



GENERAL LEASE TERMS and CONDITIONS

These General Lease Terms and Conditions (the “Agreement”) are effective as of January 1, 2017, and represent the all the rights, duties and obligations of ACL AIRSHOP Ltd, a company organized and existing under the laws of Hong Kong SAR, with its office located at: 7 Catering Road West, Hong Kong International Airport, Hong Kong (the Lessor) and the person or entity that desires to lease air cargo equipment (the Lessee) from ACL Airshop as evidenced by the signing of a Lease Order document setting forth the type and quantity of equipment, the lease rate, and the lease location. The below conditions of lease of ACL AIRSHOP Ltd., apply to and form an integral part of any contract or agreement for the lease of air cargo equipment between ACL AIRSHOP Ltd., and any third party.

Article 1 - Applicability

These general conditions are applicable to all legal relationships of ACL AIRSHOP Ltd., acting as LESSOR of Equipment.

Article 2 - Delivery and return of Equipment

2.1 The lease period for the equipment shall commence on the day the equipment leaves the facility of the lessor, unless explicitly otherwise agreed upon.

2.2 The rental period for the Equipment leased shall end at 23.59 PM on the day the LESSEE returns the Equipment or the Equipment is repossessed by the LESSOR, its servants, subsidiaries, affiliates or subcontractors.

2.3 Parties to this Agreement may agree that the LESSOR shall arrange for transportation of the Equipment from the location of delivery to a location desired by the LESSEE, or, in case of return of the Equipment, from any actual location of the Equipment to the place of business of the LESSOR, in accordance with the previous paragraph. In any such case, the LESSOR shall act as agent to the LESSEE only and such transportation shall be for the sole risk and account of the LESSEE, unless otherwise agreed upon.

Article 3 - Lease rate, expenses and charges

3.1 The lease rate is specified in a separate lease order for the specific equipment requested.

3.2 The LESSEE shall pay all reasonable expenses relating to the Equipment leased under this Agreement during the entire Lease period, including but not limited to expenses incurred in airports, depots or storage areas.

3.3 Insurance premiums due pursuant to insurance covering the transportation of Equipment, irrespective whether entered into by the LESSEE or the LESSOR, its servants, subsidiaries, affiliates, or subcontractors, shall always be for account of the LESSEE and if insurance premiums are charged to the LESSOR, they shall be invoiced to the LESSEE and be reimbursed by the LESSEE to the LESSOR.



3.4 In case of transportation of Equipment by roadway upon LESSEE's request, arranged by the LESSOR, its servants, subsidiaries, affiliates or subcontractors, the LESSOR shall invoice the LESSEE for such transportation charges.

3.5 The LESSEE shall, at its expense, comply with all conventions, laws, regulations or orders of governing or regulatory authorities and with all rules and practices of depots and storage areas, and shall be liable for all fines or penalties for failure to comply. LESSEE shall be responsible for all taxes due with respect to the Equipment arising out of its possession or use by the LESSEE.

Article 4 - Operation, maintenance & repairs

4.1 Unless the LESSEE or an agent appointed by the LESSEE notifies the LESSOR otherwise upon delivery of the Equipment, the Equipment is irrevocably considered to be delivered to the LESSEE clean, undamaged and in air worthy condition.

4.2 The LESSEE shall:

1. use the Equipment properly and in accordance with good business practice;
2. keep the Equipment in good order;
3. repair or replace parts if required;
4. perform routine safety inspections;
5. clean the Equipment and prevent corrosion and other damage to the Equipment.

4.3 The LESSEE shall return Equipment leased under this Agreement in the same good state and condition as upon delivery except for normal wear and tear.

4.4 During the entire Lease period, the LESSEE is responsible and shall compensate the LESSOR for any and all damage to the Equipment, normal wear and tear excepted. Normal wear and tear includes light oxidation, light rust, and random dents and scratches caused by normal handling, ground storage, transport, loading and discharge consistent with good practice. The only instance where LESSEE is not responsible for damage is when the damage existed prior to, and is noted on, the delivery document for the equipment signed by LESSOR or its representative.

4.5 The LESSEE shall not make any alterations to the Equipment without prior written consent of the LESSOR. Any logo placed on the Equipment by the LESSEE must be removed prior to return of the Equipment. If logos of the LESSEE have not been removed upon return of the Equipment, the LESSOR is entitled to remove such logos at the LESSEE's expense.

Article 5 - Sub-lease, assignment

5.1 The LESSEE shall at no time acquire ownership of the leased Equipment, nor shall the LESSEE acquire any title or right upon the Equipment.

5.2 The LESSEE shall not sub-lease any Equipment or assign its rights under this Agreement or any of the Equipment covered by this Agreement to any other party without prior written consent of the LESSOR.



5.3 The LESSEE shall not pledge, hypothecate, mortgage, encumber or in any manner dispose of Equipment leased under this Agreement.

5.4 The LESSEE shall not remove, hide or alter any identifying marks and/or serial numbers marked or affixed to the Equipment.

Article 6 - Warranty

All Equipment is leased “As Is” and the LESSOR warrants only that each item delivered to the LESSEE is airworthy. The LESSEE acknowledges and agrees that the LESSOR, its servants, subsidiaries, affiliates or subcontractors, make no other representation, agreement or warranty whatsoever, expressed or implied, as to any Equipment, its physical merchantability, or its fitness for any use or purpose whatsoever.

Article 7 - Force majeure

It is understood and agreed that the LESSOR, its servants, subsidiaries, affiliates or subcontractors, shall not be liable to the LESSEE or any other party or entity for any failure or delay in the performance of any obligation under the Agreement due to events beyond its reasonable control, including, but not limited to, fire, storm, flood, earthquake, explosion accidents, acts of public enemy, sabotage, riots or civil disorders, strikes, lockouts, labor disputes or shortages, transportation embargoes or delays, failure or shortages of materials or supplies or Equipment, failure of suppliers to deliver as requested, failure of repair facilities to finish repairs, acts of nature, acts or regulations or priorities of any government or its branches or agencies, acts of god, acts of war and/or terrorism, or for any other event beyond its reasonable control.

Article 8 - Risk of loss and damage

8.1 Damage and repair

Should any Equipment specified in this lease or any addendum be returned in damaged condition (beyond normal wear and tear as referred to in article 4 of this Agreement), the LESSOR shall undertake the repairs to the damaged Equipment in order to bring the ULD to airworthy condition in accordance with the manufacturer’s Component Maintenance Manual (CMM). The LESSEE agrees to pay LESSOR for the costs of such repairs.

8.2 Outside repairs

LESSEE may repair damaged Equipment at a ULD repair station approved by the International Air Transport Association (IATA) or the United States’ Federal Aviation Administration (FAA) at LESSEE’s expense. The agreed Lease periods shall be deemed extended during such repair and rent for damaged Equipment shall continue to accrue until the Equipment is repaired and delivered to the LESSOR.

8.3 Loss and total damage

If the LESSOR determines that a ULD is returned damaged beyond economical repair, or if the item is lost, abandoned by the LESSEE, arrested or seized by legal process of the LESSEE’s



creditor(s) or others, or not returned to the LESSOR for any other reason beyond LESSOR's responsibility and control or the responsibility and control of its agents, employees, servants or subcontractors, the LESSEE shall be responsible to pay to LESSOR the replacement value for such unit as specified in the Lease Order. Lease charges for the Equipment shall continue to accrue until the replacement cost is paid. If Equipment is lost, and after the LESSOR receives payment for the lost Equipment, the LESSOR may, at its option, supply LESSEE substitute Equipment for the balance of the lease term pursuant to the same terms and conditions covering the lost item(s).

Article 9 - Unauthorized return of equipment

The LESSEE shall, at its expense, return each item of Equipment to the location of origin unless expressly otherwise agreed between parties. If the LESSEE returns any Equipment to a location different than the location of origin, the LESSOR may at its own initiative pick up and arrange transportation of the Equipment to any of its places of business at the LESSEE's expense and charge the LESSEE rent for the Equipment until it reaches the LESSOR's location. The lease contract will continue until the all the ULDs are received by the LESSOR at an approved location.

Article 10 - Indemnity

10.1 The LESSEE shall indemnify and hold the LESSOR, its agents, employees, servants, subsidiaries, affiliates or subcontractors, harmless from all liability or loss including reasonable legal expenses arising out of:

- i) Any failure of the LESSEE to comply with its obligations under this agreement, or any attempt by a third party to impose liability on the LESSOR or its agents, employees, servants, subsidiaries, affiliates or subcontractors, relating to the LESSEE's obligations hereunder.
- ii) Any claim for personal injury or property damage arising out of the LESSEE's acts while the equipment is on lease to LESSEE, or in custody of LESSEE.

10.2 The LESSOR shall indemnify and hold the LESSEE, its agents, employees, subsidiaries, affiliates or subcontractors, harmless from all liability or loss including reasonable legal expenses arising out of or relating to any dispute of the ownership of the leased ULD Equipment.

10.3 Each party shall promptly notify the other in writing of any claim against it and of damage suffered by a third party, without prejudice to liability.

10.4 In no event will any party have any liability for any indirect, incidental, special, consequential or punitive damages.

Article 11 - Insurance

The LESSEE shall at its own expense take out the following insurance with respect to the LESSOR and its Equipment:

- (a) All risk insurance, including property insurance on the Equipment covering all risks of loss or damage from any cause, including war risks, strikes, riots, civil commotion, mysterious



disappearances and unexplained loss, effective anywhere in the world whether on land or airborne, in an amount equal to the replacement value of the Equipment, with limits of not less than \$ 250,000.00 USD per person, \$ 500,000.00 USD per occurrence and \$ 100,000.00 USD property damage for each accident.

(b) Contractors and Cargo Liability insurance covering the LESSEE's indemnity obligations and exposure hereunder.

(c) The LESSOR shall be named as co-Insured in the insurance policies required under this Agreement. Copies of the policies shall be furnished to the LESSOR upon request.

Article 12 - Payments

12.1 All invoices must be paid within 30 days of the date of issue. Any late payments will be subject to an interest charge of 1.5% of any outstanding balances per month plus a \$ 25.00 USD monthly administrative charge.

12.2 Payments must be accomplished at the place of business of the LESSOR, addressed to ACL AIRSHOP LTD and will only be considered to be accomplished upon receipt by the LESSOR.

12.3 The LESSEE agrees that its obligations under this agreement, including, without limitation, the LESSEE's obligation to pay rental charges, are absolute and shall continue in full force and effect, regardless of any disability of the LESSEE to use the Equipment, for any reason, and that the LESSEE's obligation shall not cease due to any alleged claim or set-off against the LESSOR.

Article 13 - Remedies for default

13.1 The LESSOR may terminate the Lease without prejudice to any other rights after ten (10) days written notice to the LESSEE if (i) the LESSEE fails to pay rent or any other charges when due, (ii) is in default in the performance of any obligation under this Agreement and fails to remedy fully such default within ten (10) days after receipt of written notice from the LESSOR to do so, or (iii) is the subject of any proceedings under the bankruptcy laws applicable to the LESSEE or has become insolvent, or otherwise places LESSOR's interest in its Equipment in jeopardy. Immediately upon notification, a pro-rata daily rental rate calculated in accordance with the existing Agreement shall apply until each item of Equipment has been returned to LESSOR.

13.2 Upon any default, the LESSOR may utilize all legal remedies available to it to secure possession of or to protect the Equipment, or may retake possession of the Equipment without resort to judicial process and in such case the LESSEE shall be required to notify the LESSOR of the exact location of all Equipment on lease and promptly redeliver same to the LESSOR.

13.3 The LESSEE agrees to pay reasonable legal fees and costs incurred and incidental to the enforcement of LESSOR's rights under this agreement, inclusive of, but not limited to measures to collect payment of outstanding invoices or claim repossession of Equipment.

Article 14 - Miscellaneous

14.1 This Agreement and the Lease Order specifying the leased equipment and all addendums are



binding upon the parties and their respective heirs, legal representatives, successors and assignees.

14.2 The LESSOR may assign all or any part of its right, title or interest in this Lease, including all rental charges due or to become due, provided that such assignment is expressly subject to the LESSEE's right under this Agreement.

14.3 The paragraph headings are for convenience only and shall not be deemed to alter or affect any provisions under this Agreement.

14.4 All notices required are to be given in writing and may be given by hand delivery, by fax or email. Such notices must be confirmed by certified mail or next business day delivery, in which case the notice shall be deemed received as of the date of the initial delivery.

14.5 These Contract Terms and the paragraphs of the Agreement constitute the complete Agreement between the parties. Any changes or modifications must be in writing and signed by the parties to be effective.

Article 15 - Default

Should this Agreement or any addendum be breached prior to the end of the agreed upon term, or for any other default, then a Daily Lease rate for the Equipment leased hereunder shall be applied which will be calculated on a pro-rata basis in accordance with the agreed Lease Rate specified within the existing Lease Order. An invoice will be issued to the LESSEE reflecting the rental rate pursuant to this paragraph.

Article 16 - Applicable law

16.1 This agreement is governed by and construed in accordance with the laws of Hong Kong SAR.

16.2 Any transportation arranged by the LESSOR, its servants, subsidiaries, affiliates or subcontractors, acting as agent for the LESSEE, or otherwise as per special agreement between parties, shall be subject to in the case of transport by air: to the Convention on the International Carriage by Air, dated Warsaw, 12th October 1929, as amended by Protocols dated The Hague, 28th September 1955, the Convention of Guadalajara, 18th September 1961, and the Convention of Montréal, 28th May 1999.

Article 17 - Jurisdiction

17.1 Any claim or dispute arising from this Agreement shall be subject to the exclusive jurisdiction of the courts of Hong Kong SAR, and LESSEE hereby consents to the jurisdiction of Hong Kong SAR courts.

17.2 Parties to this agreement hereby waive any and all rights to any trial by jury in any action or proceeding arising directly or indirectly hereunder.