

A possible approach - WtC (Way to China) Ltd.

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1. Preliminary

1. Company ..., hereafter called the outsourcer, wishes to enlarge its supplierbase with Chinese suppliers. and has contacted Way to China Ltd, hereafter called WtC before;
2. The outsourcer, wishes to buy various product ranges and investigate the possibilities to relocate to China possibly other product ranges as well such and gain benefits.;
3. The sourcing agreement consists of Sourcing (2), Ordering and Expediting (3) and (possibly) warehousing (4).

2. Sourcing Process

1. WtC will first roughly analyse the market for the indicated products or product ranges. The outsources will define target prices;
2. Together with the outsourcer the supplier selection criteria will be defined, in which the purchasing volume of the outsourcer in relation to the production capacity of the manufacturers and protection of intellectual property of the outsourcer are major issues;
3. Together with the outsourcer and based upon the results of the rough market analysis (2.1.), a long list of possible suppliers will be established;
4. WtC will possibly visit major suppliers of the long lists to verify their technical capabilities;
5. For every long list supplier an information sheet will be presented, containing specific supplier information concentrating on supplier selection criteria. This sheet will eventually lead towards a shortlist. At least 2 or 3 shortlist suppliers must be available, in order to have a good competition;
6. An exact specification will be provided by the outsourcer. The samples will be sent DDP to our offices in Shanghai;
7. The shortlist suppliers will be sent specifications and samples. They will be requested to quote;
8. If requested, together with the outsourcer and intake-interview and a plant-survey of major shortlist suppliers will be held to check all information and to discuss the quotations and samples. WtC will schedule and arrange the trip including confirmation of appointments, reservation of flights and hotels within China, guiding etc;
9. Eventually, negotiations will lead to a final supplier selection;
10. A trial order will be put in order to verify the operational quality of the selected suppliers. The ordering process procedure will be followed during this order;

3. Ordering and Expediting Process

During the regular ordering process, WtC commits for the sourced products as follows:

1. Depending on the importance of the purchasing order (PO), a pre-award expediting including an investigation and confirmation of production-capacity and availability of raw materials will be executed;
2. A 5 till 10 % sampling for quality check (QC) purposes will be done. If a larger sampling is needed to reach a higher AQL, such will be done in compliance with the outsourcer. In case of rejections WtC will correct on the spot. In case of major rejections the outsourcer will be contacted;
3. Before shipment, WtC will make a QC on the spot to make sure the contents of the container is according to the requirements of the purchasing order (quantity, quality etc.). For this purpose a checklist will be established;
4. WtC will participate, if necessary, in the shipping of the goods to make sure the goods leave in time and the balance payment can be transferred;
5. In case of trouble shooting (financial matters, quality issues, legal matters etc), WtC will operate on behalf of the outsourcer towards the suppliers;
6. For every purchasing order, WtC will provide the outsourcer with reports concerning all above mentioned checks.

4. Warehousing

1. In case the minimum order quantity (MOQ) of the supplier does not meet the MOQ or regular order quantity of the PO of the outsourcer, the remaining goods will be stored in a warehouse in China. WtC will arrange all logistic matters;
2. WtC will consolidate shipments as much as possible, either from the warehouse of the forwarder to achieve a minimum freight.

5. Conditions

5.1.Fee

For the full service (all sourcing and order processing described in 2 and 3) a monthly fee of 425,- € is due for the first product range (eg. lashing belts). For additional product ranges (eg. safety gloves and protective clothing) a monthly fee of 225,- € is due. If a warehousing (4) is applicable, the costs will be specified and charged on a monthly basis.

The first fee will be due within 8 days after the date of the invoice. The invoice will be sent at the end of the month. Invoices will be paid by SWIFT. The fee is net and all bank costs are on behalf of the outsourcer.

This fee includes the supervision by our management and guarantees a steady sourcing and ordering process. The fee includes all operational office costs excluding expenses for travelling, hotels, sample freight etc. Every month the expenses will be specified and invoiced.

5.2. Duration

This sourcing agreement starts on 1.9.2013. On 31.10.13 an evaluation will be made. In case the evaluation is negative, the cooperation will end. In case of a positive evaluation, the cooperation will proceed. On 31.12.2013 another evaluation will be held. In case of a negative evolution, the cooperation will end as well. If the evaluation is positive, the cooperation will proceed till 31.8.2014.

After 31.8.2014, the cooperation will be renewed for a new period of 12 months, unless a 4 months' notice is given. The notice will start the first day of the following month. Unless a notice is given, the contract will be renewed automatically for a period of 12 months.

5.3 Various

The outsourcer will send the PO to the supplier and will copy WtC. The suppliers will invoice the outsourcer directly for the PO.

WtC will guide employees of the outsourcer, whenever they visit China in relation to the products subject to this agreement and will assist them in the preparation of their visit to China.

The intellectual property of the outsourcer will be respected. This includes all technical specifications, designs, names of suppliers. WtC is not allowed to pass over any information about this knowledge to any other company without prior written approval of the outsourcer.

For approval,

For the outsourcer :

For WtC

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Place :

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Date : .././....

.././....

Signature :

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