

Cocoon Purchasing Contract

_____ Silk Company, _____ Province

China

Party A: Cocoon Production Management Center of _____ Company, _____ Province

Party B: _____ (name of cocoon producer) from _____ Village, _____ Township (Town).

To ensure long-term sound development of sericulture in our county, protect cocoon producers' interest, mitigate market risks, provide post-production service to the producers and promote sustained development of commercialized sericulture, Party A and Party B have voluntarily established this cooperation relation for cocoon purchasing and agreed as follows:

I. Party A's Rights and Obligations

- 1、 To handle cocoon purchasing and dealings according to relevant national policies.
- 2、 To purchase all the cocoons produced by Party B according to market rules and the principles of “high price for good quality, low price for poor quality” and “purchasing at market price when the market price is high and at protective price when the market price is low”.
- 3、 To offer Party B with improved silkworm eggs as well as technical and information service for mulberry tree and silkworm growing.
- 4、 To help Party B with mulberry tree growing.
- 5、 To purchase cocoons produced by Party B at a minimum protective price, should the market price of cocoon drop to a low level.

II. Party B's Rights and Obligations

- 1、 To have preferential access to technical support from Party A, namely, technical services in relation to mulberry tree and silkworm growing.
- 2、 To have preferential access to information service from Party A regarding policies relevant to mulberry tree growing and cocoon market information.
- 3、 To enjoy preferential policies regarding sericulture, including subsidies for seedlings, checker cocooning frames, chemical fertilizer, silkworm drugs, etc.

4、 To enjoy minimum protective purchasing price for cocoons, that is to say, when the market price for every 50 kg of good cocoons (shell weight for every 50 g of fresh good cocoon is 9.6 g with 100% reliability) is below RMB ... yuan, Party A shall purchase at RMB ... yuan (including other forms of financial benefits to the producers offered by Party A).

5、 Party B is obliged to use silkworm eggs and mulberry seedlings recommended by Party A and adopt a scientific growing technology so as to produce good quality cocoons, all of which shall be sold to the purchasing stations designated by Party A.

III. Liability of Breach of Contract

L、 Party B shall pay a lump-sum deposit of RMB ... yuan to Party A upon signing of this contract and shall receive interest based on the bank interest rate for 5 year fixed deposit, payable each year. The deposit shall be returned to Party B in lump sum upon expiration of the contract.

2、 Party A should offer compensation if it is found in breach of the contract and causes economic loss to Party B.

3、 Party B is deemed to be in breach of the contract if it fails to sell all its cocoons to the purchasing stations designated by Party A. Should this happen, the contract is automatically terminated and the deposit shall go to Party A as compensation. Party B shall also return all other financial benefits offered by Party A.

IV. Period of Contract

This cocoon purchasing contract between Party A and Party B is valid from (date/month/year) to 31st December _____(year). During the contracted period, neither party shall modify or terminate the contract freely. If the contract could not be carried out as a result of force majeure, the two parties shall modify or terminate the contract after a consensus is reached.

V. Other matters not covered in this contract shall be resolved through mutual consultation.

VI. This contract has two originals with each party keeping one original.

VII. This contract shall become effective immediately after being signed by both parties.

Party A:
Representative:
Date: _____

Party B: