

# HERPORT CHINA LIMITED

## STANDARD TRADING CONDITIONS

Effective 1/4/2012

1. In these Conditions, the following words have the following meanings:

"Company" means HERPORT CHINA LIMITED.

"Customer" means and includes the shipper, the consignee, the owner of the goods and/or any person at whose request or on whose behalf the Company provides Services.

"goods" includes goods, wares, merchandise and articles of every kind whatever; and any container, trailer, tank or pallet (including similar articles of transport used to store or consolidate goods) not supplied by or on behalf of the Company.

"Dangerous Goods" includes goods that are of a dangerous, explosive, inflammable, radioactive or damaging nature.

"Hague Rules" means the International Convention for the Unification of certain Rules of Law relating to Bills of Lading signed at Brussels on 25 August 1924.

"Owner" means the owner of goods.

"Services" means any services of the Company provided for the Customer e.g. undertaking or arranging for carriage of goods by air, sea, inland waterway, rail and/or road; and/or undertaking or arranging for storage, loading, unloading, packing, unpacking, consolidation, de-consolidation, collection, delivery and/or other handling of goods.

"SDR" means Special Drawing Rights as defined by the International Monetary Fund.

2.1. All business undertaken by the Company is transacted subject to these Conditions, which shall be deemed to be incorporated in any agreement between the Company and the Customer.

2.2. If at any time one or more of such provisions becomes invalid or illegal, the validity or legality of the remaining provisions of these Conditions shall not in any way be affected.

2.3. The Company may issue its own waybill, bill of lading, godown warrant, haulage receipt, forwarder cargo receipt, combined transport document, or other documents of carriage naming the Company as the carrier. Where such a document is issued, the terms and conditions in it shall prevail in so far as they are inconsistent with these Conditions.

2.4. Where the Company is held to be a carrier, the Company shall be entitled to all the rights, immunities, exceptions and limitations conferred on the carrier by any applicable law or legislation.

2.5. Where the Company has not issued its own bill of lading and is held to be a carrier as far as carriage of goods by sea or inland waterway is concerned, the Company's liability shall be determined by Article III and Article IV of the Hague Rules, and the aforesaid Articles shall prevail in so far as they are inconsistent with these Conditions. The limitation amount in Article IV (5) of the Hague Rules is deemed to be the nominal value of 100 pounds sterling.

2.6. In these Conditions, words importing the singular include the plural and vice versa; words importing a gender include every gender.

2.7. Wherever it is provided in these Conditions that notice shall be dispatched by the Company to the Customer, such notice shall be deemed as having been dispatched if (i) the Company does not know the address, e-mail address or fax number of the Customer or (ii) the notice cannot reach the Customer through its address, e-mail address or fax number last known to the Company.

2.8. The Customer's liability under these Conditions shall be joint and several.

3. The Customer entering into any business with the Company warrants to the Company that the Customer is the Owner or it is authorized to accept these Conditions not only for itself but also for the Owner.

4. The Customer further warrants that:

- a. all the goods have been properly and sufficiently packed and that the Company has no liability for any loss of, damage to or any other claims relating to the goods which are improperly or insufficiently packed; and
- b. the goods are fit and suitable for the carriage, storage and any other handling in accordance with the Customer's instructions; and
- c. it shall fully comply with applicable laws and regulations of ports, airports, Customs or other authorities.

5.1. The Customer shall indemnify the Company against all claims, liability, losses, damage, costs and expenses (including but not limited to loss of and/or damage to any aircraft, container and/or vessel) arising out of the Company acting in accordance with the Customer's instructions, or arising from a breach of warranty or obligation on the part of the Customer, or arising from the inaccurate information or the insufficient instructions provided by the Customer, or arising from the mistake, negligence or wilful default of the Customer.

5.2. The Customer undertakes that no claim shall be made against any employee, agent or sub-contractor of the Company if such claim imposes upon them any liability in connection with any Services provided by the Company. If any such claim should nevertheless be made, the Customer shall indemnify the Company against all consequences. Every such employee, agent and sub-contractor shall have the benefit of all the terms herein benefiting the Company as if such terms were expressly provided for his or its benefit. For these purposes, the Company contracts for itself and also as agent and trustee for each such employee, agent and sub-contractor.

5.3. The Customer shall defend, indemnify and hold harmless the Company from and against all claims, costs and demands whatsoever and by whomsoever made or preferred in excess of the liability of the Company under the terms of these Conditions, and such indemnity shall include all claims, costs and demands arising from the negligence or mistake of the Company or from the mistake, negligence, wilful default or deliberate wrongdoing of the Company's employee, agent or sub-contractor.

5.4. The Customer shall defend, indemnify and hold harmless the Company in respect of any General Average claim and any Salvage claim that may be made against the Company, and the Customer shall provide such security as may be required by the Company. All goods shall be subject to a lien for General Average and/or Salvage security. If the Customer fails to provide General Average and/or Salvage security acceptable to the Company within 14 days after notice has been dispatched to the Customer's address, e-mail address or fax number last known to the Company, the goods may be sold by public auction or private treaty or may be disposed of at the sole discretion of the Company at the expense of the Customer, and the proceeds if any (net of the expenses in connection with such sale) shall be applied in satisfaction of General Average and/or Salvage contribution. In case the Customer does not receive the notice dispatched by the Company asking the Customer to provide General Average and/or Salvage security, such shall not affect the Company's aforesaid right to sell or dispose of the goods. The Customer is responsible for payment of all costs and expenses (including but not limited to storage costs and demurrage charges) being incurred when the goods are being liened for General Average and/or Salvage security.

6. Except under special arrangements previously made in writing, the Customer warrants that the goods are not Dangerous Goods, nor are goods of comparable hazard, nor are goods otherwise likely to cause damage. Should the Customer nevertheless deliver any such goods to the Company or cause the Company to handle any such goods otherwise than under special arrangements previously made in writing, then whether or not the Company is aware of the

nature of such goods, the Customer shall be liable for all expenses, losses or damage whatsoever caused by or to or in connection with such goods and howsoever arising, and shall indemnify the Company against all penalties, claims, damages, costs, expenses and any other liability whatsoever arising in connection with such goods, and such goods may be destroyed or otherwise dealt with at the risk and expenses of the Customer or the Owner in the sole discretion of and without any liability to the Company. If such goods are handled by the Company under arrangements previously made in writing, they may nevertheless be destroyed at the risk and expenses of the Customer or the Owner in the sole discretion of and without any liability to the Company on account of risk to other goods, property, life or health. The goods that are likely to cause damage include goods that are likely to encourage vermin or other pests.

7. Except under special arrangements previously made in writing, the Company will not deal with bullion, bank notes, coins, cheques, bonds, negotiable documents and securities, precious stones, precious metal objects, jewellery, valuables, antiques, valuable works of art, livestock or plants. Should the Customer nevertheless deliver any such goods to the Company or cause the Company to handle any such goods otherwise than under special arrangements previously made in writing, the Company shall be under no liability whatsoever in connection with such goods (including any loss, damage, misdelivery, misdirection or delay howsoever caused) and notwithstanding that the value of any such goods may be shown, declared or indicated on any documents accompanying such goods.

8.1. If delivery of the goods is not taken by the Customer or the Owner at the time and place when and where delivery should be taken, the Company shall be entitled (but is not obliged) to store the goods at the sole risk of the Customer and the Owner, whereupon any liability which the Company may have in respect of the goods stored as aforesaid shall wholly cease and the cost of such storage shall be paid by the Customer to the Company.

8.2. The Company is entitled (but not obliged) to sell by public auction or private treaty or to dispose of all goods which in the opinion of the Company cannot be delivered either because the consignee's address is incorrect or because the goods are not collected or accepted by the Customer within 14 days after notice has been dispatched to the Customer's address, e-mail address or fax number last known to the Company. In case the Customer does not receive the notice dispatched by the Company asking the Customer to take delivery of the goods, such shall not affect the Company's aforesaid right to sell or dispose of the uncollected goods. The Customer shall pay all costs and expenses (including but not limited to storage costs and demurrage charges) incurred in connection with the storage and the sale and/or disposal of the goods.

8.3. All goods and documents relating thereto shall be subject to a particular and general lien for monies due in respect of such goods, or for any particular or general balance or other monies due from the Customer to the Company. If any such monies due to the Company are not paid within 14 days after notice has been dispatched to the Customer's address, e-mail address or fax number last known to the Company, the goods may be sold by public auction or private treaty or may be disposed of at the sole discretion of the Company at the expense of the Customer, and the proceeds if any (net of the expenses in connection with such sale) shall be applied in satisfaction of such debts, and the Company shall not be liable for any reduction in value received on the sale of the goods, nor shall the Customer be relieved from the liability of any outstanding debts merely because the goods have been sold or disposed of. In case the Customer does not receive the notice dispatched by the Company asking the Customer to pay the outstanding monies, such shall not affect the Company's aforesaid right to sell or dispose of the goods. The Customer is responsible for payment of all costs and expenses (including but not limited to storage costs and demurrage charges) being incurred when the goods are being liened.

9.1. The Customer shall pay to the Company all sums immediately when due without deduction on account of any claim, counterclaim or set-off. Payment to the Company is due as soon as an invoice is rendered to the Customer. For any amount unpaid within 30 days from the date of the invoice, the Company shall be entitled to interest from the date of the invoice until payment at 2% per month.

9.2. If the shipment is on the freight collect basis but the consignee does not take delivery of the goods within 14 days from the date of the goods' arrival at the place of delivery, the Customer shall be responsible for payment of all the outstanding freight charges, and costs and expenses (including but not limited to storage costs and demurrage charges) incurred until the goods are duly delivered or are sold or disposed of as per Clauses 8.2 and/or 8.3.

10.1. The Company shall be entitled to sub-contract on any terms to any agents or sub-contractors the whole or any part of the Services whatsoever undertaken by the Company.

10.2. The Company reserves to itself absolute discretion as to the means, the manner, the routes and the procedures to be followed in the performance of the Services including the carriage, the storage and the other handling of the goods. The Company has liberty to use any means, routes or procedures, including using any vessel or stowing the goods on or under deck. Anything done in accordance with the aforesaid discretion or liberty shall not be a deviation of whatsoever nature or degree.

11. If there is any loss, damage, deterioration, non-compliance or miscompliance of instructions, non-delivery, misdelivery (other than the ones described in Clauses 12.1 and 12.2), unauthorised delivery or misdirection of or to or in connection with the goods that arises from the negligence or mistake of the Company or that arises from the negligence, mistake, wilful default or deliberate wrongdoing of the Company's employee, agent or sub-contractor, the Company shall be liable for any claim relating to the aforesaid incident. However, the Company's aforesaid liability shall not exceed a total of 2 SDR per kilogram of the gross weight of that part of the goods in respect of which a claim arises.

12.1. If there is any misdelivery of goods without production of Bill of Lading negligently or deliberately done by the Company's employee, agent or sub-contractor that has no instruction or prior approval of the Company, the Company shall be liable for any claim relating to the aforesaid misdelivery of goods. However, the Company's aforesaid liability shall not exceed a total of 2 SDR per kilogram of the gross weight of that part of the goods misdelivered.

12.2. If the Company's employee, agent or sub-contractor negligently or deliberately misdelivers the goods to a person (not entitled to receive the goods) without the Company's instruction or prior approval, the Company shall be liable for any claim relating to the aforesaid misdelivery of goods. However, the Company's aforesaid liability shall not exceed a total of 2 SDR per kilogram of the gross weight of that part of the goods misdelivered.

13. Notwithstanding any other terms in these Conditions to the contrary but subject to Clauses 2.3 and 2.5, the Company shall not be liable for any claim relating to:

- a. any delay, goods shut out or off loaded, goods' departure or arrival time; or
- b. any special, incidental, indirect, consequential or economic loss (including but not limited to loss of market, profit, tax, tax return, revenue, business or goodwill); or
- c. any loss, damage, expense or cost arising from fire, flood, storm, typhoon, explosion, port or airport congestion, deviation, strike, lock out, stoppage or restraint of labour

even if the aforesaid incident arises from the negligence or mistake of the Company or from the negligence, mistake, wilful default or deliberate wrongdoing of the Company's employee, agent or sub-contractor. However, if the Company is still legally held liable for the aforesaid claim despite the aforesaid provision, the Company's liability shall not exceed a total of 2 SDR per kilogram of the gross weight of that part of the goods in respect of which the claim arises.

14. If there is any claim that the Company is legally held liable, and no other terms in these Conditions (limiting or excluding the Company's liability) are suited to that claim, the Company's aforesaid liability shall not exceed a total of 2 SDR per kilogram of the gross weight of that part of the goods in respect of which the claim arises.

15. The Company may accept liability in excess of the limits set out in Clauses 11, 12.1, 12.2, 13 and 14 provided that (i) the value of the goods has been declared in writing by the Customer and accepted by the Company and (ii) the Customer pay to the Company additional charges as decided by the Company. Details of the additional charges will be provided upon written request by the Customer. The declared value accepted shall be the Company's limit of liability and shall replace the limits in Clauses 11, 12.1, 12.2, 13 and 14.

16. All and any Services provided by the Company gratuitously are provided on the basis that the Company will not accept any liability whatsoever.

17. It is agreed that superficial rust, oxidation, discoloration, or any like condition due to moisture is not a condition of damage but is inherent to the nature of the goods, and acknowledgement of receipt of the goods by the Company in apparent good order and condition is not a representation that such conditions of rust, oxidation, discoloration, or the like did not exist on receipt.

18. If the Services are or are likely to be affected by any risk, delay, hindrance, difficulty or disadvantage of any kind whensoever and howsoever arising (including but not limited to port or airport congestion, strike, lock out, stoppage, restraint of labour, and/or the Customer's failure to pay the Services charges that have been outstanding for 2 months or more), the Company may terminate and/or abandon the Services and place the goods at any place for the Customer to dispose of the goods, whereupon the Company's liability and responsibility in respect of the goods shall cease. If the Customer does not dispose of the goods within 14 days after notice has been dispatched to the Customer's address, e-mail address or fax number last known to the Company, the Company is entitled (but not obliged) to sell by public auction or private treaty or to dispose of the goods at the expense of the Customer. In case the Customer does not receive the notice dispatched by the Company asking the Customer to dispose of the goods, such shall not affect the Company's aforesaid right to sell or dispose of the goods. The Customer is responsible for payment of all the outstanding Services charges, and costs and expenses (including but not limited to storage costs and demurrage charges) incurred until the goods are disposed of or sold.

19. Any claim against the Company must be in writing and delivered to the Company within 14 days from the date of delivery of the goods or the date the goods should have been delivered or the date the Customer first knows about the event that may give rise to the claim, whichever is the earliest. If the Customer fails to deliver the aforesaid written claim notice to the Company and thereby prejudices the Company's position in the claim, the Company shall in any event be discharged of all liability whatsoever and howsoever arising in respect of the claim.

20. The Company shall in any event be discharged of all liability whatsoever and howsoever arising in respect of the Services unless suit is brought against the Company in the courts of the Hong Kong Special Administrative Region within nine months from the date of delivery of the goods or the date the goods should have been delivered or the date of the event giving rise to the claim, whichever is the earliest.

21. The defences, exemptions and limitations of liability provided for in these Conditions shall apply in any action against the Company whether such action is founded in contract or in tort.

22. These Conditions and any contract with the Company shall be governed by the laws of the Hong Kong Special Administrative Region. Any claim or dispute must be determined exclusively by the courts in the Hong Kong Special Administrative Region and no other court.