

General

These General Terms and Conditions of Supply ("General Terms") shall be valid for all contracts concluded by and between FAULHABER Drive System Technology (Taicang) Co., Ltd. ("FAULHABER") as the selling or supplying party and any other contracting party ("Purchaser") located in the People's Republic of China ("PRC"), unless otherwise agreed expressly by FAULHABER in writing. (FAULHABER and the Purchaser are hereinafter jointly referred to as the "Parties" and each individually as a "Party.") FAULHABER supplies solely subject to FAULHABER's written order confirmation and these General Terms. Acceptance of the Purchaser's order does not mean that FAULHABER recognises the Purchaser's standard terms and conditions, if any, which differ from these General Terms. At the latest by carrying out the order and acceptance of the goods supplied by FAULHABER, the Purchaser confirms its consent to the following conditions.

1. Price

- 1.1 FAULHABER's prices are ex works, including value-added tax and packaging. The prices shall further exclude: (1) the costs of any installation, assembly and any related on-site service and/or maintenance of the goods; and (2) any costs for instructing and training the Purchaser and/or its employees in the use of the goods.
- 1.2 The Purchaser may only offset against claims which are undisputed or *res judicata*.
- 1.3 50% of the purchase price shall be due and payable when FAULHABER accepts the Purchaser's order and FAULHABER has notified the Purchaser accordingly. The remaining 50% of the purchase price shall be due and payable when goods are ready for despatch and FAULHABER has notified the Purchaser accordingly. If the invoice for a due part of the purchase price has not been paid within 10 days of receipt of invoice, the Purchaser is in default with payment and FAULHABER is entitled to suspend or cancel the respective delivery and any further deliveries until and unless such payment has been made, and to demand default interest of 0.04 % of the delayed amount per day of delay. The right of FAULHABER to claim for compensation for higher actually incurred damages shall remain unaffected. If the Purchaser without justified reason deducts the discount or default interest, the Purchaser shall compensate FAULHABER for any and all damages incurred due to such deduction.

2. Delivery Time

- 2.1 If a delivery time has been agreed upon, this shall commence on the date of FAULHABER's order confirmation. FAULHABER shall only be bound to observe the delivery time subject to timely receipt of the documents to be provided by the Purchaser, necessary permits, releases, timely clarification and approval of the plans, compliance with the agreed terms of payment and other obligations. If these prerequisites are not fulfilled in time, the deadline will be extended by a reasonable period. The delivery date shall be deemed to have been met if, by this date, the goods have left FAULHABER's premises or the goods are ready for despatch and the Purchaser has been notified accordingly.
- 2.2 The delivery time shall be extended by a reasonable period should circumstances occur which are due to force majeure as defined herein. The risk of deterioration or loss of the goods shall pass to the Purchaser when the goods are made ready by FAULHABER for despatch or collection. Partial shipments may be made.
- 2.3 If, other than in the circumstances of force majeure as defined herein, the Purchaser fails to take delivery of the goods at the designated place and time, the Purchaser shall nevertheless be liable for the payments due and payable pursuant to the contract. FAULHABER may arrange for the goods to be stored at the risk and the cost of the Purchaser and shall subsequently inform the Purchaser in writing to accept delivery of the goods within 14 days of issuance of the notice. If the Purchaser fails to do so, FAULHABER shall be entitled to terminate the contract and claim against the Purchaser for any loss or damage suffered as a result of the failure of the Purchaser to accept the delivery.

3. Reservation of Title

- 3.1 FAULHABER reserves title in all goods supplied until full payment of the purchase price for such goods. The Purchaser shall not be entitled to sell any goods supplied until payment of the full purchase price, or to make other disposals over reserved goods, in particular to pledge or transfer them by way of security. It shall notify FAULHABER without undue delay of any violation of rights in the items which are FAULHABER's property. If the Purchaser is in default with its payment obligations towards FAULHABER or if the Purchaser infringes the above obligations arising from agreed reservation of title, the balance of the full purchase price shall become due for payment immediately. In this event FAULHABER is entitled to demand that the goods be shall be returned and prepared by the Purchaser, at the Purchaser's own cost, for collection by FAULHABER. The Purchaser has no right of possession. FAULHABER's right to claim for compensation for damages shall remain unaffected.
- 3.2 The Purchaser is permitted to process or transform the reserved goods and combine these with other items. Processing or transformation shall be carried out on behalf of FAULHABER. FAULHABER will become the direct owner of the item produced as a result of such processing or transformation. The processed or transformed item shall be deemed to be reserved goods. If the reserved goods are processed, transformed or combined with other merchandise which is not FAULHABER's property, FAULHABER shall have joint ownership in the resultant new product in the ratio of the value of the processed, transformed or combined reserved goods to the value of the new product. The portion of the claim assigned to FAULHABER shall have precedence over any other claims.
- 3.3 If reservation of title is claimed, or if FAULHABER takes back or pledge the goods supplied, this shall not constitute withdrawal from the contract. If the goods are taken back, FAULHABER shall be entitled to dispose freely of and realise the goods' value following prior warning and setting of a reasonable deadline. The proceeds from such realisation shall be offset against FAULHABER's claims after deduction of reasonable realisation costs.

4. Liability for Defects

- 4.1 The Purchaser shall inspect the goods received without undue delay on arrival for defects and contractually agreed quality, quantity and specification. Any obvious defects of the goods shall be notified to FAULHABER immediately, but no later than 7 days after receipt, latent defects shall be reported in writing no later than 7 days after discovery, however, at the latest 1 year after delivery of the goods to the Purchaser. Otherwise the goods shall be deemed to have been accepted and all claims of the Purchaser in connection with any non-conformity of the goods shall be excluded. If FAULHABER grants a longer or shorter product quality guarantee in writing for specific goods, such longer or shorter period shall apply instead of the above 1 year notification period.
- 4.2 The Purchaser shall provide FAULHABER with an opportunity to investigate the complaint; in particular it shall make damaged goods and the packaging available to FAULHABER for inspection. If the Purchaser fails to comply with this requirement, FAULHABER shall be released from liability for defective goods. In urgent cases only, i.e. where operational safety is at risk and to avert disproportionately high damage, which shall be reported to FAULHABER immediately, or where FAULHABER is in default with remedying the defect, the Purchaser shall be entitled to remedy the defect by itself or have it remedied by third parties and to demand reimbursement of the reasonable and proven necessary costs from FAULHABER.
- 4.3 FAULHABER is obliged to repair or replace - at FAULHABER's own discretion - defective goods at FAULHABER's own expense within a reasonable period. Goods which have been replaced are FAULHABER's own property and shall be returned to FAULHABER.
- 4.4 To the extent that the complaint is justified, out of the direct costs incurred by repair or replacement FAULHABER shall bear the reasonable and proven costs of the part replacement including shipment. Any costs incurred by the Purchaser shall be borne by the Purchaser itself. Necessary assembly and travel expenses incurred in connection with unjustified complaints regarding defects shall be borne by the Purchaser. FAULHABER shall not bear liability for any damages caused by any modifications or repair work improperly carried out by the Purchaser or third parties.
- 4.5 Claims of the Purchaser for expenses resulting from the repair or replacement, in particular, transport, in-transit, work and material costs are excluded in as far as the expenses occur because the goods were taken subsequently to a place other than the site of the Purchaser, unless such transport corresponds to the designated contractual use.
- 4.6 For the avoidance of doubt, FAULHABER shall not be liable for damage to goods caused by natural wear and tear, unsuitable or incorrect use or use which does not comply with designated contractual use, faulty assembly or commissioning, excessive use or improper modification, improvement or repair work by the Purchaser or third parties, or by faulty or negligent treatment, in as far as they are not FAULHABER's fault.
- 4.7 Claims of the Purchaser for compensation for non-conformity of the goods or any other contractual liability exceeding the above, in particular for compensation for direct or indirect losses

or damages - including concomitant or consequential damage, irrespective of legal ground - are excluded. The above does not apply to personal injuries or property damages which are caused by FAULHABER's gross negligence or intent.

5. Product Liability

- 5.1 If claims are lodged by third parties against FAULHABER according to the PRC Product Quality Law, the PRC Consumer Protection Law, the PRC Tort Law or any other statutory laws and regulations regarding the product liability, the Purchaser shall exempt FAULHABER and hold FAULHABER harmless from such claims if and insofar as the Purchaser is responsible for the defect. The Purchaser shall, in such cases, exempt FAULHABER accordingly from all costs, including expenses for required recall measures and/or public warning and the legal costs, including court fees and lawyer's fees.
- 5.2 The Purchaser shall immediately inform FAULHABER about any risks that may occur during the use of any goods, and any product defects it may become aware of. If FAULHABER conducts a recall or public warning concerning the goods, the Purchaser shall provide any and all assistance required by FAULHABER and undertake all reasonable measures requested by FAULHABER. The Purchaser is allowed to make a recall/public warning or any other corrective action only if it has obtained prior written permission from FAULHABER.

6 Intellectual Property Rights

- 6.1 FAULHABER shall - without being restricted - reserve its patents and any other intellectual property rights in the goods, its trademarks and trade names and its copyrights in drawings and other documents.
- 6.2 The Purchaser shall not copy the goods or parts thereof by itself or have them copied or encourage a third party to copy them. The Purchaser shall not use any technical specification, know-how or technology or any intellectual property rights of FAULHABER for manufacture of counterfeits of any goods same or similar in terms of technology, design, appearance or function.
- 6.3 The Purchaser shall not register, or cause to register in any country or region whatsoever, the trademarks or designations of FAULHABER or confusingly similar ones. The Purchaser shall, not, in any country or region whatsoever, directly or indirectly apply for registration of any patent or any other intellectual property rights concerning the technology, design, appearance or function of the goods, either in its own name or in the name of any third party.
- 6.4 The above obligations shall also apply after expiration or termination of the contract.
- 6.5 If any third party claims that the goods infringe any third party's intellectual property right, the Purchaser shall promptly notify FAULHABER in writing and FAULHABER shall assist the Purchaser in the defence against such claim. The Purchaser shall not settle the claims without FAULHABER's prior written approval and conduct any discussion with such third party only in close co-operation with FAULHABER.
- 6.6 In case the goods are finally held to constitute infringement by a non-appealable court decision or arbitral award and their use is enjoined, FAULHABER shall either procure for the Purchaser the right to continue using the goods or replace them with non-infringing goods or parts thereof or modify them so they become non-infringing goods or parts thereof.
- 6.7 FAULHABER's liability for infringement of intellectual property rights is expressly limited to that stated above. Only insofar as the above remedies can not be achieved or acceptance of such remedies cannot reasonably be expected from the Purchaser, the Purchaser shall be entitled to terminate the contract forthwith.

7. Confidentiality

- 7.1 The Purchaser undertakes that it and the Purchaser's personnel, agents and subcontractors will fully respect the confidentiality of FAULHABER's technical specification, intellectual property rights, know-how and technology, business management, management know-how, production information, marketing information, customer lists, sales and financial affairs or any other proprietary information. The Purchaser hereby undertakes to treat as confidential all information obtained from FAULHABER or communicated to the Purchaser in connection with the contractual relationship, and will not divulge such information to any person (except to its own employees and then only to employees who need to know the same) and will use such information solely in connection with performing its obligations under the contract and for the use of the goods in accordance with the contract and not for its own benefit or for the benefit of any third party, provided that this obligation shall not refer to information:
 - (1) which is rightfully in the possession of the Purchaser prior to the commencement of the negotiations resulting in the contract; or (2) which is already public knowledge or becomes so at a further date (other than as a result of breach of this Article); or (3) which is communicated or disclosed to the Purchaser by a third party lawfully in possession thereof and entitled so to disclose it.
- 7.2 If the disclosure of the confidential information as defined above is requested by the competent regulatory authorities, the Purchaser shall notify FAULHABER and a copy of each disclosure shall be given to FAULHABER before any disclosing is made.
- 7.3 The obligations stipulated in this Article shall survive any expiration or termination of the contractual relationship between the Parties.

8. Force Majeure

- 8.1 If a Party cannot perform its obligations stipulated in the contract due to reasons which are directly and exclusively attributable to force majeure, it shall notify the other Party in writing without undue delay of the occurrence of such an event and, within 30 days, provide to the other Party a statement or certificate of the existence of the circumstances constituting force majeure.
- 8.2 Force majeure shall mean any of the following events: earth quake, storm, flood, fire or other acts of nature, SARS and other epidemics, war, riot, public disturbance, strike or lock outs also if occurring to FAULHABER's sub-suppliers, government actions or other events beyond the control of the Parties where their occurrence is reasonably unpreventable and unavoidable.
- 8.3 If an event of force majeure occurs, no Party shall be responsible for any damages, increased costs or losses which the other Party may sustain by reason of its failure or delay of performance. The Party claiming force majeure shall adopt measures to minimize or remove the effects of force majeure and within the shortest possible time attempt to resume the performance of obligations affected by the event of force majeure. If the consequences of such an event cannot be remedied within 6 months from the occurrence, the Parties shall through consultations decide whether to modify or terminate the contract according to the effects of the event of force majeure on the performance of the contract.

9. Applicable Law and Dispute Resolution

- 9.1 These General Terms and the contractual relationship between FAULHABER and the Purchaser shall be subject to PRC law.
- 9.2 Any dispute arising out of or in connection with these General Terms and/or the contract, including their existence, validity or termination, shall be solved by friendly consultations. If no result can be achieved within 30 days after the dispute has arisen, the dispute shall be only submitted to the China International Economic and Trade Arbitration Commission ("CIETAC"), Beijing headquarters for resolution in accordance with the CIETAC's arbitration rules then in effect. The place of arbitration shall be Shanghai. The language to be used in the arbitration shall be English.
- 9.3 The arbitration tribunal shall consist of 3 arbitrators. Each Party shall appoint 1 arbitrator. The third arbitrator, who shall act as chairman of the arbitration tribunal shall be jointly appointed by the two first-mentioned arbitrators. If a Party fails to appoint its arbitrator within 1 month after receipt of the notice of arbitration from the arbitration commission or if the two first-mentioned arbitrators can not come to an agreement on the chairman of the arbitration tribunal within 1 month after they have been appointed, the respective arbitrator or the chairman of the arbitration tribunal shall be appointed by the Chairman of the CIETAC.
- 9.4 The arbitration award shall be final and binding on the Parties. The arbitration fee shall be borne by the losing Party except as otherwise awarded by the arbitration tribunal. Petition for enforcement can be filed with any court having jurisdiction thereof. During the arbitration proceedings the Parties shall continue to perform these General Terms and contract except for the stipulations which are in dispute.

10. Miscellaneous

- 10.1 If any provision of these General Terms is or will become invalid for whatever reason, this shall not affect the validity of the other provisions. The Parties shall replace the invalid provision with a provision which reflects as closely as possible the economic purpose of the original provision.
- 10.2 These General Terms are written in both Chinese and English languages. Both language versions shall be equally authentic and binding. In case of discrepancies between the two language versions, the English language version shall prevail.