

PHALANX FENCE INC. LIMITED WARRANTY

PHALANX FENCE INC. LIMITED WARRANTY

THIS LIMITED WARRANTY IS MADE AND GIVEN BY *PHALANX FENCE INC.*

THE LIMITED WARRANTY SETS FORTH THE SOLE AND EXCLUSIVE WARRANTY BEING PROVIDED BY *PHALANX FENCE INC.* TO ANY CUSTOMER OR USER OF ITS WOOD PLASTIC COMPOSITE PRODUCT. PLEASE READ THIS WARRANTY CAREFULLY BEFORE PURCHASING, USING OR INSTALLING YOUR *PHALANX FENCE INC.* PRODUCT. THE LIMITED WARRANTY PROVIDED BY *PHALANX FENCE INC.* CONSTITUTES A BASIS OF THE BARGAIN AND PURCHASE OF THE PHALANX FENCE PRODUCT. THE LIMITED WARRANTY SETS FORTH THE ENTIRE WARRANTY AND RESPONSIBILITY OF *PHALANX FENCE INC.* THE PURCHASE AND/OR USE OF ANY *PHALANX FENCE INC.* PRODUCT CONSTITUTES ACCEPTANCE BY THE PURCHASER AND/OR USER OF AND AGREEMENT TO THESE TERMS.

THIS LIMITED WARRANTY IN SECTION 4, SETS FORTH A BINDING ARBITRATION CLAUSE AND CLASS ACTION WAIVER. THE CLAUSE AND WAIVER WILL IMPACT HOW THE PURCHASER AND/OR USER MUST PROCEED IN RESOLVING ANY WARRANTY DISPUTE WITH *PHALANX FENCE INC.*.

CONTENTS

THE LIMITED WARRANTY	3
<i>PHALANX FENCE INC.</i> CLAIM PROCEDURE	5
GENERAL CONDITIONS, EXCLUSIONS AND LIMITATIONS	6
BINDING ARBITRATION AND CLASS ACTION WAIVER	10
APPENDIX	12

A·THE LIMITED WARRANTY

A-1 *PHALANX FENCE INC.* warrants to the original purchaser (“Purchaser”, “you” or “your”) of the *PHALANX FENCE INC.* products noted below that, for the specified Warranty Period, such products shall, (a) under normal and proper service conditions, (b) when installed in accordance with *PHALANX FENCE INC.* written instructions and (c) The Consumer/Contractor acknowledges that *PHALANX FENCE INC.* composite products are not structural lumber and therefore may not be used as such, and when used and maintained in an above-ground application, remain free from material manufacturing defects and will not crack, splint, delaminate, rot, or suffer structural damage from fungal decay. For purposes of the Limited Warranty, the “original purchaser” means the individual or individuals who were the owners of the real property upon which *PHALANX FENCE INC.* product was installed.

A-2 The term of the Limited Warranty (“Warranty Period”) for the *PHALANX FENCE INC.* traditional wood plastic composite shall be 15 - Year Limited Residential Warranty, 10 - Year Limited commercial warranty. The date is from the date of original purchase provided that such purchaser maintains ownership of the real property upon which the *PHALANX FENCE INC.* product was installed.

A-3 The term of the Limited Warranty (“Warranty Period”) for the *PHALANX FENCE INC.* CO-EXTRUSION wood plastic composite shall be 25 years for residential and 15 years for commercial. The date is from the date of original purchase provided that such purchaser maintains ownership of the real property upon which the *PHALANX FENCE INC.* product was installed.

A-4 The term of the Limited Warranty (“Warranty Period”) for *PHALANX FENCE INC.* hardware shall be two (2) years from the date of original purchase provided that such purchaser maintains ownership of the real property upon which the *PHALANX FENCE INC.* product was installed. For purposes of the Limited Warranty, the “hardware” will consist of aluminum post, bottom rail, top rail, post accessory 1, post accessory 2, post accessory 3, post base, L-fix, and cap.

A-5 *PHALANX FENCE INC.* written instructions are available from your *PHALANX FENCE INC.* dealer or your contractor or from *PHALANX FENCE INC.* official website at: www.phalanxfence.com .

A-6 In the event of a failure of the above described products within the applicable Warranty Period as warranted above, when properly installed, used and maintained in the manner required by this Section 1, *PHALANX FENCE INC.* will replace the nonconforming item in the manner set forth in Section 2 below.

A-7 The Limited Warranty set forth herein is the only warranty (whether written or oral, express or implied) *PHALANX FENCE INC.* makes for the above described *PHALANX FENCE INC.* wood plastic composite products. The Limited Warranty is subject to all terms and conditions stated herein and no one (including but not limited to a *PHALANX FENCE INC.* dealer, installer, reseller, agent or employee) is authorized to modify, expand or add to this limited warranty. *PHALANX FENCE INC.* makes no other representation, guarantee or warranty regarding any *PHALANX FENCE INC.* product. No one is authorized to make any representation, guarantee or warranty on *PHALANX FENCE INC.'S* behalf, and *PHALANX FENCE INC.* shall not be bound by or liable for, any representation, guarantee, warranty, or condition with regard to any *PHALANX FENCE INC.* product other than as expressly stated in this Limited Warranty.

A-8 This Limited Warranty comprises *PHALANX FENCE INC.'S* sole and entire warranty and obligation in connection with *PHALANX FENCE INC.* wood plastic composite. *PHALANX FENCE INC.* disclaims and excludes all other warranties, express or implied, including but not limited to warranties of merchantability, fitness for a particular purpose, quality, condition, suitability, or performance. All Implied warranties, including merchantability and fitness for a particular purpose, not effectively disclaimed are limited to the applicable statute of limitations, but in no event will extend beyond the applicable warranty period.

A-9 *PHALANX FENCE INC.* excludes and will not pay for any incidental and/or consequential damages. Under no circumstances shall *PHALANX FENCE INC.* be liable for any damages (of any nature or description whatsoever) which exceed the actual purchase price of the defective product as adjusted on the basis of the prorated warranty schedule provided herein.

PHALANX FENCE INC LIMITED WARRANTY

B·PHALANX FENCE INC. CLAIM PROCEDURE

B-1 In order to proceed with a warranty claim against *PHALANX FENCE INC.*, the Purchaser must send to *PHALANX FENCE INC.* a copy of this warranty document, a copy of original proof of purchase, and photos or other supporting evidence of the defective or nonconforming *PHALANX FENCE INC.* product. All warranty claims should be forwarded to the *PHALANX FENCE INC.* address. Purchaser's original proof of purchase must be from *PHALANX FENCE INC.* or an authorized *PHALANX FENCE INC.* product dealer. The proof of purchase must also show (a) the date of the original purchase and (b) that sufficient *PHALANX FENCE INC.* product has been purchased to cover the number of linear feet or meter claimed to be damaged. All warranty claims must be received by *PHALANX FENCE INC.* within the applicable Warranty Period and in no event later than thirty (30) days after any discovery of a possible nonconforming nature of or other failure of the *PHALANX FENCE INC.* product.

B-2 Upon discovering a possible defect of any *PHALANX FENCE INC.* product, Purchaser shall, at Purchaser's sole expense, make temporary repairs or cordon off the area in order to fully protect all property and persons that could be affected. Purchaser is not authorized to make any permanent repairs or remove any of the *PHALANX FENCE INC.* products prior to *PHALANX FENCE INC.* having confirmed its claim investigation and, should Purchaser violate these requirements, such violations shall serve to invalidate and terminate the Limited Warranty provided by *PHALANX FENCE INC.*. No *PHALANX FENCE INC.* products shall be returned to *PHALANX FENCE INC.* unless directed and authorized by *PHALANX FENCE INC.* in writing to do so. Any removal or disposal of defective *PHALANX FENCE INC.* products shall be at Purchaser's sole cost and expense.

PHALANX FENCE INC. LIMITED WARRANTY

C·GENERAL CONDITIONS, EXCLUSIONS AND LIMITATIONS

C-1 Purchaser's sole remedy, and *PHALANX FENCE INC.'s* sole liability to Purchaser, for (a) any claim whatsoever relating to the *PHALANX FENCE INC.* product, (b) any claims arising out of the marketing, purchase, installation, use, storage, possession or maintenance of *PHALANX FENCE INC.* products (whether such claim arises in contract, warranty, tort, gross negligence, negligence, strict liability, statutes or regulations, or otherwise) or (c) any claims that the *PHALANX FENCE INC.* products failed to perform as warranted above, is and shall be limited to *PHALANX FENCE INC.'s* replacement of the defective *PHALANX FENCE INC.* product. *PHALANX FENCE INC.* shall not be responsible for the costs associated with the installation of the replacement *PHALANX FENCE INC.* product or the disposal of the defective *PHALANX FENCE INC.* product.

C-2 *PHALANX FENCE INC.* obligation to provide replacement product shall only be in an amount equal to the volume (linear feet or meter) of defective material as listed on the Prorated Warranty Schedule contained herein or the number of defective *PHALANX FENCE INC.* hardware. *PHALANX FENCE INC.* replacement obligation allows *PHALANX FENCE INC.* to provide products as close in color, design and quality to the original installation as reasonably possible, in *PHALANX FENCE INC.'S* discretion and determination. Purchaser acknowledges that *PHALANX FENCE INC.* does not guarantee an exact match as colors and designs may change. Purchaser agrees to these fasteners as adequate for re-installation of the furnished board, irrespective of existing method. In *PHALANX FENCE INC.* sole and absolute discretion, *PHALANX FENCE INC.* may, at its option, elect to refund the percentage of the original purchase price listed under Recovery on the Prorated Warranty Schedule in lieu of replacing the defective product.

C-3 Under no circumstances whatsoever shall *PHALANX FENCE INC.* be liable for any direct, indirect, incidental, special, consequential, punitive, exemplary, statutory, special, or other, damages based upon the *PHALANX FENCE INC.* products or resulting, directly or indirectly, from any defect in the *PHALANX FENCE INC.* products, including, but not limited to damage to, diminution in value of and/or loss of use or enjoyment of, any property or part thereof, whether based on contract, tort, strict liability, statute, regulation or otherwise, even if *PHALANX FENCE INC.* is expressly advised about the possibility of such damages. Some states do not allow the exclusion or limitation of incidental or consequential damages in certain circumstances, so the above limitation may not apply to you.

PHALANX FENCE INC. LIMITED WARRANTY

Co-extrusion WPC warranty		
Percentage Recovery	15 Year of Warranty Claim (Commercial)	25 Year of Warranty Claim(Residential)
100%	0-3 years	0-10 years
75%	4-10 years	10-15 years
50%	11-15 years	16-25 years
	HARDWARE (2 Year warranty)	
100%	2 year	2 Year

Traditional WPC warranty		
Percentage Recovery	10 Year of Warranty Claim (Commercial)	15 Year of Warranty Claim(Residential)
100%	0-3 years	0-3 years
75%	4-5 years	4-6 years
50%	6-7 years	7-8 years
	8-9 years	9-12 years
10%	10 years	13-15 years

1. Provide physical evidence to replace defective products.
2. Refund the portion of the original purchase amount that is defective in quality in monetary terms.
3. The compensation percentage is calculated according to the original purchase price of the defective product.
4. The Limited Warranty does not cover and **PHALANX FENCE INC.** shall not be liable for any of Purchaser's transport installation, removal or re-installation costs.

C-4 *PHALANX FENCE INC.* does not warrant against and is not responsible for, and no express or implied warranty shall be deemed to cover, any condition attributable to, in whole or in part, to:

- (a) improper installation of *PHALANX FENCE INC.* products,
- (b) failure to abide by *PHALANX FENCE INC.'S* written instructions,
- (c) failure to comply with any and all applicable laws or building codes, including but not limited to improper structural support, fastening, ventilation or gaping,
- (d) use of *PHALANX FENCE INC.* products beyond normal use or in an application not recommended or permitted by *PHALANX FENCE INC.* written instructions and applicable laws and building codes,
- (e) movement, distortion, collapse or settling of the ground or the supporting structure upon which *PHALANX FENCE INC.* products are installed,
- (f) defects in or failure arising from decking structure resulting from water caused by improper installation, workmanship, maintenance or repair,
- (g) any Act of God (including, but not limited to, flooding, hurricane, tornado, wind, earthquake, lightning, hail, etc.),
- (h) discoloration, fading, spotting or staining from or caused, in whole or in part, by mold, mildew, other fungal growth, organic materials, metallic oxides or particles (including but not limited to rust or corrosion of any fasteners), dirt, other atmospheric or environmental pollutants, foreign substances such as grease or oil, chemicals (including but not limited to those found in cleaners), or normal weathering (defined as natural efflorescence, exposure to sunlight, weather and atmospheric conditions which causes any coloured surface to gradually fade, flake, chalk, or accumulate dirt or stains),
- (i) damage resulting from casualty, fire or exposure to heat sources such as cooking devices or retro-reflective surfaces,
- (j) the application of paints, stains, surface treatments or other chemical substances including but not limited to cleaners or pesticides,
- (k) fading, flaking or other deterioration of any paints, stains or other coatings placed on the *PHALANX FENCE INC.* products,
- (l) climate change, environmental conditions, static electricity or any cause beyond the control of *PHALANX FENCE INC.*,
- (m) variations or changes in color of *PHALANX FENCE INC.* products,
- (n) improper handling, maintenance, storage, abuse or neglect of *PHALANX FENCE INC.* products by Purchaser or any other party,
- (o) ordinary wear and tear.

C-5 No warranty is given with respect to any hardware other than the *PHALANX FENCE INC.* Hardware. Other hardware, whether approved hardware or otherwise, are subject to only the warranties provided by the manufacturer of the hardware and Purchaser's sole warranty and remedy is with that manufacturer.

C-6 Purchaser and/or Purchaser's contractor or representative is solely responsible for determining the suitability of any *PHALANX FENCE INC.* products for Purchaser's property and for the installation and use of any *PHALANX FENCE INC.* products. Purchasers/or Purchaser's contractor or representative shall be solely responsible for determining whether the *PHALANX FENCE INC.* product meets the requirements of any applicable building or safety code or similar regulation relating to Purchaser's Property.

Purchaser acknowledges that *PHALANX FENCE INC.* does not provide architectural or engineering services. *PHALANX FENCE INC.* makes no express or implied warranty or representation as to the suitability of the *PHALANX FENCE INC.* Products for, or actual performance, capabilities or operation of the *PHALANX FENCE INC.* Products at Purchaser's property or under the conditions of Purchaser's use.

All warranties provided by *PHALANX FENCE INC.*, whether express or implied, and including the Limited Warranty, are void if anyone or more of the following applies or occurs:

- (a) the *PHALANX FENCE INC.* product is not installed, maintained and/or used strictly in accordance with *PHALANX FENCE INC.* written instructions;
- (b) the *PHALANX FENCE INC.* product is not installed in accordance with all applicable laws, codes and regulations;
- (c) the intentional or unintentional misuse of the *PHALANX FENCE INC.* product, whether foreseeable or unforeseeable;
- (d) the failure of Purchaser to properly and/or timely maintain or repair the *PHALANX FENCE INC.* product;
- (e) the failure by Purchaser to provide timely notice to *PHALANX FENCE INC.* of any failure or defect of the *PHALANX FENCE INC.* product.

PHALANX FENCE INC. LIMITED WARRANTY

D·BINDING ARBITRATION AND CLASS ACTION WAIVER

D-1 This section applies to any dispute between you and *PHALANX FENCE INC.* relating to your *PHALANX FENCE INC.* product which is not resolved as part of the warranty claim process. Purchaser may not proceed with any dispute resolution alternatives until and unless *PHALANX FENCE INC.* and Purchaser fail to resolve Purchaser's claims during the warranty investigation process. "Dispute" will be given the broadest possible meaning allowable under law.

D-2 In the event of an unresolved warranty claim, Purchaser must provide written notice to *PHALANX FENCE INC.* Such written notice must (a) include a written statement of the facts, (b) provide the name, address and contact information of the party giving it and (c) the relief requested. You must send any Notice of Dispute by registered mail to *PHALANX FENCE INC.*. Purchase and *PHALANX FENCE INC.* agree to attempt resolution of such dispute through informal negotiation within 60 days from date the Notice of Dispute is sent. After 60 days, Purchaser is authorized to commence arbitration.

D-3 BINDING ARBITRATION. IF YOU AND *PHALANX FENCE INC.* DO NOT RESOLVE ANY DISPUTE BY INFORMAL NEGOTIATION, ANY EFFORT TO RESOLVE THE DISPUTE WILL BE CONDUCTED EXCLUSIVELY BY BINDING ARBITRATION. YOU ARE GIVING UP THE RIGHT TO LITIGATE (OR PARTICIPATE IN AS A PARTY OR CLASS MEMBER) ALL DISPUTES IN COURT BEFORE A JUDGE OR JURY. Instead, all disputes will be resolved before a panel of three neutral arbitrators, whose decision will be final and binding. Any court with jurisdiction over the parties may enforce the arbitration award.

D-4 CLASS ACTION WAIVER. Any proceedings to resolve or litigate any dispute in any form will be conducted solely on an individual basis. Neither Purchaser nor *PHALANX FENCE INC.* will seek to have any dispute heard as a class action, private attorney general action, or in any other proceeding in which either party acts or proposes to act in a representative capacity. No arbitration or proceeding will be combined with another without the prior written consent of all parties all affected arbitration or proceeding.

D-5 Arbitration Procedure, Costs. Any disputes arising out of this Agreement, or any other issues related thereto, shall be exclusively brought to China International Economic and Trade Arbitration Commission (the "CIETAC", [http://www.cietac.org/.](http://www.cietac.org/)) in Beijing in accordance with the then current Rules of the CIETAC. Each party shall choose an arbitrator and the two chosen arbitrators shall pick up the third arbitrator upon mutual agreement, and in case no agreement on the third arbitrator can be reached, the third arbitrator shall be designated by the president of the CIETAC. The Arbitration hearings shall be conducted in Qingdao, China. The losing party shall bear the arbitration costs for both parties.

D-6 THE LAWS OF THE PEOPLE'S REPUBLIC OF CHINA SHALL EXCLUSIVELY GOVERN THE INTERPRETATION OF THE LIMITED WARRANTY REGARDLESS OF CONFLICT OF LAWS PRINCIPLES.

E-APPENDIX

APPENDIX ONE :

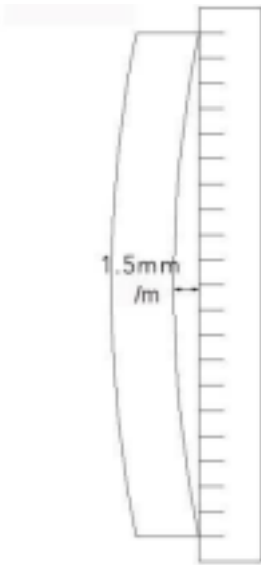
PHALANX FENCE INC. New Quality Assurance

1.Issues not covered by warranty	<ul style="list-style-type: none"> ①Dimension tolerance within allowance ②Color difference ⑤Powdering ⑥ Fungus ⑦Transport damages
2.Repairable issues	<ul style="list-style-type: none"> ①Cutting problems ②Side curvature ③Uneven sanding treatment ④Curvature due to inappropriate storage ⑤Cutting angle ⑥ Length tolerance
3.Irreparable but not serious	<ul style="list-style-type: none"> ① Spots of wood chaff or impurity ② Scratches Issues ③Uneven wood grain texture ④Shallow texture ⑤Transport damages caused by seller
4.Irreparable and serious	<ul style="list-style-type: none"> ①Cracking Issues ②Bubbles of suprotect products ③Size tolerance of cross section

E·APPENDIX

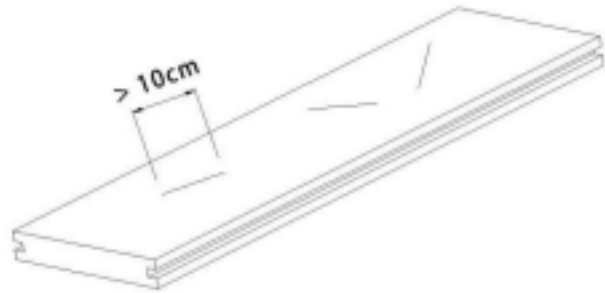
APPENDIX TWO :

Side curvature

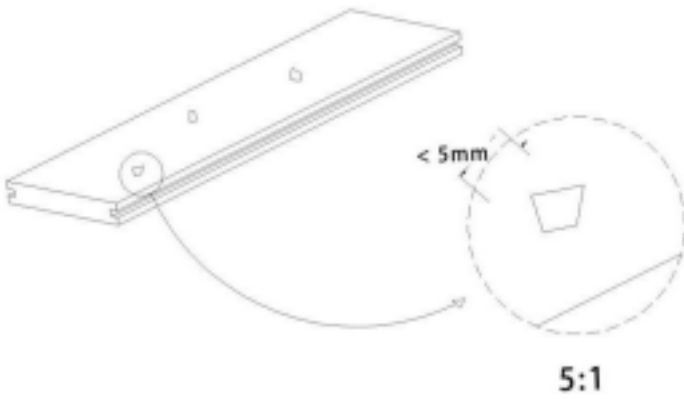


Side curvature: >1.5mm/1 linear meter

Irregular Side curvature: >3mm/1 linear meter



Scratch mark: one piece has more than 3 scratches which are longer than 10cm



Wood dust or impurity: one piece has more than 3 impurities which are larger than 5mm

E·APPENDIX

APPENDIX THREE :

PHALANX FENCE INC. Quality Assurance Application Form

KS-NO.

PI No.		Date of Installation	
Name of the customer			
Product Model			
Color			
Texture			
Problem Description			
Quality of the Project (SQM)			
Quality of the Problem (SQM)			
Requirement of Photos	1. Display the whole and detailed problem		
	2. Show the quality of the problem product		
	3. Send the photos by attachment		

E·APPENDIX

APPENDIX FOUR :

Quality Assurance Audit Result

KS-NO.

Problem Ranking

- 1. Issues not covered by warranty
- 2. Repairable issues
- 3. Irreparable but not serious issues
- 4. Irreparable and serious issues

Problem Cause and Solution:

Compensation :

Percent of Compensation
()%

Details :

PHALANX FENCE INC.