

**Clauses for order confirmation
-For Casting Parts and Other Metal Parts**

Version: 2026

1. Definitions

"Seller" means

Henan Fleu Machinery Co., Ltd.
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High & New Technology
Industries Devel. Zone
450001 Zhengzhou/China

"Buyer" means the person, firm, company or organization that buys or has agreed to buy the Products from the Seller.

"Products" means any goods (including any installment thereof or any parts for such goods) that the Seller is to supply to the Buyer in accordance with the Clauses for Order Confirmation (as defined below).

"Price" means the price of the Products specified in the Order Confirmation.

"Order confirmation" means the agreement between the Seller and the Buyer for the sale and purchase of the Products (including any of the Buyer's Purchase Orders).

"Clauses for order confirmation" means the standard terms and conditions of sale set out in this document, which shall be deemed to form part of the Order Confirmation and (unless the context otherwise requires) includes any special terms and conditions agreed in writing between the Buyer and the Seller.

2. General

These Clauses for Order Confirmation shall apply preferentially and replace any other terms proposed by the Buyer or the Seller, unless such terms and conditions have been expressly

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agreed in writing between the Buyer and the Seller.

3. Conclusion of the Order Confirmation

The Buyer shall issue its Purchase Order for the Products on its standard order form, clearly stating the Buyer's Purchase Order Number, Product Drawing Number(s) and Product Reference Number for each item. The Order shall be concluded and become effective only upon the Buyer's receipt of the Order Confirmation from the Seller.

4. Delivery Date and Format for Order and Order Confirmation

4.1 Purchase Order/Order Confirmation/Delivery Date.

The Buyer shall issue its Purchase Order in written form (including hard copy, fax, or email), clearly stating the quantity of the Products. Likewise, the Seller shall confirm the Order only in written form (including hard copy, fax, or email), clearly specifying the quantity of the Products and the Delivery Date.

4.2 The aforementioned Delivery Date refers to the arrival date at Hamburg (for sea freight), Frankfurt (for air freight), or the destinations specified in the Order Confirmation or Purchase Order, with a maximum advance of 15 working days. For shipments under FOB terms, the Delivery Time refers to the aforementioned time period starting from the port of shipment in China. A quantity tolerance of -5% to +10% shall be allowed for each shipment, unless otherwise specified in writing in the Purchase Order or Order Confirmation.

4.3 If the Delivery Date is to be delayed, the Seller shall promptly notify the Buyer via written notice (email or fax) to enable the Buyer to make relevant arrangements in a timely manner. Every Monday, the Seller shall send the Open Order List to the Buyer and mark any abnormal items (e.g., delayed delivery, quantity shortfall) in red boldface.

4.4 The Seller shall not be liable hereunder for any additional airfreight or express fee arising from delayed delivery, quality claims, or supplementary delivery for shortfalls caused by quality issues or other reasons attributable to the Seller.

5. Production Drawings, Technical Requirement and Inspection Guide

In addition to the applicable standards for the Products, the detailed Technical Requirements

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shall be clearly stated in the Purchase Order and Product Drawings. Only the latest version of the Buyer's Product Drawings shall be used for the Seller's production. Where possible, the Buyer shall provide the Seller with the Inspection Guide.

6. Patterns and Tools

Patterns and tools change into Buyer's property after payment from the Buyer, the Buyer lends these contractual patterns and tools to the Seller only for the production of the parts and products ordered by the Buyer. If follow-on patterns and tools become necessary due to excess of agreed purchase order, the Seller shall give a timely notice to the Buyer, requesting the latter to order a new set of tool to ensure the production continuity. All the above shall be done ahead of the expiry date of the old tool's service life. Only after getting the new samples release from the Buyer can the Seller start the batch production with the new tool.

7. Price

The Price shall be denominated in EUR, USD, or RMB, as specified in the mutually agreed price list or Order Confirmation. The Price shall be exclusive of any applicable taxes, duties, or transportation costs unless otherwise explicitly stated.

8. Transport/Packing

- The products shall not be damaged due to inadequate packing during transportation, and the packaging itself shall not be damaged either;
- The products shall be protected against corrosion and rust;
- The products shall be stored in dry areas;
- During transportation, the products shall be protected from humidity.

9. Quality Discrepancy or Claims

The Buyer shall submit any quality discrepancy or claim concerning valve leakage or valve body defects in writing within 18 months from the issuance date of the product's bill of lading.

All other quality discrepancies or claims, including those related to visual surface quality, casting quality, dimensions, material quality (note: minor discrepancies in chemical analysis between molten steel and cast parts shall be acceptable; mechanical properties such as tensile strength, yield strength, elongation, and impact strength shall be tested on separately cast test bars

unless otherwise specified in writing in the order), X-ray inspection quality, and surface crack inspection quality, shall be submitted in writing by the Buyer within 9 weeks from the issuance date of the product's bill of lading. The Seller shall keep other separately cast test bars in storage for rechecking by the Buyer.

Any discrepancy or claim submitted beyond the aforementioned time periods shall not be accepted by the Buyer.

And implemented as follows:

If defective parts $\leq 2\%$, no findings necessary, no compensation.

If defective parts $> 2\%$ and $\leq 5\%$, findings are to be provided. The Buyer should provide relevant quality report and only deduct the costs of casting parts or components shipped, the Seller has no responsibility to bear Buyer's indirect charge of the machining cost (waste parts), repairing fee, selecting fee, etc. The Buyer may return the defective parts or scrap them at the local area after receiving the written statement from the Seller.

If defective parts $> 5\%$, findings are to be provided, if the Buyer asks the Seller to afford the occurred repairing fee, selecting fee or the other charge, the Buyer should receive the written permission from the Seller prior to repairing and selecting, this clause can be only applied to the batch shipment.

The Buyer agrees to afford the repairing and selecting fee of the defective products from the sample and 0-batch shipment.

The Buyer should not return or scrap any defective products without Seller's prior written authorization, and all products returned should be appropriately packed for transit.

The claim takes place per piece, and should not exceed the sellers-sales price of the product itself.

The Seller shall be under no liability of any extended or extra compensation caused in connection with the products quality or the sales confirmation.

For example, for a valve, such as the costs occurred at dismantling and changing valves again arising from leakage after installing the valves into pipe lines, the losses caused by stopping production etc should not be afforded by the Seller.

For automobile parts, the fees caused by the damage of automobile engine because of the quality problem of automobile parts should not be afforded by the Seller.

10. Cancellation and Rescheduling

Any request for cancellation or rescheduling must be made in writing, clearly stating the nature of the request and detailed reasons therefor.

Cancellation requests shall not be accepted if made within 60 days prior to the scheduled delivery date. For requests made outside this 60-day period, the Seller reserves the right to refuse such cancellation. Notwithstanding the foregoing, the Buyer may cancel the order if the ordered Products have not yet entered the production process.

The Seller reserves the right to refuse any request for rescheduling.

If a cancellation or rescheduling request is accepted, the Seller reserves the right to invoice the Buyer for costs and losses arising from such cancellation or rescheduling, with the total amount not exceeding the Price of the Products.

11. Payment Items

Payment for molds and samples:

50% of the amount shall be paid upon order confirmation, and the remaining 50% shall be paid within 15 days after the samples are approved.

a) If the samples are rejected by the Buyer, the Buyer shall not be obligated to pay for the samples and molds, provided that the Buyer submits the inspection reports for the rejected samples within 15 days of receiving the samples. The Seller shall provide new samples. If the new samples are qualified, the Buyer shall pay the sample fee and the remaining 50% of the mold fee via T/T within 15 days of receiving the new samples.

b) If the Seller does not receive any inspection report from the Buyer within 15 days of the Buyer's receipt of the samples, the Buyer shall pay the sample fee and the remaining 50% of the mold fee.

Payment for batch deliveries:

Irrevocable L/C, D/P sight is the standard for international business. The seller make the payment terms as 15 days after receiving of the goods (not later than 45 Days after B/L Date) by T/T net only under following precondition:

For T/T payments, the customer shall make the payment first, even if the goods are unqualified. Subsequently, the customer and the Supplier may negotiate the repair or return of the goods: any agreed repair costs shall be deducted by the Supplier from the next delivery. If the goods must be returned, the Supplier shall first deliver new qualified goods to the customer free of charge, after which the customer may return the defective goods.

This requirement is to comply with the verification regulations of China's State Administration of Foreign Exchange and the provisions related to value-added tax refunds. T/T payment terms shall only apply to credible companies that acknowledge this precondition and have no history of delayed payments.

12. Title to Products

Title to the Products shall not pass to the Buyer until the Buyer has fully paid the Price of the Products and any additional costs incurred.

13. Force Majeure

Neither party shall be liable for the failure or delay to perform all or any part of this Agreement due to flood, fire, earthquake, drought, war, or any other event that cannot be predicted, controlled, avoided, or overcome by the affected party. However, the party affected by the Force Majeure event shall promptly notify the other party in writing of the occurrence of such event, and thereafter shall send a certificate of the event (issued by the relevant authority) to the other party within 15 days of the event's occurrence.

14. Arbitration

All disputes arising from the performance of this Agreement shall be settled through friendly

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consultation. If no settlement can be reached, the disputed matter shall be submitted to the Shanghai Sub-Commission of the Foreign Trade Arbitration Commission of the China Council for the Promotion of International Trade (CCPIT) for arbitration in accordance with its Provisional Rules of Procedure. The arbitral award made by this Commission shall be final and binding on both parties. Arbitration fees shall be borne by the losing party, unless otherwise specified in the arbitral award.

15. Separability Clause

If any individual provision of these Clauses for Order Confirmation is determined to be fully or partially invalid or unenforceable, all other provisions of these Clauses for Order Confirmation shall remain valid and binding.

16. Expiring Date

These Clauses for Order Confirmation shall take effect upon the effectiveness of the Order Confirmation. Any notice of termination of these Clauses for Order Confirmation shall be made in writing and shall be given at least 6 months in advance.

The old Clauses for Sales Confirmation (Version 2025) was valid for order confirmation till 31.12.2025. This new Clauses for Sales Confirmation Version 2026 is valid from 01.01.2026.

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01.01.2026

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