

**Standard Terms and Conditions of Purchase of Sunways AG
and Sunways Production GmbH**

Sunways

Photovoltaic Technology

Sunways AG

Sunways Production GmbH

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1. General provisions

1.1. Except insofar as expressly stipulated otherwise in writing, these Standard Terms and Conditions shall govern all orders placed or received by Sunways AG and Sunways Production GmbH (hereinafter referred to as "Sunways") to the exclusion of any other terms and conditions. Hence any application of any vendor terms and conditions that differ from the terms and conditions hereof shall be excluded. Any acceptance of any terms and conditions in connection with any order, contract or delivery shall not be construed as acceptance of any such conditions.

1.2. The scope of delivery for any order placed by us, as well as any change in or addition to such order, shall be governed and defined solely by the relevant written order issued by us. Any order that is placed via e-mail, fax or any other written form shall be deemed to have met the relevant "written form" requirements. Insofar as not otherwise agreed, the vendor shall have 14 days to accept our offer.

1.3. The vendor shall be deemed to have accepted the terms and conditions hereof, and said terms and conditions shall be deemed to be binding (as provided in section 1.1) by no later than the date of receipt of the confirmation of the initial order placed with the vendor. The terms and conditions hereof shall likewise be binding for any future order, and thus such terms and conditions need not be expressly accepted for any such future order.

2. Shipping and delivery

2.1. The deliverables shall be shipped in accordance with the terms and conditions of our relevant order and any ensuing instructions issued by us, and shall be delivered to us on or before the appointed date of delivery. Insofar as the vendor is unavoidably unable to meet any delivery deadline, the vendor shall notify us accordingly in writing without delay. In such a case, postponement of the delivery shall be admissible by mutual agreement and subject to a written agreement.

2.2. The vendor shall archive all shipping documents from Sunways and the shipper. All shipping documents, correspondence and invoices shall indicate the Sunways order and article numbers. Sunways shall be entitled to refuse acceptance of any such document that is lacking this information.

2.3. All deliverables shall be effected on an FOB basis and at the vendor's cost (applies in particular to shipping and packaging) and risk. Shipments shall be effected in accordance with the specifications in the relevant order. Insofar as, in an exceptional case, Sunways assumes shipping costs (subject to a written agreement), the relevant shipment shall be effected using the lowest-cost method available, insofar as Sunways does not expressly request that a specific shipping modality be employed. Any cost or expense attributable to the necessity to employ a more expeditious shipping method secondary to any vendor default on any delivery date shall be assumed by the vendor.

2.4. The vendor's duty to take packaging back shall be governed by the applicable statutes and regulations. The vendor shall exclusively use 100 percent recyclable packaging materials that are labeled accordingly.

3. Delivery dates and periods

3.1. Any delivery date or period indicated in any Sunways order shall be contractually binding and shall be considered to refer in each instance to receipt at the place of performance. Delivery periods shall begin as from the relevant order date. The vendor shall immediately notify to Sunways in writing the anticipated extent of any delivery delay, insofar as the vendor realizes that the vendor will be unable to deliver on time. Insofar as the vendor defaults on the duty laid out in the previous sentence of this section 3.1, any vendor hindrance to service fulfillment claim shall be excluded, including in the event such hindrance was not attributable to the vendor.

3.2. Sunways shall be entitled to refuse delivery on any product that is not delivered on or before the delivery date specified in the relevant order, and in such a case shall furthermore be entitled to (a) return such product to the vendor; or (b) store such product via a third party service provider, in both cases at the vendor's cost, expense and risk.

3.3. In the event of any late vendor delivery, Sunways shall be entitled to impose a penalty on the vendor amounting to one percent per week or part thereof of the value of the deliverables in question, subject to a maximum of ten percent. In order for Sunways to be entitled to impose such a penalty, within ten days following acceptance of the products in question Sunways shall either (a) bill the vendor for the amount of the contractual penalty due; or (b) deduct said

amount from the relevant Sunways payment. The said contractual penalty shall be without prejudice to any Sunways claim for loss, damage or injury arising from any vendor delivery delay or default.

3.4. Insofar as either party is unable to meet any proprietary deadline for reasons of force majeure, the relevant deadline shall be extended in accordance with the period during which the party affected was unable to meet such deadline, plus a reasonable run-up period.

4. Quality; acceptance; transfer of risk

4.1 The vendor shall ensure that any product provisioned to Sunways complies with all applicable performance specifications and standards, and that such product is realized in accordance with the state of the art.

4.2 Sunways shall be entitled to make acceptance of any product received contingent upon an inspection of such product for obvious visible defects immediately upon delivery of such product. Insofar as Sunways lodges any defect complaint in such a case, Sunways shall be entitled to charge the vendor, at cost, for any inspection and/or replacement delivery. Sunways shall notify any product defect to the vendor within five working days following detection of such defect. Application of the foregoing notification duty to any concealed defect that comes to light during the warranty period shall be excluded.

4.3. For the purpose of any delivery inspection, the contractually binding weight, dimensions and quantities for any delivered product shall be the weight, dimensions and quantities that are determined at the time of such inspection.

4.5. Insofar as the parties covenant a contractual penalty for late delivery, such covenant shall remain enforceable even if it is not expressly invoked on acceptance of the delivery in question. Any such failure to invoke a contractual penalty shall be without prejudice to any farther reaching claim for loss, damage or injury that may be lodged in connection with any product acceptance process.

4.6. Risk shall pass to Sunways on delivery of the relevant consignment. The time and place for the acceptance process shall be that indicated in the order. Insofar as no specific acceptance venue has been covenanted, the acceptance process shall be carried out on delivery of the relevant to the covenanted destination. Any retention of title shall be excluded in such a case.

5. Prices; terms of payment

5.1 The contractually binding price shall be the highest price in each instance. Any cost decrease that comes into effect between the order date and the invoice due date shall be in favor of Sunways. Unless otherwise agreed in writing, all prices shall include FOB delivery, packing, and VAT.

5.2 Each invoice shall be issued immediately upon shipment of the relevant goods and shall indicate the relevant order and article number.

5.3 Any inclusion of any invoice with any shipment shall be excluded. All invoices shall be sent under separate cover via postal mail, and shall indicate the relevant order number.

5.4 In order to be considered to be valid and payable, each invoice must indicate the order code and item number of each invoiced item. Any copy or duplicate of any invoice shall be marked as such.

5.4 Any payment of any invoice shall be subject to (a) the relevant products having been duly delivered and accepted; (b) the correctness of the prices and sums on the invoice. Insofar as any defect comes to light that is covered by the relevant product warranty, Sunways shall be entitled to withhold payment for such product until the vendor has met the vendor's warranty obligations in respect to such defect.

5.5. The conditions of payment shall be as follows, except insofar as otherwise agreed:

- 3 percent discount for payment within 14 days; or
- 2 percent discount for payment within 30 days; or
- no discount for payment with 60 days.

5.6. Any payment and/or commissioning effected by Sunways shall not automatically be considered to indicate that the relevant deliverables are contractually compliant.

6. Set-off; assignment

6.1 The vendor shall be entitled to make a deduction from any accounts receivable amount only insofar as such amount is uncontested or has been upheld in a court of law or in any other legally enforceable manner. Sunways' right to make deductions or withhold payment shall be governed by the applicable statutes and regulations.

6.2 Any assignment to any third party of any claim against Sunways shall be subject to written authorization from Sunways.

7. Warranty

7.1. Insofar as not otherwise stipulated in these terms and conditions, the vendor's warranty obligations shall be governed by the applicable statutes and regulations. The vendor shall hold Sunways harmless, on first request, against any third party claim that is attributable to any infringement of any third party industrial property rights, or any product liability, in respect to any vendor deliverable arising from circumstances that were contributory in the matter, in which case the indemnification shall be proportionate to the cause. The vendor shall obtain reasonable and suitable product liability insurance to cover any such eventuality.

7.2. The vendor shall in particular warrant that the design and manufacture of any specific vendor product are unchanged relative to the design and manufacture of the same type of previously delivered defect-free vendor product, except insofar as any such change has been covenanted in advance with Sunways.

7.3. The vendor's warranty shall include any product that was purchased by the vendor from any vendor supplier. Insofar as any consumer claim is lodged against Sunways, Sunways shall be entitled to exercise its right of legal recourse against the vendor in respect to any such purchased product.

7.4 The warranty period for any vendor product shall be a minimum of 24 months as from delivery of the relevant product to the place of performance. Said warranty period shall be longer than 24 months insofar as such longer warranty is provided by law.

7.5 Insofar as any vendor product that is delivered to Sunways exhibits any defect, the vendor shall take one of the following actions in Sunways' discretion: (a) replace the defective product free of charge; (b) reduce the price in the amount prescribed by law; (c) correct the defect free of charge. In an emergency and subject to prior consultation with the vendor, Sunways shall be entitled to take one of the following actions at the vendor's cost and expense: correct the relevant product defect; retain a third party to correct such defect; purchase a replacement product. The foregoing sentence of this section 7.5 shall also apply insofar as the vendor defaults on any vendor warranty duty. Insofar as the statistical testing procedure specified in the order reveals any exceedance of the maximum proportion of product defects, Sunways shall be entitled to lodge a defect claim for the entire consignment affected, or (subject to prior consultation with the vendor) have the entire consignment tested.

7.6 The vendor shall incur liability for replacing deliveries and correcting defects to the same extent as for the original deliverables, i.e. including for any shipping and/or labor costs, and without any restriction whatsoever in respect to the latter. The warranty period for replacement deliveries shall begin on the date of delivery of the relevant replacement product. The vendor shall hold Sunways, its personnel and its organizational units harmless against any third party claim arising from any defective or faulty vendor-provisioned component.

7.7 Insofar as the vendor incurs any product liability, the vendor shall hold Sunways harmless, on first request, against any third party liability claim that may be lodged against Sunways in respect to or in connection with such product liability.

7.8 The vendor shall assume all reasonable costs and expenses arising from any statutory product recall in respect to any vendor product and shall reimburse Sunways for any such cost or expense incurred by Sunways in this regard. In such a case, Sunways shall send the vendor a statement of position indicating the amount due without delay. Any such statement of position shall be without prejudice to any statutory claim that may be lodged by Sunways in such a case.

8. Information and data

Sunways shall retain title to any drawing, draft, pattern, template, model, manufacturing instructions, in-house data, tools, equipment, and appliance or the like that Sunways makes available to the vendor for purposes of issuing a bid or fulfilling an order. The use of any such item for any purpose other than issuing a bid or fulfilling an order, or making any item available to any third party, shall be excluded. The vendor shall store any such item with the due care of a diligent businessperson. On fulfillment of any order, any vendor use or disclosure to any third party of any know-how obtained from any such element in respect to such order shall be excluded.

9. Third party industrial property rights

The vendor shall ensure that no third party industrial property right would or could potentially preclude use (in a compliant manner) of any product purchased from the vendor, and that in particular such use will not result in any infringement of any third party industrial property rights. Insofar as, the foregoing notwithstanding, any industrial property rights infringement claim or the like is lodged against Sunways, the vendor shall, on first request, hold Sunways harmless against any cost or expense arising from or in connection with such claim, including any legal costs of any kind whatsoever. The foregoing provision of this section 9 shall become statute barred after five years.

10. Data privacy

The vendor hereby irrevocably agrees that any personal data that Sunways transmits to the vendor will be handled in an order specific manner and as prescribed by law.

11. Place of performance and place of jurisdiction

Insofar as not otherwise indicated in the relevant order, the principal place of business for any order issued by Sunways AG and/or Sunways Production GmbH shall be the place of performance. The sole place of jurisdiction hereof for any dispute arising from any business relationship between the vendor and Sunways shall be Konstanz, Germany. The foregoing notwithstanding, Sunways shall be entitled to bring legal action against the vendor in the jurisdictional courts of the city in which the vendor's principal place of business is located.

12. Applicable law

The terms and conditions hereof shall be governed solely by German law. Any application of the United Nations Convention on Contracts for the International Sale of Goods (CISG) shall be excluded.

Last updated: February 2010

The vendor hereby confirms that the vendor has received a complete copy of these Standard Terms and Conditions.

Executed at _____ this _____ day of _____ 20_____.	Vendor's signature
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