

# General Terms and Conditions of Purchase in China

## valid from Feb. 2011

### I. Relevant Conditions

The legal relationship between iwis motorsysteme GmbH & Co. KG, iwis antriebssysteme GmbH & Co. KG as well as their respective affiliates on the one hand (hereinafter named "iwis") and on the other hand the Suppliers shall be governed by these conditions. Alterations and amendments require to be made in writing. Any other General Terms and Conditions of the Supplier will not apply, even if they were not rejected explicitly in any individual case.

### II. Orders

1. Supply Agreements (order and acceptance) and any calls for delivery, as well as any alterations and amendments thereto, require to be made in writing. Upon iwis' request, all statements can also be made via email or via data telecommunications.
2. In the event that the Supplier does not explicitly object acceptance of the order in writing to iwis within 5 days from the order date, the order shall be deemed accepted by the Supplier, unless iwis does not withdraw from its offer within 10 days from the order date.
3. Calls for delivery under existing framework orders shall become binding if the Supplier does not object within 2 business days from receipt, they are binding for the first 6 weeks. Quantities referring to a later point in time serve only for informational purposes for the material requirements planning of the Supplier.
4. To the extent reasonably acceptable to the Supplier, iwis may demand changes and modifications to the construction, process and design of the subject matter of the supplies. In this respect, the consequences thereof, in particular additional cost or reduction in cost as well as delivery dates are to be resolved in an appropriate and mutually agreeable manner.

### III. Prices / Payment

1. Any agreed prices are fixed prices. Subsequent price changes, even in the case of changes to the construction or design of the subject matter of the supplies demanded by iwis, require in all cases iwis' written confirmation. Expenses relating to shipping and packaging are to be shown separately. iwis will benefit from general price reductions made by the Supplier (e.g. reduction in list prices). The legal amount of V.A.T. is to be shown separately.
2. At iwis' discretion, payments will be made either within 14 days with 3% cash discount, within 30 days with 2% cash discount or within 90 days without cash discount, calculated in each case from the later of the date of the iwis' receipt of the delivery or the date of iwis' receipt of the invoice. In the case of acceptance of earlier delivery, payment will be due in accordance with the originally agreed delivery date.
3. Payment will be made either by bank transfer or cheque.
4. In case of a defective delivery, iwis may amongst others withhold payments in proportion to the value until satisfactory performance.
5. without the prior written consent of iwis, Supplier is not entitled, to assign its accounts receivables against iwis or to have them collected by third parties.

### IV. Delivery / Delivery Dates

1. Unless otherwise agreed, delivery will be made without additional delivery charges, including packaging, unloading as well as tax and insurance, free at factory at the address specified by iwis.
2. All agreed delivery dates and time limits are binding. Compliance with such dates and time limits is to be determined by the date of the receipt of the goods at the address specified by iwis.
3. Upon iwis' request, Supplier shall deliver the goods even outside the agreed hours, unless there are compulsory reasons not to so deliver.
4. Times for acceptance of goods

Office time Shanghai: Mon-Fri 9:30 am – 4 pm.

5. Furthermore, Supplier shall ensure that all necessary transport and freight papers accompany the goods.
6. Without iwis' prior written consent, partial deliveries are not permitted and shall only be partially compensated upon iwis' respective prior express written approval.

### V. Replacement Parts / Packaging

1. The Supplier is obliged to deliver any replacement parts against adequate terms and conditions for such period of time reflecting the average useful life of iwis' products at least however, 15 years after the last series delivery.
2. The Supplier shall pack the goods to be delivered appropriately and - if necessary - to preserve them (e.g. anti-rust protection). Thereby, Supplier shall adhere to the packaging and logistics regulations of iwis. Supplier shall be liable to iwis for any and all damages due to incorrect packaging.

### VI. Notice of Defects

iwis will inspect the delivered goods as to any apparent defects within 14 days of receipt and indicate these to the Supplier without delay. Hidden defects shall likewise be notified to the Supplier within 14 days of noticing the defect.

### VII. Quality / Guarantee

1. The Supplier guarantees the generally accepted rules of technology and the agreed technical data and specifications. In addition, Supplier shall furthermore adhere to all iwis' order regulations and quality agreements.
2. iwis is entitled to control the fulfilment of the quality specifications by the Supplier on the spot during usual business hours and without prior notice.
3. In case of delivery of defective goods, before commencement of manufacture the Supplier shall first be given the opportunity to sort out, repair or provide replacement parts for the defective goods, unless and to the extent this is not reasonable for iwis. Should the Supplier be unable to do so, or does Supplier not comply with iwis' respective requests without delay, iwis will be entitled to withdraw from the contract and return the goods at the cost and risk of the Supplier. In urgent cases iwis may carry out the repairs itself or have them carried out by a third party. The Supplier shall bear the respective cost.
4. iwis is entitled to have minor defects repaired immediately, at the Supplier's expense. iwis will provide a report regarding the type and scope of these defects and the repair works carried out. In case the same goods are repeatedly delivered defective, iwis will be entitled, following a written warning issued after the goods have once again been delivered defective, to withdraw from the order which may include any goods not yet delivered.
5. In the event that, even after the goods have already been inspected during the normal course of business in time, a defect first becomes apparent following commencement of the manufacturing process, or after receipt by iwis' customer, iwis is entitled to consequential damages suffered by iwis due to such defects, including all expenses incurred by iwis as a result of such defects.
6. The guarantee period shall recommence for goods having been repaired or replaced.
7. The warranty period and the guarantee period shall be 36 months from the date of the passing of the risk.

### VIII. Liability

Unless and to the extent not otherwise provided for in these terms and conditions, Supplier shall remedy any damages caused to iwis, directly or indirectly, as a result of a defective delivery, due to any infringement of regulatory safety regulations or due to any other legal reasons attributable to Supplier, as follows:

1. In the event that a claim should be made against iwis pursuant to compulsory liability laws towards third parties, Supplier shall indemnify iwis in so far as the Supplier would also directly be liable. Regarding compensation for damages between iwis and Supplier, the principles of § 254 German Civil Code shall apply.
2. Supplier shall be liable for any actions undertaken by iwis for the prevention of damages (e.g. recall).
3. In the event that iwis intends to make a claim against the Supplier in accordance with the foregoing regulations, iwis will inform the Supplier. Subject to being economically acceptable to iwis, the Parties hereto intend to coordinate as concerns the measures to be taken, in particular regarding settlement negotiations.
4. In case the supplied products can be imported to the EC via the final customer, Supplier shall be liable to iwis that Supplier and Supplier's deliveries comply with all requirements of the European chemical legislation REACH Regulation (EC) No. 1907 / 2006. iwis shall not be obliged to carry out any (pre-) registration.

### IX. Intellectual Property Rights / Rights of Use

1. The Supplier guarantees that its supplies are free from any deficiency in rights and titles and shall indemnify and hold harmless iwis and iwis' customers from any claims based on any respective deficiencies.
2. The Supplier shall immediately notify iwis of any respective risks of which Supplier becomes aware of, in particular such relating to alleged infringements of third parties' intellectual property rights.
3. To the extent that in connection with respective orders iwis has retained the Supplier with development work or if in this context such development work should be necessary, irrespective of whether or not a consideration is to be paid for this development work, intellectual property rights coming into existence in the course of such development work are to be assigned to iwis (if necessary, after claiming the respective intellectual property rights by the Supplier under the national employees invention acts). The aforesaid shall apply mutatis mutandis to rights of use. The aforesaid notwithstanding, Supplier shall in any case inform iwis with respect to all work results, improvements and the like.

### X. Confidentiality

1. The parties hereto undertake to treat as confidential all commercial and technical details which are not subject to public domain and which may become known to them during their course of business, throughout the term of any agreement and also thereafter.
2. Drawings, models, samples, designs and similar documentation or objects, as well as project plans, descriptions of process and programming results may not be disposed or otherwise made available to unauthorized third parties.
3. Supplier shall bind its sub contractors by the above provisions.
4. The parties hereto may only enlist and advertise with their business contacts following prior written agreement.

### XI. Production and Testing Materials

1. iwis acquires sole or joint property to any production or testing materials, which iwis pays for in part or in full, in accordance with its financial contribution. as. The handing-over is hereby replaced by an agreement of safekeeping, pursuant to which Supplier is entitled to possession until further notice by iwis. Supplier shall be liable for any break up or deterioration of such materials. Absent of IWS' prior written consent, Supplier shall not be allowed to destroy, sell or assign, pledge or otherwise dispose of such production- or testing materials. Upon iwis' request, which may be made by iwis at any time, Supplier shall return such materials without delay.
2. Production and testing materials, with which iwis provides the Supplier or for which iwis provides payment in full or in part, may only be used for delivery to third parties following the prior written consent of iwis.
3. All production and testing materials shall comply with any governmental regulations and provisions (including those regarding workers health and safety regulations and regulations of employer's mutual insurance associations) and will be – to the extent required - in compliance with the most actual EEC Machinery Directives.

### XII. Services or the carrying out of work

Persons carrying out work on the premises, in order to fulfil an order or a contract, shall comply with all provisions, regulations and ordinances issued at anytime by iwis. Liability for accidents which may occur to such persons while on the premises, shall be excluded, unless or to the extent deliberate acts or gross negligence on the part of iwis can be proven.

### XIII. Miscellaneous Provisions

1. In the event that a party to the Agreement discontinues payment or becomes insolvent, or in the event that a settlement procedure regarding its assets is instituted, either through the court or out of court, the other party shall be entitled to withdraw from the contract concerning the unfulfilled part of the contract.
2. The substantive laws of the Federal Republic of Germany shall exclusively apply, unless agreed otherwise. The application of the United Nation Convention on the International Sale of Goods shall be excluded. Any dispute arising from or in connection with this contract shall be submitted to China International Economic and Trade Arbitration Commission (CIETAC) in Shanghai. The arbitral award is final and binding upon both parties.
3. The legal domicile of iwis shall be the place of performance of the contract and shall determine the place of venue.
4. Should any of the above conditions and the respective agreement be or become ineffective, the validity of the Agreement as a whole shall not be affected. The parties to the Agreement are obliged to replace the ineffective condition by a similar condition, which comes closest in meaning to the originally intended condition.