

Master Agreement for the Supply of Products

Formatted: Right: -10.75 ch

This Agreement (hereinafter, the Agreement) is entered into by and

BETWEEN

Shenzhen Kaifa Technology Co. Ltd. (~~Kaifa~~(深圳长城开发科技股份有限公司) whose office is situated at No.7006 Caitian Road, Futian District, Shenzhen, People Republic of China (hereinafter "KAIFA").

And

XXXXXX whose registered office is situated at XXXXXXXX (hereinafter "USCL");

Formatted: Indent: Left: 0", Hanging: 1 ch

This basic agreement is drawn for the ~~US~~North American meter business and/or any related business opportunities are hereto beneficial to both parties.

Whereas

- A. ~~The USCL~~ has requested and the KAIFA has agreed to achieve the Meter Products R&D and purchase the raw materials, parts and semi-manufactured parts to manufacture and sell the Meter Products (generally described in the attachments to this agreement) to the mutual customers of both parties.
- B. ~~And, The USCL~~ and ~~the KAIFA~~ have agreed to enter into this agreement to govern the partnership between parties, R&D and sale of Meter Products.

Article 1 Master Agreement

Section 1 Application of the Agreement

1.1 This agreement shall govern all individual Meter Products supply agreements ("Individual Contract") entered into by and between USCL and KAIFA as partner to any utility customers in North AmericaUS during the effective term of this Agreement. To the extent said Individual Contracts are inconsistent with this Agreement, the terms of this ~~agreement~~ Individual Contract shall prevail.

Section 2 Obligations

2.1 USCL Obligations:

(a) ~~—~~USCL is exclusively responsible for market exploration of sale opportunities in the United States and other NAFTA countries, for any Kaifa product that includes USCL intellectual property, as defined in 2.1h below.

Formatted: Indent: Hanging: 0.37", Left: 0.37", Right: 0.37", Tab stops: 0.38", Left + Not at 0"

(b) ~~—~~USCL is responsible for system, software (backend) and application development, and for specifying the Meter Product requirements that Kaifa shall design and manufacture for the North American NAFTA markets.—

(c) USCL is responsible for acquiring data, which shall among other things include market demand, sales possibilities opinion of credit information related to prospect clients that both parties consider as potential customers;

Formatted: Indent: Left: 0.01 ch, Hanging: 2.99 ch

(d) USCL is responsible for Government and Utilities relations;

(e) USCL is responsible for assisting KAIFA to qualify the products which is required by the law or regulation (if any) of the United States and other NAFTA countries/North America for selling the products in that region, also responsible for dealing with the United States and NAFTA/North America customers for any business services.

Formatted: Indent: Left: 0.01 ch, Hanging: 2.99 ch

~~(f)~~ (f) ~~—~~USCL shall be the payment danner for the Meter Products to charge the customers pursuant to each Individual Contract provided that (a) the Meter Products conform to the agreed specifications set forth in the each Individual contract, and (b) the Meter Products satisfy the acceptance inspection by customers.

Formatted: Indent: Left: 0", Space After: 1 pt

Formatted: Bullets and Numbering

(g) USCL shall set market pricing for the Meter Products in the USA and NAFTA markets as a distributor, and shall retain the difference between Kaifa prices and the market pricing, and shall work with Kaifa to set pricing on Individual Contracts USCL negotiates between Kaifa and individual utility customers.

~~(f)~~(h) USCL shall retain ownership of all intellectual property it delivers to the partnership, including knowledge of the markets, the customers, the product requirements, patents, copyrights and trademarks

2.2 KAIFA Obligations:

- (a) KAIFA is responsible for products development (hardware and firmware) and Manufacturing in accordance with USCL performance specifications.
- (b) KAIFA is responsible for materials sourcing and procurement of the products, and maintaining a supply chain to meet market shipping requirements, including maintenance of a Kaifa owned American based inventory.
- (c) KAIFA is responsible to provide technical support or training to USCL related to the products or business secured by USCL.
- (d) KAIFA is responsible for qualifying the products which is required by the law or regulation (if any) of the United States and other NAFTA countries/North American for selling the products in that region.

KAIFA and USCL shall work together in business and pricing negotiations with respect to securing the business.

Section 3 Commencement

- 3.1 Upon the signing of this Agreement and the commencement of the parties' relationship hereunder, both parties shall provide the following documents to the other: (a) copies of the business registration certificate, (b) documents to state the financial and administrative situation of the corporation, ~~and~~ (c) other lawful documents requested by the other party and (d) detailed product specifications.

Article 2 Individual Contracts and Unit price

Section 4 Construction of an Individual Contract

- 4.1 An Individual Contract may be constructed by USCL or by USCL as a distributor, or by USCL as the exclusive sales agent of ~~KAIFA~~ pursuant to this mutual agreement of the parties evidenced in writing with a third party as customer. In such an event, the parties shall agree to contract with the customer for meter business project in good faith.
- 4.2 In the event an Individual Contract results in loss or damage to a party hereto, subject to any mutual agreement of the parties in writing, the following shall apply: (a) USCL shall bear such loss or damage if the contract is requested by USCL and USCL is at fault; (b) KAIFA shall bear such loss or damage if the amendment or alteration is requested

by KAIFA and KAIFA is at fault. Both parties shall mutually agree to resolve the issue in good faith if the cause cannot be determined or if neither party is at fault.

Section 5 Unit Price

- 5.1 The unit price for Meter Products sold by USCL as a Kaifa distributor shall be set by USCL, above a transfer price set by Kaifa that includes the carrying cost of inventory. The unit price for Meter Products under an Individual Contract with Kaifa shall be determined by both parties, considering the cost of production as reasonably measured by factors including but not limited to quantity, type, duration, delivery date, payment method, quality, cost of supplies and raw materials, cost of depreciation of manufacturing plant, equipment, currency, cost of tax, cost of labor and direction of the market price, administrative expense as well as exchange rate fluctuations and reasonable profit margin to both parties.
- 5.2 In the event that there should be a material change in the factors that determine the unit price of the Meter Products, the parties again shall engage a mutually discussion and make the adjustment of the unit price to the extent such change is allowed under an Individual Contract.

Article 3 Manufacture of Products

Section 6 Manufacture of Products

- 6.1 KAIFA shall follow all reasonable instructions, drawings, production standards, working standards and other guidelines mutually agreed by both parties, and shall manufacture the Meter Products pursuant to specifications provided by USCL following the commencement of this agreement in the attachments, and generally described in the attachments.

Section 7 Quality Control

- 7.1 KAIFA shall use its best efforts to maintain and improve quality standards in strict accordance with the purchasing guidelines and the standard work methods of the corporation or according to the industrial standards.
- 7.2 KAIFA is required to make the prior notice to USCL in writing before changing any of its manufacturing processes.
- 7.3 Upon written request of USCL on manufacturing processes, KAIFA shall,

within five (5) working days release approval or denial notice to USCL. Provide that KAIFA releases approval notice to USCL, KAIFA shall within ten (10) working days present to USCL the actual and projected production schedules on daily or weekly basis.

Section 8 Inspection

- 8.1 USCL shall, upon giving reasonable written notice in advance, be entitled to investigate the conditions of the manufacturing infrastructures and process. Where KAIFA has sub-contracted the manufacture of the Meter Products to a third party, KAIFA shall procure such right of inspection by USCL.

Formatted: Indent: Left: 0.01 ch, Hanging: 2.99 ch

Section 9 Technical Assistance

- 9.1 In the event KAIFA encounters technical difficulty and/or shortage in engineers in the Meter Product R&D section or manufacturing process, KAIFA shall seek technical assistance and/or engineers from USCL. USCL shall provide reasonable assistance upon KAIFA's request.

Article 4 Delivery and Shipping Inspection

Section 10 Due Dates for Delivery

- ~~10.1~~ ~~10.1~~—This agreement applies delivery terms according to each Individual Contract with customers. The due date for preparing of manufactured Products to customers to delivery location shall be determined by mutual agreement of the parties and indicated in the Individual Contract. Whereas accidents out of KAIFA's control, KAIFA shall present a reasonable alternative shipment plan within five (5) working days to USCL for dealing with customer.

Formatted: Space After: 12 pt

Formatted: Bullets and Numbering

- ~~10.1~~10.2 Shipments to USA based inventory owned by Kaifa shall be based on mutual agreement and USCL forecast of demand, with carrying costs born by Kaifa and recovered in transfer pricing.

Section 11 Change of Due Date

- 11.1 In the event that KAIFA is unable to deliver Meter Products on the agreed upon delivery date, or if KAIFA expects that it will be unable to deliver goods on time, it shall notify USCL immediately.
- 11.2 Upon receiving notice from KAIFA in accordance with the above paragraph, USCL shall deal with customers of aforesaid situation and notify KAIFA of its preferred course of action at once.

- 11.3 In the event KAIFA expects to make delivery prior to the agreed upon delivery date, it shall so notify USCL as soon as possible, and USCL shall take actions subsequently.
- 11.4 If USCL wishes to change the agreed upon delivery date, it shall first consult with KAIFA. Such new delivery date shall be mutually agreed and presented in written format with the consent of customers. USCL shall bear the liability, provided that any additional cost due to the shipment change,

Article 5 Acceptance Inspection and Transfer

Section 12 Acceptance Inspection and Transfer

- 12.1 Upon receipt of the Products, USCL shall engage in the acceptance inspection conducted by customers in accordance with its inspection standards upon the first day the Meter Products delivered to customers. USCL shall release the acceptance notice to KAIFA on the same day the customers accept the Meter Products.
- 12.2 Quantity and quality condition shall be deemed accepted by customers when USCL has given KAIFA the notice that customers have completed the acceptance inspection pursuant to Section 15.1.

~~12.3~~ ~~12.3~~ Notwithstanding anything to the contrary, if customers discover any defects (due to the fault of the KAIFA) in product at anytime during the warranty period, USCL shall immediately notify KAIFA and follow its instructions. In such case KAIFA shall either repair or replace any supplies that are defective.

~~12.3~~

Article 6 Payment

Section 13 Settlement of the Payment Amount

~~13.1~~ ~~13.1~~ USCL shall be responsible to urge the customers covered by Individual Contracts to pay to KAIFA the total amount based on the number of Meter Products. Upon receipt of the amount customer shall properly pay, KAIFA shall duly comminute the profits with USCL.

Formatted: Space After: 12 pt

Formatted: Bullets and Numbering

Formatted: Space After: 12 pt

Formatted: Bullets and Numbering

13.113.2 USCL shall pay Kaifa 30 days following a USCL purchase of Metering Products from Kaifa's USA based inventory

Section 14 Payment Date; Payment Method

14.1 Payment date and payment method shall be determined by mutual agreement of the parties and set forth in the particular Individual Contract.

Article 7 General Obligations

Section 15 Warranties

15.1 KAIFA warrants that :

- (a) the performance of the Products will meet the operating standards as specified in the particular specification, which is mutually agreed by both party, which is to be specified as the technical attachment of each Individual Contract;
- (b) the Meter Products shall correspond with the product specifications as specified in the technical attachment of Individual Contract and the Meter Products are fit for the purpose specified in the technical attachment;
- (c) the Products will be free from defects for a period of time of not less than one year, or another time specified in each Individual contract from the date of their initial use or same duration plus one year from the date of manufacturedelivery, whichever is first to expire.

15.2 Where any claim in respect of any of the Meter Products which is based on a breach of the warranty in 15.1 is notified to KAIFA within the warranty period set out in 15.1, without prejudice to any other rights USCL may have, KAIFA shall, at USCL and KAIFA mutual decision, repair or replace the Meter Products (or the part in question) free of charge. KAIFA and USCL shall owe the liability to customer merely nothing more than the quality standards required by customers and/or required by industrial standard. Defect Meter Products due to faulty design defect, bad workmanship or bad material used to be replaced or repaired by KAIFA free of charge. However, this warranty does not cover any defect in the product caused by accident, neglect, alternation, modification or substitution of any of the components or parts, or any attempt at internal adjustment by unauthorized service personnel.

Section 16 Industrial and Intellectual Property Rights (IPR)

16.1 Both parties acknowledge that nothing in this Agreement shall be deemed to grant to the parties a license expressly or by implication under any patent, copyright or other intellectual property right. Both parties hereby acknowledge and confirm that all existing and future intellectual property rights developed by either party are the exclusive property of the original Owner. Uses or applications of IPR on the Meter Products shall not challenge either party's rights therein.

16.2 All of the USCL Intellectual Property Rights including patents, copyrights, trademarks and general technical knowledge embodied in the USCL specification of the products shall remain the property of USCL. All of the Kaifa Intellectual Property Rights, such as: design, drawing and technology developed by Kaifa shall belong to KAIFA, ~~if the mentioned products are developed by KAIFA.~~ USCL and Kaifa shall not offer the above rights to any other third party by any means for any purpose and vice versa with out the express written agreement of the other party. Both parties shall be solely responsible for itself and to third parties in its performance of its duties hereunder and no party shall have any liability to any other party excepting for reasons of Gross Negligence.

Formatted: Indent: Left: 0.01 ch, Hanging: 3.99 ch, First line: -3.99 ch

16.3 Either party shall use all the other's IPR in strict accordance with instructions and guidelines from the other party

Formatted: Indent: Hanging: 3.99 ch, Left: 0.01 ch, First line: -3.99 ch

16.4 Both parties shall immediately inform the other of any instances of infringement of the party's IPR that it becomes aware of.

16.5 Either party shall promptly notify the other of any inventions, which result from the performance of such party's obligations under this agreement. Further, Either party shall give all reasonably necessary assistance in securing any rights to the inventions, including any patent applications.

Formatted: Indent: Left: 0.01 ch, Hanging: 3.98 ch, First line: -3.98 ch

16.6 Either party shall not have any right to use, sell or otherwise dispose or utilize the Intellectual Property or the aforementioned inventions or any materials provided by the other party under this agreement without prior written consent of the other party, except for the purpose of providing the manufacturing and related services hereunder. Whereas either party shall refrain from any actions that might endanger execution of the other party's rights herein, either party

Formatted: Indent: Hanging: 3.98 ch, Left: 0.01 ch, First line: -3.98 ch

Formatted: Indent: Left: 0.01 ch, Hanging: 3.98 ch, First line: -3.98 ch

shall not register, patent or otherwise endanger any Intellectual Property in the other party's ownership as set forth in this agreement.

16.7 KAIFA shall not have any right to use, sell or otherwise dispose or utilize the Intellectual Property or the aforementioned inventions or any materials provided by USCL under this Agreement without prior written consent of USCL, except for the purpose of providing the R&D, manufacturing and related services hereunder.

Formatted: Indent: Hanging: 3.98 ch, Left 0.01 ch, First line: -3.98 ch

Section 17. Confidential Information

17.1 (a) Both parties shall retain in confidence and require its employees, agents and contractors to retain in confidence all Intellectual Property Rights of the other party, Loaned Documents, trade secrets, business information, technology technical skills and know-how, regardless of form, transmitted to such party that the disclosure party has identified as being proprietary and/or confidential or which, by the nature of the circumstances surrounding the disclosure, ought in good faith to be treated as proprietary and/or confidential ("Confidential Information").

(b) Confidential Information shall remain the sole property of the disclosure party and shall not be used by the recipient or disclosed to any third party without the express written consent of the disclosure party (except disclosure to consultants or legal advisors who are bound by a written agreement with the disclosure party to maintain the confidentiality of such Confidential Information in a manner consistent with this agreement and disclosure to court for the purposes of legal proceedings on the subject matter herein).

17.2 Confidential Information shall not include any information that:

(a) is at the time of disclosure or subsequently becomes publicly available without recipient's breach of any obligations owed to discloser;

(b) became known to recipient prior to discloser's disclosure of such information to recipient;

(c) became known to recipient from a source other than discloser other than by the breach of an obligation of confidentiality owed to discloser;

- (d) is independently developed by recipient; or
- (e) is disclosed in compliance with applicable law or a court order, provided that discloser is given reasonable notice of such law or order and an opportunity to attempt to preclude or limit such production to the extent possible.

Section 18 Subcontracting

- 18.1 KAIFA may subcontract to third parties any of the manufacturing processes of the Products under the Individual Contracts.
- 18.2 such subcontracting shall not absolve KAIFA of its obligations under this agreement and Individual Contracts, and KAIFA shall remain fully responsible for the acts, omissions, breaches and defaults of the subcontractors as the product manufacturer.

Section 19 Assignment

- 19.1 Either party shall not assign any of its obligations hereunder or under any Individual Contract to any third party without the express written consent of the other party. However, such consent shall not be unreasonably withheld.

Formatted: Indent: Left: 0.01 ch, Hanging: 3.99 ch, First line: -3.99 ch

Section 20 Product Safety; Compensation for Loss

- 20.1 All goods supplied by KAIFA to USCL shall be lawful and comply with all local safety standards and labeling requirements.
- 20.2 After two parties' discussion and confirmation, both parties shall be liable for its obligations. KAIFA shall be responsible and shall indemnify USCL for the Meter Products failed to pass the acceptance inspection. USCL shall be responsible and shall indemnify KAIFA against any claims from Meter Products users for any harm caused to third parties due to personal and/or bodily injury or damage to property as a result of failing to identify the defects of the Meter Products that could have reasonably been identified in acceptance inspection.

Section 21 Notice

- 21.1 KAIFA and USCL shall notice each other whenever one of the following occurs:
 - (a) change of its address, trade name or representative;

Formatted: Indent: Left: 0", Hanging: 2.99 ch

- (b) dissolution, decrease in capital, or assignment or transfer of part or all of its business;
- (c) dishonored note or check;
- (d) when forced sale, auction or other forced legal processes that render performance difficult or impossible hereunder;
- (e) when reorganization process has been taken under the corporate regulations;
- (f) when its business license has been revoked or suspended;
- (g) **KAIFA** and **USCL** make any voluntary arrangement with its creditors or becomes subject to an administration order or (being an individual or firm) becomes bankrupt or (being a company) goes into liquidation (otherwise than for the purposes of amalgamation or reconstruction) or passes a resolution for its voluntary winding up or has a petition for its compulsory winding up presented against it;
- (h) an encumbrance takes possession, or a receiver or administrative receiver is appointed, of any of the property or assets of either parties; or
- (i) either parties cease, or threaten to cease, to carry on business.

Article 8 Termination of Agreement

Section 22 Termination of Agreement

- 22.1 This agreement is valid from **31, January, 2006 until 31, January, 2007** (“Initial Period”). At the end of the Initial Period the agreement shall be automatically continued unless terminated by either Party in accordance with a written notice. An automatic extension is for **one (1)** year at a time.
- 22.2 In the event that Kaifa terminates this agreement for any cause at any time, Kaifa shall compensate USCL for any and all USCL documented investment expended up to the time of termination to establish its distribution, marketing and sales operation not to exceed \$5 million
- 22.23 Either Party may terminate this agreement upon 90 days notice with

immediate effect by a notice in writing to the other Party on the occurrence of any of the following events:

- (a) if the other Party has committed a material breach of any provisions in this agreement and has failed to remedy the breach within a period of ~~sixtythirty~~ (630) days after the receipt of a written notice specifying the breach;
- (b) if a material breach is not capable of being remedied;
- (c) if bankruptcy or insolvency proceedings are instituted against the other Party and such proceedings are not dismissed within ~~sixtythirty~~ (630) days from the date of the proceedings; or due to a force majeure event.

Article 9 Effective Term

Section 23 Effective Term

23.1 This agreement shall take effect from the date of its execution and shall last for a period of ~~threeone~~ (34) years. If either party does not give a written notice to the other party indicating its desire to terminate the agreement ~~three~~ (3) months prior to the expiration of this initial period, this agreement automatically will be renewed for successive ~~one-year~~ terms.

Formatted: Indent: Left: 0.01 ch, Hanging: 2.99 ch

Section 24 Notice of Termination

24.1 During the subsequent terms of this agreement, either KAIFA or USCL may terminate this agreement at any time by giving ~~six~~ (6) months prior notice to the other party, subject to other limitations documented in Section 22.

Formatted: Indent: Left: 0.01 ch, Hanging: 2.99 ch

Section 25 Consequence of Termination

25.1 Regardless of whether the Agreement has been terminated by cancellation, termination or expiration, the following consequences shall be obeyed by both parties:

Formatted: Indent: Left: 0.01 ch, Hanging: 2.99 ch

~~(a)~~ ~~(a)~~ — both parties shall return to the other party all copies of all Confidential Information belonging to or supplied by the other party, (b) Both parties shall accomplish the rest of remaining Individual Contract.

Formatted: Bullets and Numbering

~~(a)~~

Section 26 Survival

- 26.1 The following obligations shall survive after any termination of this Agreement or an Individual Contract hereunder Section 15 (Warranties), Section 16 (Industrial and Intellectual Property Rights), Section 17 (Confidential Information), Section 25 (Consequences of Termination) and Section 27 (Governing Law and Venue)
- 26.2 The parties further agree that Section 43.1 (No Manufacture of Similar Goods) shall survive for 246 months after termination of this Agreement.

Section 27 Governing Law and Venue

- 27.1 This Agreement and the Individual Contracts shall be governed by the laws of the United States of America, and the State of California~~People Republic of China~~. All disputes arising out of this Agreement shall be resolved in the following manners:
- (a) In the event a dispute arises in connection with this Agreement, USCL and KAIFA shall attempt in the first instance to resolve such dispute through friendly consultations. If the dispute is not resolved through friendly consultations within sixty (60) days after one party has served a written notice on the other party requesting the commencement of consultations, then such dispute shall be settled by arbitration in the State of California ~~Shenzhen at China International Economic and Trade Arbitration Commission~~ in accordance with its Arbitration Rules for the time being in force.
- (b) There shall be three (3) arbitrators, one (1) of whom shall be appointed by USCL, one (1) of whom shall be appointed by KAIFA, and one (1) of whom shall be appointed by the American Arbitration Association ~~who China International Economic and Trade Arbitration Commission and~~ shall serve as chairman of the tribunal.
- (c) The arbitration award shall be final and binding on the parties.
- (d) When any dispute occurs and when any dispute is under arbitration, except for the matters under dispute, the parties shall continue to exercise their other respective rights and fulfill their other respective obligations under this Agreement.

Formatted: Indent: Hanging: 4.99 ch, Left 0.01 ch, First line: -4.99 ch

Section 28 Force Majeure

28.1 Neither party shall be liable for delay or failure in the performance of this Contract arising from any of the following reasons.

Formatted: Indent: Left: 0", Hanging: 3.74 ch

- (a) Acts of God or war;
- (b) Acts of governmental or quasi-governmental authorities of the Peoples Republic of China / Hong Kong Special Administrative Region or the USA or other NAFTA countries; or regulations or restriction imposed by law or by court action;
- (c) Acts of persons engaged in subversive activities or sabotage;
- (d) Fires, floods, explosions or other catastrophes;
- (e) Epidemics or quarantine restrictions;
- (f) Strikes, slowdowns, lockouts or labor stoppages or disputes of any kind;
- (g) Freight embargoes or interruption of transportation;
- (h) Unusual severe weather, or any other cause, beyond the control of the party concerned.

This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties to this Agreement have duly executed it as of the _____ day of January 2006.

USCL:

By: _____
Name: _____
Title: _____

KAIFA:

By: _____
Name: _____
Title: _____

