

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release (“Agreement”) between Environmental Research Center, Inc. (“ERC”), on the one hand, and Hsin Ten Enterprise USA, Inc. (“Hsin Ten”) and Empirical Labs, Inc. (“Empirical Labs”),¹ on the other hand, is effective on the date on which it is fully executed (“Effective Date”). ERC, Hsin Ten, and Empirical Labs are referred to individually as a “Party” and collectively as the “Parties.” Hsin Ten and Empirical Labs are jointly referred to as the “Settling Companies.” The Parties agree as follows:

1. This Agreement is intended to fully resolve all claims, demands, and allegations set forth in or related to the Notice of Violation of California Health & Safety Code §25249.5, *et seq.* (also known as “Proposition 65”) that ERC served on Hsin Ten² on August 28, 2015 (the “Notice”) with regard to each of the following products identified below (referred to individually as “Covered Product” or collectively as “Covered Products”):

- **HTE Americas SOQI SOQI-Zyme**
- **HSIN Ten Enterprise USA Inc. SOQI Go Green**

2. The Parties enter into this Agreement in order to achieve a settlement of the claims as stated in Section 1 (collectively “this Matter”) and for the purpose of avoiding prolonged litigation. Nothing in this Agreement shall be construed as an admission of the Parties of any fact, issue of law, or violation of law, nor shall compliance with this Agreement constitute or be construed as an admission by the Parties of any fact, issue of law or violation of law. Nothing in this Agreement or any document referred to shall be construed as giving rise to any presumption or inference of admission or concession by

¹ Empirical Labs is the manufacturer of the two products identified in the 60-day Notice of Violation of California Health & Safety Code §25249.5, *et seq.* (also known as “Proposition 65”) that ERC served on Hsin Ten and HTE Americas on August 28, 2015 (the “Notice”). Empirical Labs herein, and by its signature on this Agreement, agrees to comply with the terms of this Agreement. Satisfaction by either of Empirical Labs or Hsin with the requirements of this Settlement Agreement shall be deemed to be satisfaction by both Settling Companies.

² The Notice originally named both Hsin Ten and HTE Americas. Hsin Ten’s Chief Operating Officer subsequently confirmed, and Hsin Ten herein confirms by its signature on this Agreement, that HTE Americas is not a corporate entity, and has never been a separate corporate or legal entity at any time in the past. HTE Americas is a shorthand term used by Hsin Ten for itself in correspondence and marketing materials distributed in the United States. The Covered Products identified in the Notice are products that are sold and/or distributed by Hsin Ten.

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the Parties as to any fault, wrongdoing or liability. This Section shall not diminish or otherwise affect the obligations, responsibilities, and duties of the Parties under this Agreement.

3. In consideration of the following covenants and conditions contained in this Agreement, the Parties have provided the releases as set forth in Section 6 below:

a. Beginning on the Effective Date, Settling Companies shall not manufacture for sale in the State of California, "Distribute into the State of California," or directly sell in the State of California, any Covered Product which exposes a person to a "Daily Lead Exposure Level" of more than 0.5 micrograms of lead per day when the maximum suggested dose is taken as directed on the Covered Product's label, unless each such unit of the Covered Product that is sold or offered for sale to California consumers bears the following warning statement ("Warning") on its individual unit label packaging or by sticker securely affixed on the container or bottle cap:

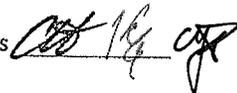
"WARNING: This product contains [lead,] a chemical known to the State of California to cause [cancer and] birth defects or other reproductive harm."

i. As used in this Settlement Agreement and Release, the term "Distribute into the State of California" shall mean to directly ship a Covered Product into California for sale in California or to sell a Covered Product to a distributor that Settling Companies know will sell the Covered Product in California.

ii. For the purposes of this Agreement, "Daily Lead Exposure Level" shall be measured in micrograms, and shall be calculated using the following formula: micrograms of lead per gram of product, multiplied by grams of product per serving of the product (using the largest serving size appearing on the product label), multiplied by servings of the product per day (using the largest number of servings in a recommended dosage appearing on the product label), which equals micrograms of lead exposure per day.

iii. The bracketed terms in the Warning are optional; provided however, the phrase "cancer and" in the Warning must be included in the warning if the maximum recommended daily dose causes an exposure to more than 15 micrograms of lead when taken as directed on the Covered Product's label. At Settling Companies' option, the Warning may refer to "chemicals" in the plural. Any reference to "chemicals" in the plural may be used only if Settling Companies have a reasonable basis to believe that more than one Proposition 65 chemical exists in the product at levels in excess of the Proposition 65 warning threshold.

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b. The Warning shall be prominent and displayed securely on either the cap, the unit packaging, or by a sticker securely affixed to the Covered Products with such conspicuousness, as compared with other words, statements, or designs so as to render it likely to be read and understood by an ordinary individual purchasing or using the Covered Products. The warning appearing on the label or container shall be at least the same size as the largest of any other health or safety warnings correspondingly appearing on the label or container, as applicable, or such product, and the word "WARNING" shall be in capital letters and in bold print. Apart from the Warning, no additional statement discussing Proposition 65 or lead may be stated on the Covered Product or on the unit packaging of the Covered Product.

c. Settling Company shall arrange, for at least five (5) consecutive years and at least once per year, commencing one year from the Effective Date, for the lead testing of three (3) randomly-selected samples of three separate lots, or from as many lots as are available if there are fewer than three, each year for each Covered Product that it continues to sell or distribute to confirm whether the Daily Lead Exposure Level is more or less than 0.5 micrograms of lead when the maximum suggested dose is taken pursuant to the directions on the Covered Product's label. Settling Company shall provide ERC with any related documentation pursuant to Section 3d. below, and shall include the lot identification numbers of the lots tested. Settling Company shall test samples in the form intended for the end-user to be distributed or sold to California consumers. The requirements of Section 3c. and 3d. are not applicable to any Covered Products for which Settling Company has provided the Warning under Section 3a.

d. If Settling Companies are successful with reformulation for any of the Covered Products which reduces the Daily Lead Exposure Level to 0.5 micrograms of lead or below when taken pursuant to the maximum suggested dose as directed on the Covered Product's label, the Parties agree that the Covered Products may be offered for sale in California without the Warning set forth in Section 3a. If Settling Companies are successful with reformulation on any of the Covered Products, Settling Companies shall notify ERC and provide any test results for the Covered Products that document this change in formulation, no longer than 10 working days after Settling Companies receive the test results and prior to Settling Companies manufacturing for sale in the State of California, or directly selling in the State of California, any Covered Products without the Warning set forth in Section 3a.

i. Pursuant to Sections 3c. and 3d., any such testing shall be performed by an independent third-party laboratory certified by the California Environmental Laboratory Accreditation Program or an independent third-party laboratory that is registered with the United States Food & Drug Administration. The method of selecting samples for testing must comply with the regulations of the Food & Drug Administration as set forth in Title 21, Part 111, Subpart E of the Code of Federal Regulations, including Section 111.80(c). Testing for lead shall be performed

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using Inductively Coupled Plasma-Mass Spectrometry (ICP-MS) achieving a limit of quantification of less than or equal to 0.010 mg/kg or any other testing method agreed upon in writing by the Parties. Nothing in this Agreement shall limit Settling Companies' ability to conduct or require that others conduct additional testing of the Covered Products, including raw materials used in their manufacture.

ii. Pursuant to Sections 3c. and 3d., Hsin Ten shall retain copies of its test data for a period of at least five (5) years. Upon fifteen (15) days of receipt of a written request by ERC, Hsin Ten shall provide ERC with documentation of results of testing undertaken pursuant to this Agreement.

4. Settling Companies shall make a total settlement payment of \$56,250.00 ("Total Settlement Payment") in three consecutive equal payments ("Settlement Payments") by wire transfer to ERC's escrow account, for which ERC will give Settling Companies the necessary account information. The first payment of \$18,750.00 shall be made within 5 business days of the Effective Date; the second payment of \$18,750.00 shall be paid 45 days after the first payment is due; and the third payment of \$18,750.00 shall be paid 45 days after the second payment is due ("Due Dates"). The Total Settlement Payment shall be allocated as follows:

a. \$9,694.00 shall be considered a civil penalty pursuant to California Health and Safety Code §25249.7(b)(1). ERC shall remit 75% (\$7,270.50) of the civil penalty to the Office of Environmental Health Hazard Assessment ("OEHHA") for deposit in the Safe Drinking Water and Toxic Enforcement Fund in accordance with California Health and Safety Code §25249.12(c). ERC will retain the remaining 25% (\$2,423.50) of the civil penalty.

b. \$660.94 shall be considered a reimbursement to ERC for its costs incurred as a result of bringing this Matter to Settling Companies' attention and negotiating a settlement.

c. \$14,542.32 shall be considered payment in lieu of civil penalties, for day-to-day business activities such as (1) continued enforcement of Proposition 65, which includes work, analyzing, researching and testing consumer products that may contain Proposition 65 chemicals, focusing on the same or similar type of ingestible products that are the subject of this Matter; and (2) the continued monitoring of past consent judgments and settlements to ensure companies are in compliance with Proposition 65.

d. \$21,315.50 shall be considered reimbursement of attorney fees for Adams, Broadwell, Joseph & Cardozo and \$10,037.24 shall be considered reimbursement for ERC's in-house legal fees.

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e. In the event that Settling Companies fail to remit the Total Settlement Payment owed under Section 4 of this Settlement Agreement on or before the Due Date, Settling Companies shall be deemed to be in material breach of its obligations under this Agreement. ERC shall provide written notice of the delinquency to Settling Companies via electronic mail. If Settling Companies fail to deliver the installment payment within five (5) days from the written notice, the Total Settlement Payment shall become immediately due and payable and shall accrue interest at the statutory judgment interest rate provided in the Code of Civil Procedure section 685.010. Additionally, Settling Companies agrees to pay ERC's reasonable attorney fees and costs for any efforts to collect the payment due under this Agreement.

5. Except as expressly set forth in Section 4, the Parties shall bear their own costs, expenses, and attorneys' fees related to this Matter.

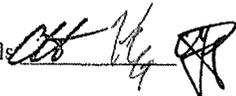
6. Binding Effect; Claims Covered and Released

a. ERC, on behalf of itself and its owners, principals, shareholders, officers, directors, employees, agents, parents, subsidiaries, successors, assigns, and legal representatives (collectively referred to as "ERC Releasers") fully releases and discharges Settling Companies and each of their respective parents, subsidiaries, affiliates under common ownership of Hsin Ten, shareholders, directors, members, managers, officers, employees, and attorneys (collectively referred to as "Company Releasees"), and each entity to whom any of them directly or indirectly distributed or sold the Covered Products, including but not limited to distributors, wholesalers, retailers, and customers (all released entities and persons are collectively referred to as "Releasees"), not including private label customers other than Company Releasees, from any and all claims, actions, suits, demands liabilities, damages, penalties, fees, costs and expenses (collectively, "Claims") asserted or that could have been asserted for alleged violations of Proposition 65 arising from alleged exposures to lead or lead compounds in Covered Products manufactured, distributed, or sold by the Settling Companies before the Effective Date.

b. ERC, on behalf of itself and the ERC Releasers, on the one hand, and Settling Companies, on behalf of themselves and their respective Company Releasees, on the other hand, further waive and release any and all Claims they may have against each other for all actions or statements made or undertaken in the course of seeking or opposing enforcement of Proposition 65 in connection with the Notice.

c. It is possible that other claims not known to the Parties arising out of the facts alleged in the Notice and relating to the Covered Products will develop or be discovered. ERC and Settling Companies acknowledge that this Agreement is expressly intended to cover and include all Claims as set forth in Section 6a. and 6b., whether known or unknown or suspected or unsuspected. The Parties have full knowledge of the contents of California Civil Code section 1542. ERC, on behalf of

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itself and the ERC Releasors, on the one hand, Settling Companies, on behalf of themselves and their respective Company Releasees, on the other hand, acknowledge that the Claims released in Section 6a. and 6b. include unknown Claims, and nevertheless waives California Civil Code section 1542 as to any such unknown Claims. California Civil Code section 1542 reads as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.”

The Parties acknowledge and understand the significance and consequences of this specific waiver of California Civil Code section 1542.

c. The Parties agree that compliance with the requirements of Section 3 of this Agreement shall be deemed to constitute compliance by any Company Releasee with Proposition 65 with respect to any lead in the Covered Products.

c. Nothing in this Release is intended to apply to any occupational or environmental exposures arising under Proposition 65, except as otherwise provided in this agreement, nor shall it apply to any of Settling Companies' products other than the Covered Products.

d. Nothing in this Release shall be construed as diminishing Settling Companies' continuing obligations to comply with Proposition 65, and nothing in this Release affects or limits any Party's right to enforce the terms of this Agreement.

7. After executing this Agreement, ERC will submit to the California Attorney General a Report of Settlement. In addition, ERC will provide to the California Attorney General a signed copy of this Agreement. The Parties acknowledge and agree that the Parties shall provide as much information as is requested by the California Attorney General, or any other governmental agency, regarding this Matter, its settlement, and this Agreement.

8. This Agreement contains the entire agreement between the Parties with regard to settlement of this Matter, and supersedes all prior or contemporaneous agreements or understandings, written or oral, with regard to the matters set forth in this Agreement. This Agreement may be amended or modified in whole or in part at any time only by an agreement in writing executed by the Parties.

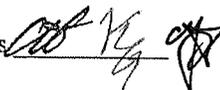
9. This Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective owners, principals, shareholders, members, managers, officers, directors, employees, agents, successors, and assigns.

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10. No inference, assumption or presumption shall be drawn, and no provision of this Agreement shall be construed against any of the Parties, based upon the fact that one of the Parties and/or one of the Parties' attorneys prepared and/or drafted all or any portion of this Agreement. It is conclusively presumed that the Parties participated equally in the preparation and drafting of this Agreement.
11. If any provision, term, or section of this Agreement is found to be invalid, illegal, or unenforceable, then all remaining provisions, terms, or sections shall continue in full force and effect and remain binding on the Parties. If any provision, term, or section of this Agreement is determined to be unenforceable, then such provision, term, or section may be modified so that the unenforceable provision, term, or section is enforceable to the greatest extent possible.
12. This Agreement shall be deemed to have been entered into in the State of California, and governed and interpreted by the laws of the State of California, regardless of the physical locations of the individuals executing this Agreement at the time of execution.
13. The Parties acknowledge that they have a right to consult an attorney and they have consulted their attorneys with respect to the terms and conditions of this Agreement or by signing this Agreement hereby acknowledge they have made the decision not to consult with an attorney in this Matter. The Parties further acknowledge that they fully understand this Agreement and the effect of signing and executing this Agreement.
14. The Parties are aware and acknowledge that this Agreement is an out-of-court settlement and that they will not receive the protections afforded by a court-approved consent judgment. The Parties are entering into this Agreement in good faith and in an effort to settle all claims and allegations related to the Notice, and this Agreement applies only to the claims made by ERC and to the products identified in the Notice.
15. Any legal action to enforce this Agreement shall be brought in the County of Alameda in the State of California. ERC shall be entitled recover its reasonable attorneys' fees that are necessary and required to enforce the Agreement pursuant to California Code of Civil Procedure section 1021.5.
16. This Agreement may be signed in counterparts, and each counterpart, as well as any facsimile, e-mail, copy of this Agreement, or any other counterpart, shall be deemed to be an original.
17. Each of the individuals who execute this Agreement represents and warrants they have the authority to execute this document and bind the respective Parties to the terms and

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SETTLEMENT AGREEMENT AND RELEASE

conditions of this Agreement, and have read, understand, and agree to all the terms and conditions in this Agreement.

DATED: 6.27.2016 HSIN TEN ENTERPRISE USA, INC.

By: 
Name: Chih Yi Pan
Title: COO

DATED: 6.27.2016 EMPIRICAL LABS, INC.

By: 
Name: Kelly Goyen
Title: President

DATED: 6/24/2016 ENVIRONMENTAL RESEARCH CENTER, INC.

By: 
Annie Heptinstall
Executive Director

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