

1. Introductory Provisions

1.1. These General Terms and Conditions (hereinafter referred to as the "Terms & Conditions") regulate the contractual condition between the Contractor and the company of Chropynská strojírna, a.s., registered office Chropyně, Komenského 75, company number 18189679 (hereinafter referred to as the "Client"). These Terms & Conditions form the undivided appendix to the contract concluded between the Client and the Contractor (hereinafter referred to as the "Contract"), both Sales Contracts under section 2079 and consequential sections of the Civil Code, as amended, (hereinafter referred to as the "Civil Code") for the cases when the subject of the Contract is the delivery of goods by the Contractor to the Client, and the Contract for Work Done under section 2586 and consequential sections of the Civil Code for the cases when the subject of the Contract is undertaking the work. Where these Terms & Conditions mention the Contractor, a seller or a provider is meant; where the Client is mentioned, a buyer or a principal is meant; where goods are mentioned, also work is meant; where price is mentioned, price of the work is meant; where a delivery note is mentioned, a transfer report is also meant.

1.2. Provisions of these Terms & Conditions, which are not related solely to the Sales Contract or solely to the Contract for Work Done, shall be used for regulation of the contractual relation between the Contractor and the Client regardless of the contract type which is being concluded between the Contractor and the Client. In case of disagreement between the individual provisions of the Terms & Conditions and the individual provisions of the Contract, the provisions of the Contract are superior.

2. Formation of the Contract

2.1. Delivery of the subject-matter of the Contract shall be realized only if offered in writing by the Contractor made on the basis of the demand of the Client. The offer, which is considered to be a draft contract, is binding if delivered to the Client.

2.2. Every offer shall contain at least this essential information:

- identifying data of the Client and the Contractor including their company name/name and surname, registered office/place of business, company number;
- goods/work description;
- required number of goods, including technical specifications if the subject-matter of the contract is the work;
- contractual price;
- place and date of the goods/work delivery, unless the place of delivery is given, the registered office of the Contractor shall be considered;
- the signature of the person entitled to act on behalf of the Contractor; seal of the Contractor unless being sent electronically.

2.3. A written offer can be delivered to the Contractor by mail, fax or means of electronic communication. The Contractor is bound by his offer - draft contract for the period of three days after its delivery to the Client. In case of doubt, it appears that the offer was delivered within three days of its dispatch.

2.4. When the Contractor's offer is delivered, the Client shall send the Contractor an order accepting the offer of the Contractor or a new draft contract. The new draft contract shall contain essential elements in accordance with article 2.2 hereto. Unless a Contractor's confirmation or a new offer is sent within three days after a delivery of a new draft contract to the Client, the new draft contract terminates. The offer can be confirmed by mail, fax or means of electronic communication.

2.5. The Contract between the parties is concluded by delivering the order accepting the offer of the Contractor. If the Client makes an order regarding just a part of the goods/work listed in the offer, the contract regarding just this part of the goods/work is concluded. If there are other changes than just reducing the number of the goods/work in the order, which is the subject-matter of the contract, it shall be considered as a new draft contract. The Contractor is entitled to accept this draft contract in the same period of time and in the same way as the Client is entitled to accept the Contractor's offer.

2.6. Any changes of the contract shall require the written attachment to the contract signed by both parties hereto. If there shall be any additional expenses in respect to concluding the attachment, which the Client should be undertaken to pay, the Contractor is obliged to inform the Client about such a fact in writing and request the consent of the Client with such additional expenses.

2.7. The Client makes business solely on the basis of these Terms & Conditions. Any change of the Terms & Conditions must be in writing and both the Client and the Contractor must expressly consent to them. Acceptance of a proposal with deviations from the content of the proposal and the conditions attached to it always constitutes a counterproposal, unless during the meeting expressly agreed otherwise.

3. Performance of Goods Delivery

3.1. The Contractor is fully liable for delivery of the goods under the concluded Contract. In case that the Contractor hands the goods over to a third party or a transporter who was not duly authorized by the Client to accept the goods under the contract, he shall be fully liable for the acts of the person, whom the goods were handed over. The Contractor shall be liable for damage caused by such a person.

3.2. If the Contractor is in default of the goods delivery or any part of the goods, he shall pay the Client a contractual penalty 0.05% of the price of the goods per each day of arrears. Agreed contractual penalty does not affect the Client's claim for compensation to a full extent.

4. Quality of the goods

4.1. The goods shall be delivered in quality stipulated by the Client, if nothing is stipulated than in standard quality appropriate for the kind of the delivered goods unless agreed otherwise between the parties hereto.

4.2. The guarantee on the delivered goods is given to the Client by the Contractor for two years unless agreed otherwise between the parties hereto.

5. Price

5.1. The price shall be binding by concluding the contract. The price in the contract is ascertained as the final price. The price can be increased only with the Client's express assent in writing.

5.2. In case that the goods/work is not made to the request of the Client in the full extent or the Client requests handing some products over without installation, the Contractor is entitled to issue an invoice to the extent corresponding with the price of the goods and work actually delivered.

6. Payment conditions

6.1. Non-cash payments between the Contractor and the Client shall be deemed made at the time when they are sent to the account of the Contractor. Payments in cash between the Provider and the Principal shall be deemed made at the time when they are given to a person authorized by the Contractor.

6.2. Payment of the remaining part of the price under the contract reduced by the deposit shall be made by the Client on the basis of an invoice – receipt of tax deductible expenditure – issued by the Contractor. The Client shall make the payment within the mature period of 30 days, unless agreed otherwise between the parties hereto.

7. The rights arising from defective performance, guarantee claim

7.1. The rights arising from defective performance follows the relevant provisions of the Civil Code, as amended.

7.2. The Contractor is liable for defects, which the work has at the moment when a danger of damage to goods devolves from the Contractor to the Client. The Contractor is also liable for defects arising within the agreed guarantee period after devolution of the danger of damage from the Contractor to the Client. The Contractor shall handle the guarantee claim no later than thirty days after its assertion by the Client.

7.3. If there are any repairable defects in the goods, the Client is entitled to the removal of such defects or to a reasonable discount on the price or to withdraw from the contract; the option is on the Client. The Client shall claim the defects to the Contractor in writing without unreasonable delay after their discovery. If it turns out that the defects are removable, but the removal of such defects would involve unreasonable costs, the Client is entitled to claim for damages under the subparagraph 7.4. from these Terms & Conditions. Assessment, whether the particular defects are removable or irremovable as well as the assessment of reasonability of the expenses related to the defects removal, belongs to the Client.

7.4. If there are irremovable defects on the goods the Client is entitled to be delivered new goods free from any defect in return for the defected goods or a claim for a reasonable discount on the price or the right to withdraw from the contract; the option is on the Client. The Client shall claim the defects to the Contractor in writing without unreasonable delay after their discovery.

7.5. The Client shall be liable for defects caused by transportation only if it is provided by him. The Client is liable for damage to the goods caused by non-observance of requested or usual ways of use only if the Contractor warned the Client about the proper way of use in advance.

7.6. All expenses incurred to the Client as a consequence of defected goods as well as the expenses arising from the failure to handle the guarantee claim in the period stated in the article 7.2. hereto, shall be paid by the Contractor to the Client at the full rate.

8. International Element

8.1. If the Contractor be a natural person or a legal entity with a registered office/place of business outside the Czech Republic (hereinafter referred to as the "Foreign Contractor"), following provisions shall apply to the contract concluded between the Client and the Foreign Contractor, which are superior to other provisions of these Terms & Conditions.

8.2. The legal relation arising from the contract between the Client and the Foreign Contractor follows Czech law. Czech courts shall be competent at disputes arising from such legal relations. Contractual parties hereto agree that all disputes between them shall be solved by the competent court of the Czech Republic, in whose jurisdiction the registered office of the Client is. United Nations Vienna Convention on Contracts for the International Sale of Goods dated April 11, 1980, which was promulgated for the Czech Republic under no. 160/1991 SB, is not used.

8.3. If the installation is not necessary or if the installation according to the contract shall be made by the Client, the Foreign Contractor fulfils his duty to deliver the goods at the moment, when he hands the goods over to the Client in the place of delivery, to his own transportation or to the transporter who was agreed mutually by the Foreign Contractor and the Client. Unless agreed otherwise, transport costs are borne by the Foreign Contractor.

8.4. A danger of goods damage (e.g. loss or deterioration of the goods quality) as well as any additional expenses passes from the Contractor to the Client at the moment of handing the goods over in the delivery place or handing the goods over to the transporter authorized by the Client.

9. Final Provisions

9.1. If there are irremovable obstacles, not caused by the Client, on the Client's side preventing performance of his obligations to the Contractor, the Client has the right to terminate the contract one-sidedly in writing and is obliged without delay to return the Contractor the goods given so far, which are beneficial to the Client. The Contractor shall be liable for failure to fulfil the obligations from the contract to the Client as well as for damage caused by such failure unless the failure to fulfil the obligation is caused by unpredictable or unavoidable circumstances which could not have been prevented by the Contractor. Nonetheless, the Contractor shall be liable to the Client for any damages arising from the Client's contract concluded with the third party, in particular for consequential or indirect damage.

9.2. The Contractor is not entitled to assign any of his claims for the Client to a third party. The Contractor is not entitled to one-sidedly set off any of his obligations to the Client with any of his claims for the Client.

9.3. The Contractor grants the Client consent with using his personal data for the purposes of negotiating the contract.

9.4. Unless specified otherwise in these Terms & Conditions, relevant provisions of the Civil Code, as amended, apply to contracts concluded on the basis of such Terms & Conditions.

9.5. Current wording of these Terms & Conditions is released on the Internet and the reference to their full text (an internet address, where it is possible to download the full

text) is a part of every contract. By sending an offer, the Contractor confirms his explicit, complete and unconditional consent to the current wording of the Terms & Conditions.

9.6. These General Terms and Conditions shall take effect and be in force on and after January 1, 2014.