

1. Relevant Regulations

The legal relationships between Changchun MANN+HUMMEL FAW FILTER Co., Ltd and the Supplier are subject to the following terms and conditions and any other written agreements. Changes and amendments must be made in writing. Contradictory terms of delivery shall only apply if expressly acknowledged in writing by our company. We hereby expressly object to any of the Supplier's notes or references as to the validity and applicability of his general terms and conditions.

Apart from these Terms and Conditions of Purchasing, the quality assurance agreement, the terms of use for the supplier portal and the management manual shall also apply and form an integral part of the agreement.

2. Ordering and Order Confirmation

2.1 Contracts, orders, agreements or changes must be made in writing in order to be binding. The written form shall also be deemed complied with if an order is made by fax, email or data transmission (EDI, Web EDI). Signing on our part shall not be required. Deviations from agreements and our orders shall be effective only with our prior written approval.

2.2 Acceptance of our order must be confirmed in writing, with indication of our complete order data. If the Supplier fails to confirm the order within 10 days as of receipt, we shall be entitled to consider as accepted.

2.3 The Supplier shall be obligated to change the structure and design of the delivery item within the scope of what is reasonable. The effects, in particular as to extra costs and reduced costs, and the delivery dates must be mutually agreed.

2.4 Unless otherwise agreed, the Supplier's cost estimates shall be binding and free of charge.

3. Delivery Dates / Delay in Delivery

3.1 The agreed-upon delivery dates and deadlines shall be binding. The date of receipt of the goods at the location specified in our order shall be decisive for compliance with the delivery date or deadline. If home delivery has not been agreed, the Supplier must provide the goods in due time by taking into account the usual time for loading and shipping. The Supplier shall be responsible for notifying the carrier specified in our order. If a carrier other than the one specified by us is commissioned without our prior approval, the Supplier must bear any extra costs incurred as a result.

3.2 If the Supplier realizes that he cannot comply with the agreed-upon deadlines for whatever reason, he must immediately notify us in writing.

Should the Supplier exceed the agreed-upon delivery dates and deadlines, he shall be deemed in default without a reminder being required, provided that a certain date has been directly or indirectly stipulated within the scope of such agreed-upon delivery dates or deadlines.

In case of default we shall be entitled, after the expiry of a reasonable grace period set by us, to have the service owed by the Supplier rendered by a third party at the Supplier's cost and expense, or to rescind the contract, or to demand liquidated damages equal to [10]% of the total gross order value per day as compensation for the damages incurred. The Supplier shall be obligated to reimburse us for any and all extra costs incurred as a result of delayed delivery.

3.3 In the event of a culpable deviation from the delivery and packaging provisions, or in the event of early delivery or excess delivery we shall be entitled to claim additional expenditure for logistics in form of liquidated damages in the amount of RMB 1,000.00 (notwithstanding our right to prove even higher damages in individual cases).

The Supplier shall be entitled to prove in any event that we have not incurred any or that we have incurred less damages.

3.4 Acceptance of a delayed delivery or service does not imply waiver of such claims for damages.

4. Delivery / Shipping

4.1 Each shipment must be accompanied by a delivery note including our complete order data.

4.2 The Supplier shall furnish the proof of origin that we may request (such as supplier declarations, movement certificates) with all necessary information and provide it immediately and free of charge in duly signed form.

4.3 Unless otherwise agreed, deliveries shall be made to the agreed-upon destination indicated in the order free of freight charges and packaging costs. In that case, the risk shall pass onto us at the time of delivery at the agreed-upon destination.

5. Invoices / Payment Terms

5.1 When issuing invoices, the invoices must include our complete order data (order no., date, delivery note no.). In case of noncompliance with this provision, the Supplier shall be responsible for any consequential delays in invoice processing and payment. Invoices shall be sent to the following billing address: "Changchun MANN+HUMMEL FAW Filter Co.,Ltd, Logistic, No. 4555, Kunshan Road, ETZDZ, Changchun".

We reserve the right to return invoices with incomplete or inaccurate order data or with inaccurate or incomplete billing address to the Supplier.

5.2 Unless a special arrangement has been made payment shall be made by way of money transfer after 90 days net as of the day of delivery, but no earlier than as of receipt of the invoice.

5.3 In case of acceptance of early deliveries, maturity shall depend on the agreed-upon delivery date.

5.4 We reserve the right to verify and acknowledge deliveries and invoices. In case of faulty delivery we shall be entitled to retain payment in the amount of the outstanding delivery until proper fulfillment.

5.5 Without our prior written approval the Supplier shall not be entitled to assign the claims that he has against us or to have his receivables collected by third parties. Should the Supplier assign such claims to a third party without our approval, such assignment shall nevertheless be valid. However, the Supplier shall inform us of the assignment in time. Without any notice given by the Supplier, we are still entitled to make payment to the Supplier.

6. Price

The prices are stated as carriage-paid with delivery to the agreed-upon destination indicated in the order, including freight, packaging and ancillary costs.

7. Force Majeure

7.1 Force majeure, wars, natural disasters, official measures (such as confiscation, ban on exports) and other unfore-

- seeable, inevitable and serious events shall release the contractual parties from their duties for the duration of the disturbance and to the extent of their effect. The contractual parties shall be obligated to immediately provide all necessary information within the scope of what is reasonable and to adapt the obligations in good faith to the changed circumstances.
- 7.2 Should such event last longer than two months, the contractual parties may rescind the respective agreement (or the yet unfulfilled contractual obligations) or terminate the respective agreement without notice.
- 8. Notice of Defects**
We shall promptly notify the Supplier in writing of any defects of delivery as soon as we become aware of such defects in our proper course of business, and the Supplier shall waive the defense of late notice of defects.
- 9. Defects of Quality**
- 9.1 Warranty claims for parts intended for automobiles or commercial vehicles shall expire within 24 months as of first-time registration of the vehicle or installation of the spare part, but no later than after 30 months as of delivery to us. For all other parts and delivery items, the warranty claims shall expire after 24 months as of delivery to our customers, unless other periods have been expressly stipulated in writing.
- 9.2 As regards quantity and quality, delivery must comply with the agreed-upon terms and conditions, the intended use, our quality requirements, the relevant environmental provisions, the industrial standards applicable on the day of delivery, state-of-the-art technology, the relevant provisions and directives issued by the authorities and industrial associations as well as with legal provisions and regulations.
- 9.3 In case of defects of delivery, including the absence of an agreed-upon property, the Supplier shall be obligated to either at our own option and notwithstanding our other legal remedies promptly remove the defect free of charge or deliver parts that are free of defects (incl. in each case the necessary expenses), or to grant a reasonable discount. Should the Supplier be unable to do so, or should he fail to promptly comply with such obligation, we may rescind the contract and return the goods to the Supplier at latter's own risk and cost. Moreover, the Supplier shall perform reasonable analyses and corrections to remove the cause of the defect in order to prevent such defect from reoccurring.
- In urgent cases, we shall be entitled to remove or have the defects removed at the Supplier's cost and expense, notwithstanding our other claims. The costs incurred in this connection shall be borne by the Supplier.
- 9.4 Should the Supplier repeatedly deliver defective goods or should he repeatedly provide defective services, we shall be entitled, after a written warning, to rescind the contract even in respect of deliveries that have not yet been made if the Supplier continues to make defective deliveries or provide defective services.
- 9.5 In addition, the Supplier shall be obligated to reimburse any and all pertinent costs for repairs or for the replacement of defective goods (incl. transportation, handling, sorting, installation, demounting, material, and labor costs). For each handling of a warranty case, the Supplier shall be obligated insofar as he is responsible for the defect to pay liquidated damages in the amount of RMB 1,000.00 (notwithstanding our right to claim higher damages in individual cases).
- The Supplier shall be entitled to prove in any event that we have not incurred any or that we have incurred less damages.
- 9.6 Should we assume any obligation vis-à-vis our customers in our capacity as supplier, which obligation would result in a longer or further liability for defects or warranty, the Supplier shall be obligated to have such regulation also apply for himself after prior written notification and as of the time of such notification.
- 10. Liability**
- 10.1 Unless otherwise agreed herein, the Supplier shall be obligated to pay for the damages, including any consequential damages, incurred directly or indirectly as a result of a defective delivery or for any other reasons attributable to the Supplier. In principle, liability for damages shall only apply if the Supplier, his representatives or his assistants and vicarious agents are responsible for the damage. Liability for damages shall be excluded in as far as we have effectively limited liability vis-à-vis our customer. We strive to agree on limitations of liability also for the benefit of the Supplier to the extent permitted by law.
- 10.2 If claims are asserted against us by third parties based on liability regardless of negligence or fault, the Supplier shall indemnify us against such liability if he is predominantly responsible for the damage.
- 11. Product Liability**
- 11.1 If claims are asserted against us based on product liability, the Supplier shall undertake to indemnify us against such claims if and insofar as the damage was caused by a defective delivery item. In case of liability based on fault, this shall apply only in the event that the Supplier is at fault.
- 11.2 In such cases the Supplier shall be obligated to bear any and all costs and expenses, including the costs of litigation (if applicable), and to indemnify us in that respect.
- 11.3 Otherwise, the legal provisions shall apply.
- 11.4 In case of a product recall due to a defective product delivered by the Supplier, we shall notify the Supplier to give him the opportunity to agree with us on the procedure and performance of the recall, unless prior notification of the Supplier is impossible because of the urgency of the matter. The Supplier shall bear the cost of the recall if and insofar as such recall is the result of a defective item delivered by the Supplier.
- 11.5 The Supplier undertakes to take out the necessary product liability insurance, which also covers the recall costs. At our request, the Supplier must prove that he has taken out such insurance by submitting the insurance certificate.
- 12. Quality, Environment and Documentation**
- 12.1 When making deliveries, the Supplier must comply with the generally accepted rules of technology and safety regulations as applicable from time to time. Insofar as we have provided the Supplier with drawings, samples or other provisions or documents, he shall comply therewith as regards the design and characteristics of the delivered item. Changes to the delivery item or to an already approved production process, or its relocation to a different place, require written notification in due time by the Supplier and our prior express written consent.
- 12.2 The following regulations shall apply for the delivery of production material. Changes to these regulations in individual cases must be made in writing.

- 12.3 The Supplier shall maintain or develop a quality management system based on ISO/TS 16949: 2002 in the version as applicable from time to time. Certificates from an accredited office or second-party certification and equal quality management systems may be approved after prior review on our part. The Supplier shall provide us with a copy of the current certificate, and after expiry of the validity date of such certificate shall send us a new certificate with further request. The Supplier must promptly notify us if the certificate is revoked.
- 12.4 Prototyping will be performed in accordance with the relevant laws and regulations of the People's Republic of China. In addition to prototyping, the Supplier must enter all material data in the material database IMDS (International Material Data System: <http://www.mdssystem.com>); the approved and accepted IMDS entry of all relevant material data is part of and prerequisite for approval of the prototypes.
- 12.5 Regardless of a successful sampling, the Supplier must constantly check the quality of delivery items and must perform re-qualification tests on a regular basis. The contractual partners must keep each other informed of the possibilities of further quality improvement.
- 12.6 The Supplier shall comply with any and all environmental protection laws applicable for him. Continuous improvement of operational environmental protection and the avoidance of environmental pollution shall be ensured systematically according to generally accepted rules.
- 12.7 The Supplier shall obligate his subcontractors in accordance with the above provisions. In case of any breach of the above provisions by the Supplier's subcontractors, the Supplier shall compensate us with liquidated damages equal to [2000 RMB]
- 13. Intellectual Property Rights (IPR)**
- 13.1 The Supplier warrants that we will not infringe on any Intellectual property rights (including IPR applications) by reselling the supplied products or by deploying or using them as contractually agreed. He shall indemnify us against any and all third-party claims resulting from the use or infringement of such rights.
- 13.2 The contractual partners shall be obligated to promptly notify each other of any infringement risks and alleged infringement cases they become aware of and to give each other the opportunity to amicably counter any such claims.
- 14. Retention of Title**
- We shall not accept or acknowledge any extended or prolonged retention of title by the Supplier. The agreement on such retention of title shall require separate written approval on our part.
- 15. Confidentiality**
- 15.1 The contractual partners undertake to treat with confidentiality (as a business secret) any and all business and technical details that are not publicly known and that they become aware of within the scope of their business relationship.
- 15.2 Drawings, models, templates, samples, tools, appliances and similar items must not be surrendered or otherwise made accessible to unauthorized third parties. Duplication or reproduction of such items shall only be permitted within the scope of business requirements and the intellectual property right regulations of the People's Republic of China.
- 15.3 The Supplier's subcontractors shall be obligated accordingly. In case of any breach of this provision by the Supplier's subcontractors, the Supplier shall compensate us liquidated damages equal to [2000 RMB].
- 15.4 The contractual partners may advertise their business relationship or goods only with prior written approval.
- 16. Production material**
- Material, tools, samples, models, patterns, drawings and other production materials as well as confidential information provided to the Supplier or paid by us shall be and remain our property whether they are registered as intellectual property right or not. They shall be sent back to us immediately upon demand. Any lien shall be excluded.
- The Supplier undertakes to treat them as confidential and to use them for deliveries to third parties only with our prior written approval.
- 17. General Provisions**
- 17.1 Should one of the contractual partners stop making payments or should insolvency proceedings be instituted against his assets, the other contractual partner shall be entitled to rescind that portion of the agreement which has not yet been fulfilled.
- 17.2 If any of the provisions contained in these Terms and Conditions and other agreements is or becomes invalid, it shall not affect the validity of the remaining contract. The contractual partners shall be obligated to replace such invalid provision with a valid provision that best reflects the economic success of the invalid provision.
- 17.3 The place of performance for all deliveries shall be the plant indicated in the order.
- 17.4 Unless otherwise agreed, the laws and only the laws of the People's Republic of China shall apply. Application of the United Nations Convention of 11 April 1980 on Contracts for the International Sale of Goods shall be excluded.
- 17.5 The place of jurisdiction shall be the plaintiff's place of business.
- 17.6 These Terms and Conditions of Purchasing are written in English and Chinese language. Both versions shall be equally valid.