

TERMS AND CONDITIONS OF SERVICES

1. General

- 1.1 Unless otherwise specifically agreed in writing by Helmsman Quality & Technology Services Company Limited ("HQTS"), all offers or services or resulting contracts, agreements or other arrangements between the HQTS and Client shall be governed by these terms and conditions ("Terms")
- 1.2 No other party is entitled to give instructions related to Services, including but not limited to, the scope of the inspection or delivery of report, unless so authorized by the Client and agreed to by HQTS in writing.

2. Provision of Services

- 2.1 HQTS standard Services include any work performed by HQTS including, but not limited to, the following:
 - 1) Factory audit
 - 2) Social Compliance audit
 - 3) Inspections
 - a) Pre-production inspection
 - b) During production inspection
 - c) Pre-shipment inspection
 - 4) Sorting Inspection (100% Piece by Piece Inspection)
 - 5) Production Monitoring
 - 6) Survey/Destination Inspection
 - 7) Loading supervision
 - 8) C-TPAT audit
 - 9) Sample Picking
 - 10) Laboratory analysis or other Testing
- 2.2 HQTS will provide Services using reasonable care and expertise in accordance with Client specific instructions as confirmed by the HQTS. In the absence of instructions HQTS Services will adhere to;
 - 1) HQTS standard practices as specified on the order form or specification sheet; and/or
 - 2) Relevant industry standards and practices; and/or
 - 3) Such methods as HQTS deems appropriate based on technical, operational and/or financial factors.
- 2.3 All inquiries and orders for the provision of Services must be accompanied by sufficient information specifications and instructions to enable HQTS to perform the Service.
- 2.4 Any documents received by HQTS from Client regarding Client relationships with third parties such as copies of contracts, letters of credit, bills of lading, etc are considered to be for information purposes only, and are not applicable to HQTS Services or obligations.
- 2.5 Inspection Reports issued by HQTS are limited to the findings at the time of Service performed only and in accord with Client instructions. HQTS is under no obligation to refer to or report upon any facts or circumstances which are outside the scope of Client instructions.
- 2.6 Laboratory Analysis or Testing Reports produced based on Client samples document HQTS findings on those samples only and do not imply any findings regarding the entire lot from which the samples were drawn. If a finding on the entire lot is requested, special arrangements must be made in advance with HQTS.

3. Obligations of Client

The client will:

- 3.1 Provide to HQTS all relevant instructions, specifications, information, documents and/or samples in sufficient time as established by HQTS to enable the Services to be performed correctly and in the time

required; and,

- 3.2 secure all necessary access for HQTS representatives to enable the required services to be performed as required; and,
- 3.3 confirm the availability and access to any additional special equipment and personnel that may be required for the performance of the Service.

4. Fees and Payment

- 4.1 Fees for Services not previously agreed to in writing between HQTS and Client at the time the order is placed shall be assessed at the Company's standard rates which are subject to change.
- 4.2 In the event an Inspection order is terminated by the Client on the same day as the scheduled date of the Inspection, the Client will be charged an Abortive fee.
- 4.3 In the event an HQTS representative arrives at the designated location to perform an Inspection order and it cannot be completed due to inaccurate information provided by the Client's vendor (e.g. the goods are not ready), HQTS will charge Client an Abortive fee. The Client is responsible to charge back this cost to its vendor.
- 4.4 Unless otherwise stipulated on the invoice or previously agreed to between HQTS and Client in writing, Client will pay for Services rendered no later than 30 days from the invoice date (Due Date). Any moneys that have not been paid by the Due Date will accrue interest at the rate of 1.5% per month until payment is received by HQTS
- 4.5 The Client shall not be entitled to retain or defer payment of any moneys owed to HQTS due to any dispute, cross claim or offset which Client may assert against the Company.

5. Liability and Indemnification

- 5.1 HQTS is neither an insurer nor a guarantor and disclaims all liability in such capacity. Client seeking a guarantee against loss or damage should obtain appropriate insurance.
- 5.2 Reports of Services are issued on the basis of instructions, information, documents and/or samples provided by the Client. The reports will reflect the facts as recorded by the Company at the time of the Service only. It does not relieve the Client's vendor from any contractual obligations to the Client nor will it prejudice the Client's right for compensation from the vendor for any defects not detected during the performance of the Service or occurring thereafter.
- 5.3 HQTS will exercise due care and expertise in the performance of its Services and accepts responsibility only where such care and expertise is not exercised.
- 5.4 The liability of HQTS in respect of any claims for loss, damage or expense of any nature and arising from any failure by HQTS to exercise due care and expertise shall in no circumstance exceed a total aggregate sum equal to 10 (ten) times the amount of the fee paid for that Service against which the claim is made or US\$ 3,000 (or its equivalent in local currency), whichever is the lesser.
- 5.5 HQTS shall have no liability with respect to any claim for any losses including, but not limited to, the loss of profit, loss of future business, cancellation of contracts, loss of goodwill, loss of customers, or loss of market share.
- 5.6 In the event of any claim, written notice shall be given to HQTS within 10 days of discovery of the facts and/or 3 months from the date of performance of the service. In absence of these conditions, or unless otherwise agreed to in writing, HQTS shall be discharged from all liability to the Client for all claims for loss, damage or expense.
- 5.7 Client shall guarantee and indemnify HQTS, its officers, employees, agents, and/or subcontractors against any claim made by a relevant third party for loss, damage or expense of any nature arising from the performance, purported performance, or non-performance of Services to the extent that the aggregate of any such claim relating to any one Service may not exceed the limit mentioned in clause 5.4.

6. Suspension or Termination of Services

The Company shall be entitled to automatically terminate and/or suspend provision of Services in the event of:

- 6.1 Failure by the Client to comply with any of its obligations herein and where such failure is not remedied within 10 days from the date that notice of such failure has been provided to Client in writing; or
- 6.2 Any non-payment for Services.

7. Miscellaneous

These Terms shall not be altered, amended or waived unless agreed to in writing in writing by Client and HQTS and signed by an officer of both parties.

8. Entire Agreement

8.1 The articles herein represent the complete agreement between HQTS and Client and supersede any prior agreements or representations, whether oral or written.

9. Severability

9.1 If any article herein is held to be or made invalid or unenforceable for any reason, this shall not affect any other article. The invalid or unenforceable article shall be replaced by a mutually acceptable article which reflects the original intentions of the parties and has like economic effect.

10. Force Majeure

10.1 Force Majeure, which includes but is not limited to, acts of government, acts of nature, fire, explosion, typhoon, flood, earthquake, tide, lightning, war, or any other similar event that is beyond the parties reasonable control and which cannot be prevented with reasonable care. Lack or loss of credit or access to capital or finance shall not be regarded as Force Majeure.

10.2 In the event Force Majeure prevents HQTS from performing the Service or fulfilling any article of these Terms, HQTS shall inform the Client, without delay, of the nature of the event and when the Service can be resumed or completed.

10.3 In the event HQTS is delayed or prevented from performing the Service by Force Majeure, HQTS will not be responsible for any Client damage or loss due to such failure or delay. HQTS shall exercise its best efforts to minimize or remove the effects of Force Majeure and attempt to resume the Service.

11. Governing Law, Jurisdiction and Dispute Resolution

11.1 Unless otherwise provided, these conditions shall be governed by and interpreted in accordance with Chinese Law.

11.2 All disputes or difference of any kind between the parties in connection with or arising from the Services shall be arbitrated under the exclusive jurisdiction of the courts of the Republic of China.

Client Name: _____

Date: _____

Authorized Representative: _____

Signature: _____

Company Chop/Seal: _____