STRATEGIC COOPERATION BLUEPRINT

Outdoor Hub Europe (OHE) – Legal, Customs & Tax Structure

1. LEGAL ARCHITECTURE & OWNERSHIP

Consignment & Call-Off Stock: The Chinese Manufacturer retains 100% legal ownership of the inventory while it is physically stored in the central European Hub (Budapest Region, Hungary).
Asset Protection: The inventory does not enter the balance sheet of the European logistics company (OHE), protecting the Manufacturer from any local operational risks.
The "Flash-Sale" Mechanism: Ownership transfers to OHE automatically for a fraction of a second (sequential title transfer) at the exact moment when the goods are dispatched from the warehouse to the European B2B buyer.

2. CUSTOMS CLEARANCE & FISCAL REPRESENTATION

To ensure that goods are "EU-cleared" and ready for immediate 48-72 hour dispatch without administrative delays, the following structure is applied:
Local VAT Registration: The Chinese Manufacturer obtains a foreign VAT number in Hungary (assisted by OHE's designated tax advisor). This does not create a permanent corporate establishment, only a tax registration.
Bulk Importation: Containers are customs-cleared in bulk upon arrival at the European border. The Chinese entity acts as the Importer of Record.
Zero-Cash VAT (Import VAT Deferred): Under Hungarian fiscal law, the 27% import VAT is handled via a deferred self-assessment system (import ÁFA önbevallás). The Manufacturer does not need to pay or finance the European VAT in advance. Only the applicable customs duty (0-5.6% depending on HS code) is paid upon entry.

3. OPERATIONAL COST ALLOCATION

Central European Cost Arbitrage (CEE Advantage):
By locating the OHE facility in the Budapest region rather than Western Europe (e.g., Germany or the Netherlands), the Hub operates with a massive OPEX advantage. Premium Class-A warehouse rents and specialized logistical labor costs in Hungary are approximately 30-40% lower than in Western European hubs. This directly translates to lower quarterly deductions from the gross margin, ultimately maximizing the net profit share paid back to the Manufacturer.
Predictable Infrastructure: The fixed operating costs of the A-class logistics hub (rent, facility management, security, core staff) are allocated proportionally among the Founding Partners based on their utilized pallet-space/volume capacity.

Transparent OPEX Allocation (Open-Book Policy):
To ensure 100% financial transparency, the Hub operates on an open-book basis. Partners provide a predictable Quarterly Operational Advance. At the end of the fiscal year, OHE conducts a complete reconciliation (True-Up) based on exact, verified actual costs and verified currency exchange rates. Any operational surplus or deficit is seamlessly adjusted within the final Q4 profit share distribution. This guarantees the Manufacturer pays exclusively for the exact infrastructure utilized, with zero hidden markups.

Quarterly Billing: Operational costs are invoiced on a quarterly basis, in advance, ensuring a well-balanced and predictable cash flow for the hub's maintenance.
Direct Pay-per-Use for Extras: Any non-standard manual labor (e.g., individual repackaging of damaged boxes, regional labeling, product repairs) is tracked via the WMS (Warehouse Management System) and billed directly to the specific partner responsible, ensuring 100% transparency.

4. FINANCIAL FLOW & PROFIT DISTRIBUTION (50-50% MARGIN SHARE)

The generated premium profit in Europe is calculated and distributed on a quarterly basis through a highly compliant, tax-optimized commercial mechanism:

The Invoicing Payout Method: At the end of each quarter, a full sales and inventory reconciliation report is generated by the WMS.
Justification: Based on the report, the Manufacturer issues a commercial invoice to OHE under the title of "Purchase Price Performance Premium / Final Price Adjustment for QX".
Tax Status: This transaction is treated as a subsequent adjustment to the cost of goods sold. It is 100% corporate tax-deductible for OHE in Europe and arrives at the Manufacturer's corporate account as standard export revenue.

5. SECURE FINANCIAL FLOW & SPLIT SETTLEMENT

European Invoicing: OHE issues the final local commercial invoice to the European B2B buyer, ensuring a frictionless, 100% EU-compliant purchasing experience.
Dedicated "View-Only" Sub-Account: To guarantee absolute financial transparency, OHE operates a segregated EUR bank account specifically dedicated to the Manufacturer's European sales. The Manufacturer’s finance team is granted 24/7 "View-Only" digital access to this account to monitor incoming customer payments in real-time.
Rapid Base-Price Recovery: To eliminate financial risk, the base factory cost (FOB value) of all dispatched goods is invoiced by the Manufacturer and paid by OHE within a strict 30-day net payment cycle directly from the segregated account.
Quarterly Profit Share: Only the remaining European Premium Margin is held in balance. At the end of each quarter, OHE deducts the allocated operational hub costs from this premium margin, and the remaining net profit is shared 50-50%.

6. ABSOLUTE SALES NEUTRALITY & DIRECT ORDER ENTRY

Zero Sales Conflict: OHE operates strictly as a 3PL logistics and fiscal fulfillment platform. OHE does not engage in any active sales, marketing, or brokerage, ensuring 100% commercial neutrality.

Complete Customer Protection: The Manufacturer retains exclusive ownership and confidentiality of its European customer database. OHE has no direct commercial contact with the Manufacturer's clients.

Direct WMS Order Entry: The Manufacturer's own team manages all customer relationships and directly inputs approved orders into the OHE Cloud-WMS via a dedicated partner portal. OHE exclusively executes physical picking, packing, shipping, and automated local invoicing upon direct instruction.

7. LOGISTICAL UNLOCK FOR YOUR EXISTING EUROPEAN NETWORK

Maximizing Current Client Value: The Hub is designed to unlock the full potential of the Manufacturer's existing European distributor and retailer network.

Eliminating the MOQ Barrier: Existing European partners who currently hesitate to place mid-season reorders due to rigid China-based MOQs or 16-week lead times can now buy flexible quantities directly from the Budapest Hub.

48-72h High-Season Replenishment: The Manufacturer can now offer its established European buyers instant, hot-season product replacement within 3 days, capturing premium reorder revenues that were previously lost.

8. COMPREHENSIVE INSURANCE & WAREHOUSE SECURITY

All-Risk Warehouse Insurance: OHE provides a comprehensive, European-standard All-Risk insurance policy that fully covers the Manufacturer's inventory against fire, theft, water damage, and force majeure while stored within the facility.

Class-A Security Infrastructure: The Hub is located within a premium, high-security logistics park equipped with 24/7 active security personnel, continuous CCTV surveillance, strict access control, and advanced automated fire sprinkler systems.

Liability & Swift Claims Management: OHE assumes operational liability for the goods from the moment they are unloaded at the Hub. In the rare event of any warehouse handling discrepancy or localized damage, OHE's dedicated team manages the entire insurance claim process locally, ensuring swift and direct financial compensation back to the Manufacturer.