

# COMMON DISTRIBUTION AGREEMENT

February 28, 2018

between

Shenzhen Kstar Science and Technology Co., Ltd. a company incorporate in P.R. China (registered number 440301102731613) having its registered factory at No. 7th Road, Guangming Hi-Tech Industrial Zone, Shenzhen 518106, P.R.China and manufacture at same address (the 'Supplier') and

KSTAR Power Ukraine LLC (registered number 41760639 ) whose principal place of business is 1 Promyslova street, Kiev, Ukraine, 01013 (the'Distributor'),

also referred to individually as 'Party' and together as 'Parties'.

## WHEREAS:

- A. The Supplier is a supplier of UPS, EV-Charger Pile (the 'Products'), and the product to this agreement is UPS, EV-Charger Pile. It is the intention of the Supplier to develop business opportunities within the Market and Territory in the Schedule to this Agreement.
- B. The Distributor has agreed to assist the Supplier in development of such opportunities.
- C. Products range and market distigulish reference appendix 1

THEREFORE the Parties have agreed as follows:

## 1 APPOINTMENT

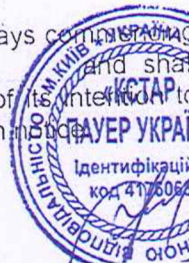
- 1.1 The Supplier hereby appoints the Distributor to act as its Exclusive Distributor for the Market in the Territory as defined in the Schedule to this Agreement. The Distributor accepts such appointment.
- 1.2 The Distributor's appointment shall be in respect of the duties and services specified in clause 2 below.

## 2 DISTRIBUTOR'S DUTIES AND SERVICES

- 2.1 The Distributor should aggressively promote the sale of the Products in the Territory and to service the customers of the Supplier in a manner consistent with good sales procedures and customer relations, and to make regular calls on its customers at regular intervals and offer speedy and suitable after-sale service as well as keep the record at its own cost. The Distributor should offer the Supplier any information as to the above at the request of the Supplier.
- 2.2 The Supplier will sell Products and the Distributor will buy Products in accordance with the terms of this Agreement.

## 2 DURATION

The term of this Agreement shall be for a period of 1 year and 31 days commencing on 1st Jan 2018 and terminating on 31 Dec 2018 thereafter continue in effect unless either party shall notify the other of its intention to terminate this Agreement by giving not less than 3 month prior written notice.



## 4 SPECIAL CONDITIONS

- 4.1 The subsidiary companies of the Distributor are bound by the terms of this Agreement.
- 4.2 The Distributor will maintain appropriate levels of stock commensurate with the level of business anticipated and future expectations.
- 4.3 The Distributor is responsible for dealing with any customer complaint or action concerning the product supplied under this Agreement and shall keep record of and provide the Supplier with full details of any complaint regarding the Product.
- 4.4 The Supplier is entitled to be informed of the sales situation and customer details.
- 4.5 The Distributor is responsible for promotion and marketing the Products at its own cost. The Supplier will share with the Distributor any relevant promotional information which becomes available from time to time.
- 4.6 Each party shall treat as confidential all information obtained from the other pursuant to this Agreement and shall not divulge such information to any person (except to such party's own employees and then only to those employees who need to know the same) without the other party's prior written consent provided that this Clause shall not extend to information which was rightfully in the possession of such party prior to the commencement of the negotiations leading to this Agreement, or which is already public knowledge or becomes so at a future date (otherwise than as a result of a breach of this Clause) or which is trivial or obvious. Each party shall ensure that its employees are aware of and comply with the provisions of this Clause. If the Supplier shall appoint any sub-contractor then the Supplier may disclose confidential information to such sub-contractor subject to such subcontractor giving the Distributor an undertaking in similar terms to the provisions of this Clause. The foregoing obligations as to confidentiality shall survive any termination of this Agreement.

## 5 TERMS AND CONDITIONS OF SALES OF PRODUCTS

### 5.1 Delivery

- 5.1.1 The Supplier shall be entitled to deliver goods by instalments and to invoice each instalment despatched. Failure by the Distributor to pay an invoice by the due date for payment shall entitle the Supplier to suspend future deliveries.
- 5.1.2 The Supplier will use its best endeavours to deliver Products within the time agreed when the Distributor places an order.

### 5.2 Prices

- 5.2.1 Distributor shall agree on Supplier's price to Distributor and will sell at the lowest selling price to its customers. The prices for the Products will be as specified in the Schedule and are exclusive of VAT and sales taxes. The Distributor will be liable to pay VAT and sales taxes and any such taxes and duties in addition to the prices specified in the Schedule.
- 5.2.2 The detailed-price for the Products is in the Schedule. Any price adjustment should be notified to the other party three months in advance.



5.3 PAYMENT

Payment terms are detailed in the Schedule

5.4 PROPERTY/RISK

5.4.1 Property (both legal and equitable) in each shipment of Products shall not pass to the Distributor until the purchase price for that shipment has been paid in full; but

5.4.2 Notwithstanding the foregoing, the risk of loss or damage to Products will pass to the Distributor on delivery.

5.5 WARRANTY

Warranty terms are detailed in the Schedule.

6 RIGHTS RESERVED BY THE SUPPLIER

The Supplier shall be entitled:

To refuse or delay or accept in part only any order for Products if there are reasonable technical grounds for so doing

6.2 From time to time to modify the specification of any Product without any notice provided any such modification does not materially degrade the performance of such Product

6.3 To exclude by one month' written notice to Distributor from Products any item class or type thereof which the Supplier no longer wishes to make available for sale

6.4 Incentive is based on the level of business indicated in the Schedule which the Distributor will endeavour to achieve.

7 PROVISIONS RELATING TO INTELLECTUAL PROPERTY RIGHTS

7.1 Intellectual property rights in the Products shall at all times remain the property of the Supplier

7.2 The Distributor shall promptly notify the Supplier in writing of any allegations of infringement of which it has notice and will not make any admissions without the Supplier's prior written consent

7.3 If the Distributor's normal use or possession of the Products is held by a court of competent jurisdiction to constitute an infringement of a third party's intellectual property rights or if the Supplier is advised by legal counsel that such use or possession is likely to constitute such an infringement then the Supplier shall promptly and at its own expense:

7.3.1 Procure for the Distributor the right to continue using the Products; or

7.3.2 modify or replace the Products (without detracting from their overall performance) so as to avoid the infringement.

8 FORCE MAJEURE



- 8.1 No party shall be liable for any failure or delay in performing its obligations under this Agreement due to force majeure which expression for the purposes of this Agreement means any cause beyond the reasonable control of the party including, but not limited to, governmental actions, war, riots, civil commotion, fire, flood, epidemic, labour disputes (excluding labour disputes involving only the work force or any part thereof of the party), restraints or delays affecting shipping or carriers, inability or delay in obtaining supplies of adequate or suitable materials, currency restrictions and acts of God Provided always that:
- 8.2 Subject to the provisions of sub-clause 8.4 below, the date for performance of the contractual obligation which has been delayed by the force majeure event shall be deemed suspended only for a period equal to the delay caused by such event
- 8.3 The party seeking to exempt itself from liability by virtue of the provisions of Clause 8 shall give written notice to the other party within 7 days of becoming aware of the force majeure event and will at all times use all reasonable endeavours to mitigate the severity of the force majeure event
- 8.4 If the delay caused by the force majeure event shall extend for a continuous period of three months either party shall have the right to terminate this Agreement by notice in writing to the other party

## 9 LIMITATION OF LIABILITY

- 9.1 The Supplier's total financial liability in contract, tort (including negligence or breach of statutory duty), misrepresentation or otherwise, arising in connection with this Agreement shall be limited to the invoice price of the order for the products in question
- 9.2 The Supplier shall not be liable to the Distributor by reason of any representation or any implied warranty, condition or other term or any duty at law or under the express terms of this Agreement for any indirect or consequential compensation (whether caused by the negligence of the Supplier, its employees, sub-contractors or Distributors) which arise out of or in connection with this Agreement.

## 10 SEVERABILITY

The illegality, invalidity or unenforceability of any Clause will not affect the legality, validity or enforceability of the remainder. If any such Clause is found by any competent Court or Authority to be illegal, invalid or unenforceable the parties agree that they will substitute provisions in a form as similar to the offending provisions as is possible without thereby rendering them illegal, invalid or unenforceable.

## 11 TERMINATION PROVISIONS

- 11.1 Supplier shall have the right to terminate this Agreement upon 30 days written notice in the event that Distributor shall:
- 11.1.1 be declared bankrupt or enter a voluntary petition for bankruptcy or in any way enter into a compromise or agreement for the benefit of its creditors;
- 11.1.1 fail to meet at least 80 percent of the mutually agreed upon sales performance goals set forth above;
- 11.1.2 proved to fail to maintain in good standing in the business community;



11.1.3 change or in any way be affected by a change in the majority ownership of its business.

11.1 Either party may terminate this Agreement forthwith by notice in writing if the other of them is in breach of this Agreement and such breach is incapable of remedy. If such breach is capable of remedy the party not in breach, in order to terminate this Agreement, must serve written notice requiring such breach to be remedied within 28 days and if such breach is not remedied within such period then the party not in breach may terminate this Agreement forthwith by notice in writing.

11.2 In addition to the Supplier's other rights of termination contained herein the Supplier will be entitled to terminate this Agreement forthwith by notice in writing to the Distributor on any of the following grounds:

11.3.1 That the Distributor has entered into a composition with its creditors or has had a receiver, manager or administrator appointed on its undertaking assets or income or any part thereof or has passed a resolution for winding up or has had a petition presented to any Court for its winding up

11.3.2 If any distraint execution or other process is levied or enforced on any property of the Distributor and is not paid out withdrawn or discharged within 21 days.

11.3.3 That the Distributor has ceased to trade

11.3 The termination of this Agreement however arising will be without prejudice to the rights and duties of either party accrued prior to termination. The clauses in this Agreement which expressly or impliedly have effect after termination will (including without limitation the confidentiality obligations) will continue to be enforceable notwithstanding termination

11.4 On the termination of this Agreement however arising the Distributor will forthwith return to the Supplier all written documents and other things on loan or free issue from the Supplier and all copies thereof made by the Distributor which are in the Distributor possession custody or control as at the date of such termination.

11.5 On the termination of this Agreement, the Supplier will not be liable for any compensation.

## 12 ASSIGNMENT PROVISIONS

Neither party will be entitled to assign its interest under this agreement without the prior written consent of the other.

## 13 ENTIRE AGREEMENT

13.1 Appendix forms part of this Agreement and shall have effect as if set out in full in the body of this Agreement and any reference to this Agreement includes the Schedule

13.2 This Agreement sets forth the entire Agreement between the parties with respect to subject matter and supersedes and replaces all prior communications, representations, warranties, stipulations, undertakings and Agreements whether oral or written between the parties. The terms and conditions contained or referred to herein relating to the Products shall be to the exclusion of any terms and conditions of purchase orders or other documents at any time by the Distributor whether printed on or sent with any order form or other document.



14 WAIVER

Any waiver of a breach of any of the terms of the Agreement shall not be deemed a waiver of any subsequent breach and shall not affect the other terms of this Agreement.

15 SUCCESSOR

This Agreement shall be binding upon and shall ensure the benefit of the permitted assigns of The Distributor and any successors and assigns of the Supplier.

16 NOTICES

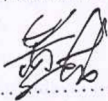
All notices shall be sent prepaid either by mail or facsimile addressed to the respective parties at the address hereinabove set forth, unless they shall otherwise notify in writing.

17 SETTLEMENT OF DISPUTES

This Agreement shall be governed by and construed in accordance with the laws of P.R. China. Any controversy or claim arising out of or relating to this Agreement or the breach thereof shall be settled by arbitration in CIETAC Shenzhen in accordance with the rules of the CIETAC then in effect, and the award rendered by the arbitrator or arbitrators shall be final and binding upon the parties hereto.

IN WITNESS WHEREOF this Agreement is executed as follows:

For and on behalf of Shenzhen Kstar Science and Technology Co., Ltd by





Date.....

For and on behalf of the Distributor KSTAR Power Ukraine LLC by

*Nikitina O.*



Date.....

## Schedule

1. Territory in the agreement Ukraine

2. Market/Industry in this Agreement means the Ukraine Market

3. Price, demand goal and Rebate incentive policy

2.1.1 Price Term: FOB Shenzhen

3.1.2 Currency: USD DOLLAR

3.1.3 Both Parties shall agree on this price and the Distributor will sell above the lowest selling price to its customers. Special orders shall be approved by the Supplier.

3.1.4 The Supplier reserve the right to adjust the price in proportion to the exchange rate fluctuation over  $\pm 3\%$ . Any price adjustment should be notified to the Distributor fifteen (15) days in advance.

3.1.5 According to the purchase order, the Supplier reserve the right to review and adjust the price every three (3) months. Any price adjustment should be notified to the Distributor 15 days in advance.

3.2 Sales performance goals

The Sales goals in year 2018 is no less than USDS 200 Thousand.  
The Sales goals in year 2019 is no less than USDS 9 Thousand  
The sales goals in year 2020 is no less than USD \$ 9 Thousand

3.3 Rebate incentive policy

Distributor's annual demand more than the sales performance goals (2018-01-01 until 2018-12-31 no included), will get the total from 0.5 to 1 percentage of the rebate, the rebate amount will be instead of the same value of product.

4 The following products are excluded from the scope of this Agreement:

4.1 All products in respect of which the Supplier has rights of manufacture, distribution or sale as a result of acquisition of license by a third party.

4.2 All and any new products first marketed by the Supplier after the commencement of this Agreement.

4.3 Engineered spare and replacement parts and components for products not of the Supplier's original design or in respect of which the Supplier has not secured specific rights of manufacture from any authorized third party.



5 Order Forecast

The Expected Order Forecast should send to Supplier at least 60 days in advance to ensure the in time delivery.

6 Payment Term

30% done payment, 70% balance to be paid before the delivery or could be negotiable basing on the special cases.

7 Warranty

7.1 The warranty period is (commencing from the date of bill of lading):

- ALL 3 phase UPSs - 24 months
- 6-20KVA UPSs- 18 months
- Other equipment – 15 months
- Batteries – 12 months

7.2 Supplier will offer technical training support during warranty period to help Distributor to promote Shenzhen Kstar Science and Technology's Products. However, Supplier shall charge at a preferential price for Distributor for maintenance and parts and technical support after the warranty period.





## Appendix

### Kstar Brand representative in UA market:

KSTAR Power Ukraine LLC as authorized as exclusive Kstar Brand UPS&EV-Charger Pile/Modular Representative.

██████████ as authorized as exclusive Kstar Brand Data Center Solution, include Precision Cooling,

### Products Arrange:

KSTAR Power Ukraine authorized as exclusive for Kstar Brand 1-1560kVA UPS, online UPS model and related battery cabinet, Monitoring accessories etc. And EV-Charge Pile, DC Modular, sales target in 2018 set as USD 200 thousand.

██████████ authorized as exclusive for Kstar Brand Data Center products, include Precision Cooling, Service Cabinet, Monitoring System, PDU, etc.

AGM Battery as common products range available for both parties.

All UPS with exclusive Kstar Brand and design.

### Interim Period

██████████ need to clear storage before 30th June 2018, And from 01st Jan 2018 Kstar does not provide distributing UPS order for ██████████, expecting project request. Otherwise all UPS request order should only provide from KSTAR Power Ukraine. According to the foregoing ██████████ does not have UPS on stock after 30<sup>th</sup> June 2018. This agreement comes into force from the date of its signing and is valid until the expiration of the contract.

During six month interim period, Kstar will evaluate KSTAR Power Ukraine UPS purchasing qty and amount every quarter, in order to ensure annual sales target.

### Impact Management

All Kstar Brand UPS request can only purchasing from KSTAR Power Ukraine LLC, as ██████████ ██████████ UPS request can only purchasing from KSTAR Power Ukraine LLC, sale price need to be discussed between Kstar and KSTAR Power Ukraine, reasonable and acceptable for ██████████

Vice Versa, all Precision Cooling and Integrated Data Center project need to be taken from ██████████

### Project& Tender Management

Both of KSTAR Power Ukraine & ██████████ allow to participate all available project UPS& Data Center, as tender information, bid quotation and solution, need to archive with Kstar, Kstar will authorize one party to participate project, base on provided information and winning reliability. Protection only offered with tender archive.

Whether tender winning or failure, Kstar need to help to analyze and finalizing report with participate, taking into further tender participate consideration.

Above draft agreement as key instruction for Kstar Representative in UA market, detail collect option from both party to finalizing.

