

Purchase Agreement

1. Contract finalisation

- 1.1 KH places orders on the basis of their general business conditions. Other conditions are not valid even though no explicit contradiction is made by KH. Should KH accept delivery / service without challenge, it is not to be concluded that your delivery conditions have been accepted.
- 1.2 Should the order from KH not be confirmed in writing within a period of 10 calendar days, KH will then be entitled to revoke.
- 1.3 Only orders issued in written form are considered legally binding. Verbal or telephonically placed orders require written confirmation to ensure validity. The same conditions apply to supplementary verbal agreements and modifications made to the contract.
- 1.4 E-mails coded in accordance with the signature laws correspond to the relevant written form.
- 1.5 The contract is to be treated as confidential. Written approval must first be obtained before any reference is made to business associations with KH, in the preparation of promotional material.
- 1.6 Contracting parties undertake not to disclose any confidential information regarding sales and/or technical details made available through the consequent business relationship. Subcontractors are, accordingly, under obligation. Should a contracting party be aware of the possession of certain confidential information by an unauthorised third party, or be aware of the loss of any confidential documents, they are required to notify other contracting parties thereof with immediate effect.
- 1.7 KH may also request changes to delivery items after contract finalisation insofar as they are considered reasonable. Particular respect regarding the effects of additional or decreased costs, as well as delivery dates, are to be taken into account on both sides with the consideration of any contract changes.

2. Pricing, dispatch, packaging

- 2.1 The agreed prices are fixed prices and exclude successive claims of all forms.

Prices include packaging and transport costs to the KH nominated forwarding address, as well as customs formalities and duties.

Should no price indication appear on the order, the current price list together with the customary discounts, will apply. This form of price fixing does not affect the agreement regarding place of performance.
- 2.2 KH accepts only those quantities and parts ordered. Surplus or short delivery is only permissible after prior arrangement with KH.
- 2.3 Dispatch is undertaken at your own risk. The risk of deterioration, including possible destruction, remains consequently, until delivery at the KH chosen dispatch address, with yourselves.

3. Invoicing and payment

- 3.1 Duplicate invoices, together with all necessary supporting documents and information according to delivery, are to be handed over to KH separately. Irregularly submitted invoices are valid only from the date of rectification as agreed to by KH.
- 3.2 Payment follows in accordance with standard trading practice, viz. within 14 calendar days at 3% discount or after 30 calendar days net, calculated according to delivery / service and receipt of invoice.
- 3.3 In the case of incorrect delivery, KH is entitled to withhold payment until proper fulfilment.

4. Delivery dates, delays, force majeure

- 4.1 The agreed delivery dates are binding. Arrival of the goods at the KH nominated dispatch address is decisive in the observance of the delivery date or delivery time.
- 4.2 If, for any particular reason, an agreed date is not able to be observed, KH should immediately be notified in writing and informed as to the reasons for, as well as the possible duration of the delay. All measures should be taken to achieve 100% delivery reliability.
- 4.3 Should delivery not be affected in time, KH possesses the right to institute legal claims in accordance with German law.
- 4.4 In the event of early delivery, KH may return the goods at your cost. Should no return be effected in the event of early delivery, storage of goods until due delivery date may be undertaken by KH at your cost as well as your risk.

In the event of early delivery, KH need only undertake to effect payment as per the agreed due date.

- 4.5 Partial delivery will only be accepted by KH after specific agreement. In the case of agreed partial consignments, the remaining balance is to be specified.

5. Warranty, guaranty, product liability

- 5.1 KH is to be guaranteed and assured that all deliveries / services are state-of-the-art technique and meet the relevant legal regulations and prescriptions as well as guidelines of the authorities, trade co-operatives and trade associations. Additional written agreement must be obtained from KH should individual cases arise in which deviations from these regulations prove necessary. Guaranty obligations are not restricted through these agreements. KH should immediately be informed in writing of any doubts occurring with regard to their chosen method of execution.
- 5.2 The §§ 377 and 378 HGB are herewith explicitly excluded. KH will immediately make written notification on the establishment of any deficiency.
- 5.3 The guaranty covers a period of two years so long as nothing else is expressly agreed to. It begins with the hand over of the delivery items to KH, or to a third party nominated by KH, at a prescribed reception or place of use respectively.
- 5.4 The guaranty claims superannate six months after claiming, however not before the end of the guaranty period.
- 5.5 Should a claim be entered against KH resulting from violation of official safety regulations or of domestic or foreign product liability regulations or laws as a result of product defect attributable to a product of yours, KH is entitled to claim compensation for damages, insofar as they result from products delivered by yourselves. These damages include the costs of a provisional recall action, deficit costs as well as costs covering assembly line standstill.

Delivered products are to be labelled in a manner that is durable and easily identifiable as your own.

A suitable state-of-the-art quality control is to be met and instituted and demonstrated to KH on request. As far as it is considered necessary, an appropriate quality control agreement will be put into effect. In addition, appropriate insurance against risk from product liability, including recall risk, is to be affected and made available to KH for inspection on request.

- 5.6 The current valid version of the KH quality guideline is agreed between both parts. The guideline can be requested at purchasing department of KH.

6. Protective laws

- 6.1 It is to be guaranteed and safeguarded that all deliveries remain free from third party protective laws and, in particular, that they are not violated in the course of delivery and use of delivery item patents, licenses or other third party protective laws.
- 6.2 You ensure KH and its customers sovereignty from third party claims through possible violation of patent rights and agree to carry all costs KH might bear in this regard.
- 6.3 KH is entitled to effect the authorisation for use of the concerned delivery items and performance at your cost.

7. Final instructions

- 7.1 Should certain parts of these general purchase conditions be considered as ineffective, the remaining instructions will not be affected.
- 7.2 You are not entitled to make this order available or partly available to a third party without prior written consent from KH.
- 7.3 Insofar as nothing else is expressly agreed upon, the place of performance for the delivery obligations will be the dispatch address nominated by KH, the place of employment, respectively; the place of performance for the remaining obligations from both sides is Helmbrechts.
- 7.4 Should payment be discontinued, a provisional insolvency administrator appointed or an insolvency process inaugurated against your assets, KH is entitled to partially or completely withdraw from the contract.
- 7.5 The official language of the contract is German. Should the contract partner make use of an additional language, German nevertheless takes precedence.
- 7.6 For businessmen / traders, the legal venue is Hof/Saale. KH nevertheless retains the right to validate legal claims at any other admissible legal venue.
- 7.7 The laws of the Federal Republic of Germany apply exclusively.