

## TERMS and CONDITIONS

### This Document

Please take a few minutes to review these Terms and Conditions. Your purchase of products from us constitutes your agreement to follow these Terms and Conditions and to be bound by them.

All policies, procedures, rules, regulations, definitions, and goals expressed within this document collectively describe the means and intent of ShangriLa to sell its product to businesses it deems appropriate to market, sell, and distribute that product. This document alone does not constitute a legal contract, or an offer to form a legal contract, between ShangriLa and another entity.

ShangriLa reserves the right to update or modify these Terms and Conditions at any time without prior notice.

Any and all questions regarding this document and its contents should be directed, in writing, to the ShangriLa / JS Furniture Operations Manager.

### Definitions and Classifications:

A: ShangriLa: Collectively ShangriLa Furnishings, Inc, JS Furniture, Inc, and all employees, partners, and affiliates encompassed therein.

B: Reseller or Client: Entity who purchases product from ShangriLa with the intent to market the product through their own website, retail store, or showroom. Has been approved as an active account holder and has submitted all necessary documentation.

C: End User or Customer: Entity who purchases product from a Reseller.

D: Container Order / Container Shipment: Any order purchased by a Reseller for which the Reseller pays for the cost of the container and the related fees/charges. Generally, any order of a quantity that will fill a minimum 20-ft. container to capacity.

E: Individual Order: Any order purchased by a reseller of a quantity that will *not* fill a minimum 20-ft. container to capacity. Most often consists of a single set of furniture already sold to / paid for by an End User. These orders are shipped to the United States aboard containers commissioned by ShangriLa.

F: Standard or "Stock" order: The opposite of a Custom order, Standard orders are generally non-customized ShangriLa models. Furniture dimensions, legs, configuration, material and color have not been altered from that which is advertised in official paraphernalia. The following colors/materials are considered "stock" and will fall under such definition when referenced by ShangriLa cancellation/return/warranty policies:

#### Leather:

White: VE210A  
Cream: SC4800  
Light Brown / Tan: SC511  
Brown: SC551  
Golden Brown: SC043  
Dark Brown: VE1128  
Black: ZD6111

#### Micro Fiber:

White: PC01  
Cream: AF-209-30  
Light Brown / Tan: VEN07  
Brown: VEN09  
Black: DTV15

#### Woven Fabrics:

None. The complex weave and compound colors of ShangriLa fabrics make them very taste-specific and a certain fabric may or may not be pleasing to anybody other than the Reseller placing the original order. As such, any and all orders placed using a woven fabric will be considered Custom.

The following ShangriLa models are considered "stock" and will fall under such definition when referenced by ShangriLa cancellation/return/warranty policies.

SL111	SL136	SL152	SL198
SL129	SL141	SL170	SL239
SL133	SL151	SL193	SL252

**G: Custom Orders:** The opposite of a Standard order, Custom orders encompass anything beyond that which is advertised as “Stock” by ShangriLa. Any order that specifies dimensions, legs and configurations different from those offered by ShangriLa, or any colors/materials *not* listed above, will be considered a Custom Order.

All applicable rules, policies, procedures, stipulations and obligations outlined below that regulate Custom orders will follow these criteria.

**H: Cancellation:** Reseller notifies ShangriLa in writing that they no longer intend to purchase/pay for an order that they previously placed.

**I: Return:** Reseller or their Customer has received the product, but wishes to return the product to ShangriLa.

**J: (The) Warehouse:** ShangriLa’s warehouse, distribution center, and North American Operations office located in Ontario, California, USA. Telephone: (909) 974-0082. Fax: (909) 974-0084.

### **Use of Our Web Site**

User comments – we welcome your comments. However, any comments, feedback, notes, messages, ideas, suggestions or other communications (collectively “Comments”) sent to our Web Site(s) shall be and remain the exclusive property of ShangriLa. Your submission of any such Comments shall constitute an assignment to ShangriLa of all worldwide rights, title and interests in all copyrights and other intellectual property rights in the Comments. ShangriLa will be entitled to use, reproduce, disclose, publish and distribute any material you submit for any purpose whatsoever, without restriction and without compensating you in any way. For this reason, we ask that you not send us any comments that you do not wish to assign to us, including any confidential information or any original creative materials such as stories, product ideas, computer code or original artwork.

### **Disclaimer**

Our web sites are provided on an “as is” and “as available” basis. ShangriLa makes no representations or warranties of any kind, express or implied, as to the operation of this site or any of our sites. You expressly agree that your use of our site(s) is at your sole risk.

To the full extent allowed by law, we disclaim all warranties, express or implied, including, but not limited to, implied warranties of merchantability and/or fitness for a particular purpose. ShangriLa does not warrant this site, or any of our sites, servers, or e-mail sent from our sites to be free of viruses or other harmful components. Further, we shall not be liable for any damages of any kind arising from the use of our sites, including, but not limited to direct, indirect, incidental, punitive, and consequential damages, loss of time, inconvenience, and commercial loss.

You acknowledge, by your use of our web sites, that your use of those sites is at your sole risk, that you assume full responsibility for all costs associated with all necessary servicing or repairs of any equipment you use in connection with your use of these web sites, and that ShangriLa or it’s affiliates shall not be liable for damages of any kind related to your use of these web sites.

### **Marketing, Selling, and Using ShangriLa Product**

- Resellers may sell ShangriLa product only through their own retail stores or outlets, catalogs, or through Internet websites authorized in writing by ShangriLa.
  - o The venue through which Resellers market ShangriLa product must meet certain requirements before ShangriLa will approve that entity as a Reseller holding an active account with ShangriLa. Resellers are generally given free reign when designing their venue (whether it be a storefront, website, showroom, etc) to their own specifications. However, if any such venue is found to be in violation of these terms and conditions, or if the Reseller fails to maintain a clean and attractive venue, ShangriLa reserves the right to refuse sale to the Reseller.
  - o Any and all digital material, including photographs, pictures, icons, text, drawings and diagrams found on ShangriLa’s website(s) are copyrighted. Once in possession of an approved account, Resellers are permitted to use and reproduce photographs and images taken from ShangriLa websites, or provided to them by ShangriLa personnel, for the sole purpose of marketing ShangriLa product. Termination of business relations between ShangriLa and a Reseller, or if an active Reseller is found

to be using the copyrighted information or images in a malicious manner as described below, the permission granted them to use such information or images is withdrawn.

- The use of Internet auction sites such as eBay as a venue is strictly prohibited. The website, store, or showroom used to market ShangriLa product must be owned and operated by the Reseller.
- Resellers may not sell or market ShangriLa products in any way that might disparage or injure ShangriLa, its affiliates, or its product.
- Resellers may not use ShangriLa product while engaging in any illegal, deceptive, undesirable or improper retail practices.
- Resellers may not advertise, sell, or distribute ShangriLa product for use in any improper or illegal purpose.

### **Inaccuracy Disclaimer**

From time to time there may be information on ShangriLa website(s), catalogs, product price lists, product descriptions and dimensions, inventory lists, or other paraphernalia that contains typographical errors, inaccuracies, or omissions that may relate to product descriptions, pricing, and availability, ShangriLa reserves the right to correct any errors, inaccuracies or omissions and to change or update information at any time without prior notice (including after you have submitted your order).

### **Pricing Policy**

Prices listed on ShangriLa's website(s) are subject to change without notice. ShangriLa reserves the right to correct pricing errors without notice. Reseller agrees the invoice price is the final sale price. No discounts beyond those listed on the invoice are permitted for any reason. ShangriLa reserves the right to decline the acceptance of any orders.

### **Dispute Resolution Policy**

Any action relating to the use of our web site(s), catalogs or any transaction with ShangriLa Furniture, or its affiliates, must be brought in the state or federal courts located in the County of San Bernardino, California.

### **Regarding Delays**

Although ShangriLa will make every effort to ship every order as soon as possible, time frames given prior to or during production are only an estimate, not guarantees. Extended delays of 2 to 4 weeks can occur for production of Custom orders. Shipping-related delays, while rare, do occur and cannot be attributed to ShangriLa. All customers agree that a delay does not constitute a right to discount, refund or cancellation, and that ShangriLa or its affiliates cannot be held responsible for delayed orders.

### **Cancellations and Returns**

Reseller must notify ShangriLa in writing of Cancellation at least 24 hours prior to shipment from the Warehouse. No Returns accepted after 14 days post-receipt by end user. All shipping costs associated with the Return of product are the responsibility of the Reseller, with the exception of warranty fulfillments.

All Resellers are required to fill out and submit a Return Authorization Form, and in turn receive an RMA number from ShangriLa, prior to Returning any product. Should a Reseller attempt to Return product to ShangriLa without first receiving written authorization, the Reseller will be responsible for any and all applicable shipping, handling, and restocking fees above, beyond and in addition to the standard restocking, handling, and related fees associated with a normal RMA Return.

Some policies and procedures are specific to order type or content:

#### **A: Standard or "Stock" productions**

Any Standard order cancelled before it enters production may be cancelled without incurring any restocking fees (normally within 24 hours of submitting the order to a sales rep). Any Standard order cancelled after it has entered production and before departure from the Warehouse, will incur a 15% restocking fee. Any Standard order that the Reseller Returns to ShangriLa after the product has left the Warehouse and up to 14 days post-receipt by the End User or Reseller (depending on type of business), will incur a 25% restocking fee. In the case of Returns, the following conditions must be met:

- 1) Product is in fully resalable condition (no stains, damage, abuse) and is in the original factory packaging.
- 2) Return freight and handling is prepaid and insured by the reseller.

- 3) Reseller has obtained an RMA Number from ShangriLa.
- 4) Product passes inspection and is approved by ShangriLa once it arrives back in the warehouse.

If all of the above conditions are met, ShangriLa will refund to the Reseller the amount paid for the product, less any applicable restocking fees, in one of two ways:

- 1) If the Reseller has an outstanding balance due, or is anticipating final payment on an order being produced, the refund will be granted in the form of a credit up to the entire amount of the balance(s) due. If the amount to be credited is greater than that of the total balance(s) on the Reseller's account, the difference may be granted as a cash refund or kept on-file in anticipation of a future order at the discretion of the Reseller.
- 2) If the Reseller does not have any unpaid balances, the amount to be refunded may be granted as a cash refund or kept on-file in anticipation of a future order at the discretion of the Reseller.

### **B: Custom Orders**

Custom orders cannot be cancelled, refunded, or Returned. Product ordered using non-standard colors/materials, configurations, dimensions, or options will result in a product that is specific to one person only and may not be easily marketed to a new buyer. Reseller must understand that all sales of Custom product, as defined on the first page of this document, are final. Orders in certain colors not listed above as "stock" colors may still be considered returnable by approval from ShangriLa management and/or staff.

### **Size Restriction**

If the merchandise does not fit through a door opening, up a set of stairs, or through any other kind of portal at the destination, ShangriLa and its affiliates will not be responsible, as it is expected that measurements should be determined prior to ordering. Orders cannot be returned to ShangriLa as a result of the End User's miscalculation of the furniture size, room, door or architectural dimensions. It is the sole responsibility of the End User to be sure that all entry access be consistent with the size of the delivery.

### **Warranty**

All products are warranted against manufacturing defects for one full year from the date that goods arrive to the End User. The warranty is only activated after the Customer follows all shipment notation and reporting obligations (See "Signing For Product"). All notations must be on the Bill of Lading or Manifest and the Customer must retain a copy for warranty purposes.

*Please contact us immediately if you have any questions or concerns.*

ShangriLa does not warrant against normal wear and tear, or damage due to customer accident or misuse. Natural variations in products made in whole or in part of natural materials, such as leather, fabric, wood, metal or stone, are not considered defects. The appearances of natural, stained, or dyed wood surfaces; of painted wood or metal or upholstery color (leather, fabric, etc.) may vary between productions due to slight changes in dye lots. This is an unavoidable and inevitable occurrence, which does not constitute a defect. Minor variations in stitching in upholstery products are considered normal. Neither wood, leather, metal, nor fabric products are suitable for outdoor use unless expressly specified. Leather and fabric are subject to natural stretch, wrinkle or shrink. Wood and metal may stain, scratch, chip, fade or darken. The End User must exercise proper care to minimize any such damage.

The Reseller will be asked to present their warranty claim in writing with photographic proof, so that ShangriLa may properly address the claim or concerns. Reseller will also be asked for a copy of the signed Bill of Lading or Manifest. It is ShangriLa's policy to provide reasonable repair of the product and/or replacement parts. We will replace the item(s) if the product cannot reasonably be repaired.

When a warranty is approved, ShangriLa will provide replacement product/parts and cover any "curbside" transit cost. End User agrees to take the time necessary for delivery and/or pick-up should goods need to be returned. Reseller agrees that many products, be they Custom products or Stock products, may be in a backorder status, will have a production wait time. Reseller agrees to wait for replacement product and waives any right to a discount, refund or return.

All exchanges/returned merchandise must be shipped back in the original packaging. Reseller or End User may have to add additional packaging to protect the product.

Product purchased for heavy trafficked commercial use may not be warranted.

In the event that product, leather, fabric or color is no longer available, ShangriLa and/or affiliates reserve the option to replace the product with equal or like merchandise.

### **Shipping Policies and Warranty Qualifications**

The following portion of this document deals with shipping and receiving policies, procedures, and obligations. The act of shipping ShangriLa product to and from the Warehouse is solely and expressly the responsibility of the reseller. ShangriLa will not arrange, pay for, qualify or quote any shipping services on behalf of the reseller.

That being said, many circumstances surrounding the shipment of ShangriLa product influence the coverage of the manufacturer's warranty and related policies regarding Cancellations and Returns. In that regard, below is an outline of how the shipment of ShangriLa product influences, and is influenced by, the terms and conditions as described up to this point. It is the responsibility of the Reseller to inform their Customers about these procedures so that all parties involved are fully aware.

### **Delivery Inspection – Necessary for Warranty Activation**

To activate warranty, the Reseller's Customer (End User) must inspect the product at the time of delivery and make notations on the Bill of Lading or Manifest prior to signing for the product and to retain a copy for their records. Any discrepancies that become apparent during the following delivery phases must be cited on the Bill of Lading prior to signing in order to receive full coverage under the manufacturer's warranty.

#### **A: Before Removing From the Truck...**

End User should observe how the product is packed in the truck and if the product is still banded to pallets (when applicable). If it appears that care was not exercised in transporting the product, it is wise to take a picture showing the placement of the items on the truck.

#### **B: Before Unpacking...**

End user must visibly inspect the packaging. It is recommended that they look for torn, ripped, or crushed areas, and that no part of the product is protruding from the packaging. Photographs are encouraged. It is the End User's responsibility to make notations of any and all exterior damage visible on the product cartons or packaging prior to signing the delivery receipt. If any damage is located on the exterior cartons/package, End User must keep the packaging for possible inspection – they should not allow the carrier to take the packaging in this case.

#### **C: Unpacking...**

Carrier's schedules are extremely tight and under normal circumstances they will not wait for the End User to unpack the product. However, if End User finds the packaging to be damaged, this is a good indication that the product therein is also damaged and so the End User is encouraged to insist upon opening the product with the carrier present. If the carrier will absolutely not wait for unpacking, then along with any other notations, mark the Bill of Lading/Manifest "Carrier refused to allow inspection of product".

#### **D: Signing For Product – Important...**

Only after complete inspection of the packaging and complete notations are recorded on the Bill of Lading/Manifest, as noted above, should End User sign for the product. Under certain circumstances, the End User may be asked to provide this document for warranty and/or return purposes, if applicable. ShangriLa or affiliates will not be responsible for transit damage not noted on the Bill of Lading/Manifest or found after signing which is deemed to be transit related.

#### **E: After Unpacking...**

The Reseller must report any and all transit-related damages to ShangriLa immediately. Therefore it is recommended that the End User inspect the product for such damage immediately upon receipt and report any damages to the Reseller as soon as possible.

### **Delivery Refusal:**

A need to refuse delivery is extremely rare. How the Reseller decides to implement policy on their own behalf in this regard is completely up to their discretion. It is recommended that Resellers discourage such action by their Customers because of ShangriLa's return policies. If an End User refuses delivery of product and the carrier has no choice but to return the product to the Warehouse, and the Reseller has not obtained an RMA number, all

applicable policies and procedures, up to and including restocking, shipping, handling and storage fees, will apply, in addition to any extra fees and/or charges that ShangriLa must levy to make up for the costs associated with such an unexpected Return.

### **Shipping**

ShangriLa arranges shipment from the factory in China to the Warehouse in the United States, the cost of which is included in the net total cost of every order, though that cost can and will vary depending on order type and quantity. For example, Individual Orders have the cost of ocean transit already included in the list price and no further calculation is required beyond the wholesale discount being applied. For Container Shipments, that transit cost is deducted from the list price and a new, separate charge that encompasses the container as a whole is calculated and applied to the invoice. In some cases, part of the container cost may be billed to the Reseller after the order has been fulfilled, or the reseller may be intentionally over-billed on the initial invoice, as some aspects of shipping a container (such as trucking) will not be verified until after the container has been delivered.

Similar to ocean shipment above, overland shipment procedure depends on order type. In the case of Container Orders, the cost of transit will be included in the overall container fee on the invoice. The one aspect of shipping that every Reseller must be familiar with is the shipment of Individual Orders, when an entire container is not needed. As mentioned above ShangriLa will arrange all shipping necessary to get the product to the US and – in the case of individual pieces/sets - to the Warehouse. Any subsequent shipping necessary to send the product to the Reseller or the End User is solely the responsibility of the Reseller. ShangriLa will not arrange, pay for, or quote any shipping for any Reseller. The only exception to this rule is a shipment necessary to honor a warranty claim.

ShangriLa will not be responsible for any discrepancies involving the shipment of a Reseller's product. Shipping damage, refused deliveries, missed delivery appointments, delays, rate disputes, etc, are all issues that must be resolved between the Reseller, their shipping agent, and their Customer.

### **Custom Designs / Reseller-submitted Designs**

If a ShangriLa model is modified/customized to fit the requests of a Reseller, or if a Reseller submits to ShangriLa an original design created by them, their affiliates, or an unrelated party, the resulting designs become property of ShangriLa and JS Furniture Inc. Modifications made to a Reseller's order or Custom product designs submitted by a Reseller does not mean the Reseller has inherited any rights to these designs/changes and ShangriLa is free to reproduce them at any time. ShangriLa will be entitled to use, reproduce, disclose, publish and distribute any designs a Reseller submits for any purpose whatsoever, without restriction and without compensating the Reseller in any way.