

1. Interpretation

“Hong Kong” or
“HKSAR” means the Hong Kong Special Administrative Region of the People’s Republic of China;
“KMB” means The Kowloon Motor Bus Company (1933) Limited;
“Supplier” means the responsible supplier to whom this Purchase Order is issued.

2. Order Acceptance

- 2.1 The Supplier shall acknowledge receipt and acceptance of all terms and conditions of the Purchase Order by faxing back the Purchase Order copy to KMB Purchasing Department at (852) 2744 6219 with authorized signature accompanied with company chop at the space provided on the Purchase Order, within 3 working days from receipt of the fax order copy.
- 2.2 A Certificate of Conformity must be presented with each consignment upon despatch. Should any amendment to the Purchase Order be required, the Supplier shall obtain prior written consent from KMB Purchasing Department for official amendment. KMB reserves the right to cancel from the Purchase Order any quantities of any items not delivered according to the stipulated delivery schedule.

3. Marine Cargo Insurance

For items not supplied in “Cost, Insurance and Freight” (CIF) trading term, the concerned marine cargo insurance, if applicable, will be covered by KMB's open policy in Hong Kong.

4. Specification

The Supplier shall fulfill this Purchase Order with brand new products unless otherwise specified. All goods and services supplied shall be in accordance with the agreed specification, which is fit for purpose in every sense. The Supplier shall seek KMB’s prior agreement for contract variation if the specifications of products or services have been updated.

5. Title and Risk

The Supplier shall possess clean title of the goods in every way before delivery to KMB. The title to the goods shall pass to KMB upon payment for the goods has been made and the goods have been unconditionally appropriated to this Purchase Order. Risk of damage or loss of the goods shall pass to KMB upon delivery of the goods to KMB in accordance with this Purchase Order.

6. Warranties

The Supplier warrants to KMB that all goods and services supplied shall:

- (i) be free from defects in design, material and workmanship;
- (ii) be suitable and fit for the purposes intended whether expressed or reasonably implied;
- (iii) be in conformity with the drawings, specifications, samples or other descriptions applicable thereto; and
- (iv) comply with all relating statutory requirements and regulations in the HKSAR,

including but not limited to, the laws relating to franchised bus operations and environmental protection.

Unless otherwise specified, the warranty shall be valid for a minimum period of 12 months-in-use on an unconditional basis.

7. Liability

The Supplier shall indemnify KMB and keep KMB fully indemnified against all liabilities, losses, damages, costs and expenses (including legal expenses) awarded against or incurred by KMB in connection with the Supplier's non-performance in relation to this Purchase Order.

The Supplier shall at all time maintain an effective insurance policy against all claims, demands or liabilities in pursuance of this Purchase Order.

8. Terms of Payment

The standard payment term is 45 days by bank draft after receipt of goods or services, unless otherwise agreed and stipulated in this Purchase Order.

9. Recovery of Sums Due

KMB reserves the right to automatically deduct any sum of money, which is payable by the Supplier to KMB for whatever reasons, from any payment owing to the Supplier.

10. Default

If the Supplier fails to deliver all or any ordered item(s) and / or service(s) on or before the specified delivery date as stated on this Purchase Order, KMB may at its absolute discretion cancel the whole or any part of this Purchase Order by written notice to the Supplier but without prejudice to any claims to the Supplier for breach of contract.

KMB reserves the right to charge the Supplier a compensation equivalent to 25% of the order value of the cancelled quantities of any ordered item(s) or part of the service(s), in case

- (i) the Supplier requests order cancellation, or
- (ii) the Supplier's non-performance induces order cancellation after order confirmation / acknowledgement.

11. Termination

KMB may at any time by notice in writing summarily terminate this Purchase Order forthwith without entitling the Supplier to compensation:-

- (i) in the event that the Supplier goes into compulsory or voluntary liquidation or shall enter into any arrangement, accommodation or composition with creditor, or shall be adjudged bankrupt, or shall have a receiving order or order for administration, or shall take any proceedings for liquidation or composition under the Bankruptcy Ordinance (Chapter 6, Laws of Hong Kong) for the time being in force; and
- (ii) in the event of any material breach by the Supplier of this Purchase Order remaining unremedied within fourteen (14) calendar days after a written notice of the breach.

12. Invoicing Requirements

Unless otherwise specified in this Purchase Order, the Supplier shall send the original invoice(s) to KMB Purchasing Department (for the attention of the Head of Purchasing

Department) upon local delivery or no less than two weeks before shipment arrival in the HKSAR. KMB will not guarantee prompt payment in case of late receipt of invoice(s).

The Supplier shall state the following information on the invoice / delivery note for identification purpose:

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|-----------------------------------|------------------|
| (i) KMB Order Number | (v) Quantity |
| (ii) Line Item Number | (vi) Unit |
| (iii) KMB Item Code / Part Number | (vii) Unit Price |
| (iv) Full Description | |

13. Patents, Copyrights and Intellectual Property Rights

The Supplier shall indemnify KMB against all costs, claims, demands or expenses arising out of, or in connection with any infringement of registered intellectual patent, registered trade marks, registered design, copyright, passing off action or other intellectual property rights which may be brought against KMB in connection with the goods or any components or parts thereof supplied by the Supplier.

14. Criminal Conduct of Fraud or Corruption

If the Supplier shall be found to have committed any criminal offence of fraud or deceit or any offence of corruption under the Prevention of Bribery Ordinance (Chapter 201, Laws of Hong Kong) or any subsidiary legislation made thereunder or under any law of a similar nature in relation to this Purchase Order or any other contracts with KMB, KMB shall at liberty to forthwith cancel this Purchase Order, as the case may be, and shall hold the Supplier liable for loss and damages which KMB may thereby sustain.

15. General

15.1 Assignment

The Supplier shall not assign or transfer or purport to assign or transfer to any other parties of its rights or sub-contract any of its obligations under this Purchase Order.

15.2 Notice

Any notice required to be given under this Purchase Order by either party shall be served in writing addressed to the other party at its registered office or principal place of business or such other address, fax number or e-mail address as may at the relevant time have been notified pursuant to this provision.

15.3 Severability

If any provision of this Purchase Order is prohibited by applicable law or judged by a court to be unlawful, invalid or unenforceable, the provision shall, to the extent required, be severed from this Purchase Order and rendered ineffective as far as possible without modifying the remaining provisions of this Purchase Order, and shall not in any way affect any other circumstances of or the validity or enforceability of this Purchase Order.

15.4 Governing Law

This Purchase Order shall be governed by and construed in accordance with the laws of the HKSAR and the parties agree to submit to the non-exclusive jurisdiction of the HKSAR courts.

15.5 Special Conditions

These General Terms and Conditions shall apply to the extent to which they are not inconsistent with the special conditions, if any, set out in this Purchase Order.

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