



**GENERAL COMMERCIAL TERMS AND
CONDITIONS OF
TCF VZDUCHOTECHNIKA S.R.O.**

valid from 1 January 2014 (the "Terms")

I. Application of Terms

1. The Terms are an inseparable part of the Purchase Agreements (PA) and define the basic rules and conditions that shall govern contractual relationships established by the PA. By signing a PA containing references to the Terms, the Buyer agrees with the contents thereof without objections.

2. If the PA contains arrangements between the Parties that differ from the Terms, the provisions of the PA shall have priority over the Terms. If legal relationships are neither regulated by the PA nor by the terms, they shall be governed by the Civil Code in its wording as valid by the signing hereof.

3. These Terms shall become valid and effective when both Parties sign the Agreement.

II. Establishment of PA

1. The Parties are entering into the PA based on a consensus regarding all of its provisions in written form. Verbal proposals and verbal amendments to the PA shall not be allowed.

2. The PA shall be entered into by one Party responding to the other Party's written offer to enter into it (order, offer) containing the signatures of such Party's authorised representatives by accepting the offer in writing (order confirmation, offer approval). If a written notification of acceptance is not delivered to the other Party within 14 calendar days, it shall be assumed that the offer to enter into the Agreement was rejected. If the offer for the Agreement and the subsequent acceptance notice differ in their contents, the PA will not be entered into, and the acceptance notification shall be regarded as a new offer for entering into an Agreement.

III. Subject of fulfilment of PA (Goods)

1. The technical specification of the Goods prepared by the Seller is based on the requirements specified in the Buyer's inquiry. If the Buyer is supposed to specify the required characteristics of the Goods and does not do so in time, the Seller shall specify them alone and notify the Buyer of what characteristics the Seller has specified. In doing so, the Seller shall take into consideration the Buyer's needs of which the Seller is aware. The Buyer has the right to notify the Seller of different characteristics of the Goods than those specified by the Seller, but if the Buyer does not do so promptly after the Seller's notification is issued, then the Buyer shall be bound by the Seller's specifications.

2. Subsequent changes to the subject of fulfilment (Goods) after the Buyer has signed the PA related to technical parameters, preferred brands of used components and accessories shall be permitted only if both Parties agree on such arrangement no later than in the phase of technical preparation of production and shall be accepted by the Seller only if such changes are technically possible. The Seller shall subsequently prepare the revision of the technical specification of the Goods with a statement regarding the effects of such changes on the purchase price, meaning an increase or reduction of the purchase price. Each such change shall be recorded as an amendment to the Purchase Agreement.

3. The Seller is required to deliver the Goods in a proper and timely manner and in the quantity, quality and design expressly specified in the PA and the annexes thereto (Technical Specification of the Subject of Fulfilment).

4. Documents related to the Goods (Assembly and Operating Guidelines, Declaration of Conformity, Compiled Sketches and other documentation), which the Seller is required to deliver together with the Goods pursuant to the PA or applicable legislation, shall be delivered to the Buyer together with the Goods and as of the moment of their transfer shall become the Buyer's property, which the Buyer shall become entitled to handle freely.



IV. Purchase price

1. The price for the goods shall be agreed upon exclusively in the PA, unless another way of setting it is defined therein.
2. Unless otherwise specified in the PA, the price shall not include: VAT, customs duties, packaging costs, transport costs, insurance premiums and other costs incurred by the Seller in connection with the fulfilment of the PA. The Buyer is required to pay this monetary fulfilment together with the price or directly after it is billed by the Seller.
3. If the subject of fulfilment includes returnable packaging or transport frames protecting the Goods against damage or corrosion during transport, their record price will be billed to the Buyer as a separate item. After the returnable packaging and transport frames are returned by the Buyer, the Seller shall promptly issue a corrected tax document (credit note) for the value of the returned packaging/transport frames.

V. Payment terms

1. The agreed purchase price shall be due based on an issued invoice (tax document) by the due date stated therein. Unless otherwise arranged in the Agreement, a 50% advance, half of the purchase price of the Goods, shall be due within 14 days after the Agreement is signed, and the other 50% must be paid after the Goods are delivered. The deadline for payment of the invoice, unless otherwise agreed, shall be 21 calendar days from the date of issuance of the invoice. The Parties may also agree in the PA on another way of paying the purchase price.
2. The invoice must contain the details required for a tax document by tax regulations (Act No. 235/2004 Coll.), as amended. If the invoice contains apparent inaccuracies or errors, the Buyer shall be entitled to return the invoice to the Seller for correction. The Seller shall promptly correct or add to the invoice. The period allowed for payment of the corrected invoice shall be the same as the originally agreed period allowed for payment.

3. If the Buyer is delayed with the fulfilment of any financial obligation towards the Seller, the Buyer shall be required to pay a contractual penalty of 0.05% of the owed amount for each day of delay, and the penalty shall be due within 21 days.
4. The moment when the corresponding amount is credited in full to the Seller's account shall be considered the moment of payment of the invoiced amount.
5. If the Buyer does not pay the price for the Goods in a proper and timely manner, the Seller may claim an exemption from the warranty. Such exemption shall last until the agreed purchase price has been paid in full. The exemption shall not have an effect on the running or length of the warranty period.
6. Neither Party is authorised unilaterally to offset any of its receivables originating from the PA against the other party's receivables without the other Party's written consent.
7. The Seller and the Buyer have agreed to exclude the option of reassigning receivables owed to each other or which arise between each other based on the PA by the date of signing thereof. Reassigning of receivables based on the previous sentence shall be permitted only if the other Party has granted written permission.
8. The Seller and the Buyer have agreed to exclude the option of placing liens on receivables owed to each other or which arise between each other based on the PA by the date of signing thereof. Placing of liens on receivables based on the previous sentence shall be permitted only if the other Party has granted written permission in advance.

VI. Delivery of the subject of fulfilment

1. The Seller shall deliver the goods by the delivery deadlines and under the terms arranged in the PA. If the required quality and design of the Goods is not expressly stated in the PA, the Seller shall be required to deliver the Goods to the Buyer in the quality and design that fulfils the purpose for which the Goods are being delivered, or if such purpose has not been agreed upon, then for the purpose for which the Goods are regularly used.



2. Partial deliveries are acceptable.
3. Unless otherwise arranged in the PA, the delivery location shall be the Seller's production plant.
4. The Goods shall be considered properly delivered when the following conditions have been fulfilled:
 - a) the goods have been properly handed over to the Buyer, and from that moment the Buyer has become authorised to handle the Goods;
 - b) along with the handover of the Goods, documentation regarding the goods has also been handed over;
 - c) the goods fulfil technical specifications
5. The Seller shall call on the Buyer to accept the goods prior to their dispatch. The deadline for acceptance of the goods shall be clarified by a bilateral arrangement between the Parties at least three days before the agreed fulfilment deadline. If the Buyer does not respond to the request for acceptance within five business days, it shall be assumed that the Buyer's acceptance is not required before the dispatch of the goods, and the subject of fulfilment will be delivered based on the terms of delivery specified in the Purchase Agreement. The Buyer shall be required to take possession of the Goods no later than within 14 calendar days from the agreed fulfilment date.
6. If the Buyer is delayed with taking possession of the Goods, the Seller reserves the right to bill the Buyer a storage fee of 0.05% of the total contractually agreed price per day of storage above the limit of 14 calendar days.
7. Unless otherwise agreed in the Purchase Agreement, the Goods shall be considered delivered upon the confirmation of the delivery record by the Buyer or the signing of the delivery and acceptance record by both Parties' authorised representatives.
8. If the Seller becomes delayed with the delivery of the Goods, the Seller shall be required to pay the Buyer a contractual penalty of 0.5% of the purchase price of the non-delivered goods for each week of delay, but up to a maximum of 5% of the agreed purchase price, with it

further agreed that the first week shall not be counted towards the contractual penalty.

9. The Seller shall not be considered delayed with the delivery of the Goods if the Seller suspends delivery of the Goods due to the Buyer's delay with the payment of any owed financial obligation stemming from any relationship between the Buyer and the Seller, for the duration of such delay with fulfilment of the financial obligation.

10. The risk of damage to the Goods shall transfer to the Buyer as of the moment of acceptance of the Goods by the Buyer or in accordance with the agreed delivery terms based on INCOTERMS 2010 specified in the PA.

VII. Retention of title

1. The Seller shall deliver the Goods to the Buyer with retention of the ownership right to the Goods, meaning that the ownership right to the Goods shall transfer to the Buyer only after the agreed price for the Goods has been paid in full, which shall be understood as the moment when the owed amount is credited in full to the Seller's bank account.

2. The Buyer may not freely handle the Goods, place liens on them or otherwise encumber them until the transfer of ownership has been completed. The Buyer is required to protect the Goods against damage, loss or intervention by third parties.

VIII. Quality of Goods

1. The Seller pledges that the Goods shall have the technical and quality parameters required by the Buyer and referred to in the technical specifications based on the production documentation, related technical standards and valid legislation. The guaranteed air flow is with tolerance of +/- 3%, and the guaranteed ventilator pressure is with tolerance of +/- 6%. The guaranteed parameters may be fulfilled only under conditions of suitably aerodynamically selected pipes for suction and pressure and fulfilment of the input parameters declared in the technical documentation, particularly the pressure loss of the system. Measurement of air equipment variables must be carried out in accordance with the terms specified in standard ČSN 12 3061.



2. The Seller shall be liable for defects in the Goods at the time of their delivery to the Buyer, even if such defects become apparent only subsequently. The Seller's duties stemming from the warranty for the quality of the Goods shall not be affected by this arrangement.

3. Goods shall be considered defective if there is a nonconformity between the actual properties of the Goods and technical parameters specified in the annexes to the PA and/or if Goods different from those agreed are delivered, if there are defects in quantity or quality or if there are any deviations from the agreed or otherwise arranged design.

4. If the Buyer has fulfilled its obligations stemming from the PA, the Seller shall provide a 24-month warranty for the Goods, which shall begin running as of the date when the equipment is put into operation, but the period must not be longer than 27 months from the date of fulfilment of the delivery condition specified in the PA. An essential condition for providing future fulfilment from the warranty is exact compliance with assembly and operating guidelines related to the delivered Goods (equipment).

5. The Buyer is required to prove to the Seller the means of putting the equipment into operation:

a) via a record of putting the equipment into operation (assembly) carried out by a professionally competent third party based on a written form approved in advance by the Seller. If this document is not submitted to the Seller, the warranty period shall begin as of the date of fulfilment of the delivery condition specified in the Purchase Agreement.

b) via cooperation with the Seller, i.e. by ordering of supervision of assembly and putting of the equipment into operation by the Seller's trained service technician with proper equipment. The prices for these servicing activities shall be based on the Seller's service rate sheet valid at the time.

6. The warranty shall apply only to those parts of equipment that were damaged demonstrably as a result of material or manufacturing defects and shall be limited to replacement or repair of damaged parts.

7. The warranty shall not for its duration apply to parts of equipment subjected to excessive wear as a result of mechanical abrasion or aggressive chemical composition of transported media, such as impellers, volutes, etc. The Buyer shall always be notified of this in advance in the technical specification along with a list of such parts before the PA is signed.

8. The warranty shall be voided if the Buyer carries out irreversible changes and interventions in the product without the Seller's written consent or if the Buyer does not comply with assembly and operating guidelines for the subject of fulfilment of the Purchase Agreement.

9. Notifications regarding defects must contain:

- a) identification of the Pa
- b) a description of the defect or an exact explanation of how it appears, proven by corresponding documentation
- d) identification and the defective goods and their quantity.

Only written notifications of defects will be taken into consideration.

10. Apparent defects must be reported at the latest when the Buyer takes possession of the Goods. Other defects must be reported promptly after their discovery.

11. The Seller shall provide compensation for damages up to a maximum of 100% of the contractual price of the goods.

12. The Seller shall not be liable for indirect damages caused by defects in the Goods, such as lost profit, loss of business opportunities, affecting of the position on the market, etc.

IX. Intellectual and industrial property rights

1. The Parties pledge not to provide any technical or business documents or information to any third parties and to protect the confidentiality of technical and commercial information. All technical proposals, projects, technical sketches, mathematical and physical calculations and other technical documentation shall



remain under all circumstances the intellectual property of the Party that provided them and shall be subject to copyright.

2. Delivery of the Goods shall not establish for the Buyer any rights to any of the Seller's intellectual or industrial property. The Buyer must return documentation, particularly development and production documentation, etc., which the Seller has made available or provided to the Buyer in connection with negotiations regarding the Agreement, its signing or its fulfilment, to the Seller promptly and without a request for such return being required in the event of non-fulfilment of the Parties' business relationship or expiration of the Seller's rights stemming from the Purchase Agreement.

X. Circumstances excluding liability

1. Either Party shall be excused for partial or full failure to fulfil contractual obligations, if such failure occurred as a consequence of force majeure. Force majeure is understood as any obstacles which at the time when the Parties entered into the Purchase Agreement could not have been foreseen and which occurred after the Parties entered into the Purchase Agreement beyond the control of the obliged Party and which prevent that Party from fulfilling its obligations, if the obliged Party cannot be reasonably expected to overcome or eliminate such obstacles or the consequences thereof. If force majeure exists for 90 calendar days or fewer, the Parties shall be required to fulfil their contractual obligations as soon as the effects of force majeure disappear, and delivery deadlines and all other deadlines shall be postponed by the duration of force majeure. Delays with deliveries from sub-suppliers, lockouts, strikes, etc. cannot be considered force majeure situations.

XI. Governing law and court jurisdiction:

1. Unless otherwise specified herein, the Parties' legal relationships shall be governed by relevant provisions of Czech law, particularly Act No. 89/2012 Coll., the Civil Code, in its wording valid during the validity of the Purchase Agreement.

2. Should the Parties fail to resolve any disputes through bilateral negotiations, they shall be referred for decision to a general court in accordance with Section 89a of the

Civil Code, with the jurisdiction based on the plaintiff's location for all potential legal disputes that may arise between the Parties in connection with the Agreement.

XII. Entitlement to withdraw from the Agreement

1. Either Party may withdraw from the Agreement:

a) if the other Party seriously breaches its obligations, with serious breaches understood as breaches of obligations in relation to which the breaching Party already at the time of signing the PA knew or must have known that it would not have entered into the Agreement if it could have foreseen such breaches;

b) if the other Party seriously breaches any obligations set in the PA or in the Terms and does not rectify the situation even by an additional deadline specified by the non-breaching Party.

2. The Parties shall also be authorised to withdraw from the Agreement if the Seller has become entirely unable to fulfil any of its significant contractual obligations.

3. The Seller shall also be entitled to withdraw from the Agreement if the Buyer does not pay any required payment within 30 days from the expiration of the agreed period allowed for payment or if the Buyer has been declared insolvent.

XIII. Severability

1. Should any of the provisions hereof be found to be or become in the future invalid, ineffective or unenforceable, this shall not affect the validity of the remaining provisions hereof, if the invalid, ineffective or unenforceable provisions can be separated from them. The Parties pledge to replace the invalid, ineffective or unenforceable provisions with valid, effective and enforceable provisions, which to the maximum possible extent correspond to the meaning and purpose of the replaced provisions and which comply with applicable law.

XIV. Changes to Terms

1. The Seller is authorised to amend or add to these Terms unilaterally. The Buyer shall be informed in writing



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of such changes. If the Buyer disagrees with an announced change hereto, the Buyer may reject the amended Terms.

In Prachatice, dated:

Seller:

Buyer:

TCF Vzduchotechnika s.r.o.

Průmyslová 920
383 01 Prachatice
Czech Republic

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