of or in connection with such termination; and
- 4.1.10 the Supplier agrees that it shall execute its obligations herein in good faith and with the appropriate due diligence required by their respective obligations and time is of the essence in all the Collateral Agreements and this Agreement.

Rights of GSM

- 4.2 GSM in its sole and absolute discretion and without incurring any liability to the Supplier:
- 4.2.1 may cancel the whole or any part of the Collateral Agreement within sixty (60) Business Days of the date of the shipment by providing prior written notice to the Supplier and the Supplier shall immediately refund all deposits paid by GSM for the relevant Collateral Agreement within ten (10) Business Days of the date of notice;

- 4.2.2 may notify the Supplier in writing of any Revised Specifications which it requires the Supplier to adopt or adhere to in the manufacture of the relevant Product(s);
- 4.2.3 may require the Supplier to produce additional new Samples and/or Product(s) on its behalf;
- 4.2.4 shall not, in any circumstances whatsoever, be liable to the Supplier for any cost, loss, damage and/or other liability, of whatsoever nature and howsoever arising, as a result of GSM invoking any of the provisions and/or exercising any of its rights set out in this **Clause 4**; and
- 4.2.5 reserves the right at any time to vary the prices and payment terms for the Product(s) upon written notice to the Supplier, and upon receipt of such notice by the Supplier, the Supplier agrees and acknowledges that such prices forthwith shall become the new prices to be charged by the Supplier to GSM.

5. SUPPLIER'S UNDERTAKINGS AND WARRANTIES

Warranties as to the Product(s) and Samples

- 5.1 The Supplier shall ensure that as at the date of manufacture and during the relevant Warranty Period, each of the Product(s) and/or Sample:
 - 5.1.1 shall be of merchantable quality and fit for its intended purpose and use;
 - 5.1.2 shall be free of defects in design, material and workmanship (including latent defects);
 - 5.1.3 shall correspond strictly with all relevant Specifications (including any Revised Specifications notified to the Supplier in accordance with **Clause 4.2.2**), and with any relevant Sample. If any Product is, in the sole discretion of GSM, not being manufactured in adherence to the relevant Specifications, Revised Specifications or Samples or using the component parts or raw materials approved by GSM or otherwise is of unmerchantable quality as determined by GSM (and/or its quality control inspectors) in its (or their) sole and absolute discretion in accordance with **Clause 9** below, GSM shall notify the Supplier in writing of such non-compliance and at the sole and absolute discretion of GSM:
 - 5.1.3.1 change the Product to so conform to the relevant Specifications, Revised Specifications or Samples as confirmed by GSM; and/or
 - 5.1.3.2 dispose of the remaining inventory by destroying all such non-conforming Product(s) in its possession at the Supplier's expenses;
 - 5.1.4 shall not contain any deleterious products, substances and/or materials not in accordance with recognised good manufacturing practice for the relevant Product(s).

Positive Undertakings

- 5.2 The Supplier undertakes and agrees with GSM at all times to:
 - 5.2.1 manufacture the Product(s) in accordance with the terms herein and strictly in accordance with the Specifications and/or any other requirements directed by GSM including, without limitation, in accordance with any Revised Specifications notified to it in accordance with **Clause 4.2.2**;

- 5.2.2 comply with the terms of all Collateral Agreements for Product(s) submitted to it by GSM, including but not limited to the terms of quantity and scheduled delivery dates;
 - 5.2.3 manufacture the Product(s) in accordance with recognised good manufacturing practice and all applicable international quality, and/or safety, standards and/or other applicable laws, legislations, rules, regulations and statutory requirements including, without limitation, all laws and regulations of the Jurisdiction of Manufacture;
 - 5.2.4 comply with such international quality, and/or safety, standards and/or other applicable laws (including all laws of the Jurisdiction of Manufacture) and/or other applicable regulations as are necessary to permit the Product(s) to be exported from the Jurisdiction of Manufacture and, in any event, be safe having regard to all the circumstances, which circumstances shall include, but not be limited to, its intended purpose and use and any instructions and/or warnings in relation to the keeping and/or use of the relevant Product(s);
 - 5.2.5 comply with all instructions in relation to packaging and shipping materials to be used for the delivery of the Product(s) as may be provided by GSM from time to time;
 - 5.2.6 keep full and proper books of account and records showing clearly all enquiries, quotations, transactions and proceedings relating to the Product(s);
 - 5.2.7 ensure that the Product(s) are adequately insured against all risks until the moment in time when risk of loss of or damage to or in any of the Product(s) passes to GSM; and
 - 5.2.8 allow GSM, upon notice, access to its accounts and records relating to the Product(s) for the purpose of inspection.
- 5.3 The Supplier represents and warrants to GSM that it is the owner of, or entitled to use, the Supplier's Intellectual Property and that it has full power and authority to grant to GSM the right set out in **Clause 3.7** and any provisions set out in the terms herein. The Supplier also represents and warrants to GSM that the Supplier is unaware of any infringement or potential infringement of any of the Supplier's Intellectual Property by any third party and/or any action or threatened action against the Supplier by a third party relating to the infringement of such third party's rights in consequence of the use, display, marketing and/or promotion of the Supplier's Intellectual Property.
- 5.4 GSM is of the opinion, in its sole and absolute discretion, that any Product(s) do not conform with the Specifications and/or are faulty, GSM reserves the right to return the said faulty Product(s). When rejected Product(s) exceed two (2) percent of quantity of the Product(s) in the Collateral Agreements, the Supplier shall be responsible to settle the matter expediently following consultation with GSM regarding the problem. The Supplier shall be responsible for all costs and expenses arising from the aforesaid matter, including but not limited to all freight costs between the end customers to GSM and GSM and the Supplier. The Supplier shall be liable to indemnify GSM against all claims by third parties for all loss and expenses GSM suffered arising from or in connection with the faulty Product(s) and GSM is entitled to an additional handling charge equivalent to ten (10) percent of the total loss and expenses suffered by GSM and payable by the Supplier.

Restrictive Undertakings

- 5.5 The Supplier agrees it will not, and shall procure that none of its Affiliate(s) will in any capacity:
- 5.5.1 divulge, disclose or furnish any Confidential Information to any third party; and/or

- 5.5.2 use (which expression shall include any copying) any of the Product(s), Specifications, Revised Specifications or other Confidential Information for any purpose other than the proper and professional development and manufacturing of the Product(s) on behalf of GSM; and/or
- 5.5.3 assist any person other than GSM to develop or manufacture anywhere in the world, any Product(s) which may be developed or manufactured using the Product(s), the Specifications, the Revised Specifications and/or Confidential Information which is in the possession of the Supplier from time to time.

6 TERMS OF DELIVERY

- 6.1 The Parties shall be responsible for the costs of delivery of the Product(s) as set out in the relevant Collateral Agreement.
- 6.2 The Supplier shall supply and provide all necessary documentation and take all necessary steps to ensure that each order the Product(s) under each Collateral Agreement may be exported from the Jurisdiction of Manufacture through the port of shipment designated by GSM. All customs duties, clearance charges, and taxes and other duties that may be imposed by any competent governmental authority of the Jurisdiction of Manufacture in connection with the export of the Product(s) under each Collateral Agreement from the Jurisdiction of Manufacture shall be borne solely by the Supplier.
- 6.3 The Supplier is liable for all operations linked to the delivery of the Product(s), including packing operations, loading on vehicles, stowage and transport of goods until receipt by GSM. The Supplier must ensure, inter alia, the stability and safety of the carried load for the protection and safety of operators in charge of the transport, receipt and unloading of the Product(s), and also of third parties in general. Should the Product(s) or logistic operations involve damage or danger to any person during transport, and following unloading and delivery operations the Supplier shall immediately inform GSM about the nature of the incident indicating the measures to adopt in Collateral Agreements to prevent any possible damage or danger to people and/or objects.
- 6.4 GSM will only accept delivery of the quantity the Product(s) as specified in a relevant Collateral Agreement and only if such Product(s) conform with the Specifications and/or any Revised Specifications. Any surplus Product(s) and/or any Product(s) which do not conform to the Specifications and/or any Revised Specifications shall be communicated promptly in writing by the Supplier to GSM and such surplus and/or non-conforming Product(s) shall be disposed of in accordance with GSM's instructions to the Supplier.
- 6.5 The Supplier agrees and acknowledges that if any delivery of all, or any, Product(s) under a particular Collateral Agreement is delayed then GSM shall be entitled at its absolute discretion, without prejudice to any other rights herein or otherwise, to terminate that Collateral Agreement and any other Collateral Agreements outstanding at that time or alternatively request the Supplier to deliver the Product(s) or any part of the Collateral Agreements by air freight to any destination specified by GSM. The Supplier shall solely borne all charges and expenses including the air freight in connection with the delay in delivery.

7 INSURANCE

- 7.1 Risk of damage to, and/or loss of, any Product(s) shall pass to GSM in the manner, and at the time, set out in the relevant Collateral Agreement, or, if not so provided, upon delivery to GSM in accordance with the relevant Collateral Agreement.
- 7.2 The Supplier shall procure a product liability insurance policy for personal injury or property damage arising out of the supply of the Product(s) for the period that the Supplier provides Product(s) to GSM and shall keep the policy in place for a period of ten years (or such other

period as GSM agrees) after it last supplying Product(s) to GSM.

8 PRICES

- 8.1 Subject to **Clause 4.2.5**, GSM agrees to pay the Supplier for the Product(s), at the prices and upon the terms set out in the relevant Collateral Agreement and/or **Schedule 3**.
- 8.2 The Supplier agrees that GSM may set off any amounts it owes to GSM under the terms herein or the Collateral Agreements or as a consequence of the Supplier supplying the Product(s) to GSM, against any moneys that GSM may owe to the Supplier.

9 QUALITY CONTROL

- 9.1 All Product(s) will be subject to a *Quality Assurance Inspection* prior to leaving the Supplier's factory premises. The inspection will be conducted by a representative of GSM and the inspection standard is *Military Standard 105E Level II (Critical 0, Major 1.0 and Minor 4.0)*. This inspection will in no way void the Supplier's warranty or waive the Supplier's obligations as set out in this Agreement should any fault, non-conformity, or defects be found after the inspection.
- 9.2 Any Product(s) rejected during an inspection, where a second or subsequent inspection is required, the Supplier shall be liable for all the expenses and costs in connection with the inspection, including but not limited to travel expenses and accommodation and in any event the minimum re-inspection fee shall be US\$300.00.
- 9.3 The Parties agree that the delivery of any of the Product(s) does not constitute acceptance of the Product(s). Such acceptance will only take place after GSM has established the actual quality and condition of the Product(s), including the accompanying documents.
- 9.4 If, in the sole opinion of GSM, during the inspection, the Product(s) do not comply with the Specifications, any Revised Specifications or are otherwise not of an acceptable quality then it may avail itself of one of the following rights:
- 9.4.1 request that the Supplier correct the defects at the Supplier's own expenses;
- 9.4.2 request that the Supplier, at the Supplier's own expenses, replace the defective Product(s) with Product(s) which adhere to the relevant Specifications and Revised Specifications requested by GSM and which do not contain defects; or
- 9.4.3 reject any Product(s) which are defective without payment for such Product(s) to the Supplier.

10 COMPLIANCE WITH LAWS AND REGULATIONS

- 10.1 The Supplier shall at all times, comply in all respects, without exception, with all legislation, rules, regulations and statutory requirements existing, from time to time, in the Jurisdiction of Manufacture (the "**Local Regulations**"). The Supplier shall be responsible for obtaining any necessary authorisations, consents, approvals, licences and/or permits in relation to the performance by it of its obligations herein and for making any necessary filings, recordals and/or registrations of any Collateral Agreements.
- 10.2 The Supplier warrants to GSM that it has informed GSM of all Local Regulations affecting the manufacture, sale, packaging and labelling of the Product(s) which are in force in the Jurisdiction of Manufacture at the date of the Collateral Agreements. The Supplier shall inform GSM in writing from time to time as soon as it becomes aware of any changes to the Local Regulations which will result in modifications being required to the Product(s) the subject of a Collateral Agreement and shall ensure compliance with all such legal requirements.

11 INDEMNITY AND ROYALTIES

- 11.1 The Supplier shall indemnify GSM and each of its Affiliate(s) and their respective officers, employees and agents (each an **"Indemnified Party"**), and without limit in point of time, and keep each Indemnified Party indemnified in full against any claim, action, all liability, loss (including, but not limited to, all loss of profit and/or loss of commission and/or consequential loss), damages, costs, expenses (including but not limited to all legal costs and/or expenses on a full indemnity basis, economic loss or other loss of profits, loss of business, or loss of goodwill), charge, outgoing and/or payment incurred, suffered, awarded against, and/or paid by such Indemnified Party directly or indirectly arising from or in connection with:
- 11.1.1 any breach by the Supplier or any of its Affiliate(s), officers, employees or agents of any of the provisions, terms, and/or conditions herein;
 - 11.1.2 any breach of the terms herein, in the Collateral Agreements and any other terms agreed between the Parties in writing;
 - 11.1.3 any Product(s) at the sole discretion of GSM that are or have become defective or harmful to persons or are otherwise not in good condition;
 - 11.1.4 any alleged intellectual property infringement by GSM arising out of or in connection with the purchase or re sale by GSM of the Product(s);
 - 11.1.5 any personal injury or death of any person resulting from a breach of the terms by the Supplier or negligence of the Supplier; and/or
 - 11.1.6 any damage caused by the Supplier or any of its officers, employees or agents whilst on site at any of GSM's delivery addresses.
- 11.2 In the event that at GSM's sole discretion, the Product(s) pose a safety threat to consumers or are the subject of a claim or inquiry by any person, agency or commission because of quality, safety concerns and/or labeling or are the subject of negative publicity due to poor quality and/or safety of the Product(s), the Supplier shall, at its sole costs and on GSM's request, immediately recall such Product(s) from the market place, and take any other measures GSM may reasonably demand. The Supplier shall reimburse all the expenses GSM incurred with regards to the recall of the Product(s) and in addition, the Supplier shall be liable to pay an additional handling charge of ten (10) percent of the total expenses GSM incurred.
- 11.3 If the Supplier becomes liable to pay any royalties or other sums by virtue of using any third party patented or proprietary technology (or any other third party intellectual property rights whatsoever) in the manufacturing process for the Product(s), such payments shall be for the sole account of the Supplier and shall not be chargeable to, or recoverable from, GSM in any way. The Supplier shall submit to GSM details of all such payments it may be required to make, together with proof of payment.
- 11.4 In any event, for any costs or expenses or damages payable by the Supplier in accordance with the provisions of this terms and conditions, GSM is entitled to an additional handling charge equivalent to ten (10) percent of the total loss and expenses payable by the Supplier to GSM.

12 CONFIDENTIAL INFORMATION

The Supplier hereby agrees that it shall not disclose, divulge or communicate to any unauthorised person, or use for its own account, or through any failure to exercise all due care and diligence cause, or permit, any unauthorised disclosure of, any Confidential Information.

13 FORCE MAJEURE

Notwithstanding any other provisions herein, neither Party shall be liable to the other for any failure or delay or for the consequences of any failure or delay in the performance of this Agreement if it is due to a Force Majeure Event, **PROVIDED** that the Supplier may only rely on this **Clause 13** if it notifies GSM as soon as is reasonably practicable, of the existence and nature of the Force Majeure Event and if it takes any and all reasonable measures to attenuate the effects of the Force Majeure Event and **PROVIDED** further that, after GSM has ascertained that the Force Majeure Event is over, the rights of both Parties herein will be exercisable in full. The Supplier shall notify the existence of the Force Majeure Event to GSM within seven (7) working days of discover of it, otherwise, the Supplier may not rely on this clause unless the Supplier obtains GSM's prior written consent of wavier.

14 GOVERNING LAW AND ARBITRATION

The validity, enforceability, construction and interpretation the terms herein shall be governed by and construed in accordance with the laws of Hong Kong. Any dispute, controversy or claim arising out of or relating to these terms and conditions, including the validity, invalidity, breach or termination thereof, shall be settled by arbitration in Hong Kong under the Hong Kong International Arbitration Centre Administered Arbitration Rules in force when the Notice of Arbitration is submitted in accordance with these Rules. The number of arbitrators shall be one. The arbitration proceedings shall be conducted in English. The award of the Arbitrator shall be final and binding on both Parties.

15 NOTICES

Any notice or written communication provided by any Party to the other Party, including but not limited to any and all offers, writings, or notices to be given hereunder, shall be made in English by facsimile, by electronic mail, or by courier service delivered letter, promptly transmitted, sent or addressed to the appropriate Party at the address notified by the relevant Party for such purposes. The date of receipt of a notice or communication hereunder shall be deemed to be three (3) Business Days after the letter is given to the courier service in the case of a courier service delivered letter and one (1) Business Day after dispatch of a facsimile if evidenced by a transmission report, and where a notice or communication is sent by electronic mail, it shall be deemed to have been received by the addressee when an information system of the addressee has accepted it.

16 MISCELLANEOUS

- 16.1 The terms and conditions herein sets out the entire agreement between the Parties relating to the subject matter hereof and shall supersede and replace any previous agreements, or arrangements, between the Parties relating to the subject matter hereof and all or any such previous agreements or arrangements shall cease and determine with effect from the date hereof. No variation of these terms and conditions shall be effective unless it is made in writing by GSM.
- 16.2 Time shall be the essence in respect of the obligations of the Supplier as set out herein.

SCHEDULE 1

SAMPLES

1. Approval samples – 6 pcs
2. Production samples – 1 pc
3. Control samples:
 - (a) 1st lot production item – 5 pcs
 - (b) 2nd lot or afterward and repeat order item – 1 to 2 pcs

SCHEDULE 2
TRADE MARKS

Trade Mark Names

Abode
Bellini
Chief
Click
Contempo
Eiger
Gardenglo
Gourmet Wizard
IMK
IMK Professional
Linda
Living Essentials by Mistral
Luce Bella
Magnavox
Mistral
Mistral Everyday
Mistral Professional
Mistral Select
Modern Living
Plugz
Ringgrip
Smith + Nobel
Trader

SCHEDULE 3

PAYMENT TERMS

The settlement of all Invoice amounts due and owing from GSM to the Supplier will be effected in [US Dollars] by telegraphic transfer (“**TT**”) within 60 days of loading of Product(s) on board the transportation vessel.

SCHEDULE 4

CODE OF CONDUCT (English Version)

1. GSM and the Affiliate(s) of GSM (collectively and individually referred to as "GSM") are committed to the observance of the internationally recognised fundamental workers' rights as a required standard of GSM's global policy. As such, GSM requires all of the GSM suppliers, wheresoever located, to abide by this code of conduct (this "**Code**"). GSM affirms that the stipulation of this Code, and the requirement that its suppliers abide by this Code, not only reflects a responsible corporate stance, but also a pre-requisite to the formation and continuation of positive business relationships with its suppliers.
2. GSM requires that, for so long as a supplier supplies products and/or causes products to be supplied to GSM, in addition to compliance with the respective laws and regulations of the country of the supplier (the "**Relevant Law**"), the supplier shall as well observe the basic principles as contained in this Code.
3. The minimum requirements defined by this Code are as follows:
 - 3.1 CHILD LABOUR
 - 3.1.1 That no GSM supplier shall use or support child labour: no person who is below the minimum age for employment as established by the Relevant Law, and in any case no person below the age of 15, shall be employed by any GSM supplier. If the Relevant Law establishes the age of 14 as minimum age according to the exceptions provided for by the developing countries adhering to the International Labour Organization Convention 138, then the age of 14 is applied.
 - 3.2 FORCED LABOUR
 - 3.2.1 That forced labour or any form of slavery shall not be used or practised by any GSM supplier.
 - 3.2.2 That no worker employed by any GSM supplier shall be subjected to corporal disciplinary measures, mental or physical coercion, verbal abuse.
 - 3.3 WAGES, BENEFITS AND WORKING HOURS
 - 3.3.1 That wage levels of all workers employed by GSM suppliers shall not be less than the minimum wages prescribed by the Relevant Law and collective contracts (if any) entered into by the suppliers with the trade union organisations representing their respective workers.
 - 3.3.2 That overtime of workers employed by GSM suppliers shall not exceed the maximum limits prescribed by the Relevant Law and shall be paid at rates of not less than those established by the Relevant Law and collective contracts (if any) entered into by the suppliers with the trade union organisations representing their respective workers.
 - 3.3.3 That the maximum working hours of workers employed by GSM suppliers shall not exceed the maximum number of working hours established by the Relevant Law.
 - 3.3.4 That workers employed by GSM suppliers shall be permitted to take rest periods in accordance with the Relevant Law.

3.3.5 That workers employed by GSM suppliers shall be permitted to take annual leave, sick leave, maternity leave, and all other forms of leave provided for by the Relevant Law and, if more advantageous to the workers in question, by individual employment contracts and/or collective contracts entered into by the suppliers with the trade union organisations representing their respective workers.

3.4 HEALTH AND SAFETY

3.4.1 That workers employed by GSM suppliers shall be provided with a safe and hygienic work environment in accordance with the standards established by the Relevant Law.

3.4.2 That health and safety facilities and equipment at all premises used by the workers employed by GSM suppliers shall conform with the standards established by the Relevant Law.

3.4.3 That machinery safety systems shall be implemented and used by GSM suppliers and shall comply with the standards established by the Relevant Law.

3.4.4 That all premises used by the workers of GSM suppliers, shall conform with local fire prevention regulations, have adequate and clearly marked safety exits, be ventilated and illuminated and have hygiene facilities all of which conform with the Relevant Law.

3.4.5 That all premises used by the workers of GSM suppliers, shall conform with the Relevant Law relating to environmental protection.

3.4.6 That medical assistance shall be available to the workers of GSM suppliers in case of emergencies and that workers responsible for providing such medical assistance shall be trained in first aid procedures.

3.4.7 That an emergency evacuation programme shall be drawn up and shall be regularly tested at all premises used by the workers of GSM suppliers.

3.5 DISCRIMINATION

3.5.1 That no worker employed by any GSM supplier shall be subjected to discrimination on any ground relating to race, social class, age, national origin, sex, disability, language, religion or trade union association.

3.6 TRADE UNIONS

3.6.1 That workers employed by GSM suppliers have the freedom to establish and/or participate in such trade union organisations as are permitted by the Relevant Law and the appointed representatives of such trade unions have the freedom to put forward proposals in negotiation on issues related to workers' rights and working conditions in the manner and to the extent provided for by the Relevant Law;

3.6.2 That trade union organisations, permitted by the Relevant Law, have the freedom to enter into collective contracts on behalf of the workers they represent, in conformity with the Relevant Law.

4. GSM requires all GSM suppliers to require, and ensure, that all subcontractors employed, or engaged, by the GSM suppliers comply with the provisions of this Code.

5. For the purpose of this Code, all Affiliate(s) of GSM shall not be, and shall not be deemed to be, considered GSM suppliers except for the purposes of making a claim for, and the assessing of damages.
6. GSM may, from time to time, stipulate such policies and procedures as GSM, in its absolute discretion, deems necessary for assessing its suppliers' compliance with this Code. To this end GSM inspectors (or other independent personnel designated by GSM to act on GSM's behalf) shall be given free access to the premises and plants of the GSM suppliers and shall be permitted to have confidential discussions with the workers of the GSM suppliers.
7. Any contravention of and/or falling short of compliance with this Code and/or any failure by an GSM supplier to accept a corrective action requested by GSM shall, and shall be deemed to, constitute a fundamental breach by the GSM supplier of the contract.
8. Each GSM supplier shall provide its workers with all necessary information relating to this Code and its implementation.
9. This Code shall be governed by and construed in accordance with the laws of Hong Kong.