

Special Instructions

Invoice: In the event that no shipping date is separately indicated on the right side of the Purchase Order, the Seller shall send the Invoice together with the copy of the Order to the Dept. User of our Company upon shipment and indicate the Order No., trade accounts payable and mode of shipping on the Invoice. In the event of any error on the Invoice, we have the right to return the Invoice for correction while the planned discount rate still applies (if applicable).

Domestic bill of lading (B/L): To be sent off after shipment and marked with the Order No.

Packer's slip: To be attached to the goods and marked with goods in details.

Acknowledgement of receipt (AR): To be sent back immediately after signature is given and be marked with the date of shipment (DOS).

Transport: The prepaid shipping charge shall be included in the delivery price. The total shipping charge shall be identical with the original amount indicated on the receipt issued by the Carrier and attached to the Invoice. If no written consent is given by the Buyer in advance, the Buyer will not pay the shipping charge prepaid by the Seller or accept the goods based on cash on delivery (COD).

MSD shall make payment for invoices received pursuant hereto (or the undisputed portions of such invoices) within ninety (90) days from receipt of a properly prepared invoice. Where, however, other payment terms appear on the front of any PURCHASE ORDER, payment shall be made in accordance with those terms and conditions. If any SUPPLIER invoice is subject to any payment discount, the discount period shall be calculated from the date the invoice is received by MSD's Invoice Processing Department.

Terms and Conditions

1. All drawings, data, raw material, equipment, samples and molds provided by the Buyer to the Seller for the goods/services under the Order shall be in the Buyer's possession both at present and in the future. The Seller shall make sure that the above-mentioned articles remain intact under his custody and insure them against accidents. After the Order is fulfilled or the Buyer gives other instructions, the Seller shall return such articles to the Buyer in good condition and bear the required charges. If the Seller fails to return these articles in time, the Buyer has the right to refuse to make payment for goods until the Buyer receives these articles. In addition, these articles shall be used by the Seller for the only purpose of providing goods/services ordered by the Buyer. Without written authorization from the Buyer in advance, the Seller shall not authorize or allow any person to use these articles for any other purposes.

2. The Seller guarantees that for the goods or service under the Order:

① The Seller is the only owner of the ordered goods/services hereunder and no other person has the right to require creditor's right, ownership, right of detention, right of control or rights of any nature against him.

② The goods or service, its production method and right of use (If the Seller acknowledges the suitability of the ordered goods or service directly or indirectly) will not constitute infringement against any patent right or intellectual property right.

③ The goods or service should meet the requirements of quality, quantity, variety and details explicitly stipulated in the Order.

④ The goods or service are made of raw materials with superior quality and with advanced technical process (If applicable).

⑤ The goods or service are identical with the samples provided or given by the Buyer in terms of pattern and specifications (If applicable).

⑥ The performance of the goods or service meets the standards stipulated in the Order.

- ⑦ The goods or service meet the requirements of the Buyer and the purposes directly or indirectly stipulated in the Order.
3. In the event that the Buyer fails to fulfill the order wholly or partly on schedule due to strikes, labor troubles, transport interruption, industrial accidents or any events beyond his control, the Buyer will not take any resulting responsibility to the Seller.
4. Without written consent from the Buyer in advance, the Seller shall not assign, transfer, lease, impawn or mortgage the rights, benefits or obligations subject to the Order wholly or partly in writing, orally or by the law to any individual, firm, company or government agent.
5. Without written consent from the Buyer in advance, the price stipulated in the Order shall not be raised. If no price is given in the Order, the Seller agrees to make out an invoice based on the minimum prevailing market price and the determination of the Buyer on the price is conclusive and final and binding on the Seller. The price stipulated in the Order includes the various taxes leviable upon the goods/services as well as all relevant expenses.
6. The Seller shall pay all insurance expenses of the goods or service, and the Buyer will pay no insurance expenses, packing charges or shipping charges unless a written agreement on the above expenses has been signed in advance between both parties.
7. The goods or service will be in the Buyer's possession once the Seller make delivery of the goods or service according to the provisions of this order.
8. In the event that the goods or service provided by the Seller fail to pass the inspection, meet the requirements of the Buyer, or conform to the sample approved by the Buyer, the due legal rights of the Buyer shall not be impaired, even if the Buyer has made payment for the goods.
9. All goods or service shall be approved by the Buyer. In the event of any non-conformance or failure to meet the requirements of the Buyer, the Buyer has the right to return all goods or service and the Seller shall bear all required expenses.
10. In the event that the Seller fails to deliver the goods or service within the time stipulated in the Order, or fails to perform obligations under the Order, the Buyer has the right to notify the Seller of termination of the Order in writing at any time without bearing any liability to the Seller. In the event that the goods or service fail to meet the requirements of the Buyer, the Buyer has the right to return them to the Seller and the Seller shall bear all resulting risks and expenses.
11. Without written consent from the Representative duly authorized by the Buyer, the terms, conditions and rules under the Order shall not be altered, supplemented, amended or abolished.
12. In terms of importance, the terms and conditions under the Order surpass the written terms and conditions on the reception sheet, delivery order, letters and suchlike from the Seller. In addition, the terms and conditions under the Order shall not impair the conditions or pledges (express or implicit) of the goods or service under this Order, rights and interests and claim right enjoyed by the Buyer related to the goods.
13. The Buyer has the right to terminate the Order immediately if the Seller file for bankruptcy, go into liquidation or sign agreement with the creditors on wiping off any debt for the purpose of repayment of some debts.
14. The Seller agrees that: his pledges and commitments made in accordance with the Order apply to all subsidiaries of the Buyer and companies on behalf of which the Buyer places the Order and they enjoy all relevant rights and have the right to take legal proceedings or make a claim based on actual situations. In addition, the terms and conditions herein will be in favor of the heirs and assignees of the Buyer.
15. In the event of any of the following situations, the Seller shall insure the Buyer against any possible losses (costs, charges, expenses or responsibilities, etc) and losses arising from detrimental claims or suits taken or threatened to be taken by someone to the Buyer, or any legal disputes; the Seller shall compensate for the above losses with cash as required by the Buyer, if necessary.
- ① Any inaccurate expression or commitment in the text;
- ② The Seller's failure in carrying out its obligations stipulated in the Order;

③ Any goods or service provided by the Seller under this Order, may infringe or is accused of infringement on patent right or any other intellectual property rights; on the basis of the Terms and Conditions of the Order;

④ Loss or damage of the ordered goods or services.

16. All Terms and Conditions in the Order will be governed by and construed in accordance with relevant laws of the People's Republic of China.

17. Property Rights/Intellectual Property Rights

① Unless otherwise agreed by the parties or stipulated by law, the related manuscripts, diagrams, designs, samples, mold and/or other documents, works or inventions provided or entrusted by the Buyer to the Seller for preparation are the properties and trade secrets of the Buyer, and the Buyer possesses the relevant intellectual property rights.

② Without the written consent of the Buyer, the Seller shall not copy, use, publish, distribute, reproduce, modify the said articles in paragraph a., or infringe interests and rights of the Buyer, or offer them to any third party to use. The Seller shall return the said articles provided or entrusted by the Buyer to the Seller for preparation at the time requested by the Buyer or upon the completion of procurement or service unconditionally.

18. Confidentiality

① Both parties agree that any party shall not disclose the information or details of this Agreement prior to the written consent of the other party from the signing date to one year after the termination of the Agreement.

② In the event that the Seller violates the obligation or discloses the confidential information to others, the Seller shall be liable for compensation for any damages or costs incurred to the Buyer.

③ This confidentiality agreement has the same binding force upon the employees and successors of the Seller.

19. Ethical Business Practice

① As the Seller knows, the Buyer has good business reputation and the business conducts comply with laws and regulations as stipulated in the policies of the Company. The Seller understands this clearly and agrees to sign the Agreement. The Seller should abide by the laws and regulations and business ethics during the cooperation period; in the event of any infringement of the Seller, the Buyer will cancel/terminate the Order immediately and claim for all related damages from the Seller.

② The Seller promises that it will not offer money or other properties directly or indirectly to the government or public servants, candidates of public servants, or representatives of business organizations on behalf of the above-mentioned persons (hereinafter referred to as the "Officials"), including but not limited to the gains of the Seller from the Order, if such gains constitute a violation of any laws.

In addition, the Seller shall not pay for the Officials directly or indirectly regardless of its legality, on the condition that the payment aims to exert any influence on the decision made or action taken on the object of the Agreement, any other aspects of the Company or the business of the Company. Besides, both parties agree that all transactions engaged by both parties shall be recorded correctly in the company's account books of each party, and both parties shall not offer money or other properties to any organization or related representatives for the benefit to their business decisions or actions.

③ The Seller shall not offer any commissions, gifts or other unlawful profits to the Buyer for winning or acquiring the Agreement.

④ MSD endeavors to hold itself and its suppliers to the highest performance, ethical and compliance standards, including basic human rights, encouraging fair and equal treatment for all persons, the provision of safe and healthy working conditions, respect for the environment, the adoption of appropriate management systems and the conduct of business in an ethical manner. In performing its duties under the PURCHASE ORDER, SUPPLIER acknowledges the value and importance of performance and ethical behavior in its performance under the PURCHASE ORDER.

Without limiting any of SUPPLIER's other obligations hereunder, MSD expects that SUPPLIER will abide by the letter and spirit of MSD's *Supplier Performance Expectations and Business Partner Code of Conduct* (the "*Code*"), a copy of which is available at <http://www.MSD.com/about/how-we-operate/code-of-conduct/values.html> in its performance of the PURCHASE ORDER.

20. Insurance

In the event that the Seller needs to carry out erection, construction, decoration or maintenance works on the site of the Buyer when providing services, the Seller shall purchase all necessary insurance for its employees, and shall purchase insurances for possible personal safety and property losses for the Buyer personnel, properties and any third party during the service period. The Seller shall purchase insurances from PICC or other famous insurance company registered in China. The insurance types, amount and period shall be in accordance with the practices of the similar business in other nations and the practice and legal requirements in the region. The Seller must provide certificate of insurance and documents at the request of the Buyer for examination and inspection.

21. Audit

During the term of the Order, the Buyer are entitled to send designated persons or auditors to audit the records and accounts of the Seller related to the Order following each calendar year (or termed as "this Year"), so as to determine the compliance of the Seller with the Terms and Conditions of the Order, and the correctness of amount of the Invoices provided by the Seller in this Year. Related auditing or auditor's report shall be issued within six (6) months following this Year, and the auditing cost will be borne by the Buyer.

22. The Buyer may send the above-mentioned individual Purchase Orders/Quotations by fax or e-mail. Such Purchase Orders/Quotations sent by fax or e-mail and duly signed by the Buyer, and the confirmation notice sent by the Seller in similar forms will be taken as legal and effective documents or transaction evidence by either party. The said provisions in this paragraph shall be taken as an integral part of the Terms and Conditions of the individual Purchase Orders/Quotations.

23. The Buyer has entrusted the Shared Service Center (SSC) to be the formal agent for purchasing the goods/service as stated in the Purchase Orders/Quotations for the Seller. The Buyer has authorized SSC to present individual Purchase Orders/Quotations to the Seller in purchasing goods/service on behalf of the Buyer. The Buyer has also entitled SSC to sign individual Purchase Orders/Quotations and to represent the Buyer to handle related affairs. After signing and sending the confirmation of individual Purchase Orders/Quotations back to SSC, the Seller identifies the entitlement of SSC to execute the rights and interests of the Buyer in the Purchase Orders/Quotations, make decisions and take any related actions at its discretion on behalf of the Buyer. SSC may send the individual Purchase Orders/Quotations via fax or e-mail. Such Purchase Orders/Quotations sent back via fax or e-mail and duly signed by the SSC and the confirmation notice sent from the Seller in similar forms shall be taken as legal and effective documents or transaction evidence by both parties. The said provisions in this paragraph shall be taken as an integral part of the Terms and Conditions of the individual Purchase Orders/Quotations.

24. The Seller shall issue an SAS 70 Type II Report at the request of the Buyer in accordance with Clause 404 in Sarbanes-Oxley Act of 2002. And the Buyer shall provide the Seller with guidance and instructions for preparing for such report to the satisfaction of the Seller.

Any documentation or data relevant to activities performed, including without limitation any GMP documentation, must be attributable, original, accurate, legible, complete, controlled, retrievable, and safe from intentional or unintentional manipulation or loss. These items are required throughout the retention period of such data / documentation.

MSD'S BUSINESS PARTNER CODE OF CONDUCT and Supplier Expectations

1. MSD endeavors to hold itself and its SUPPLIER to the highest ethical and compliance standards, including basic human rights, encouraging fair and equal treatment for all persons, the provision of safe and healthy working conditions, respect for the environment, the adoption of appropriate management systems and the conduct of business in an ethical manner. Without limiting any of

SUPPLIER's other obligations hereunder, and without conflicting with or limiting any of the warranties, obligations or other provisions expressly set forth elsewhere in this Purchase Order, including without limitation its obligations hereof, SUPPLIER agrees that it will abide by the letter and spirit of MSD's Business Partner Code of Conduct (the "Code"), as in effect from time to time, a copy of which is available at <http://www.MSD.com/about/how-we-operate/code-of-conduct/home.html>.

SUPPLIER agrees that it will provide all documentation reasonably requested by MSD to demonstrate compliance with the Code. In the event of a conflict between the obligations in this Section and the Code, on the one hand, and any other provision in this Purchase Order, on the other hand, such other provision of this Purchase Order shall control (but only to the extent of the conflict).² MSD reserves the right, in its sole discretion, to audit SUPPLIER's operations, books and records to ensure compliance with the Code. MSD will provide reasonable advance notice of such an audit, and may conduct this audit on its own or using a third-party auditor of its choosing. SUPPLIER shall acknowledge receipt of MSD's notice as promptly as practicable after receipt of such notice and will confirm the date on which the audit will occur within 14 days after receipt of such notice. MSD or its third-party auditor may interview SUPPLIER's employees as part of or in connection with the audit. This audit right shall be in addition to any other audit rights granted in this Purchase Order.

2. In the event an audit identifies a non-conformance by SUPPLIER with the Code, SUPPLIER will promptly take corrective action to remedy the non-conformance. MSD reserves the right to approve all corrective actions. Corrective actions shall be implemented by SUPPLIER at SUPPLIER's expense. MSD will endeavor, whenever practicable, to work with SUPPLIER to remedy the issue and put in place a corrective action plan.

3. In the event SUPPLIER refuses to allow an audit, or fails or refuses to take corrective action, then in addition to any other remedy available to it under this Purchase Order, at law or in equity, MSD reserves the right to terminate this Purchase Order in the event SUPPLIER fails to cure such refusal or failure within 90 days after written notice from MSD.

4. Without limiting any of SUPPLIER's other obligations hereunder and without limiting any of the express warranties or obligations agreed to elsewhere in this Purchase Order, including without limitation its obligations hereof, MSD expects that SUPPLIER will abide by the letter and spirit of MSD's Supplier Performance Expectations, as in effect from time to time, a copy of which is available at <http://www.MSD.com/about/how-we-operate/code-of-conduct/home.html>. In the event of a conflict between the obligations in this Section and MSD's Supplier Performance Expectations, on the one hand, and any other provision in this Purchase Order, on the other hand, such other provision of this Purchase Order shall control (but only to the extent of the conflict).