

NON-DISCLOSURE AGREEMENT

THIS AGREEMENT is made on _____ between _____

'Disclosing Party'

'Recipient'

Suzhou Taihu Snow Silk Co.,LTD

WHEREAS, Recipient has been or will be engaged in product and prototype development and in connection therewith will be given access to certain confidential proprietary information; and

WHEREAS, the Disclosing Party is willing to disclose details about or some of the Confidential Information under obligations of confidentiality, and the Recipient is willing to receive details about or some of the Confidential Information under obligations of confidentiality, all in accordance with the provisions of this Agreement; and

WHEREAS, the Parties wish to evidence by this Agreement the manner in which said confidential and proprietary material will be treated; and

WHEREAS, the language of this Agreement shall be English.

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

1. Definitions

In this Agreement the following words shall have the following meanings:

1.1 'Confidential Information' means:

- a. Any Information provided by the Disclosing Party as a document/model/other tangible form which is at the time of disclosing it expressly said to be confidential, or information which is not-marked as confidential but which the Recipient can suspect or assume is confidential, or the like at the time of disclosure;
- b. Any information provided directly or indirectly by the Disclosing Party to the Recipient in any form before, on or after the date of this Agreement. It shall particularly include, but not be limited to source code, technical concepts, designs, information and data concerning formulae, algorithms, sequences, research collaborations, technical knowledge and data specifications of materials and the manufacturing techniques which are necessary to enable the Recipient to be involved in the Project as well as commercial relationships, products and their derivatives, corporate development strategies, notes, letters,

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Your Initial: _____

memoranda, reports, contracts, registrations, licences, tables, databases, data books, notebooks, computer printouts, text and data stored in computer programmes, drawings, charts, illustrations, and all other documentation, and materials related to the Project, without any limitation, prepared or made available to the Recipient at any time before, during or after the Project;

c. the fact that discussions are taking place between the Disclosing Party and the Recipient.

1.2 Confidential Information may be disclosed in any manner, it may be expressed as technical information or otherwise, and includes information represented in intellectual property or know how generally.

1.3 Confidential Information includes any part of the Project, inclusive of know-how, that the Recipient is working on during the course of the Project.

1.4 'Permitted Purpose' means the Project/work in which the parties are involved, Disclosing Party as a buyer and the Recipient as a contract manufacturer.

2. Obligations of confidentiality and non-use

Recipient undertakes, for a term of * years from the date of this Agreement:

- a. to keep the Confidential Information confidential and secret at all times;
- b. not to disclose the Confidential Information or allow it to be disclosed in whole or in part to any third party without Disclosing Party's prior written consent;
- c. not to use the Confidential Information in whole or in part for any purpose except for the Permitted Purpose; and
- d. to take proper and all reasonable measures to ensure the confidentiality of the Confidential Information.
- e. take all necessary steps to ensure that protectable intellectual property rights [contained in or relating to the Confidential Information] are not destroyed through making information available to the public, for instance by written or oral description;
- f. not make any commercial use of or gain from the Confidential Information or seek to obtain any protection of any intellectual property contained in the Confidential Information, unless the Disclosing Party's prior written consent is obtained;
- g. shall notify the Disclosing Party immediately upon discovery of any unauthorized use or disclosure of Confidential Information or any other breach of this Agreement by the Recipient and its employee and consultants, and will cooperate with the Disclosing Party in every reasonable way to help Disclosing Party to prevent its further unauthorized use or disclosure.

3. Exceptions

The obligations of confidentiality set out in this Agreement shall not apply to any Information that Recipient can show by written records:

- a. was known to Recipient before the Information was given by Disclosing Party; or
- b. is in or subsequently comes into the public domain, not by Recipient; or

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- c. is received by Recipient without confidentiality restrictions from a third party who is lawfully entitled to make the disclosure to Recipient.
- d. the compulsion of law to disclose.

4. Return of information

At Disclosing Party's written request and immediately upon termination and/or expiration, Recipient shall return to Disclosing Party all Confidential Information that Recipient has received under this Agreement and which may still be in Recipient's possession, or shall be certified to destroy all the Confidential Information, including any copies made, according to the instruction by the Disclosing Party and make no further use or disclosure of any of it.

5. Property

Recipient acknowledges and agrees that the property, title and copyright in the Confidential Information, including any documents, files and other items containing any Confidential Information, belong to Disclosing Party.

6. Non-compete covenant

6.1 During the term of this agreement and for a period of * years after the effective date of this Agreement the Recipient shall not:

- a. directly or indirectly engage in any business that competes with the Disclosing Party; and
- b. use the Confidential information, in particular the know how and concepts of the Disclosing Party to compete against them.

6.2 This covenant shall be applicable worldwide.

7. No implied rights

This Agreement shall not be construed:

- a. to grant Recipient any licence or rights other than as expressly set out in this Agreement in respect of the Confidential Information; nor
- b. to require Disclosing Party to disclose any Confidential Information to Recipient. No warranty or representation, express or implied, is given as to the accuracy, efficacy, completeness, capabilities or safety of any materials or information provided under this Agreement.

8. Creation of new Intellectual Property

Recipient undertakes not to:

- a. create, make, or generate any further intellectual property using or based on the Confidential

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Information (hereinafter the "New Intellectual Property"). If any New Intellectual Property is created, made or generated it shall belong to the Disclosing Party.

b. attempt to replicate the Confidential Information or to investigate detailed aspects of the Confidential Information that were not disclosed by the Disclosing Party.

c. the New Intellectual Property shall follow all the terms of this Agreement.

9. Liquidated Damages

9.1 The damages resulting from unauthorized use or disclosure of the Confidential Information or breach of this Agreement through the fault or negligence of the Recipient, to the Disclosing Party would be incalculable if proprietary information were to be released to any party not specifically authorised by the Disclosing Party to receive such information. The undersigned parties mutually agree that should the Recipient disseminate to anyone Confidential Information of the Disclosing Party when not specifically authorised to do so by the Disclosing Party; the Recipient shall be responsible for among other things described in this Agreement; Liquidated Damages which shall be equal to US\$*and * % of the Projected Earnings of the Disclosing Party for the twelve (12) months immediately after the unauthorised dissemination of information.

9.2 Alternatively, the Liquidated Damages shall be US\$*and * % of the actual yearly earnings of the Disclosing Party's competitor which utilises the aforementioned Confidential information.

9.3 The method of calculation of Liquidated Damages described above in this clause shall be selected by whichever amount is greater than the other.

9.4 Nothing in this clause shall mean or be construed to mean that any other forms of relief are unavailable to the Disclosing Party and instead shall be construed and understood to be only one of many remedies available to the Disclosing Party.

10. Limitation of liability of Disclosing Party

The Disclosing Party gives no warranties in relation to the Confidential Information disclosed by it hereunder and in particular (but without limiting the foregoing) no warranty or representation, express or implied, is given by the Disclosing Party as to the accuracy, efficacy, completeness, capabilities or safety of any materials or information provided under this Agreement.

11. Publication

Recipient shall not arrange nor permit the publication of any information regarding the results or outcome of the Confidential Information without the prior written consent of Disclosing Party.

12. Law and dispute resolution

This Agreement shall be governed by and construed in accordance with law of People's Republic of China. Any dispute arising from or in connection with this Agreement shall be submitted to China

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International Economic and Trade Arbitration Commission (CIETAC) for arbitration which shall be conducted in accordance with the CIETAC's arbitration rules in effect at the time of applying for arbitration. The arbitral award is final and binding upon both parties and the language of arbitration shall be English.

13. Notices

All notices required to be served pursuant to this Agreement shall be made in writing to the addresses at the head of this Agreement.

14. Obligation binding on successors and assigns

This Agreement shall be binding upon the successors and assigns of the parties hereto and the name of a party appearing herein shall be deemed to include the names of its successors and assigns provided always that nothing shall permit any assignment by either party except as expressly provided.

15. Invalidity and severability

This Agreement constitutes the entire understanding and agreement between the parties hereto with respect to the subject matter and supersedes all previous communications, both oral and written, representations and understandings between the parties with respect to the subject matter of this Agreement. If any provisions of this Agreement are held to be invalid or unenforceable, they are to that extent to be deemed null and void, but the remaining provisions of this Agreement will remain in full force

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in duplicate by their duly authorized representative and each party shall keep one of the originals. This Agreement may be executed and delivered by facsimile transmission or by e-mail in PDF format, which shall constitute as an original of this Agreement.

Disclosing Party (signature, date)

Recipient (signature, date)

Recipient (Company stamp)

Company Initial: _____

Your Initial: _____