

PRC GENERAL TERMS AND CONDITIONS OF PURCHASE (Version 01/2019)

Article 1

Applicable Terms and Conditions

1. Unless otherwise expressly agreed upon in writing, all declarations and agreements between any legal entity in which Edscha Holding GmbH holds a direct or indirect majority interest, respectively which Edscha Holding GmbH directly or indirectly controls, (hereinafter "**Edscha**" or "**Edscha Company/ies**") incorporated and existing under the laws of the People's Republic of China (hereinafter referred to as "**PRC**") and any of its suppliers, service providers and other contractors and their Affiliated Company/ies (hereinafter referred to as "**Supplier/s**") as well as all legal relationships resulting therefrom shall be exclusively subject to these PRC General Terms and Conditions of Purchase, (Edscha and Supplier hereinafter separately and jointly "**Contractual Partners**").

For the purpose of these PRC General Terms and Conditions of Purchase, any legal entity which from time to time controls, is controlled by, or is under common control with a relevant other legal entity, control meaning the power to direct the management and policies of a legal entity directly or indirectly, whether through the ownership of voting rights, by contract or otherwise (and provided that a legal entity shall be deemed to control another legal entity if such first legal entity owns fifty percent (50%) or more of the capital stock or other equity interest of such other legal entity), shall be regarded as an affiliated company (hereinafter "**Affiliated Company/ies**").

Any amendments to these PRC General Terms and Conditions of Purchase shall require the approval in writing of the Head of the Purchasing Department of Edscha located in Germany. Any different, conflicting or additional terms issued by any Supplier or any third party are expressly rejected hereby; such conditions shall not apply, even if they were not rejected explicitly in an individual case, unless Edscha expressly accepted them in writing in total or in part.

2. These PRC General Terms and Conditions of Purchase as amended from time to time and as published on the Edscha Supplier Portal (www.esp.edscha.com) at the time of ordering shall also apply to all future business relationships between Edscha and its Supplier even if not expressly agreed upon or incorporated by reference.
3. In as far as their content can be applied to the individual business relationship, the legal relationships between Edscha and the Supplier shall be ruled by the following agreements, conditions and other provisions in the hierarchy given below:
 - the provisions of the order;
 - the provisions of the nomination letter;
 - the provisions of the supply agreement;
 - the other conditions, regulations and guidelines set out in the order, the nomination letter and/or the supply agreement;
 - the other general terms and conditions of Edscha as published on the Edscha Supplier Portal (www.esp.edscha.com);
 - the specific and general technical terms and conditions and guidelines of Edscha;
 - these PRC General Terms and Conditions of Purchase.

Unless otherwise agreed upon, Edscha manufacturing standard ESN R-82110 and Edscha acceptance standard ESN-R82115 each as amended from time to time shall apply additionally to

the manufacture of machinery, machinery systems and facilities, and their equipment.

In case the Supplier does not have access to the Edscha Supplier Portal, Edscha shall, upon receipt of a respective written notice of the Supplier, as soon as reasonably possible provide the Supplier with the relevant documents referred to in the Edscha Supplier Portal.

Article 2

Requests for Quotations and Offers, Orders and Delivery Call-Off

1. Requests for quotations issued by Edscha shall not impose any obligation upon Edscha. Any offer submitted by any Supplier to Edscha shall be free of any charge to Edscha.
2. Supply agreements (order and acceptance) and delivery call-offs as well as any changes or amendments thereto must be made in writing. Orders and delivery call-offs may also be made by remote data transmission.
3. If the Supplier does not accept the order within one week of its receipt, Edscha shall be entitled to revoke such order and the Supplier shall have no claims whatsoever against Edscha with respect to such order.
4. If the Supplier does not object in writing within three (3) days from receipt of a delivery call-off, such delivery call-off shall become binding upon the Supplier.
5. Edscha shall also have the right to place any order in the name and for the account of any other Edscha Company. That other Edscha Company shall in such an event also have the right to issue delivery call-offs.

Where Edscha so desires, the Supplier will provide notification of the dispatch of deliveries by Electronic data interchange (EDI) or via the Edscha Supplier Portal ESP.

Article 3

Changes and Price Adjustments

1. Edscha may demand changes in the delivery items (including but not limited to the construction, design, time and place of the supply) to be implemented immediately, in as far as this can be reasonably expected of the Supplier. Any effects resulting thereof, in particular with regard to extra costs and reduced costs and supply dates, have to be adequately regulated by mutual consent – taking into account accountability and default. If no mutual agreement can be reached within five (5) working days, Edscha reserves the right to appoint an independent competent third person, who will decide on the effects of the change and the allocation of costs. The decision shall be binding on both Contractual Partners. The Supplier shall be obliged to suggest to Edscha changes that it deems necessary or expedient for the achievement of the contractual targets or in view of amended statutory or other mandatory provisions.
2. The Supplier shall have to immediately evaluate the consequences of such amendments or changes and to inform Edscha accordingly, in particular as regards the technical feasibility as well as increases or reductions of costs incurred or time shiftings, if any. Any changes and adjustments of prices and dates, if any, must be documented in a form to be agreed between the Contractual Parties. The Supplier shall in no event be entitled to cause any extra costs prior to the written approval of the changes by Edscha. Otherwise, it shall bear these costs.

3. During the cooperation, the Supplier shall permanently analyse costs and values, in order to optimize costs and it shall agree to a reduction of the piece price per series where there is potential for saving costs. Edscha shall be entitled to review the Supplier's prices at any time. If, after any such review, Edscha is of the opinion that a price adjustment is required, Edscha shall immediately notify the Supplier accordingly stating the reasons therefor and mutually agree upon an adjustment of prices with the Supplier. The Supplier shall be obliged to cooperate.

Article 4 Payment

1. Payment shall be made in accordance with the regulation stipulated in the supply agreement respectively order.
In the event of acceptance of early supplies, the due date for payment after invoicing shall be determined according to the agreed supply date.
2. Payment shall be made by transfer, cheque or credit memo procedure.
3. In the event of defective supply or service, Edscha shall be entitled to withhold payments pro rata until proper fulfilment.
4. The Edscha Company stated in the supply agreement respectively order shall be the sole debtor of the Supplier. However, Edscha may choose to fulfil its payment obligations to the Supplier through payments made by any other Edscha Company.
5. The Supplier shall not be entitled, without the prior written consent of Edscha, which may not be unreasonably withheld, to assign its claims against Edscha or to have them collected by third parties. If the Supplier assigns its claim against Edscha contrary to the regulation above without the consent of Edscha to a third party, Edscha may choose to make payment either to the Supplier or the third party at its discretion with debt-discharging effect.
6. The Supplier shall not be entitled to any remuneration, unless it has received a written order from Edscha's purchasing department. This shall also apply to changes or to measures taken by the Supplier.
7. It is Edscha's business policy to acquire from its Suppliers full title to special operating means (especially tools). Title to such operating means shall pass to Edscha at the latest upon full payment. If Edscha pays only proportionately for the operating means, Edscha shall hold a part of the complete title equivalent to the ratio between the proportionate payment and the current market value of the respective operating means at the date of conclusion of the related purchase agreement. Upon request, Edscha shall be entitled to acquire the full title by paying the lower of remaining market value respectively book value. Furthermore, the Conditions for the Provision of Special Operating Means as amended from time to time and as published on the Edscha Supplier Portal (www.esp.edscha.com) shall apply.

Article 5 Shipment, Delivery Note, Labelling, Declaration of Origin and Traceability

1. The manner of delivery shall be specified by Edscha in the order, the supply agreement or the respective delivery call-off particularly, but without limitation, by reference to the respective commercial clauses, e.g. INCOTERMS, as amended from time to time and as modified (if at all) in the delivery terms of Edscha included in the order, the supply agreement or the delivery call-off.

2. The standard delivery notes of the automotive industry as laid down in the German DIN 4994 standard or equal standards, the delivery notes as agreed between the Contractual Partners in writing shall be exclusively used for all shipments. The title to any empties not referred to in the delivery notes (number of container or load carrier) shall pass to Edscha free of any charge respectively said empties shall be disposed of at the expense of the Supplier.
With respect to labelling, the Supplier must comply with the Edscha standard ESNR 41500, as amended from time to time.
3. The Supplier shall be obliged to comply with the country-specific requirements stipulated by the relevant Edscha purchasing department with regard to the origin of goods and, where appropriate, origin criteria.
4. The Supplier shall inform Edscha immediately about the origin of any newly adopted items to be supplied and any change in origin without any request being required.
5. For identification and allocation to delivery lots, the parts and the packaging must be marked for unambiguous traceability. If possible, the marking of the parts shall be agreed with Edscha's development department. Each packaging unit must in any event be marked sufficiently by the Supplier.

Article 6 Invoicing

1. For each shipment, an invoice in duplicate shall be issued and sent to the Edscha Company named in the order. Each invoice may relate to a single delivery note only.
2. Each invoice submitted hereunder shall be issued in due and proper form and shall contain all information required under applicable laws and the VAT related laws and regulations respectively VAT guidelines as amended from time to time, in order, *inter alia*, to allow the utilisation of input tax for credit by the Edscha Company to which the invoice is addressed.
3. Each invoice submitted hereunder must show the supplier number, the number and date of the order (or the conclusion of the supply agreement), the delivery call-off and the delivery note, the quantity of goods invoiced, the Edscha material number, the index number and any additional data required by Edscha such as, without limitation, allocation. All invoices hereunder shall furthermore comply with all applicable statutory requirements.

Article 7 Dates and Deadlines

1. Agreed dates and deadlines are binding, unless Edscha makes a reasonably acceptable change thereto (article 3 clause 1). The Supplier guarantees compliance with the dates and deadlines agreed. The decisive criterion for keeping the supply date or supply deadline shall be the receipt of the goods or services at the Edscha Company stated in the order or at the place determined in the supply agreement. If supply "ex works" is agreed, the Supplier shall provide the goods in time, taking into consideration the usual time for loading and dispatch.
2. The performance of any partial supplies/services by the Supplier is subject to the prior written consent of Edscha. The Supplier shall bear any extra costs (e.g. additional costs of transport, set-up/retooling or testing) incurred thereby.
3. If circumstances occur or become discernible for the Supplier that indicate that the delivery time agreed cannot be met, the Supplier shall be obliged to immediately inform Edscha accordingly in writing, stating the reasons for the delay, to propose suitable remedies and to carry them out immediately – in agreement with Edscha.

Article 8

Delay in Delivery / Wrong Delivery and Over Delivery

1. In case of delay, the Supplier shall be liable in accordance with the statutory provisions.
2. Notwithstanding the above, in each case, other than under the circumstances described in Article 9 hereof, in which the Supplier fails to comply with any of the dates or deadlines, Edscha shall be entitled to claim a deduction from the purchase price payable according to the agreement or a monetary compensation from the Supplier. The said deduction or compensation shall be charged at 0.1% of the net amount of the remuneration agreed for the delayed delivery for each calendar day. The right of Edscha to claim for further direct and indirect losses incurred due to the delay remains unaffected. Further, the Supplier shall indemnify and hold harmless Edscha from and against all claims raised against Edscha by Edscha's customers for reason that, due to the Supplier's delay, Edscha failed to timely comply with its delivery obligations towards its customers. Edscha shall be entitled to cancel any order and/or terminate the agreement by giving written notice to the Supplier without prior notice period, if the delivery is delayed, other than under the circumstances described in Article 9 hereof, for a period of more than 30 (thirty) days. In case of such cancellation and/or termination article 22 clause 3 lit. c) shall apply.
3. If the Supplier delivers wrong goods ("Wrong Delivery") or more than the ordered goods ("Over Delivery"), Edscha is authorized to send the Wrong Delivery or Over Delivery back to the Supplier and to claim damages from the Supplier for any costs incurred through the Wrong Delivery or Over Delivery, especially for the cost of warehousing, logistics, transportation and packaging.

Article 9

Force Majeure

1. Force majeure, industrial action, civil commotion, official measures, fire, loss of operating facility and other non-foreseeable, inescapable and serious events shall release the Contractual Partners from performing their obligations for the period of the disruption and to the extent of its consequences only if previously all necessary and reasonable action has been taken to safeguard continued supply. As long as the obstacle according to sentence 1 exists and during a reasonable period thereafter, Edscha may procure the supplies respectively services from a source other than the Supplier ("Alternative Procurement"). In this event, the Supplier shall cooperate as required, e.g. provide data and necessary tools. Where, for scheduling reasons, Alternative Procurement is necessary for Edscha to avoid, *inter alia*, damage incurred or to be incurred by Edscha, Edscha shall have the right to terminate the agreement with the Supplier. In such a case, the Contractual Partners shall not be liable for damages towards each other due to such termination.
2. As far as can be reasonably expected, the Contractual Partners shall be obliged to provide one another with whatever information is necessary without undue delay, to adjust their obligations to the changed circumstances in good faith and to minimize as much as possible the damage for the other Contractual Partner.

Article 10

Acceptance and Transfer of Risk

1. Where, by law or agreement, acceptance inspection is required, the Contractual Partners shall conduct formal acceptance. Acceptance will not be granted until the performance and/or the supply are provided free of defects and, in particular, all identified defects have been remedied by the Supplier.
2. If an acceptance inspection demands start-up or physical use for testing purposes, formal acceptance shall be subject to the successful completion of such tests.
3. Neither start-up nor resale shall be deemed to be formal acceptance unless otherwise agreed in writing between the Contractual Partners.
4. Payment of the remuneration made by Edscha shall not be deemed to be acceptance of the performance.
5. The risk of loss of any supply and/or service shall pass to Edscha only after the supply and/or service has been handed over to Edscha and – where acceptance inspection is to be performed by law or agreement – is accepted by Edscha. In case of a Wrong Delivery or Over Delivery, the risk of loss of any of the wrong or over-delivered goods shall remain with the Supplier unless the Contractual Partners agree otherwise in writing.

Article 11

Notification of Defects and Non-compliances

Edscha or, in case of supplies made on Edscha's instruction to a third party, the third party shall carry out incoming goods inspections with regard to damage and to deviations from identity quality, specifications and amount and shall notify the Supplier in writing of any non-conformity, defects, discrepancies or irregularities thereto within 30 (thirty) days from the receipt of the goods at the respective premises as agreed between the Contractual Partners.

If there are hidden defects in the goods that cannot be discovered upon a reasonable inspection of the goods, Edscha shall notify the Supplier in writing within 14 (fourteen) days of the discovery of the hidden defects, however, in any case not after expiration of the applicable quality warranty period set out under article 12 clause (3) below.

The Supplier will perform inspection of outgoing goods.

Article 12

Defects and Non-compliances

1. The Supplier guarantees that the goods and services are free from any defects, fit for use for their designated purpose and that they fully comply with the specifications as well as the quality standards as set out in the specifications provided by Edscha in writing and the agreement as well as these PRC General Terms and Conditions of Purchase (hereinafter "Compliant Supplies"). For the avoidance of doubt, the mere compliance of the goods and services with the specifications and quality standards does not make them to Compliant Supplies. In the event that non-Compliant Supplies are supplied and Edscha has notified the Supplier about such non-compliance within the warranty periods set out under article 12 paragraph 3 below, Edscha shall be entitled to its statutory claims, including but not limited to, at Edscha's discretion, repair, replacement, making up of shortages, reduction of the purchase price and refund of the purchase price against return of the non-Compliant Supplies at the Supplier's costs; the right to claim damages remains expressly reserved. Notwithstanding the above, unless

otherwise agreed, Edscha shall have the right, in particular, to demand the following:

- a) Prior to the start of production (processing or fitting), Edscha shall first give the Supplier the opportunity to sort out and, at the option of Edscha, to remedy non-compliances or to make a subsequent (replacement) delivery, unless Edscha was not aware of the non-compliance at the time of manufacture or this is unreasonable for Edscha. If the Supplier is not able to sort out, remedy the non-compliance or make a subsequent (replacement) delivery, or if the Supplier does not perform any of these measures immediately, Edscha may terminate the agreement to that extent without setting any further period of notice as well as return the non-Compliant Supplies at the Supplier's risk and expense. In cases in which, due to special urgency, it is not possible any more to inform the Supplier about the non-compliance and the impending damage and to grant the Supplier a deadline for own remedy, Edscha may remedy the non-compliance itself or may arrange for it to be remedied by a third party (replacement performance). The Supplier shall bear the costs incurred thereby. If the same good or service is repeatedly supplied/performed with non-compliances, Edscha shall, after written warning, in the event of a further non-Compliant Supply be entitled to terminate the agreement also with regard to the part of the supply not yet fulfilled.
 - b) If the non-compliance is not ascertained before production has commenced, although the obligation according to article 11 (Notification of Defects and Non-compliances) has been fulfilled, then Edscha shall be entitled to,
 - claim remedies, i.e. removal of the deficiency or delivery of Compliant Supplies and
 - claim reimbursement of expenses such as, without limitation transportation costs, as well as for disassembly and assembly cost (labour cost; cost of material etc.), all related to such additional remedies, or
 - a reduction of the sales price.
 - c) If the non-compliance is in the form of a short delivery, Edscha's claim for performance will persist parallel to Edscha's warranty rights. In respect of the undelivered goods or services Edscha has the right to choose between its claim for performance and its warranty rights.
2. Upon request and at the expense of the Supplier, Edscha shall make the parts to be replaced by the Supplier available to the Supplier – if this is reasonably possible for Edscha.
 3. The Supplier guarantees for the warranty periods stated below that the goods and services are Compliant Supplies:
 - a) within 36 months from the date of the initial registration of the vehicle, the installation of the spare parts or, where acceptance inspection is to be conducted by law or agreement, from the date of formal final acceptance. Relevant is the latest occurrence;
 - b) however, at the latest, within 48 months of the supply to the Edscha Company stated in the order or to the place set forth in the supply agreement.By way of deviation herefrom, claims due for legal defects shall be raised in the case of a) within 48 months and in the case of b) within 60 months.
 4. Further, Edscha's claims on the basis of product liability, tort and other applicable statutory claims in case of defective and/or non-Compliant Supplies shall remain unaffected by the provisions of this article 12.
 5. Guarantees regarding quality and durability must be designated expressly as such in writing.

However, the Supplier shall in any event bear the risk associated with procurement of the items ordered by Edscha.

Article 13 Liability

1. The Supplier shall furthermore have to compensate Edscha for the damage incurred directly or indirectly due to defects and/or non-compliances in the goods or services, any infringement of official safety regulations, any breach of the stipulations of the agreement or these PRC General Terms and Conditions of Purchase or any other reasons attributable to the Supplier, as follows:
 - a) There shall be an obligation to pay compensation if the cause of damage is directly or indirectly attributable to the Supplier.
 - b) If claims are asserted against Edscha, the Supplier shall indemnify Edscha and hold it harmless to the extent the cause of damage is directly or indirectly attributable to the Supplier and/or that the Supplier would be directly liable if the claims would have been asserted against the Supplier.
 - c) Without limiting the generality of lit b) above, the Supplier shall further indemnify and hold harmless Edscha from and against all claims of customers and/or other third parties against Edscha by reason of defects and/or non-compliances in the goods or services under product liability law, tort law and other applicable laws and regulations as well as from and against all costs for any recall, field action or service campaign necessary, if and in as far as the recall, field action or service campaign has been caused by defects and/or non-compliances of the goods or services.
 - d) In as far as the Supplier is obliged thereto under law, the Supplier shall be held liable for measures undertaken in order to avoid damage (e.g. recall actions) and for the costs associated therewith (e.g. costs of remedy or re-supply, vehicle identification, identification of registered owners and letters to end-customers, costs of logistics, costs of replacement vehicles and costs of installation and removal).
 - e) In determining how much of a given claim must be borne by Edscha and the Supplier respectively, it shall be taken into account what proportion of the damage is caused mainly by one or the other Contractual Partner and the degree of fault of each Contractual Partner; both Contractual Partners are responsible for the acts and omissions of their respective agents and auxiliary persons. Failure by one Contractual Partner to avoid or mitigate the damage shall also be taken into account in determining how much of a given claim must be borne by Edscha and the Supplier respectively.
2. Edscha will notify and consult the Supplier if Edscha intends to assert claims against it in accordance with the aforementioned provisions. As far as possible, Edscha shall give the Supplier the opportunity to investigate the damage event.
3. Notwithstanding anything to the contrary herein, the following exclusions and limitations of liability apply for Edscha's liability, regardless of the legal grounds, subject to the other statutory claim requirements, and which also apply for Edscha's legal representative and other company authorities, employees, agents and other third parties whom Edscha engages for the performance of the agreement:

Edscha shall, in any event, only be liable for damages and losses arising out of or in connection with the agreement and/or these PRC General Terms and Conditions of Purchase to the extent as caused by Edscha's wilful intent or gross negligence and to

such reasonable amount actually incurred and proven by the Supplier.

4. The aforementioned exclusion of liability respectively limitation of liability shall not apply in case of property damages which are caused by Edscha's wilful intent or gross negligence or in case of damages arising as a result of personal injuries caused by Edscha or in the presence of liability under mandatory product liability laws.)
5. The statutory regulations on the burden of proof and limitation of actions shall remain unaffected by the above regulations.

Article 14 Subsuppliers

1. Unless the Supplier has obtained the prior written consent of Edscha, it shall not be entitled to assign the performance of services and/or any other contractual performance in whole or in part to third parties (subcontractors and sub-suppliers, hereinafter collectively "**Subsupplier**").
2. If Edscha has granted its consent, the Supplier shall impose on the Subsupplier all obligations to which it itself is subjected with regard to Edscha when performing its services and/or other contractual obligations, and it shall ensure the fulfilment of the same by the Subsupplier. The overall responsibility towards Edscha for the performances assigned by the Supplier to the Subsupplier shall remain with the Supplier.
3. If the Supplier instructs a Subsupplier or a third party with the performance of services and/or other contractual performances without having obtained Edscha's prior written consent, Edscha shall be entitled to terminate the agreement and/or to claim damages.

Article 15 Intellectual Property Rights

1. The Supplier undertakes to make an investigation as to intellectual property rights existing in the member states of the European Union, the North American Free Trade Agreement (NAFTA), the PRC and Japan as well in those countries to which the items are to be supplied respectively where they are to be distributed (hereinafter "**Countries relevant in terms of Intellectual Property Rights**"); upon inquiry, Edscha shall name the Countries relevant in terms of Intellectual Property Rights to the Supplier. The Supplier guarantees that the items to be supplied do not infringe any intellectual property rights nor the applications for intellectual property rights of any third party. Intellectual property rights, their registration and/or the applications for intellectual property rights are hereinafter referred to as "**Intellectual Property Rights**".
2. The Contractual Partners undertake to inform one another without undue delay about risks of infringement of which they become aware, and any alleged cases of infringement and to give one another the opportunity to respond amicably to any such claims.
3. The Supplier shall be liable for all legal consequences including all damage incurred through the contractual use of the items supplied owing to the infringement of intellectual property rights or applications for intellectual property rights of third parties.
4. The Supplier shall hold Edscha and Edscha's business partner harmless from all claims arising from the use of such Intellectual Property Rights of third parties.
5. When submitting its offer, the Supplier shall inform Edscha in writing of the use of published and unpublished Intellectual Property Rights and Intellectual Property Rights applications

both of its own and licensed with regard to the delivery item ("**Old Intellectual Property Rights**"). The Supplier shall inform Edscha furthermore whether and to which extent third parties are entitled to co-use of these Old Intellectual Property Rights and whether and to which extent it is restricted in using these Old Intellectual Property Rights. If Old Intellectual Property Rights are contained in the delivery items respectively required for the manufacture of the delivery items, the Supplier shall grant and Edscha shall in this respect receive a non-exclusive, royalty-free, irrevocable, assignable and sub-licensable right of use that shall be unrestricted in terms of time, place and content.

In the event the Supplier intends to not pursue, to relinquish or to sell one of its Intellectual Property Rights that is used for the utilization of and/or contained in the development results or the delivery items or required for the manufacture of the delivery items, the Supplier is obliged to inform Edscha accordingly in due time and to offer to Edscha assignment of such Intellectual Property Rights without any costs or, in case of intended sale, to purchase the Intellectual Property Right at adequate conditions. If Edscha does not declare its acceptance of the assignment or purchase of the Intellectual Property Right within six weeks of receipt of the offer, the Supplier is entitled to relinquish or sell the Intellectual Property Right according to Supplier's intent. In case of assignment of the Intellectual Property Rights to third parties, the Supplier shall ensure that Edscha's existing rights towards the Supplier remain unaffected and are maintained towards the third party to the full extent.

6. With regard to inventions and other transferable work results for which protection can be filed or in respect of which it cannot be excluded that protection could be filed and which have been made by the employees of the Supplier in the course of performing the order (hereinafter "**Inventions**"), the following shall apply:
 - a) In the event that and insofar as the exclusive rights to the Inventions do not already become vested in Edscha by law, the Supplier shall immediately upon gaining knowledge thereof, or, if applicable, after notification by its employee, inform Edscha in writing about all Inventions and offer assignment of the rights to and arising from the Invention to Edscha. In case of a specific term of acceptance stipulated by law, the Supplier is obliged to indicate the term in the offer. Edscha shall inform the Supplier in writing in due time before expiration of the stipulated term or in absence of a stipulated term no later than three months after receiving this offer whether Edscha wishes to acquire the rights to and arising from the Invention. The supplier is not allowed to release the Invention or refrain from making use of it before expiration of this time period. The Supplier shall keep Inventions and all related details communicated to it confidential towards third parties for such time period required for a proper application for intellectual property rights.
 - b) If Edscha wishes to acquire the Invention, the Supplier shall accept and make use of the Invention preserving all rights or take all other measures necessary for the assignment of the rights to the Invention and shall assign all rights to and arising from the Invention to Edscha or upon Edscha's request, to Edscha's customer. The Supplier agrees to make all necessary declarations and other measures required accordingly without undue delay. If and to the extent stipulated by law the Supplier is obliged to pay an employee invention remuneration or a comparable payment of remuneration or compensation to its employees for Inventions, the Supplier shall

be solely responsible for such payment to its employees. Edscha or, upon Edscha's request, Edscha's customer shall prepare and conduct the application process for the Intellectual Property Rights. Upon Edscha's request, the Supplier shall prepare and conduct the application process for the intellectual property rights against reimbursement of the reasonable and evidenced costs incurred. In such event, the Supplier shall be obliged to assign the rights to and arising out of the application for intellectual property rights to Edscha or, upon Edscha's request, to Edscha's customer.

- c) If Edscha states in writing that Edscha is not interested in acquiring the rights to and arising from the Invention, the Supplier shall be entitled to use of such rights and to file an application for registration of the intellectual property rights at its own cost. In the event the Supplier files such application, the Edscha Company stated in the order or any other Edscha Company, their customers and the customer's Affiliated Companies shall in any event be entitled to a non-exclusive, timely and locally unrestricted, royalty-free, assignable and sub-licensable right of use for all kinds of such Intellectual Property Rights.
- d) If Inventions are made jointly by employees of Edscha and the Supplier, the aforementioned provisions in sub-section 6 a) to c) shall apply mutatis mutandis with respect to the share of the employee of the Supplier in the Invention.

In case assignment of the rights to the Invention is legally impossible, the Supplier grants to Edscha a royalty-free, non-exclusive, timely and locally unrestricted, assignable and sub-licensable license of the right to use and to exploit these Inventions to the same extent as the Supplier is legitimated by its employee. The Supplier ensures that it is entitled to, at least, a non-exclusive, timely and locally unrestricted, assignable and sub-licensable right of use for all manner of use with regard to its employees' Inventions.

7. The aforementioned provisions in clauses 1 to 6 shall apply accordingly for work results of Supplier's employees that are protected by copyright. The Supplier grants Edscha the – with regard to geography and time – unrestricted, exclusive, worldwide, royalty-free, perpetual, assignable and sub-licensable right to use and exploit such copyright-protected work results. This scope of the right to use and exploit includes all fields of use, for example, but not restricted to, the right to modify and process or transform the work results in any other way, to use the work result in original or a modified, processed or transformed form, to copy it, to publish it, to distribute it in any medium, to display it, to use it online, to transmit it, to film it and to make it publicly available, to use it in all communication networks and/or in fixed and mobile data networks and end devices, and to transfer the right to use and exploit it to third parties by way of licenses.
8. If the Supplier uses a Subsupplier, it shall ensure that the provisions of article 15 are applied correspondingly to the benefit of Edscha.
9. For each case of violation of this article 15, Edscha shall have the right to demand liquidated damages from the Supplier in the amount of up to 3% of the annual revenue for the previous 12 months calculated from the day upon which Edscha became aware of the violation, unless the violation is not attributable to the Supplier. Edscha shall determine the amount of liquidated damages in accordance with the severity of the violation. The option for Edscha to assert further damages shall remain unaffected. The Supplier shall be entitled to request a ruling by the competent court or arbitration institution on the amount of the liquidated damages.

Article 16 Confidentiality

1. The Contractual Partners undertake to treat as business secrets, and therefore confidential, all information which is not public knowledge, especially commercial and technical details, of which they become aware through the business relationship. Edscha shall be allowed to disclose information to other Edscha Companies as well as to its subcontractors (especially suppliers) and customers and their Affiliated Companies.
2. Drawings, sketches, models, patterns, samples, matrices and similar items, tools and other manufacturing means as well as confidential information and construction data may not be provided or made otherwise accessible to unauthorised third parties. Any duplication on the part of the Supplier is only permitted in connection with operational requirements and copyright provisions.
3. Subsuppliers and own employees of the Supplier shall be made to commit themselves accordingly, if legally possible even beyond the duration of their employment or other contractual relationship.
4. The Supplier may only use its business relationship for advertising purposes after prior written consent has been given thereto by Edscha. This applies, in particular, without limitation, to reference lists.
5. The confidentiality obligation does not apply to Information for which evidence can be furnished that:
 - a) the receiving Contractual Partner had already been aware of when it was communicated or became known to it, or
 - b) which is or enters the public domain without any infringement of the obligations contained in this article 16, or
 - c) is developed by the receiving Contractual Partner on the basis of its own independent development work, or
 - d) has been approved for publication by the disclosing Contractual Partner in writing, or
 - e) has been lawfully received by the receiving Contractual Partner from a third party without being bound to a confidentiality agreement, or
 - f) must be disclosed to third parties by the receiving Contractual Partner on grounds of statutory obligations.
6. If the receiving Contractual Partner must disclose information to third parties in the course of court proceedings, arbitration proceedings or due to an administrative order, the receiving Contractual Partner shall in this respect be released from the confidentiality obligation. In such an event, the Contractual Partners shall inform each other accordingly - if possible, in advance.

Article 17

Use of Manufacturing Means and Confidential Data

Drawings, sketches, models, patterns, samples, matrices and similar items, tools and other manufacturing means related to the order as well as confidential information and construction data that are provided to the Supplier by Edscha or that are, in connection with an order, prepared, procured, purchased, paid in full or in part by Edscha or amortized through the price of the parts may be used by the Supplier within the frame of the specific project commissioned by Edscha only and only after prior written consent of Edscha for other Edscha projects and/or supplies to third parties.

Article 18 Provision of Spare Parts

The Supplier undertakes to ensure the supply of spare parts (after-sales) with regard to the aggregate volumes supplied by it for the

series for at least 15 years after the end of production of the series (End of Production) in the amount requested by Edscha on at least the same conditions and with at least the same quality. The Contractual Partners shall mutually agree on reimbursements, if any, for extra costs incurred in connection with the supply of spare parts, e.g. for packaging, transport, etc. The Supplier shall be obliged to provide the necessary tools, machines, appliances, etc. (hereinafter "**Operating Means**") required to comply with the duty to supply spare parts for at least fifteen (15) years after End of Production – irrespective of the ownership relationships – free of charge and in operating condition. The above provision does not affect any claims for surrender on the part of Edscha. The scrapping or sale of the Operating Means shall in any event be subject to the prior written consent of Edscha.

Article 19 Prohibition of Assignment

The assignment or any other transfer of rights and obligations by the Supplier is excluded; Edscha shall, however, reserve the right to expressly approve in writing an individual case of assignment or other transfer of rights and obligations by the Supplier. Edscha may not refuse to give consent without good reason. The provisions in article 4 clause 5 shall remain unaffected thereby.

Article 20 Reservation of Set-Off and Rights of Retention

Edscha shall be entitled to claim payments, including, but not limited to, liquidated damages, fixed damages, etc., if agreed, until final payment and to set them off against such final payment.

The Supplier shall only be entitled to rights of retention if its counterclaims have been established as final and absolute, are uncontested or are acknowledged by Edscha. Furthermore, the Supplier shall only be authorised to exercise its right of retention to the extent that its counterclaim is based on the same legal relationship.

Article 21 Information

1. The Supplier shall be obliged to notify Edscha immediately in writing of any of the following circumstances occurring or threatening to occur at the Supplier:
 - a sale of all or a material part of the Supplier's shares respectively a change in the Supplier's ownership (share deal), any other material change in the Supplier's shareholder structure, including, but not limited to, change of corporate form of the company, or sale of all or a material part of the Supplier's assets (asset deal);
 - a change of direct or indirect control of the Supplier (particularly but without limitation by virtue of a majority shareholding, voting right majority or by an organization contract) (change of control);
 - the Supplier ceases to carry on, interrupts, relocates or closes down its operations or intends to do so;
 - there is a material deterioration in the Supplier's financial position or the Supplier enters into liquidation or is declared insolvent or bankrupt or is deemed to be insolvent or unable to pay its debts;
 - an (even only temporary) inability of the Supplier to perform any of its contractual obligations towards Edscha in total or in part.

2. The Supplier shall further be obliged to notify Edscha immediately in writing of any information it receives regarding any defect and/or non-compliance of the goods or services which occur or threaten to occur.

Further, the Supplier shall maintain for a period of at least 15 years appropriate records containing the relevant information to support a threatened or an immediate recall, field action or service campaign of goods or services which may become necessary, inter alia, due to product liability. Such records shall include, inter alia, documentation of the production process, the source of materials and the data of supplies from the Supplier's sub-suppliers, if any. Upon Edscha's request, the Supplier shall provide Edscha or a customer of Edscha with the above records and offer such assistance as reasonably required for the purpose of a threatened or immediate recall, field action or service campaign of the goods or services as a matter of urgency.

Article 22 Termination

1. Edscha is entitled to terminate the agreement at any time by providing the Supplier with a notice in writing with a [3 (*three*) months] prior notice period.
2. Notwithstanding the right to give a notice of termination with or without prior notice period in accordance with relevant stipulations in the agreement, these PRC General Terms and Conditions and/or the applicable law, the Contractual Partners shall be entitled to immediately, without prior notice period, terminate the agreement for cause. Cause for immediate termination for one of the Contractual Partner shall exist, in particular, if the other Contractual Partner ceases to make payments or perform work.

In addition, Edscha shall have a right of immediate termination, without prior notice period, in particular with regard to the cases mentioned in article 21, if the supply relationship is thereby adversely affected for a long term and/or there are serious reasons which give rise to concerns that the Supplier will not be able to properly fulfil any of its contractual obligations as well as in the case of a demonstrable lack of competitiveness of the Supplier or if the Supplier failed to fulfil its obligation of subsequent performance within a reasonable deadline stipulated in writing.

3. Upon termination of the agreement, the following shall apply:
 - a) If Edscha terminates according to article 22 clause 1 or for cause on grounds not attributable to the Supplier, Edscha shall compensate the Supplier for costs for which the Supplier can furnish evidence that they have necessarily been incurred and directly relate to the order up to termination of the agreement in relation to material procurement and treatment as well as to the completion of the supply and service, if such supplies and services are based on binding supply scheduling or material and/or production approval. In this context, any other use of the supplies and services, which may be made after approval of Edscha only, shall be taken into account and shall accordingly reduce the compensation. The expenses incurred respectively presumably still to be incurred shall be communicated by the Supplier immediately after the date of termination. The Supplier shall not be entitled to any further claims on grounds of the termination.
 - b) If Edscha terminates for cause on grounds not attributable to any one of the Contractual Partners, in particular upon termination of the main contract with the customer of Edscha, article 22 clause 3 lit. a) shall apply mutatis mutandis.
 - c) If Edscha terminates for cause on grounds attributable to the Supplier, only those services shall be remunerated which

have been performed in accordance with the agreement until the receipt of the termination notice, which have been completed and for which the Supplier can provide evidence, provided that they can be properly used by Edscha. Any claims for damages of Edscha shall remain unaffected and can be set off against remuneration claims of the Supplier, in particular the Supplier shall reimburse Edscha for any extra expenses incurred as a result of the termination. The Supplier and Edscha shall in such a case reach an agreement on the measures to be taken in order to ensure the production of the series for the customer.

4. In case of termination of the agreement, the ownership and the intellectual property rights and/or rights of use with regard to the work results (drawings, prototypes, etc.) created up to the date of termination of the agreement and remunerated or to be remunerated by Edscha shall pass to Edscha— according to the provisions set forth in article 15.

Article 23

Governing Law, Legal Venue

1. The agreement and these PRC General Terms and Conditions of Purchase shall be governed by and construed in accordance with the laws of the PRC while the application of the *United Nations Convention on Contracts for the International Sale of Goods (CISG)* shall be excluded.
2. All disputes arising from and/or in connection with the deliveries and services of the Supplier and/or the agreement and/or these General Terms and Conditions of Purchase or over their respective validity shall be resolved through friendly consultation between the Contractual Partners. If no agreement can be reached within 30 (thirty) days after the dispute has arisen, the dispute can only be submitted for arbitration to the China International Economic and Trade Arbitration Commission, Beijing Headquarters, (“CIETAC”) and shall be decided according to arbitration rules of the said arbitration commission effective on the date of request for arbitration. The place of arbitration shall be Shanghai, PRC. The proceedings shall be conducted in the English language. The arbitration tribunal shall comprise three arbitrators, whereby each Contractual Partner shall appoint one arbitrator and these two arbitrators shall then jointly appoint a third arbitrator, who shall act as chairman of the arbitration tribunal. Should any Contractual Partner have not appointed an arbitrator within 30 (thirty) days of the receipt of the notice of arbitral proceedings from CIETAC, or the arbitrators have not appointed a chairman

after 30 (thirty) days of their nomination, the corresponding arbitrator or chairman shall be appointed by the Chairman of CIETAC. The arbitration award shall be final and binding on the Contractual Partners. The arbitration fee and the reasonable expenses of the winning Contractual Partner, including fees for legal counsel, shall be borne by the losing Contractual Partner except awarded otherwise by the arbitration tribunal.

3. The Supplier shall not be entitled to cease or delay the performance of deliveries and services while a legal dispute is pending. If the Supplier ceases or delays the fulfilment of the contractual deliveries and services while a legal dispute is pending, the Supplier will be obligated to reimburse for any damage and losses incurred by Edscha due to such cessation or delay.

Article 24

General Provisions

1. The Supplier acknowledges and agrees that, pursuant to pertinent data protection laws, Edscha will store data in connection with the contractual relationship for the purpose of data processing.
2. The Supplier shall be obliged to take out insurance, in particular, insurance coverage with regard to liability and extended product liability in the appropriate amount and to maintain such insurance during the term of the business relationship with Edscha and shall, at the request of Edscha, provide evidence thereof.
3. If any of the provisions of these PRC General Terms and Conditions of Purchase and of the agreements between the Contractual Partners and of any other applicable regulations is or becomes invalid and/or unenforceable, this shall not affect the validity and/or enforceability of the remaining provisions. The Contractual Partners shall in any such event be deemed to have agreed in lieu of the invalid and/or unenforceable provision a valid and/or enforceable one which approximates as closely as possible the economic intent of the invalid and/or unenforceable provision; the Contractual Partners shall undertake to replace the invalid and/or unenforceable provision with a corresponding valid and/or enforceable provision. This shall also apply in the event that a contractual gap becomes apparent in the course of implementation of the agreements/provisions agreed between the Contractual Partners.
4. Where the substantive content of individual provisions extends beyond the term of the Agreement, such provisions shall also continue to apply subsequent to the end of the Agreement, e.g. article 15 (Intellectual Property Rights), article 16 (Confidentiality).