

## **General Conditions of Purchase Wirthwein Fastening Systems (Kunshan) Co. Ltd.**

### **1. Basis of Contract**

1.1 The below Conditions of Purchase apply to all supply and service orders. If the supplier agrees to and has gained knowledge of the Conditions, they shall also apply to all future business even if they are not explicitly mentioned for each individual case.

1.2 Any differing supplier terms and conditions shall not become part of the contract independently of our objection to individual cases. They shall become valid only with our explicit written acknowledgement.

1.3 All changes and supplements to the contracts shall become effective only if submitted in written form.

### **2. Contract Conclusion**

2.1 Supplier offers and quotations shall be free of charge also if generated by the supplier on our request.

2.2 Orders are binding only if placed in written form. All orders placed verbally or by telephone become valid only if subsequently confirmed by the orderer or acknowledged by the supplier in writing. The same applies to ancillary verbal agreements and modifications to the contract.

2.3 If the order is not acknowledged within 8 working days after receipt, the orderer shall have the right to cancel the order.

2.4 Notwithstanding any legal rights to cancel a contract, the orderer can withdraw from the contract if insolvency proceedings are instituted with regard to the assets of the supplier. If the supplier has suspended payments temporarily only (to the third parties?), the orderer can also withdraw from the contract after a period of time fixed by the orderer.

### **3. Drawings, Drafts, Documents and Products from Consignments**

3.1 We reserve the property and intellectual property rights to all drawings, drafts, calculations and other documents handed over to the supplier for offer generation and execution of the respective orders. None of the above may be forwarded to third parties without our written consent. The supplier promises to treat the above documents confidentially, to keep them inaccessible to third parties, and to return them to us immediately on our request but not later than after execution of the order. The supplier shall be responsible for proper safekeeping of the documents and for their loss and damage. Notwithstanding any further rights, we may withdraw from all current contracts and without owing compensation to the supplier if the supplier violates the obligation of secrecy.

3.2 The supplier shall commit his workforce and suppliers to the same secrecy conditions as apply to him.

3.3 The products manufactured according to these documents and all documents generated for us during and in relation with the execution of the order may be forwarded to third parties with our written consent only.

3.4 The obligation to secrecy continues beyond the termination of the contract.

3.5 All documents received by either contractual party shall be returned to the other without implicit request after termination of the business relation.

#### **4. Forwarding of Orders to Third Parties**

The supplier may not transfer the order entirely or partly to third parties without the prior written consent of the orderer. The orderer may not refuse approval for unfair reason. The orderer's consent does not release the supplier from his obligation to carefully choose a subsupplier with regard to high quality and reliability and to monitor the duly fulfillment of the order.

#### **5. Schedules and Deadlines**

5.1 All agreed-upon schedules and deadlines are binding. Schedules and deadlines are understood as adhered to when the goods are received at the by us indicated delivery address or when they are accepted by us if delivery includes installation and assembly or other services that are to be carried out successfully.

5.2 In the interest of the overall business organization, the orderer can demand temporary discontinuation and/or temporary acceleration of single performances or the entire performance within the scope of the order schedule. If such request has a substantial impact on costs, the price shall be adequately adjusted.

5.3 On special request of the orderer, the supplier shall submit a time schedule which clearly shows the execution dates for the individual production steps. This particularly applies when orders are contracted / awarded / transferred to subsuppliers unless such transactions are excluded in the contract.

The supplier needs to inform the orderer immediately and in writing of all circumstances that will or are likely to not allow adherence to the agreed-upon date of delivery.

5.4 If the fixed dates cannot be adhered to, the supplier shall inform us immediately about the reason for and the estimated duration of the delay. Our legal rights to claim compensation for loss occasioned by delay or the agreed-upon penalties shall not be affected.

5.5 In case supplier fails to meet delivery dates agreed upon or calculable deadlines, delivery delay occurs without reminder. Besides our rights to claim compensation for loss occasioned by the delay we are also entitled by law to withdraw from the contract and to claim damages instead of performance unless the supplier delivers or performs within a reasonable extension of time.

5.6 If due for the non-compliance to deadlines and schedules a contract penalty has been fixed, we shall have the right to claim such penalty payments or set off payments against it.

5.7 We can refuse acceptance of early deliveries or premature services.

## **6. Partial, Surplus, Short and Subsequent Deliveries**

6.1 The supplier must not carry out partial deliveries or services without our explicit consent. Our acceptance of exceptions from the above does not entitle the supplier to invoice such exceptions prior to completion of his entire scope of performance.

6.2 We reserve the right to accept individual cases of surplus or short deliveries.

6.3 The same applies to subsequent deliveries.

## **7. Acts of God**

7.1 Acts of God shall be acknowledged only if they have a direct impact on the fulfillment of this contract. Acts of God can be in particular fire, flood, earthquake and other natural phenomena, strike, lockout and other operational disruptions, and war. Acknowledgement of such events by the other contractual party is subject to written communication of the beginning and the end of the event within three days. Relevant shall be the day of mailing of such communication. A respective attestation of the respective Chamber of Commerce must be enclosed.

7.2 An Act of God allows the orderer to demand shipment at a later point in time without entitling the supplier to any claims.

7.3 If an Act of God lasts longer than three months or makes it absolutely impossible for the supplier to fulfill his contractual duties, the orderer shall have the right to partly or wholly withdraw from the contract.

In such a case the supplier shall have no right to request compensation from the orderer for possible loss or damage.

The supplier promises to pay an interest of 5% above the respective base annual rate announced by the People's Bank of China on all return payments to the orderer.

## **8. Prices, Shipping, Packing, Invoice, Payment**

8.1 All prices are fixed, including costs for packing, transport, clearing formalities and customs, but not including value-added tax..

8.2 Shipping is at the expense and risk of the supplier.

8.3 Each shipment is subject to delivery note, waybill and invoice. The documents must use the same terms as in our order and include the following information:

- Date, number and reference of order
- Contents of shipment
- Order status

8.4 Unless otherwise agreed, payments shall be made within 14 days on receipt of invoice with a discount of 3% or net within 30 days. The payment period begins with the receipt of the invoice. Incorrect invoices are considered received at the date of their correction. In case orderer accepts early or partial delivery, the due date shall be calculated according to the delivery date agreed upon.

8.5 The obligation to take back packaging depends on the legal provisions.

## **9. Assignment, Setting off, Retention**

9.1 The supplier is not allowed to assign accounts receivable from us to or have them collected by third parties without our prior consent. We shall not refuse our approval for unfair reasons.

9.2 The supplier may set off amounts only if his counterclaim is due, indisputable or legally effective. This also applies to retention rights unless the supplier can put forward a defense of uncertainty as set forth in § 68 Contract Law of PRC in case of advance deliveries/payments to be made by him.

## **10. Reservation of Title**

We expressly object to any reservations of title, in particular to any extended or prolonged reservation of title by the supplier. All cases of reservation of title are subject to our prior written consent. If – despite our objection – a sub-supplier asserts property rights, co-property rights or enforces a lien or execution proceedings towards us, we shall claim on the supplier for all damage caused by such action.

## **11. Passing of the Risk, Notification of Defects**

11.1 The risk passes to us when the goods are received at the by us indicated delivery address or when they are accepted by us if delivery includes installation and assembly or other services that are to be carried out successfully.

11.2 We inspect samples of the incoming goods for visible damage and deviations regarding quantity and identity only. All defects identified during our visual inspection will be immediately given notice of. We reserve the right to carry out more profound inspections on the incoming goods. We will also give notice of defects as soon as they are identified during the course of normal business. The supplier shall therefore not raise any objection for late notice of defects.

11.3 The supplier shall carry out sufficient interim and final inspections and tests with regard to his production, and inspect all incoming goods from his suppliers and/or sub-suppliers. The number and type of checks depend on the manufacturing accuracy at the supplier / his sub-suppliers, the type of potential defects and the effects they may have on the safety of the goods to be consigned and the products manufactured with the consigned goods.

## **12. Defects of Quality and Workmanship**

12.1 The supplier guarantees deliveries that are free of defects and flawless services and the presence of warranted characteristics. He ensures in particular that they correspond to the current state of the art, the generally accepted technical and workplace-related safety regulations set forth by the authorities and trade associations, comply with the applicable environmental provisions and are conform with other legal requirements.

12.2 If the subject matters are machines, pieces of equipment or installations, they shall comply with the special safety regulations valid for machinery and equipment at the moment of contract fulfillment, and carry a Chinese CCC mark.

12.3 In case of defects, the claims keep to the legal provisions and the following specifics: the limitation period for claims based on defects is 1 (one) year. The orderer has the right to remedy lesser defects on his own if such lesser defect allows no delay and does not require participation of the supplier. The right of self-remedy of defects means that the orderer may either eliminate the defect by himself or have it eliminated by a third party. The costs arising from such action will be charged to the supplier's account. The costs may not exceed 20 percent of the purchase price to be borne by the orderer.

12.4 The orderer's right of self-remedy of defects also exists if the supplier does not respond to the orderer's notice of defects within two working days or does not go about the elimination of the defect within 4 working days from receipt of such notice.

12.5 The same applies in urgent cases if the probability of disproportionately high damage leaves no time to wait for reworks by the vendor and if the vendor has been informed of the defect. The elimination of defects by the orderer does not affect the supplier liability for material defects. The supplier shall therefore not raise any objection for late notice of defects.

12.6 The supplier shall adhere to the legal provisions (country of destination / state) as well as to the official directives at the place of destination with regard to environmental protection and in particular with regard to hazardous substances, particle emission and noise.

12.7 Our consent to drawings, calculations or other technical documentation from the supplier does not affect his responsibility for defects and his duty to honor his promise of guarantee.

### **13. Right of Use, Defects of Title, Violation of Industrial Property Rights**

13.1 The supplier owes the concession of all rights of use necessary for obtaining the contractually agreed purpose.

13.2 The supplier is responsible for defects of title as prescribed by the legal provisions.

13.3 Notwithstanding the above, the supplier shall make sure that the use of the contractually owed deliveries/services does not violate any patent rights or other industrial property rights of third parties. He shall indemnify us from all claims asserted against us and all other costs and expenses due to the violation of domestic industrial property rights. He furthermore promises to undertake all that can be reasonably expected of him to allow us the contractually agreed usage without affecting third parties.

### **14. Product Liability, Insurance**

14.1 If the supplier is responsible for product damage, he shall also be responsible for indemnifying us at our first request from any damage claims raised by third parties insofar as the cause for the damage lies within his domain and range of organization and insofar as he is the only one liable vis-à-vis third parties.

14.2 In the framework of his liability for damages as set forth in subsection 14.1., the supplier shall reimburse all expenses arising from or in relation with a product recall by the orderer according to the relevant laws and regulations. We shall inform the supplier as far as possible and reasonable about the contents and extend of the recall action to be carried out and give him the opportunity of a statement. Any other legal claims remain in effect.

14.3 The supplier shall take out and maintain a product liability insurance covering a € 5 million flat per damage to persons / products. Any further damage claims by the orderer remain untouched.

## **15. Place of Performance, Venue, Applicable Law**

15.1 Place of performance for all deliveries and services by the contractual parties shall be the main office of the ordering enterprise. If a different delivery address is indicated in the order, such delivery address shall be the place of performance for the deliveries and services by the supplier.

15.2 Any disputes arising out of or in connection with a contract with supplier, including any question regarding its existence, validity or termination shall be settled through friendly consultations between both parties. In case no settlement can be reached through consultations, the dispute shall be submitted to the China International Economic and Trade Arbitration Commission (CIETAC), Shanghai Sub-Branch, for arbitration which shall be conducted in accordance with the Commission's arbitration rules being in force at the time of applying for arbitration. The arbitral award is final and binding upon both parties. The language of the arbitration proceedings shall be English. The place of the arbitration shall be Shanghai.

15.3 The contractual relationship and all legal disputes arising from such are subject to the law of the People's Republic of China. Any application of the UN Sales Convention on Contracts for the International Sale of Goods of 11 April 1980 is excluded.

15.4 The language of the General Conditions of Purchase and the contract is English. The English wording overrules all other languages that may be used in addition.

## **16. Prohibition of Child Labor**

The supplier promises not to employ children under 16 years old or employ minors under 18 years old for particular industries and work types prohibited by law. The supplier shall make sure that his suppliers undertake the same obligations.

## **17. Severability Clause**

Should any individual provisions in the above options terms be or become invalid, either in part or in full, or impracticable, this will not affect the validity of the other provisions. The invalid or impracticable provision will be replaced by a ruling that is as close as possible in economic purpose to the invalid or impracticable provision in a legally effective and practicable form.