

General Purchasing Terms of E Fluid Technology Co., Ltd.

Section 1 Scope of validity, General provisions

1. All goods, services and offers from our Sellers shall be rendered solely on the basis of these general purchasing terms and conditions (T&Cs). These constitute an integral part of all contracts which we enter into with our Sellers for the goods or services offered by them, esp. when the Sellers receive these T&Cs and do not file the explicit written objection during performance of the specific orders / contracts.
2. The T&Cs shall apply in particular to the contracts regarding the sale and/or supply of movables regardless of whether the supplier manufactures the goods itself or buys them from sub-suppliers. Provided nothing to the contrary has been agreed, the T&Cs shall apply as a framework agreement to the future contracts regarding the sale and/or the supply of movables with the same supplier in future as well, without any requirements on our part to repeat reference to them in each individual case.
3. Any terms and conditions of business or any standard contractual clauses of our business partners and suppliers (hereinafter also known as Seller) or third parties shall not apply, even if we have not specifically objected to their application in an individual case. Even if we refer to a letter containing or making reference to such terms and conditions of business or such standard contractual clauses of the Seller or a third party, this shall not constitute our recognition that those terms and conditions of business shall apply. Such terms and conditions and/or such standard contractual clauses of the Seller or any third party may apply only after signing these relevant documents by our legal representative and affixing our official company stamp.
4. Agreements made with the Seller in an individual case (including side agreements, supplements and amendments) shall in all cases prevail over these T&Cs. A written contract or our written confirmation shall determine the content of such agreements.
5. References to the application of statutory laws and regulations shall only be for the purposes of clarification. Even without such a clarification, the statutory laws and regulations shall still apply, provided that they have not been directly amended in these T&Cs or expressly precluded.
6. Notifications and legally relevant declarations which are to be submitted to us by our Sellers after the contract has been signed must be made in writing for the purpose of legal validity.

Section 2 Orders, Delivery contract, Call-off

1. Insofar as our offers (e.g. enquiries) do not expressly include a binding period, we shall abide by our offer to enter into a contract for two weeks after sending date of the offer. It shall be the date on which the Seller's declaration of acceptance is received by us which shall determine whether our offer has been accepted on time. A belated declaration of acceptance by the Seller to enter into a contract which is received by us beyond the aforesaid two-week period shall be regarded as a new offer and it shall be subject to acceptance by us.
2. Our order shall be regarded as being binding when it is submitted or confirmed in writing at the earliest. The Seller shall draw our attention to obvious errors, such as spelling mistakes and arithmetical errors as well as to missing information in the order including the order documents so as to allow us to correct mistakes and/or fill gaps prior to acceptance of our order. Otherwise the (delivery) contract shall not be regarded as having been duly entered into by both parties.
3. The Seller is required to confirm our order within a period of two weeks as from sending date of such document or in particular carry out the order without reservation by shipment of the goods (Acceptance).
4. Delivery call-offs from call-off supply contracts shall become binding at the latest if the Seller does not raise an objection within one week as from receipt of a delivery call-off from us. Delivery call-off orders shall be based upon a call-off period of approximately 12 months. The call-off orders may be conducted in writing (Article 11, Chinese Contract Law), e.g. by e-mail, fax message or by data transmission.
5. We shall be entitled to terminate the contract at any time by means of a written declaration to that effect stating the reason for termination, if we are no longer able to use the ordered products in our business as a result of circumstances arising after the contract is signed. In such circumstances we shall remunerate the Seller for the part-performance it has already rendered to the extent that
 - the Seller has purchased the materials only for the performance of this contract and cannot be resold to other potential purchasers;
 - the Seller has accomplished the goods/services which are ready for delivery and cannot be resold to other potential purchasers upon receipt of our termination notice;
 - the compensation amount has been recognized by us or acknowledged by a third party recognized by us;
 - the compensation amount shall in no case exceed the purchase price of the order / contract agreed by the parties.
6. We are entitled to amend the time and place of the delivery as well as the type of packing at any time by means of written notification (written form shall suffice) giving at least 7 days' notice prior to the agreed delivery date. The

same shall apply for amendments of product specifications provided that they can be implemented in the course of the Seller's normal production process without considerable additional expenditure, whereby in these cases the notification period in the above sentence shall be at least 2 weeks. We shall reimburse our Seller the proven and reasonable additional costs incurred by the amendment in each case. If such amendments result in delays in delivery which cannot be avoided in our Seller's normal production and business operations by applying reasonable efforts, the originally agreed delivery date shall be postponed accordingly. The Seller shall notify us in writing of the additional costs expected by him given a careful estimate and / or of delivery delays in good time prior to the delivery date, within at least 7 working days as from receipt of our notification in accordance with Sentence 1 above, and, such additional costs and estimated delivery delay shall be agreed by us.

Section 3 Prices, Terms of Payment etc.

1. The prices stated in the order are binding. The value added tax is not included in the price and shall be invoiced at the rate in force at that time.
2. Provided that nothing has been otherwise agreed in an individual instance, the price shall include all performances and ancillary performances by the Seller (e.g. assembly, installation etc.) as well as all ancillary costs (transport, packing, insurance etc.). The Seller shall have to take back packing materials at our request. Insofar as the price does not include packing in the agreement made, and the remuneration for the packing – only provided on loan – is not expressly specified, this is to be charged at cost price. At our request the Seller shall have to take back the packing at its expense.
3. Unless agreed otherwise, we shall pay the agreed price within 14 days as from the delivery of all goods and supply of all services including acceptance of the goods as agreed or laid down by law, if applicable, and receipt of a properly made out invoice to qualify for a prompt payment discount of 3% or within 30 days net. The receipt of our payment instruction by our bank shall determine whether the payment owed by us has been made on time. We cannot be held responsible for delays caused by the payment procedures of the banks involved.
4. We shall be entitled to offsetting rights and rights of retention as well as the objection that the contract has not been fulfilled as provided for by law. In particular, we shall be entitled to withhold payments due, provided that we have claims against the Seller due to incomplete or defective goods or services.
5. The statutory laws and regulations shall apply to the event that we are in default of payment, provided that the Seller has given us at least one written payment reminder first.
6. Only after it has obtained our written consent, the Seller shall be entitled to assign his claim against us.
7. Without prior written approval by us, the Seller shall NOT have a right to offset or of retention against counter-claims.
8. In the event of default in payment, we shall assume default interest which shall be no more than 50% of RMB benchmark lending rate of the same period published by the People's Bank of China.
9. Our order numbers, the item numbers, quantity delivered and delivery address are to be stated on all order confirmations, shipping documentation and invoices. Should delays arise as a result of the lack of such information, the length of time we are allowed for payment shall be extended by the length of such delay.

Section 4 Delivery period

1. The delivery period stated by us shall be binding. If the delivery period is not stated in the order, and an agreement has not been otherwise concluded, the delivery period shall be two weeks commencing from the date when the contract takes effect. The Seller shall be obliged to inform us straight away in writing if it will probably be unable to comply with the agreed delivery period regardless of whatever reasons. Early delivery is not allowed unless we have expressly agreed to it.
2. If the Seller fails to render its performance or if it fails to do so within the agreed delivery period or if it delays in performance, our rights, in particular to terminate the contract and to demand compensation for damages, shall be determined by the statutory laws and regulations. The provisions of Paragraph 3 below shall not be affected.
3. If the Seller delays in performance, we may demand a contractual penalty amounting to 0.5 % of the net price for each full calendar week of delayed goods / services. We shall be entitled to demand the contractual penalty in addition to performance and, as a minimum amount, the compensation for damages owed by the Seller in accordance with the statutory regulations. Our claim for further damages shall not be affected. We shall not be obliged to reserve the right to claim a contractual penalty when taking delivery of a consignment.
4. If the day on which the goods/services have to be delivered/rendered is stipulated in the contract, the Seller shall consequently delay in performance

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when this day expires and the Seller has not fulfilled its contractual obligations, and, it does not require separate reminder by us to the Seller.

5. The Seller shall be obliged to inform us in writing straight away if circumstances as a result of which the delivery period cannot be observed arise or become known.

Section 5 Performance, Delivery, Passing of risk, Delay in taking delivery

1. Without our prior written consent the Seller shall not allow any third party (e.g. sub-contractors) to carry out the performance which should be accomplished by itself. The Seller shall bear the procurement risk for its performances, unless an agreement has been otherwise concluded in a specific instance (e.g. purchase of stockpiled goods).

2. The Seller shall not be entitled to deliver the goods in part without our prior consent. We may reject such deliveries.

3. Our Seller's goods/services must be delivered free of charge to the address stated in our order. If no such address is stated in our order and nothing has been agreed otherwise, goods/services are to be supplied to our principal place of business. The place to which the goods/services have to be supplied shall also be the place of performance. The respective place of destination shall also be the place of performance for any rectification which may be rendered.

4. It shall be the receipt of the goods at the place of performance which shall determine whether the goods have been delivered on time.

5. A delivery note stating the date and content of the consignment as well as our order identification (number and date) is to be attached to the consignment. If the delivery note is missing or is incomplete, we cannot be held responsible for the delays resulting in processing invoices and payment.

6. The risk of accidental loss or damages of the goods shall pass over to us upon delivery at the place of performance, even if it has been agreed that we are responsible for transportation. Insofar as it has been agreed that there is to be an acceptance test, such risk shall pass over to us after the acceptance test has been passed. The statutory laws and regulations for contract for work and services law shall furthermore apply accordingly upon passing such acceptance test.

7. The Seller must, however, expressly offer us its services, even if a specific or definable calendar period has been agreed for an action or assistance on our part (e.g. furnishing materials). If delay in taking delivery of goods or services is completely caused by us, the Seller may consequently demand compensation for its extra expenditure incurred which shall cover the actual storage costs and transportation costs only.

Section 6 Ownership protection

1. We shall retain the ownership or copyright for all orders and assignment submitted by us as well as drawings, diagrams, calculations, descriptions and other documents we have provided to the Seller. Without our express consent, the Seller must neither allow any third parties to have access to them nor use them itself or through any third parties or reproduce them. Such documents are only to be used for rendering the contractual performance stipulated in contracts entered into with us. The Seller shall have to return these documents to us in full at our request, if they are no longer required by the Seller in its proper course of business or if negotiations do not result in a contract being signed. Under such circumstances copies made by the Seller are to be destroyed.

2. Tools, devices and models, which we provide the Seller or which are made for the purposes of the contract and which are invoiced separately to us by the Seller, shall remain or become our property. They shall be marked clearly as our property by the Seller, kept in safe-keeping with care by the Seller and protected from damage of all types and are only used for the purposes of the contract with us.

3. The Seller's reservation of title shall not be recognized unless we give the prior written consent.

4. The Seller's processing, mixing, or joining (further processing) of items furnished by us shall be carried out on our behalf. The same rule shall apply in case of our further processing of the goods supplied to us so that we are regarded as the manufacturer and acquire ownership of the product in accordance with statutory regulations when the goods are finished at the latest.

5. It is imperative that the ownership of goods shall be transferred to us according to the contract and these T&Cs, regardless of whether the purchase price has been paid or not. If, however, in a given instance, we accept an offer by the Seller stipulating the ownership of the goods to be transferred is conditional upon the payment of the purchase price, the Seller's reservation of ownership shall cease to exist when the purchase price for the goods delivered is paid at the latest. We shall still be authorised to sell on the goods in a proper commercial transaction even before we have paid the purchase price subject to assigning the account materialising as a result of the resale to the Seller in advance of the resale. Unless otherwise stipulated in these T&Cs

or in the specific contract, any and all forms of reservation of title, in particular the expanded, forwarded and prolonged reservation of title shall in any case be precluded.

Section 7 Defects, Notification of defects, Warranty

1. Unless specified otherwise below, the statutory laws and regulations shall apply in the event of quality defects and legal defects of the goods (including incorrect and short deliveries as well as improper assembly, incorrect instructions for assembly or operation or owner's handbook) and in the event of other breaches of duty by the Seller.

2. The statutory laws and regulations shall apply for the commercial obligations to inspect goods and notify the Seller of defects subject to the following provisos:

Our obligation to inspect incoming goods shall be limited to defects which become apparent during our goods inward inspection and external appraisal including shipping documentation as well as by means of our quality control department conducting random checks (e.g. transport damage, incorrect deliveries and short deliveries). Insofar as acceptance test has been agreed, there shall be no obligation on our part to inspect incoming goods. Moreover, what matters is the extent to which an inspection is feasible taking the circumstances of the individual case into consideration in the proper course of business.

Our obligation to notify the Seller of discovered defects shall not be affected by the above. In all cases our notification (notification of defects) shall be regarded as having been submitted straight away and on time, if it is received by the Supplier within 10 working days as from the receipt of the goods duly delivered by the Seller to us.

3. The Seller shall have to bear all expenditure necessary for the purposes of effecting a rectification, in particular, transport costs, travelling expenses, labour and the cost of materials. In the event that defective parts have already been installed because we were unaware of the defect, the Seller shall also have to bear the costs of removal and installation of incorrect parts.

4. The costs incurred by the Seller for the purposes of inspection and repair (including any costs incurred for removal and installation which may be incurred), shall also be borne by itself even if it turns out that there exists in fact no defect. Our liability to pay compensation for defects for unjustified requests to rectify the possible defects shall not be affected; given this, we shall only be liable if we were aware that there was no defect or the fact that we did not know that there was a defect was attributable to gross negligence on our part.

5. If the Seller fails to fulfil its obligation to render a cure – either by rectifying a defect (repair) or by supplying a new fault-free thing (replacement) as we so choose – within a reasonable period set by us, we may consequently rectify the defect ourselves and demand compensation for the expenditure necessary for this or a corresponding sum in advance. If the cure is unsuccessful or unreasonable for us (e.g. on account of it being particularly urgent, a hazard to safety at work or on account of the impending threat of disproportionate damage), we shall not have to set a time limit. We shall inform the Seller of such circumstances beforehand if possible.

6. Moreover, in the event that there are quality defects or legal defects, we shall, in accordance with the statutory laws and regulations, be entitled to reduce the purchase price or to terminate the contract. In addition, we shall be entitled to claim compensation for damages and expenses incurred according to the statutory laws and regulations.

7. Our claim for warranty is not waived upon passing the acceptance test or approving the specimens or samples submitted by the Seller.

Section 8 Property rights

1. The Seller warrants that if the delivered items are used in accordance with the contract, this shall not give rise to a breach of any property rights and applications filed for property rights, in particular third party compensation claims for damages against us, provided that such applications for property rights have been filed or registered with the Chinese, German or European patent office. The Supplier also warrants that no third party's property rights in those countries, in which the products are manufactured or in which the Seller has them manufactured, will be breached by the products supplied by the Seller.

2. The Seller's obligation to pay compensation for damages and/or obligation to exempt us from damages shall also cover all expenditure we necessarily incur as a result of, and in connection with, claims asserted against us by third parties, including but not limited to the legal costs, attorney's fees and administrative costs / fines .

3. The above provisions shall not apply, if the Seller manufactures items for us in accordance with our specifications, in particular drawings, models and other descriptions and the Seller is unaware or has no reason to be aware that the third party's property rights would be breached as a result.

4. The Seller is obliged to inform us immediately of any risks that property rights might be breached when the Seller becomes aware of and in particular alleged instances of breach.

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5.
Our further claims due to legal defects of the products supplied against the Seller shall not be affected by the above provisions.

Section 9 Product liability, Insurance

1.
If the Seller is responsible for product damage, the Seller shall indemnify us from any claims by the third party to the extent that the cause of the loss is within the Seller's sphere of control and organisation and he is personally liable in the external relationship. If we are obliged to mount a recall campaign with other parties as a result of a defect in a product supplied by the Seller, the Seller shall bear all costs associated with the recall campaign.

2.
As part of its obligation of indemnification, the Seller shall have to reimburse us for the expenditure incurred by us in accordance with the relevant laws and regulations, arising from or in connection with a claim asserted by a third party including recall campaigns mounted by us. We shall – insofar that this is possible and reasonable – inform the Seller of the content and scope of recall campaigns and allow the Seller to have the opportunity to respond. Our further legal claims shall not be affected.

3.
The Seller shall have to purchase a product liability insurance policy with coverage sum of at least RMB 2 million per personal injury / property damage claim and maintain the policy continuously. The Seller shall have to send us a copy of the liability insurance policy upon request and upon further request submit the original to us for our inspection. We shall also be entitled to demand to see the original copy during the contractual relationship.

Section 10 Recourse asserted against a Seller

1.
In addition to the claim due to the defects, we have the right of recourse stipulated in the statutory laws and regulations within the supply chain (recourse of the entrepreneur in accordance with the relevant laws and regulations). We shall, in particular, be entitled to demand the specific type of cure (repair or replacement). Our statutory right of choice (Article 111, Chinese Contract Law)) shall not be restricted.

2.
Before we recognise or fulfil a claim due to defect filed by our buyer (including compensating the buyer for the expenses in accordance with the relevant laws and regulations), we shall inform the Seller and, by giving a brief description of the facts and circumstances, request a written opinion from the Seller. If we do not receive such opinion within a reasonable period, and, if an amicable solution is not reached by mutual agreement, the warranty claim that we actually concede shall consequently be deemed as owed to our buyer; counter evidence in this case shall be incumbent upon the Seller.

3.
Our claim of recourse shall also apply in those cases in which the goods have been finished by us or one of our buyers, e.g. installation into another product, prior to being sold to a consumer.

Section 11 Spare parts

1.
The Seller shall be obliged to keep a stock of spare parts available for the products supplied to us for a period of at least 10 years after delivery.

2.
If the Seller intends to stop production of spare parts for the products supplied to us, it must inform us of this straight away after making the decision to stop making them. Subject to Paragraph 1 above, this decision must be made at least 6 months prior to closing down production.

Section 12 Non-disclosure

1.
The Seller shall be obliged to keep secret the terms of our order as well as all information and documents provided to the Seller for this purpose (with the exception of information in the public domain) for a period of 60 months after disclosure, but at least however, for the duration of the actual supplier-customer relationship with us and only use it for carrying out our order. The Seller shall return it to us straight away after queries have been dealt with or after handling orders upon request.

2.
The Seller shall, moreover, be obliged to handle all commercial and technical information not in the public domain and which he becomes aware of as a result of our business relationship as business secrets. In particular, models, templates, specimens, tools and similar items must not be handed over to third parties or made accessible for them by other means. The reproduction of such items, except within the scope of business operational necessities, is prohibited, subject to deviating provisions.

3.
The Seller shall ensure by taking suitable measures that his salaried staff employees, freelance staff and sub-contractors to work on the contracts entered into with us maintain the above confidentiality obligations. The Seller shall only disclose information as described above in Paragraph 1 and Paragraph 2 to those of its salaried staff, freelance staff, consultants, etc. who have to be involved with the development, design, manufacture and supply of goods to us. Disclosure shall, moreover, mean that the persons receiving such information shall be obliged to maintain silence in accordance with this non-disclosure regulation (Section 12).

4.

Any sub-suppliers which the Seller is allowed to call in shall be also under the corresponding obligation.

5.
Our Seller may use our business relationship for advertising purposes only after obtaining our prior written consent.

Section 13 Statute of limitation

1.
The reciprocal claims of the Parties to the contract shall become time-barred in accordance with the statutory laws and regulations.

2.
The warranty period for the goods delivered and/or the services rendered by the Seller shall be no less than [two] years as from the delivery date. The warranty period shall be suspended when the Seller receives our written notification of a defect, unless the Seller has remedied the defect of the goods. If a replacement part is supplied and the defect is remedied, the warranty period for replaced and repaired parts shall be recalculated from the date of replacement / repair, unless the Seller is not obliged to take such measures, but supplied a replacement or remedied the defect as a gesture of goodwill or for similar reasons.

Section 14 Choice of law, Place of jurisdiction, Miscellaneous

1.
These T&Cs and all legal relationships between us and the Seller shall be governed by the law of the People's Republic of China. International uniform law, in particular the Convention on Contracts governing the International Sale of Goods (CISG) shall not apply.

2.
Definition:
"We" or "Us" under these T&Cs shall refer to E Fluid Technology Co., Ltd.

"Seller" refers to our business partner which supplies any goods, services and/or undertakes any performance obligations agreed and recognized by us.

"T&Cs" refers to all terms and conditions contained in this General Purchasing Terms.

3.
The exclusive place of jurisdiction is the courts having jurisdiction where our principal place of business is located.

4.
The contractual language is English.

Status as at: October 2020

STATEMENT OF ACCEPTANCE

As the Seller, we understand and agree to accept the above GTC (including the electronic version available on the website of www.efluid.com).

Name of Seller: _____

Place & Date: _____