

KERN-LIEBERS China Group

GENERAL TERMS AND CONDITIONS OF PURCHASING

1 DEFINITIONS

“Buyer” or “Purchaser” means KERN-LIEBERS China group, or an affiliate of KERN-LIEBERS China Group as specified in the purchase order or Scheduling Agreement, which includes:

KERN-LIEBERS (TAICANG) Co.,Ltd.
KERN-LIEBERS (TAICANG) TEXTILE Co.,Ltd.
KERN-LIEBERS PIERON AUTOPARTS (TAICANG) Co.,Ltd.
D-METAL (TIANJIN) PRECISION PARTS Co.,Ltd.
KERN-LIEBERS PRECISION TECHNOLOGY (TIANJIN) Co., Ltd.

“Seller” or “Supplier” means the supplier named in the purchase order or Scheduling Agreement .

“Goods” and “service” mean the goods or services that Buyer is to purchase from the Seller, as described in the purchase order or Scheduling Agreement.

“Order” means any purchase order or Scheduling Agreement that is delivered from Buyer to Seller.

2 SCOPE

Buyer’s all orders are based exclusively on these general terms and conditions of purchasing. These general terms and conditions become a binding agreement upon the seller acknowledging acceptance of the order, they constitute part of all contracts that buyer concludes with the suppliers for the deliveries or services offered by the suppliers.

3 GENERAL TERMS AND CONDITIONS

3.1 ORDER RELEASE

The Buyer may release the Order to the Seller by email, fax, letter, B2B platform and other forms. The Seller shall confirm the Order by email, fax, letter, B2B platform and other forms after signing the Order or affixing the effective official seal on the Order. Both Parties acknowledge the validity of the copy/fax.

3.2 ORDER CONFIRMATION

3.2.1 After receiving the Buyer's Order, the Supplier shall confirm the Buyer's Order within 2 working days in accordance with the method set forth in Article 1 above. If there is any doubt, the Seller shall raise it in written form and negotiate with the Buyer within 2 working days. If Buyer does not receive the feedback from the Seller within the specified period, it means that the Seller agrees and accepts the order.

3.2.2 Buyer may provide Seller with forecasts or projections of its future anticipated volume or quantity requirements for Goods. Seller acknowledges that any such forecasts are provided for informational purposes only, Buyer makes no representation, warranty, guaranty or commitment of any kind or

nature, express or implied, regarding any such forecasts provided to Seller, including with respect to the accuracy or completeness forecasts.

3.3 ORDER DELIVERY MANAGEMENT

- 3.3.1 The Seller shall deliver the Goods in accordance with the delivery date stated in the Order or mutually agreed upon by both Parties without delay. If the Seller is unable to deliver on time, The Seller shall explain the reason for the delay and confirm the new delivery date to the Buyer in writing in advance. The delivery date can be adjusted only after the Buyer's written confirmation. If the Seller delays the delivery without prior notice, which affects the Buyer's production or even the delivery of the Goods to Buyer's customer, following claims shall be made: when Buyer changes production or stops production, RMB 500-2000 + production stop loss (loss data shall be based on the Buyer's claim data). If Buyer's customer claims against Buyer for this, the Seller shall bear the responsibility.
- 3.3.2 If the Seller needs to deliver the Goods in advance due to factors such as production, transportation, the Seller must negotiate with the Buyer before delivery, and the Goods can be delivered only after receiving the Buyer's written confirmation.
- 3.3.3 The Seller must deliver the Goods according to the Order quantity. In case of special circumstances, the Seller shall negotiate with the Buyer in advance and accept it with the Buyer's written consent, otherwise the Buyer has the right to reject the over-delivery or partial delivery, and all losses arising therefrom shall be born by Seller.

3.4 DELIVERY AND GOODS RECEIPT

- 3.4.1 The Seller warrant that the Seller has complete ownership of the Goods free of any liens, charges and encumbrances and will provide the Goods to the Buyer on that basis, and the Buyer will be entitled to clear, complete and quiet possession of the Goods.

The Goods must:

- a) match the description (including performance criteria, if any) specified in the Purchase Order. If the Seller gave the Buyer samples prior to the fulfillment of the Order, the Goods shall conform to the sample in addition to the description.
 - b) be fit for the purpose for Goods which of the same or similar kind are commonly supplied and for any other purpose which the Buyer have made known to the Seller.
 - c) be new (unless the contract expressly refers to used Goods), of good quality, free of defects (including legal defects), checked, suitable for use according to its purpose and conditions of the contract or the Order, properly designed and make of an appropriate material.
- 3.4.2 The Seller shall deliver the Goods conforming to the Buyer's packing specifications to the place designated by the Buyer. The Seller shall bear the costs of transportation, handling and the risks before delivery of the Goods to the designated place.
 - 3.4.3 The Seller shall attach the delivery note, shipping inspection report or certificate to the Goods for the Buyer's inspection. If the Seller fails to provide the delivery note and shipment inspection report or certificate as required, the Buyer has the right to reject the Goods, and all losses arising therefrom shall be born by Seller.

- 3.4.4 The normal time for the Buyer to receive the Goods is 8:00-16:30 of legal working days. If the Buyer needs to deliver the Goods at other time, the Seller shall notify and obtain the consent of the Buyer before delivery, otherwise the Goods will not be received, and any consequences resulting therefrom shall be born by the Seller.
- 3.4.5 The Buyer will be responsible for obtaining any customs clearance of the Goods (if applicable) and the Seller will provide all necessary assistance and cooperation (including providing advanced notice of when the Goods will be ready for customs clearance and providing the required paperwork and documents) to enable the customs clearance of the Goods.
- 3.4.6 The Buyer will not be deemed to have accepted any Goods until have had a reasonable time to inspect the Goods after delivery to the Delivery Point. Payment for the Goods or the signing of delivery receipts before inspection does not constitute acceptance of the Goods. If upon inspection The Buyer find any Goods to be defective, the Buyer may reject the defective Goods or repair the defective Goods. If as a result of sampling inspection, any portion of a shipment of like Goods is found to not be in conformity with the Agreement, Buyer may reject and return the entire shipment without further inspection; or Buyer, as its option, may complete inspection of all Goods in shipment and then reject and return any or all non-conforming Goods or accept them at a reduced price. Buyer's acceptance of any non-conforming Goods shall not constitute a waiver of any requirements under this Agreement for Goods subsequently delivered hereunder. At our option and request, the Seller agree to:
- a) refund to the Buyer any payments made by the Seller in respect of any defective Goods that the Buyer reject; or
 - b) make good free of charge any defective Goods that the Buyer reject; or
 - c) reimburse the Buyer for any expenses incur in making good any defective Goods

3.5 ORDER CHANGE

The Buyer is entitled to make changes in quantity, quality, drawings and specifications, methods of shipment and packaging, delivery schedule and the place of delivery in respect of any of the Order's items at any time by written notification before the agreed delivery date. If such changes result in an increase or decrease in the cost or time required by Seller's performance of the Order, Buyer and Seller shall negotiate an equitable adjustment. Seller shall within 5 working days of receipt of a change request from Buyer, confirm the impact of the proposed change on the ORDER PRICE and DELIVERY SCHEDULE. Any adjustment of the price and/or time of performance will only be valid if agreed upon in writing by both Parties. In no case shall Seller proceed with the implementation of the change requested by Buyer until an agreement has been reached on changes in price and/or delivery. The Buyer's requests and instructions, including the correction of mistakes, defects and quantitative and/or quantitative deficiencies, as well as the interpretation of technical documentation shall not be regarded as changes when generated during the execution of the supply in order to ensure the correct fulfilment of the obligations under the Order by supplier.

3.6 ORDER TERMINATION

The Buyer may immediately terminate the Order by notice in writing to the Seller if:

- 3.6.1 The Seller does not comply with or is in breach of any of the Seller's obligations under the Order and such noncompliance or breach is not remedied within 14 days after the Buyer request the Seller to remedy it; or
- 3.6.2 The Seller is declared bankrupt, or a controller or administrator is appointed to the Seller, or the

Seller enter into a deed of company arrangement with creditors, or a winding up order is made in respect of the Seller.

The Buyer may terminate the Order at any time upon 24 hours by written notice to the Seller, in which case, the Seller will be paid for the Goods delivered to the Buyer prior to the date of termination.

3.7 PRICE AND PAYMENT

- 3.7.1 Purchase price. The Seller shall quote in the format of the confirmation/quotation form by the Buyer. The Buyer has the right to review the quotation and make adjustments according to the market situation. The data sources include but are not limited to professional websites, written notification materials, etc. When the price of any component involved in the quotation fluctuates, the Seller needs to provide real data or letter proof, and the proof material includes but not limited to raw material supply invoice, raw material supplier's official letter with seal, etc. The Seller shall provide the verification price/quotation with official signature and seal as the effective basis for the Buyer to enter into the system. Central purchasing department of the Buyer is the final price confirmation department.
- 3.7.2 The Seller shall take the initiative to check the account with the Order issuer of Buyer for the delivery orders of the current month. The Seller can issue the VAT invoice only after the relevant information of quantity and amount is verified. The invoice date should not be earlier than the actual arrival date of the Goods to the Buyer. The Buyer shall arrange payment according to the agreed payment period after receiving the Seller's correct and valid invoice and entering it into the system.
- 3.7.3 The unit price on the Buyer's Order is tax exclusive. If the national VAT rate is adjusted, the invoicing and payment amount shall be implemented according to the adjusted tax rate, that is, the Order price excluding tax is not affected by the adjustment of the national VAT rate.
- 3.7.4 All Order confirmations, delivery documents and invoices must state Buyer's Order number and other required information. If required details are missing and processing by Buyer in the normal course of business is delayed as a result, the payment periods set out above will be extended by the period of delay.
- 3.7.5 The Buyer has the right to suspend payment to the Seller in case of suspension of production for rectification, delayed delivery, quality problems or other violations of provisions hereof.

3.8 COMPLIANCE WITH THE LAWS

The Order is subject all international and local statutes, laws, rules, regulations and ordinances, delivery of any Goods or performance of any service covered by the Order shall constitute the suppliers representation to the Buyer that there has been full compliance to the law.

3.9 INDUSTRIAL AND INTELLECTUAL PROPERTY

- 3.9.1 The Seller shall abide by the laws and regulations concerning patent rights and other intellectual property rights in the use of production technology and process while contracting the products ordered by the Buyer. The Seller shall indemnify the Buyer for all the losses in the event of any claim arising from the Seller's violation of intellectual property rights.
- 3.9.2 The Seller is not allowed to use the moulds paid by the Buyer to produce for any third party. found, the Seller will be subject to a penalty of RMB 1 million each time.

3.10 LIABILITY OF THE SUPPLIER

- 3.10.1 The Seller, while fulfilling the obligations under the Order, shall be liable for any personal or property loss caused by itself, its employees, agents or sub-contractors to the Buyer or any third party .
- 3.10.2 The Seller shall be liable for product defects that exist during the product risk transfer process, even if such defects are discovered at a later stage. The Seller shall be also liable for any defect after the risk transfer and attributable to its own failure to fulfil any of its obligations.
- 3.10.3 The Supplier undertakes to purchase the maximum amount of insurance policy to ensure that the issued amount is sufficient to cover the loss caused by the defects of the Products and any other liability the Seller may have with respect to the Buyer pursuant to the above terms.

3.11 DISPUTE RESOLUTION AND LIABILITY FOR BREACH OF CONTRACT

- 3.11.1 The Buyer shall have the right to demand compensation from the Seller for any loss to the Buyer due to any breach of the obligations of this Agreement and/or a single purchase order by any of the Seller Parties.
- 3.11.2 Any disputes, disagreements or frictions between Buyer and Seller due to violation of this Agreement and/or a single order shall be resolved through friendly negotiation by both Parties. If the negotiation fails, both Parties agree that the Taicang People's Court shall be the court of first instance jurisdiction.

3.12 FORCE MAJEURE

- 3.12.1 If either party fails to perform its obligations in part or in whole due to obstacles or delays encountered in the performance of this Agreement or the obligations of a single order due to force majeure events, the party affected by the force Majeure events (the blocked Party) shall not be deemed to have breached the contract as long as the following conditions are met:
- 3.12.2 Failure of the blocked party to perform all or part of its obligations is directly caused by the force majeure event, and the affected party does not delay the performance of relevant obligations prior to the occurrence of the Force Majeure;
- 3.12.3 If the influence of force majeure lasts for a long time, both Parties shall negotiate to modify or terminate this Agreement according to the extent of performance of this Agreement caused by the event.
- 3.12.4 Upon occurrence of the Force Majeure event, the blocked party shall immediately notify the other party, and provide impartial documents and written explanations of the event within fifteen days after its occurrence.
- 3.12.5 Upon termination or elimination of the force majeure event, the blocked party shall continue to perform this contract and promptly notify the other party. The blocked party shall be able to extend the time for performing its obligations, which shall be equivalent to the actual delay caused by the force majeure event and shall be recognized by the other party.
- 3.12.6 If the influence of force majeure lasts for a long time, both Parties shall negotiate to modify or terminate this Agreement according to the extent of performance of this Agreement caused by the event.

3.13 CONFIDENTIAL INFORMATION AND ANTI-BRIBERY/ CODE OF BUSINESS CONDUCT

The Seller shall sign and comply with Buyer's "Confidentiality Agreement" and "Supplier Compliance Agreement".