

## Distribution Agreement

This Agreement made and entered into \_\_\_\_\_ by and between ACRE Co., Ltd, a corporation duly organized and existing under the laws of Japan and having its principal place of business at address 3-19-2 Gakuen, Murayama, Tokyo 208-0011, Japan (hereinafter called **Exporter**) and your company name here a corporation duly organized and existing under the laws of country and having its principal place of business at address \_\_\_\_\_ (hereinafter called **Distributor**)

WITNESSETH:

WHEREAS, Exporter is desirous of exporting the products hereinafter specified to the territory hereinafter specified and to appoint Distributor under the terms and conditions stipulated herein, and

WHEREAS, Distributor is desirous of acting as an Distributor for Exporter's sales of the said products under the said terms and conditions in the said territory,

NOW, THEREFORE, it is mutually agreed as follows:

### Article 1 : Appointment

Exporter hereby appoints Distributor as its Distribution to solicit orders for Products as stipulated in Article 2 hereof, from customers in Territory as stipulated in Article 3 hereof, and Distributor accepts such appointment. The renewal of Agreement shall be extended every year.

### Article 2 : Products

The products covered under this Agreement shall be confined to all products ACRE Co., Ltd (Japan) sells (hereinafter called **Products**).

### Article 3 : Territory

The territory covered under this Agreement shall be confined to \_\_\_\_\_ (hereinafter called **Territory**).

### Article 4 : Privities

(1) Distributor's function hereby entrusted shall consist in soliciting orders from customers for Exporter and in affording a reasonable assistance for the sake of Products in Territory with a view to helping Exporter.

(2) Distributor shall not be authorized to conclude contract or receive payment on Exporter's behalf, and shall not make any representation, warranty, promise or any other act binding Exporter. Distributor shall protect, defend, indemnify and reimburse Exporter from any claim, debt and liability resulting from any act made by Distributor in excess of or contrary to Distributor's function specified hereunder.

**Article 5 : Exclusivity**

(1) Exporter shall not give any rights of exclusiveness to Distributor in Territory. Exporter may sell Products in Territory through person or corporation other than Distributor, provided, however, that Exporter reserves a right to directly sell Products in Territory through orders from internet website.

(2) Distributor shall not solicit orders outside Territory nor tender Products to any person or corporation whose business domicile is outside Territory. However, Distributor shall forward to Exporter order from such person or corporation except receiving order from internet website created by Distributor.

**Article 6 : Prohibition of Competitive Transaction**

During the life of this Agreement, Distributor shall not, either directly or indirectly, in its own name or in that of third parties, manufacture, sell or promote sales of any products competing with or similar to Products, or represent third parties who manufacture or sell such competitive or similar Exporter's products.

**Article 7 : Product Inspection**

The Exporter shall have the unlimited right to inspect the Distributor's production and to act accordingly to the purpose of checking that all the necessary accomplishments are carried out to assure the quality of the products and to keep the products going at the best. No preliminary advice for these inspections shall be requested by the Distributor and the inspection could occur every time the Distributor's legal representative or any of his employees will be on the site. He shall be careful to avoid blocking or hampering the activity of the Distributor. The Exporter shall have the right to take away all the articles not in conformity with what agreed in the present contract at the Distributor's expenses. Exporter has the right to check sales advancement with the Distributor's customers.

Exporter shall immunity from responsibility for the Product when Product will be on board. To avoid inferior Product for Distributor, Exporter will inspect the Products before shipping. Exporter will attach an inspection list with Products for each order from Distributor.

**Article 8 : Sales Training**

The Exporter should, from time to time and at Distributor's own expenses, conduct install training or maintenance among the Distributor's staff support and/or group involved in the products' install, maintenance and promotion.

**Article 9 : Technical Support**

The Exporter shall guarantee an efficient technical support for the period of validity of the agreement in the Territory. Specifically the Distributor through his management shall guarantee at his own expenses:

- 1) the test and start up of the products to his customers;
- 2) the training and up-dating if customers personnel;
- 3) the usual and extra maintenance of the products delivered;
- 4) to this purpose Distributor shall keep in stock spare parts of product in use.

**Article 10 : Minimum Transaction**

(1) The following minimum sales of Products shall be guaranteed by Distributor under this Agreement:

JPY 3,000,000 per a year

(2) If Distributor fails to attain the said minimum sales in any one period, Exporter is entitled to terminate this Agreement prematurely by giving thirty (30) days notice.

(3) The calculation for the above minimum sales shall be made on a basis of FOB Japanese port price and on Products for which Exporter has effectively received the payment.

**Article 11 : Sales Promotion**

(1) Distributor shall exert its best efforts to promote the sale of Products on its own account throughout Territory.

(2) Before engaging in any or particular advertising for Exporter, such as press advertisements, pamphlets, circulars, exhibition arrangements, etc., Distributor shall obtain Exporter's approval in writing.

(3) Distributor shall give Exporter all reasonable assistance in advertising campaigns to be run by Exporter itself in Territory.

(4) Exporter shall provide Distributor free of charge with all available documentation required to exercise Distributor business. Such documentation shall include catalogs, pamphlets, price lists, Exporter's general terms and conditions of sale, contract forms used by Exporter, etc.

**Article 12 : Information and Report**

(1) Distributor shall inform Exporter of the following matters:

- i) market trends and competitive situation with respect to sale of Products in Territory,
- ii) any complaint on Products, and
- iii) any third-party infringement of Exporter's industrial property right.

(2) Distributor shall submit to Exporter the following reports:

- 1) annual report on a sales forecast for the next calendar year by the end of November of each year and
- ii) semi-annual report on the market situation, operations carried out in the previous period and those planned for the consequent period, and any important events.

(3) Distributor shall assist in market research project of Exporter.

**Article 13 : Industrial Property Right**

(1) Distributor shall not register any industrial property right in any country with respect to Products.

(2) Distributor shall not use Exporter's signature, monogram, corporation name, trademark or any other mark which is now or may be hereafter owned by Exporter for any purpose in any way, except to the extent that Exporter may give Distributor a prior written consent of Distributor's use thereof.

**Article 14 : Confidentiality**

The commercial information given by Exporter will be supplied and disclosed to Distributor in confidence. Except where such confidential information otherwise becomes public knowledge, Distributor shall not disclose such confidential information or otherwise use it except for such disclosure to employees and buyers as may be necessary in connection with sale and use of Products. The obligations of this Article shall survive termination of this Agreement for the period of Five (5) years after such termination.

**Article 15 : Duration**

(1) This Agreement shall be valid and in force for a period of **One (1)** year commencing from the date appearing at the first above written upon the signing of both Exporter and Distributor and shall be automatically renewed thereafter on a year to year basis, unless either party hereto gives the other party a written notice not to renew this Agreement at least thirty (30) days before expiration of the original term or any extension of this Agreement.

(2) Either party hereto may cause this Agreement to be terminated upon the expiration of the said 1 year or renewed term without paying the other party any remuneration for such termination.

**Article 16 : Termination**

(1) In case there is a default by either party of any provision of this Agreement during the life of this Agreement, the parties hereto shall first of all try to settle any matter arising from such default as soon and amicably as possible to mutual satisfaction. Unless settlement should be reached within thirty (30) days after notification in writing of the other party, such other party has the right to terminate this Agreement and the loss and damages sustained thereby shall be indemnified by the party responsible for such default.

(2) Either party hereto has the right to terminate this Agreement without any notice to the other party in the event of such other party's bankruptcy, insolvency, dissolution, modification, consolidation, receivership proceedings affecting the operation of business or discontinuation of business for any reason and/or reorganization by the third party.

**Article 17 : Severability**

Except as provided herein, the provisions of this Agreement are severable and, if by statute, regulation, court order or other action taken by any government or governmental subdivision having jurisdiction over this Agreement, any provision of this Agreement shall be voided or declared unlawful, said provision shall be of no effect and it shall be as if said provision had never been included in this Agreement, provided that in the event such statute, regulation,

court order or other action frustrates the economic assumptions of this Agreement or renders performance impossible, the party affected thereby shall have the right to terminate this Agreement.

**Article 18 : Notices**

All notices required hereunder shall be in writing in English language, and shall be sent by registered mail to the respective parties at the following addresses or such other addresses as the respective parties may designate in writing :

Any notice sent by registered mail as above shall become effective seven (7) days after posting.

**Article 19 : Assignment**

The right and obligations of this Agreement shall not be assigned without the prior written consent of the other party.

**Article 20 : Force Majeure**

Neither party shall be liable for failure to perform whole or part of this Agreement and/or each individual contract when such failure is due to fire, flood, strikes, labor troubles or other industrial disturbances, inevitable accidents, war (declared or undeclared), embargoes, blockades, legal restrictions, riots, insurrections or any other causes beyond the control of the parties hereto.

**Article 21 : Arbitration**

All disputes, controversies or differences which may arise between the parties hereto, out of or in relation to or in connection with this Agreement shall be finally settled by arbitration in Tokyo, Japan in accordance with the Commercial Arbitration Rules of the Japan Commercial Arbitration Association. The award rendered by the arbitrator(s) shall be final and binding upon both parties.

**Article 22 : Trade Terms & Governing Law**

The trade terms under this Agreement shall be governed and interpreted under and by the provisions of the latest International Commercial Terms (Incoterms).

This Agreement shall be governed by and under the laws of Japan as to all matters including validity, construction and performance.

**Article 23 : Entire Agreement**

This Agreement constitutes the entire and only agreement between the parties hereto relating to distributorship of Products and no modification, change and amendment of this Agreement shall be binding upon both Exporter and Distributor except by mutual express consent in writing of subsequent date signed by a duly authorized officer or representative of each of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement in English and duplicate to be signed and sealed by their duly authorized officers or representatives on the date first above written.

**Exporter**

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by : Shizuo Shimura, President

Name of company : ACRE Co., Ltd

Name and title : Shizuo Shimura President

Address : 3-19-2 Gakuen, Musashi Murayama, Tokyo, 208-0011 Japan

Phone number : 81-53-476-6221

Fax number: 81-42-516-9620

E-mail : trade@acre.co.jp

**Distributor**

by : \_\_\_\_\_  
Signature

Company name : \_\_\_\_\_

Name of Signer : \_\_\_\_\_

Address : \_\_\_\_\_

Phone number : \_\_\_\_\_

Fax number : \_\_\_\_\_

E-mail : \_\_\_\_\_