shall be selected by Buyer subject to the approval of Seller, which approval shall not be unreasonably withheld. The cost of the Appraiser shall be borne equally by Seller and Buyer. The parties agree that the Appraisal shall be obtained as promptly as possible and, in any event, within 60 days after the Final Closing Statement of Net Assets is determined.

3. REPRESENTATIONS AND WARRANTIES OF SELLER.

Seller represents and warrants to Buyer that the statements contained in this Section 3 are true and correct as of the date of this Agreement and will be true and correct in all respects on the Closing Date. Nothing in the Disclosure Schedules shall be deemed adequate to disclose an exception to a representation or warranty made herein, however, unless the Disclosure Schedule identifies the exception with reasonable particularity. Without limiting the generality of the foregoing, the mere listing of a document or other item shall not be deemed adequate to disclose an exception to a representation or warranty made herein (unless the representation or warranty has to do with the existence of the document or other item itself).

3.1. **Organization of Seller and the Champion Companies**. Each of Seller, Champion, the Champion Subsidiaries and the Related Companies is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation. Each of Champion, the Champion Subsidiaries and the Related Companies: (i) has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted; and (ii) is duly qualified and in good standing to do business in each jurisdiction in which the property owned, leased or operated by it or the nature of the business conducted by it makes such qualification necessary, except in such jurisdictions where the failure to be so duly qualified and in good standing would not have a Material Adverse Effect and except for Qingdao Precision Universal Joint Company Limited which no longer holds a valid business license as described in Disclosure Schedule 3.2 Seller has heretofore delivered to Buyer complete copies of the certificate of incorporation and by-laws (or similar organizational documents), as currently in effect, of the