

DISTRIBUTORSHIP AGREEMENT II

This Distributorship Agreement (this "Agreement") is made and entered into this day of 20 by and between . a corporation duly organized and existing under the laws of the Republic of xxxxx ("xxxxx") with its registered head office at (). a corporation duly organized and existing under the laws of the Republic of xxxxx ("xxxxx") with its registered head office at . xxxxx (the "Manufacturer")

WITNESSETH:

WHEREAS, the manufacturer is a company with extensive experience in the manufacture and sale of and other products and is willing to grant to the Distributor the right and license to distribute and sell the products (as hereinafter defined) in the Territory (as hereinafter defined) : and

WHEREAS, the Distributor is a company engaged in the business of and desires to obtain the right and license from the Manufacturer to distribute and sell the Products in the Territory.

NOW THEREFORE, in consideration of the mutual promises. obligations and agreements contained herein, the parties herein, the parties hereby agree as follows :

Article 1. DEFINITIONS

The terms defined in this Article shall have the meanings ascribed to them herein whenever used in this Agreement :

1-1 "Effective Date" shall mean the date on which this Agreement has been duly executed by the authorized representatives of the parties, and all required government approvals have been obtained.

1-2 "Products" shall mean the items which the Distributor is hereby granted the right and license to distribute and sell in the Territory. and as are more particularly described in Appendix A time agree in writing to include within the scope of Appendix A : provided, however, that the manufacturer may upon sixty(60) days prior written notice to the Distributor delete any item which is then included within the definition of Products, if in the Manufacturer's sole opinion it is expeditions to discontinue the manufacture of such item.

1-3 "Territory" shall mean

Article 2. APPOINTMENT

The manufacturer hereby appoints the Distributor as the (exclusive or non-exclusive) distributor of the products in the Territory during the term of this Agreement, and the Distributor hereby accepts such appointment. The manufacturer shall not, directly or indirectly. offer or sell the products to any third party in the Territory without prior written approval of the Distributor.

Article 3. DISTRIBUTOR'S OBLIGATIONS

3.1 The Distributor agrees and undertakes to diligently and conscientiously use all reasonable efforts to promote and expand the sale of the products in the Territory, including but not limited to regularly and at its own expense distributing promotional literature, conducting multi media advertising and carrying out market surveys.

3.2 A reasonable annual advertising budget and a sufficient number of well trained sales and service representatives shall be maintained by the Distributor for the purpose of Article 3.1 hereof. The amount and number of such respectively. shall be decided upon by the mutual agreement of the parties and shall be subject to review on each anniversary of the Effective Date.

3.3 The Distributor further agrees and undertakes not to distribute or sell any products or items which in the sole opinion of the Manufacturer might reasonably be expected to directly or indirectly compete with or otherwise hinder the distribution and sale of the products in the Territory.

3.4 The Distributor shall ensure that the adequate stocks of the Products are maintained by it in the Territory so as be able at all times to meet without delay the reasonably anticipated demand for the Products during the ensuing sixty (60) day period.

3.5 The Distributor shall take all reasonable steps to ensure that the Products are properly transported, handled and stored so as to prevent any damage thereto.

3.6 The Distributor shall maintain adequate products liability and other appropriate insurance acceptable to the Manufacturer, to protect itself and the manufacturer from claims which may arise as a result of damage to the Products while in the possession or control of the Distributor. and the Distributor shall itself indemnify and save the manufacturer harmless from any claims which may be initiated against the Manufacturer as a result of any such damage to the Products to the extent that such are not covered by the said insurance.

3.7 The Distributor shall not alter or add to the packaging, brand names, trade names, trademarks or other markings affixed by the manufacture to the products without the prior written consent of the Manufacturer.

3.8 The Distributor shall render all reasonable assistance to the Manufacturer to enable the trade names trademarks, designs, copyrights and/or patents of the Manufacturer. as appropriate, to be duly registered and maintained in accordance with applicable laws and regulations in the Territory. The Distributor shall itself acquire no rights to such intellectual property rights. however, except as are expressly granted to it in writing by the manufacturer.

3.9 The Distributor shall notify the manufacturer forthwith of all imitations or infringements of the products, trade names, trademarks, designs, copyrights and/or patents of the Manufacturer of which the Distributor becomes aware and shall co-operate with the manufacturer in the taking of any legal proceedings in relation thereto. The expenses of any such proceedings shall be borne by the manufacturer, except to the extent or in the event that such arise as a result of a breach by the Distributor of its obligations hereunder, in which case the Distributor shall be liable for all such costs and expenses.

3.10 The Distributor undertakes, during the term and after expiration of this Agreement, never to contest the validity of the registration of the trade names, trademarks, designs, copyrights and/or patents of the manufacturer, or to imitate them. The above commitment is extended to any business in which the Distributor has or acquires a direct or indirect interest or participation.

3.11 Every six (6) months during the term hereof the Distributor shall provide the manufacturer with a written report outlining its sales promotion activities during the preceding six(6) month period and its plans for similar activities during the next six(6) month, together with copies of all advertising materials used or to be used, during the said period, In addition, the Distributor shall promptly notify the Manufacturer of the names and addresses of all potential new purchasers of the names and addresses of all potential new purchasers of the Products as the Distributor becomes aware of them, to enable the Manufacturer to itself also engage in any such promotional activities as it may deem appropriate.

3.12 The Distributor shall purchase the equivalent of at least United States dollars (USD) of the Products from the Manufacturer in the first full year of this Agreement, and in each subsequent year during the term hereof, an amount equal to at least percent (%) of the quantity purchased in the previous year.

Article 4. MANUFACTURER'S OBLIGATIONS

4.1 The manufacturer agrees and undertakes to make every reasonable effort to fill the orders of the Distributor with all reasonable dispatch.

4.2 The manufacturer will support the Distributor in its sales and promotional efforts by providing such materials and information as are in its control or possession, and as the manufacturer believes might reasonably assist the Distributor without adversely affecting the manufacturer's general interests, on such terms and conditions as the parties shall from time to time agree.

Article 5. ORDERING PROCEDURE AND SHIPMENT

5.1 Order for the Products shall be in writing and in such form as the manufacturer notifies the Distributor, addressed to the Manufacturer as set forth in Article 14 hereof.

5.2 Within () days of receipt of an order so made, the Manufacturer shall indicate its acceptance, of the Manufacturer to indicate its rejection or acceptance within the said () days of receipt of an order shall be deemed to constitute acceptance.

5.3 Accepted orders will be shipped on F.O.B. xxxxx port or airport at the option of the Distributor on such vessel or other carrier as the Distributor shall itself arrange. Delivery to such vessel or other carrier shall constitute delivery to the Distributor and risk shall pass at that time.

5.4 Accepted orders shall be shipped with export packing adequate under normal transport conditions to prevent damage or deterioration.

Article 6. PRICE AND PAYMENT

6.1 The prices to be paid for the products shall be as outlined in Appendix B hereto, calculated on an F. O. B. xxxxx port () or airport () basis. The terms, conditions or prices for the products shall be on most favoured terms offered to any other distributor in other countries for the Products.

6.2 Payment shall be made in United States dollars by means of a separate confirmed and irrevocable letter of credit for each order. Each such letter of credit shall be in such form and opened by such bank as is accepted in writing by the manufacturer, shall be opened within () days of the placing of the order to which it relates and shall name as the advising bank such bank and branch as the manufacturer may notify the Distributor from time to time in writing.

6.3 If during the terms of this Agreement the Manufacturer's costs of delivering the products to the Distributor, increase by more than percent (%) due to fluctuations in currency exchange rates, increases in the cost of raw materials, oil or other energy sources, increases in interest rates or other factors beyond the reasonable control of the parties, then the prices paid by the Distributor shall be proportionally increased.

Article 7. WARRANTY

7.1 The manufacturer specifically and expressly warrants that the products manufactured and sold by the manufacturer shall be of the highest quality. free from any defects in material or workmanship and comply with description, specifications and specimens of the Products and the laws and regulations of the Territory for such Products.

7.2 The aforesaid warranties shall extend for one (1) year from the delivery of the Products by the Distributor to the end user. hereinafter called "Warranty Period". If during the Warranty period, and Product fails to meet the warranties as provided for in Article 7.1 above and the Distributor informs the manufacturer in writing of details of such failure, the Manufacturer shall at its expense, repair, make good, or replace the defective Product with all possible speed at the places designated by the Distributor. The manufacturer shall be liable, in addition, for the transportation and customs clearance expenses and for the compensation of all other losses and damages incurred by the Distributor as a result of the aforementioned defects in the Products.

7.3 Any Product which has been found defective and replaced or repaired shall have the Warranty Period of one (1) year renewed from the date on which replacement or repair is completed.

7.4 If the manufacturer does not commence the correction of such defects within thirty (30) days from the date of receipt of notice from the Distributor, or does not complete the said correction with reasonable diligence and within a reasonable time, the Distributor may, at its option and without prejudice to any right and remedies available to the Distributor, correct the defects. Manufacturer shall reimburse all expenses for remedy of such defects and also any and all losses and damages incurred by the Distributor as a result thereof within thirty (30) days from the date of receipt of Distributor's demand.

7.5 The amount payable by the manufacturer to the Distributor under this warranty clause shall be allowed as a credit to the Distributor, provided that the manufacturer fails in making such payment to the Distributor within the above-mentioned period.

Article 8. TERM AND TERMINATION

8.1 This Agreement shall become effective on the Effective Date and shall extend for an initial term of () years from such date. It shall thereafter be automatically renewed for successive () year terms unless either party gives the other party notice of its intention not to so renew at least ninety (90) days before the date of expiration of the initial () year term or any successive () year renewal terms, as the case may be.

8.2 This Agreement may be terminated forthwith by notice in writing in the following instances ;

(a) By either party, if the performance of this Agreement is prevented or substantially interfered with by an event of force majeure for a period of more than ninety (90) days ;

(b) By either party, in the event that any material breach of this Agreement is not cured to the satisfaction of that party within thirty (30) days of written notice thereof to the other party ;

(c) By either party, if the other party is dissolved or liquidated, becomes insolvent or bankrupt, or if other events occur which are of similar effect under the laws of the Territory of the country in which the other party is organized and exists or if for any other reason the other party is unable to pay its debts as they become due and payable ;

(d) By either party, if the other party ceases to do business or is sold or merged for any reason

8.3 The termination of this Agreement for any reason whatsoever shall not interfere with, affect or prevent the collection by either party of any sums rightfully due to it pursuant hereto.

8.4 Upon the termination of this Agreement, the Manufacturer shall have the right to purchase back from the Distributor all or any part of the unsold stock of the Products

then in the control or possession of the Distributor. The repurchase price shall be the price shall be the price by the Distributor to purchase the products in question and have them delivered to its warehouse in the Territory. The failure of the manufacturer to notify the Distributor within () days of the termination hereof of its intention to repurchase such products shall deprive the manufacturer of the right to exercise this option to so repurchase them.

8.5 After the termination date of this Agreement has been established, the manufacturer shall, subject to do the other provisions of this Agreement, be obligated to deliver and the Distributor shall be obligated to accept only such of the Products as the Distributor shall need to fulfill bona fide holders placed and accepted by the manufacturer prior to such termination date.

Article 9. FORCE MAJEURE

9.1 Neither party shall be considered in default of any of the terms hereof on account of any delay or failure to perform any provision of this Agreement, if such failure or delay arises directly or indirectly from any act of God, war, insurrection, riots, strikes, work stoppage, embargoes, unusually severe weather conditions or other events beyond the reasonable control of the parties hereto.

9.2 The party prevented from performing this Agreement because of an event of force majeure shall promptly notify the other party of the occurrence of such event together with a description thereof and an estimation of the length of the delay such event is likely to the performance of this Agreement.

Article 10. SEVERABILITY

If any provision of this Agreement should be found legally invalid, void or unenforceable in whole or in part, the remaining provisions hereof shall not be affected thereby, and the parties shall promptly replace such provision by a reasonable new provision which as far as legally and practically possible approximates what the parties intended by such original provision, to carry out their purpose hereunder.

Article 11. ASSIGNMENT

Any purported or actual assignment or other transfer of this Agreement in whole or in part or of any of the rights and obligations arising herein, by either party without the prior written consent of the other party is expressly prohibited and shall be null and void.

Article 12. NON-WAIVER

The failure of either party to enforce at any time any provision of this Agreement shall not constitute a waiver thereof, or of the right to thereafter enforce such provision, or to claim damages or to terminate this Agreement for any subsequent or continuing default of such or any other provision.

Article 13. INDEPENDENT CONTRACTORS

It is agreed and understood that the relationship is that of independent contractors and nothing contained herein shall be construed to place the parties in, nor shall the parties hold themselves out to be in, the relationship of partners, joint venturers, principal and agent or employer and employee. Either party shall have no right to enter into contracts in the name of or on behalf of the other party.

Article 14. ARBITRATION AND GOVERNING LAW

14.1 All disputes, controversies, claims or difference arising out of, or in relation to this Agreement, or a breach hereof, shall be finally settled by arbitration in Seoul, Korea in accordance with the Commercial Arbitration Rules of the xxxxx Commercial

Arbitration Board and under the laws of xxxxx. The award rendered by the arbitrators shall be final and binding on the parties concerned.

14.2 The validity, performance, construction, and effect of this Agreement shall be governed by the laws of xxxxx.

Article 15. COMMUNICATIONS AND NOTICES

All notices or other communications called for by this Agreement shall be in writing addressed to the parties at their respective addresses below or as otherwise hereafter notified in writing by one party to the other and shall be deemed received, in the case if telexes, cables, or telefaxes on the day after being sent, and in the case of posted letters or documents, which letters or documents shall be sent by postage prepaid registered air, mail,
() days after posting :

To : (full name of Distributor)
Address :
Attention :
Telex :
Telefax :

To : (full name of Manufacturer)
Address :
Attention :
Telex :
Telefax :

Article 16. ENTIRE AGREEMENT

This Agreement supersedes and replaces any and all prior discussions, negotiation, representations and agreements, written or oral, between the parties. This agreement shall not be modified, nor shall the authorization of any act not in conformity be deemed to amend or supersede this Agreement, in whole or in part, unless such a modification, waiver or authorization is in writing and signed by both parties. This Agreement is made in the English language and is executed in two (2) counterparts, each of which shall have the force and effect of an original.

IN WITNESS WHEREOF, the duly authorized representative of the parties have executed this Agreement on the day and year first written above :

(full name of Manufacturer)

Name :
Title :

(full name of Distributor)

Name :
Title :