

DISTRIBUTION AGREEMENT

BETWEEN

VALQUA INDUSTRIES (THAILAND) LIMITED (THV)



AND

PT FAJAR BENUA INDOPACK (PTFBI)

FOR

**PROVISION OF GASKETS TO
DOMESTIC MARKET IN INDONESIA**

March 1, 2017

THIS AGREEMENT is made this 1st day of March 2017 by and between Valqua Industries (Thailand) Limited ("THV"), with its principal place of business located at 538 Bangpoo Industrial Estate, Soi 9B, Moo4 Pattana 2 Rd., Tambol Phraeksa, Amphur Muang Samutprakarn, Samutprakarn 10280 Thailand ("Company") and PT. Fajar Benua Indopack ("PTFBI"), address at Jl. Mayor Oking Jayaatmaja No.88, Cibinong 16911, West Java, Indonesia ("Distributor").

NOW, THEREFORE, in consideration of the promises hereinafter made by the parties hereto, it is agreed as follows:

ARTICLE I APPOINTMENT OF DISTRIBUTORSHIP

1. Appointment

Company hereby appoints Distributor as non-exclusive distributor to sell the Gaskets of Company ("Products") to customers ("Customers") who have places of business in, and will initially use Products in Indonesia's geographic area. Customers mean the customers as specified in the Exhibit A as attached.

2. Prices

All elements to be related to price will be discussed and decided at the occasion by the both parties.

3. Competitive Product

Distributor agrees not to represent or sell other products which are deemed to be competitive with Products to the customers who exist as Company's customers unless agreed to Company by written notice.

ARTICLE II MARKETING AND SUPPORT

1. Sales

Distributor shall promote the sale and distribution of Products and provide adequate support, which efforts shall include the following:

- (1) Establishing and maintaining appropriate, attractive and accessible premises and facilities for the display and demonstration of Products;
- (2) Provide an adequate, trained sales and technical staff to promote the sale and support of Products;
- (3) Undertake promotional campaigns and acquire prospective users to stimulate the sales of Products;

2. Advertising

Company shall, upon request, assist Distributor on all advertising, sales promotion, and public relations campaigns to be conducted, including providing Distributor with documentation of previous promotional campaigns conducted in connection with Products, and shall provide necessary technical information and assistance.

3. Training

Company shall furnish training of Distributor's sales and technical representatives at various times and locations as shall be designated for this purpose by Company. Enrollment in training courses shall be limited to a reasonable number of persons who shall be sufficiently qualified to take the courses. Distributor shall pay any cost and expense of the training including but not limited to the salaries, all travel and lodging expenses and subsistence of its representatives and the Company's lecturer.

ARTICLE III DELIVERY

1. Purchase Orders

Distributor shall order Products by written notice to Company. Each order shall specify the number of units to be shipped, the type of units to be shipped (as identified by Company model number designations) including all optional features, the desired method of shipment and the installation site. Company shall indicate its acceptance of such release by returning a signed copy to Distributor. Company agrees to ship units to Distributor as close as possible to the delivery schedule set forth in each order as accepted by Company.

2. Product Acceptance

The criterion for acceptance of Products by Distributor shall be the successful operation of Products using Company's standard test procedures and diagnostic test programs applicable to Products involved.

3. Inspection

In case Products are delivered by Company, Distributor shall inspect Products immediately in the way agreed by both parties and hand over the receipt to Company. In case Products do not meet the specifications as the result of the inspection, Distributor shall notify Company of such failure in writing within five (5) business days of receipt of Products. If Distributor fails to comply with the above stipulation, Distributor shall be deemed to have accepted such Products and to have waived all claims for shortages, defects, or damage.

ARTICLE IV PROPRIETARY RIGHTS

1. Drawings and Data

Company normally supplies all necessary data for the proper installation, test, operation and maintenance of Products. Portions of this data are proprietary in nature and will be so marked. Distributor agrees to abide by the terms of such markings and to be liable for all loss or damage incurred by Company as a result of the improper or unauthorized use of such data. Company retains for itself all proprietary rights in and to all designs, engineering details, and other data pertaining to any Products specified in the contract and to all discoveries inventions, patent rights, etc., arising out of work done in connection with the contract and to any and all Products developed as a result thereof, including the sole right to manufacture any and all such Products. Distributor shall not contact Company's suppliers, or any other person, for the purpose of manufacture.

2. Title to Products and Documentation Package

Distributor acknowledges that Products and all documentation that Company provides to Distributor are the property of Company, and that the Products are being made available to Distributor in confidence and solely on the basis of its confidential relationship to Company. Distributor agrees not to print, copy, provide or otherwise make available, in whole or in part, any portion of an original or modified Products Documentation Package, such as catalog, Products presentation material, and Products specification or related materials.

ARTICLE V WARRANTY

1. Products Warranty

Company warrants all Products to be free from defects in material or workmanship under normal use and service for a period of ninety (90) days from the date of delivery. All repair covered by this warranty must be done at Company's factory, or other such warranty repair facilities of Company as designated by Company unless Company specifically directs that this service be performed at another location. The Company's obligation under the warranty set forth above in this provision is limited to repairing or replacing the defective Products, or repaying the purchase price of the defective Products at Company's discretion. Distributor shall notify Company of such defect within fourteen (14) days from the date Distributor finds such defect, in writing, accompanied by the satisfactory proof. In case that Company does not receive the following notice within this period, the warranty set forth above shall not apply to

the defective Products. If it is determined that either no fault exists in Company, or the damage to be repaired was caused by negligence of Distributor, its agents, employees or customers, Distributor agrees to pay all charges associated with each such repair. THIS CONSTITUTES THE SOLE WARRANTY MADE BY COMPANY EITHER EXPRESSED OR IMPLIED. THERE ARE NO OTHER WARRANTIES EXPRESSED OR IMPLIED WHICH EXTEND BEYOND THE FACE HEREOF, HEREIN, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. IN NO EVENT SHALL COMPANY BE LIABLE FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES AND DISTRIBUTOR'S REMEDIES SHALL BE LIMITED TO REPAIR OR REPLACEMENT OF NONCONFORMING UNITS OR PARTS.

2. Misuse of Products

Any tampering, misuse or negligence in handling or use of Products renders the warranty void. Further, the warranty is void if, at any time, Distributor attempts to make any internal changes to any of the components of Products; if at any time the power supplied to any part of Products exceeds the rated tolerance; if any external device attached by Distributor creates conditions exceeding the tolerance of Products; or if any time the serial number plate is removed or defaced. OPERATION OF PRODUCT THAT RENDER THIS WARRANTY VOID WILL BE DEFINED TO INCLUDE ALL OF THE POSSIBILITIES DESCRIBED IN THIS PARAGRAPH, TOGETHER WITH ANY PRACTICE WHICH RESULTS IN CONDITIONS EXCEEDING THE DESIGN TOLERANCE OF PRODUCT.

**ARTICLE VI
SPARES**

1. Availability

Spares, as used herein, shall be defined as Company's standard subassemblies and parts used to fabricate and/or repair Products manufactured by Company. Distributor shall maintain an adequate inventory of spares to satisfy customer demands.

**ARTICLE VII
DURATION OF AGREEMENT**

1. Term

The term of this Agreement shall be for one (1) year from the date hereof, unless sooner terminated. Termination shall not relieve either party of obligations incurred prior thereto.

2. Termination

2.1. Either Party shall have the right to terminate immediately all or part of this Agreement or purchase orders, without any notice, on occurrence of any of the following events;

(1)if the other party files a petition in bankruptcy, or a petition in bankruptcy is filed against it, or the other party becomes in solvent, bankrupt, or makes a general assignment for the benefit of creditors, or goes into liquidation or receivership ;

(2)if the other party ceases to carry on business or disposes of the whole or any substantial part of its undertaking or its assets;

(3)if control of the other party is acquired by any person or group not in control at the date of this Agreement;

(4)if any of the events set forth above is likely to occur, or any matter occurs which may have a material adverse effect on the other party's credit status.

2.2. Either Party shall have the right to terminate all or part of this Agreement or purchase orders, in case that the other party fails to perform any other provision of this Agreement, which failure remains uncorrected for more than fifteen (15) days after receipt of a written notice specifying the default.

2.3. Upon mutual agreement of both parties, this Agreement can be extended for successive terms, pursuant to mutual agreed upon terms and conditions even if it is expired or be terminated.

2.4. Upon termination of this Agreement all further rights and obligations of the parties shall cease, except that Distributor shall not be relieved of (i) its obligation to pay any monies due, or to become due, as of or after the date of termination, and (ii) any other obligation set forth in this Agreement which is to take effect after the date of termination.

3. Acceleration

If the event stipulated in ARTICLE VII 2.1 occurs, all payment obligations of the parties which are outstanding at the time of occurrence of event shall immediately become due and payable. If the event stipulated in ARTICLE VII 2.2 occurs, all payment obligations of defaulting party which are outstanding at the time of occurrence of event shall become due and payable, provided that defaulting party is claimed by non-defaulting party.

ARTICLE VIII GENERAL PROVISIONS

1. Notice or Communication

Any communication between Company and Distributor shall be directed to the following address:

PT. Fajar Benua Indopack

Jl. Mayor Oking Jayaatmaja No.88, Cibinong 16911, West Java

Tel: +(62)21-87918838, Fax: +(62)21-87918841

Attn: Mr. Alfo Nugraha Handoko

H/p: +(62)811-1194 49

Valqua Industries (Thailand) Limited

Address: 538 Bangpoo Industrial Estate, Soi9B, Moo4 Pattana 2 Rd., Tambol Phraeksa, Amphura Muang Samutprakam, Samutprakam 10280 Thailand

Tel:+66-2324-0400-1, Fax: +66-2324-0787

Attn: Mr. Hiroshi Hamada

2. Relationship of Parties

The relationship between the parties established by this Agreement shall be solely that of vendor and vendee and all rights and powers not expressly granted to Distributor are expressly reserved to Company. Distributor shall have no right, power or authority in any way to bind Company to the fulfillment of any condition not herein contained, or to any contract or obligation, expressed or implied.

3. Independence of Parties

Nothing contained in this Agreement shall be construed to make Distributor the agent for Company for any purpose, and neither party hereto shall have any right whatsoever to incur any liabilities or obligations on behalf or binding upon the other party. Distributor specifically agrees that it shall have no power or authority to represent Company in any manner; that it will solicit orders for Products as an independent contractor in accordance with the terms of this Agreement; and that it will not at any time represent Company in any manner; that it will solicit orders for Products as an independent contractor in accordance with the terms of this Agreement; and that it will not at any time represent orally or in writing to any person or corporation or other business entity that it has any right, power or authority not expressly granted by this Agreement.

4. Indemnity

Distributor agrees to hold Company free and harmless from any and all claims, damages, and expenses of every kind or nature whatsoever (a) arising from acts of Distributor; (b) as a direct or indirect consequence of termination of this Agreement in accordance with its terms; or (c) arising from acts of third parties in relation to Products sold to Distributor under this Agreement, including, but not limited to execution of liens and security interests by third parties with respect to any such Products.

5. Assignment

Company and Distributor shall not transfer or assign same or any part thereof without the advance written consent of the other party.

6. Entire Agreement

The entire Agreement between Company and Distributor covering Products is set forth herein and any amendment or modification shall be in writing and shall be executed by duly authorized representatives in the same manner as this Agreement.

7. Force Majeure

(a) Neither party shall be responsible for the damage of the other party based on any failure of delay in the performance of any obligation imposed upon it except for the payment of money due, if such failure or delay is due to whatsoever circumstances which are not within its control and are not preventable by reasonable diligence on its part (hereinafter "Force Majeure"), but not limited to Act of God, governmental actions, compliance with law or regulation, fire, storm, flood, earthquake, war, riots, strike, natural disaster, or epidemic.

(b) If the Force Majeure conditions in fact persist for ninety (90) days or more, either party may terminate this Agreement upon written notice to the other party.

8. Settlement of Dispute

Any dispute arising out of or in connection with this Agreement shall be first settled through negotiation and amicable arrangement between the PARTIES. In the event the PARTIES fail to reach an amicable solution to any dispute. Any dispute arising out of or in connection with this contract, including any question regarding its existence, validity or termination, shall be referred to and finally resolved by arbitration in Singapore in accordance with the Arbitration Rules of the Singapore International Arbitration Centre ("SIAC Rules") for the time being in force, which rules are deemed to be incorporated by reference in this clause. The Tribunal shall consist of (1) arbitrator. The language of the arbitration shall be English.

9. Applicable Law

This Agreement shall be governed by the laws of Singapore.

10. Separate Provisions

If any provision of this Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall in no way be affected or impaired thereby.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives in duplicate as of the day and year first above written, each party retaining one original.

Signed by

For and on behalf of:

Distributor



By: Mr. Alfo Nugraha Handoko
Title: Chief Executive Officer

Company



By: Mr. Hiroshi Hamada
Title: Managing Director

Exhibit A

No.	Customers
1	PT. Amoco Mitsui Chemical
2	PT. Asahimas Chemical
3	PT. Nippon Shokubai Indonesia
4	PT. Standard Toyo Polymer
5	PT Sulfindo Adiusaha
6	PT. Teijin Fronteir Indonesia
7	PT Chandra Asri Petrochemical Center
8	PT. Pupuk Sriwidjaja
9	PT. Pupuk Kaltim
10	PT. Petrokimia Gresik
11	PT. Pupuk Kujang
12	PT. MMC Metal Fabrication
13	PT. Bridgestone
14	PT. TEL
15	PT. Kao Indonesia