

STUDIO CQ Ltd. – GENERAL TERMS AND CONDITIONS

1 DEFINITIONS AND APPLICABILITY

1.1 In these General Terms of Delivery ("Terms") the following definitions will apply: Studio CQ Ltd, Hong Kong.

Work: every product, activity or work carried out by Studio CQ Ltd. on the instruction of the client.

Product: the work made available to the client.

IP rights: rights to intellectual and industrial property such as copyright, design, model and patent rights.

1.2 These Terms apply to and form an integral part of every proposal, order agreement or legal relationship between Studio CQ Ltd. and the client. The applicability of any other terms or conditions or provisions to which the client refers, is explicitly rejected. Any deviations from these Terms will only be specifically agreed in writing.

1.3 These Terms also apply to any additional or subsequent orders.

1.4 If one or more of the provisions in these Terms are invalid or are rescinded, the remaining provisions in these Terms will remain in full force and Studio CQ Ltd. and the client will enter into negotiations to agree new provisions to replace the original provisions, which will as far as possible be consistent with the purpose and scope of the original provisions.

1.5 Studio CQ Ltd. is free, in cases where Studio CQ Ltd. deems it appropriate, to release the client from its obligation to comply strictly with these Terms. This however does not mean that in doing so Studio CQ Ltd. loses the right to demand the client to meet the strict obligations of the Terms in future, similar or other cases.

2 PROPOSALS AND ORDERS

2.1 Proposals issued Studio CQ Ltd. may be accepted within the time period specified by Studio CQ Ltd. in the proposal or, if no time period is stated, within one month after the date of the proposal.

2.2 Studio CQ Ltd. may withdraw or recall a proposal at any time before receipt of notification of the acceptance of the proposal concerned by the client.

2.3 Unless stated otherwise, the fees and prices specified in a proposal exclude sales tax and other official taxes and duties and exclude the costs to be incurred in the context of the order, but which cannot be determined in advance, such as - but not limited to - costs for meetings, travel time, courier services and reproduction costs.

2.4 Acceptance of the proposal and/or granting of the order takes place in writing.

2.5 Studio CQ Ltd. will make every effort to carry out the order with care, to represent the interests of the client to the best of its knowledge and to endeavor to achieve the best result for the client within the scope set.

2.6 A time period given by Studio CQ Ltd. for the completion of the agreed order or part thereof is for indication purposes. In the case of a time period being exceeded, the client will issue a written notice of default to Studio CQ Ltd. Studio CQ Ltd. will be offered a reasonable time period within which to realize the order or partial order.

2.7 If, as a result of an amended or incomplete order, or where the client has not supplied complete, suitable and clear information and/or materials, or not provided these on time, Studio CQ Ltd. needs carry out additional or other work, then Studio CQ Ltd. is entitled to submit an additional claim for this work.

2.8 If the order is carried out in parts or phases, Studio CQ Ltd. may suspend work on the subsequent parts or phases until the client has approved the results of the previous part(s) or phase(s) in writing.

2.9 The client has its own obligation to verify the safety and usability of the work by Studio CQ Ltd. and of the products or services that arise entirely or in part from that work, as well as their suitability for the intended purpose.

2.10 Studio CQ Ltd. has no obligation to verify any possible infringement of its work on IP rights of third parties.

2.11 Studio CQ Ltd. will provide the client with the opportunity to check and approve the work prior to production, reproduction or publication.

2.12 Complaints should be communicated to Studio CQ Ltd. in writing as soon as possible but no later than 30 days after completion of the order. If no such notification is received the client is deemed to have approved and accepted the result of the order in full.

2.13 After completion of the order neither the client nor Studio CQ Ltd. is obliged to retain materials and information used.

3 PRICE AND PAYMENT

3.1 The order is subject to the fee or the price laid down in the proposal or agreement accepted by the client. It is possible to agree the fee or the price as an indication, and/or per activity, per part or phase of the total order.

3.2 Studio CQ Ltd. is entitled to invoice the work carried out per activity, per part or per phase of the total order.

3.3 Payments should be made within 30 days after the invoice date, without deductions or settlement adjustment.

3.4 If the client fails to make the timely or complete payment of an invoice, the client is deemed to be legally in default. In this case the client will owe the legal interest plus 2% from the expiry date. In addition, the client will also be liable for all the costs incurred by

Studio CQ Ltd. in recovering the debt both in legal proceedings and out of court. The out of court collection costs are set at 15% of the amount owed with a minimum of \$600 (six hundred US dollar).

3.5 During the period of non-compliance by the client of his payment obligations Studio CQ Ltd. is entitled to suspend or postpone all its obligations arising from the agreement or legal relationship. During this period the client has no rights to use the results of work carried out by Studio CQ Ltd., although Studio CQ Ltd. is entitled to demand full compliance.

4 INTELLECTUAL AND INDUSTRIAL PROPERTY RIGHTS (IP RIGHTS)

4.1 As maker of the work, Studio CQ Ltd. is entitled to all IP rights over all work developed by Studio CQ Ltd. for the client or made available to the client in the context of the order. Studio CQ Ltd. has the sole entitlement to establish IP rights over this work.

4.2 After completion of the Studio CQ Ltd. will transfer applicable IP rights to the client, so that the client is free to use the product without additional agreement with Studio CQ Ltd. and may take action against third parties who infringe these rights. This transfer does not cover any inventions, know-how or other IP rights that Studio CQ Ltd. has acquired during the product development for the client and which are not distinctive to the aesthetic characteristics of the product. Studio CQ Ltd. retains these rights and may use them for future work and product development, insofar as such use does not compete with the product.

4.3 In spite of the transfer of IP rights Studio CQ Ltd. retains the right to use the work or two- or three-dimensional images thereof for acquisition and advertising purposes stating the name of the client. This applies solely and insofar as the work, or products or services which arise entirely or in part from the work, have been launched in the market or have entered the public domain by other means.

4.4. Any transfer of IP rights will be subject to the condition subsequent that the client has satisfied all its obligations towards Studio CQ Ltd.

5 RETENTION OF TITLE

5.1 All moveable goods supplied by Studio CQ Ltd. to the client in the context of the order will remain the property of Studio CQ Ltd. until the client has met all obligations arising from the agreement or legal relationship with Studio CQ Ltd. in full.

5.2 The client will do all that may be reasonably expected of him to protect the items supplied to him under retention of title. As part of this protection, the client will not sell, mortgage or otherwise encumber items to Studio CQ Ltd.'s retention of title applies.

6 CONFIDENTIALITY

6.1 Studio CQ Ltd. and the client must exercise confidentiality in respect of all confidential information they are given that relates to the carrying out of the order and/or which is expressly pointed out as being confidential.

6.2 Studio CQ Ltd. and the client will impose this confidentiality obligation on all third parties whom they involve in carrying out the order.

6.3 The confidentiality obligation does not apply to information which:
i. is (or becomes) part of the public domain;
ii. has been obtained legally from a third party not bound by such a confidentiality obligation;
iii. has been obtained autonomously, independently of the transfer of information from the other party;
iv. is released with the permission of the other party.

6.4 An infringement of the confidentiality obligation is an attributable failure to comply with the agreement.

6.5 The confidentiality obligation terminates three years after the commencement of the order, or at a time agreed between Studio CQ Ltd. and the client, or the moment a specific circumstance comes into effect.

7 TERMINATION AND RESCISSION

7.1 When the client terminates the agreement with Studio CQ Ltd., in addition to compensation, he is also liable to Studio CQ Ltd. for the fee and the costs incurred with respect to the work carried out until the termination.

7.2 Both the client and Studio CQ Ltd. once and with immediate effect in the case of insolvency or (provisional) suspension of payments of the other party.

7.3 If the client fails to meet his obligations arising from the agreement and such failure justifies rescission of the agreement, Studio CQ Ltd. is entitled to rescind the agreement at once and with immediate effect without any obligation to pay compensation or to indemnify the client for any losses, whilst the client as a result of his default is liable to pay compensation and to indemnify Studio CQ Ltd. for all losses.

7.4 The compensation intended in 7.1 and 7.3 covers at least the costs arising from the commitments entered into with third parties by Studio CQ Ltd. in its own name to meet the order as well as at least 30% of the remaining part of the fee that the client would owe on full completion of the order.

7.5. If the client rescinds the agreement due an attributable failure on the part of Studio CQ Ltd. to meet its obligations, the work already supplied by Studio CQ Ltd. and the associated payment obligations on the part of the client will not form part of the cancellation, unless the client contests that Studio CQ Ltd. is in default in respect of this work. Any amount Studio CQ Ltd. has invoiced prior to rescission with respect to the work satisfactorily carried out or goods supplied by Studio CQ Ltd., remains due, in compliance with the provision stated in the previous sentence, and becomes payable immediately at moment of the rescission.

8 LIABILITY

8.1 If during the implementation of the order an unexpected event occurs (this is understood to include a failure to perform), which leads to liability on the part of Studio CQ Ltd., this liability will be limited to the amount paid out by the liability Insurance taken out Studio CQ Ltd. for this particular circumstance, including the excess Studio CQ Ltd. carries in respect of the insurance. If and insofar as for whatever reason no payment is made under the said insurance, any liability on the part of Studio CQ Ltd. is limited to the fee invoiced by Studio CQ Ltd. to the client with respect to the order concerned to a maximum of \$25,000 (twenty-five thousand US Dollar).

8.2 Studio CQ Ltd. is only liable insofar as the client suffers damage or loss which is directly attributable to the culpable failure of Studio CQ Ltd. to meet its obligations under the agreement and insofar as the client has no fault with respect to the incident concerned.

8.3 Studio CQ Ltd. is not liable for any failure to meet obligations under the agreement which is attributable to force majeure. This also applies in the case of force majeure on the part of a third party engaged by Studio CQ Ltd.

8.4 Under no circumstances will Studio CQ Ltd. be liable for indirect damage or loss, such as – but not limited to – loss of revenue.

8.5. Studio CQ Ltd. explicitly accepts no liability for damage or loss arising as a result of:

- repairs and/or alterations made by or on behalf of the client to the work or products or services arising from it;
- inadequate cooperation, materials and/or incorrect or incomplete information provided by the client;
- conflicting IP rights of third parties over the work supplied;
- limited and/or incorrect or incomplete information provided by official registers and other external sources;
- incompetent, incorrect or inappropriate use of the goods supplied, or use in a way other than that stipulated by or on behalf of the client or Studio CQ Ltd.;
- negative assessment by a third party/independent expert insofar as there is no scientifically recognized mathematical, biological, chemical or physics principle underlying the issue;
- errors or failures in the work, if the client, in line with the provisions in clauses 2.8 and/or 2.12, has given his approval, or, in line with clause 2.11, has been given the opportunity to carry out checks and has not availed himself of this opportunity;
- Studio CQ Ltd.'s justified exercise of any right of retention, suspension or rescission that it has acquired by law, under these Terms or under any agreement.

8.6 Any possible claim for liability by the client expires within one year after completion of the order.

8.7 The limitations and exclusions set forth above in this Section 8 shall apply only to the extent permitted by applicable mandatory law.

9 GUARANTEES AND INDEMNIFICATION

9.1 Studio CQ Ltd. warrants that it carries out the order using only its own creativity as well as that which it judges to be in the public domain. Studio CQ Ltd. gives no guarantee that third parties do not have any IP rights which conflict with the work/product.

9.2 The client indemnifies Studio CQ Ltd. against any claims for damage or otherwise with respect to IP rights on the materials or information provided by the client which are used during the execution of the order.

9.3 After the IP rights have been transferred in line with clause 4, the client indemnifies Studio CQ Ltd. for all damage and costs arising from claims by third parties against the client Studio CQ Ltd. in respect of any infringement or possible infringement by the work/product of IP rights of the third party.

10 APPLICABLE LAW AND COMPETENT JUDGE

10.1 The legal relationship between the client and Studio CQ Ltd. and the applicability of these Terms are governed by Hong Kong law.

10.2 Disputes between parties will be exclusively settled by the competent judge in Hong Kong.

11 MISCELLANEOUS

11.1 Studio CQ Ltd. reserves the right to amend and/or extend these Terms.