



MORE LIGHT

General Terms and Conditions of Purchase of the Jenoptik-Group

1. General

1.1. These General Terms and Conditions of Purchase shall apply to all business transactions in which JENOPTIK (Shanghai) Precision Instrument and Equipment Co., Ltd. or an affiliated company of JENOPTIK (Shanghai) Precision Instrument and Equipment Co., Ltd. is a customer.

1.2. For all orders placed by the customer (hereinafter referred to as "Customer") and all offers and other business transactions with the contractor (hereinafter referred to as "Contractor") - including future orders, offers and other business transactions -, exclusively these General Terms and Conditions of Purchase shall apply, even without express agreement. The Customer does not accept any contrary or deviating terms and conditions of the Contractor; the terms and conditions of business of the Contractor are hereby rejected.

1.3. Any amendment to these General Terms and Conditions of Purchase, including to this provision, shall require the written consent of the Customer or a written agreement in order to be effective.

1.4. These Terms and Conditions shall apply to purchase contracts and mutatis mutandis to contracts for work and services, contracts for work and materials, contracts for services and mixed contracts.

1.5. These General Terms and Conditions of Purchase only apply if the Contractor is an individual or a legal entity registered under the law of the People's Republic of China.

2. Conclusion of contracts

2.1. Should the Contractor not accept the order placed by the Customer within 14 days, the Customer shall be entitled to cancel the order in writing unless a different period has been expressly specified.

2.2. All agreements between the Customer and the Contractor concerning the contract and its performance must be made in writing in order to be effective.

2.3. Should the Contractor deviate in its declaration from the enquiry or order of the Customer, it shall explicitly point out this fact.

2.4. In the event that the Customer initiates an order and the order provides for delivery or services to be provided and an invoice rendered to an affiliated company of JENOPTIK (Shanghai) Precision Instrument and Equipment Co., Ltd, the Customer shall be deemed to be acting as the authorised agent of the affiliated company, so that a contractual relationship arises between the Contractor and the affiliated company.

3. Third party services

3.1. The Contractor shall be entitled by the Customer to authorize a third party for the provision of his services only upon a prior written consent.

3.2. In case the Customer has authorized the provision of services by a third party, the Contractor shall ensure the third party covenants to adhere to the principles agreed between the Customer and the Contractor, in particular to the confidentiality, data protection as well as compliance provisions.

4. Termination of the contract

4.1. Each of the parties to the contract may rescind the contract or terminate the contract extraordinary, if there is a good cause. Such a good cause exists in particular if

- the Customer is affected by cases of force majeure within the meaning of para. 6.5 provided the Customer exercises its right to postpone the acceptance of the delivery or services;

- prior to the expiry of the term where the Contractor is required to fulfill its duty in accordance with the contract, the Contractor has indicated in an explicit manner or with its behavior that it will not fulfill its cardinal contractual duty under the contract;

- the Contractor delays the performance of its cardinal contractual duty under the contract, and fails to fulfill within 5 days after receipt of demand letter from the Customer;

- the delay in performance of the duty by the Contractor has led to the result that the intended purpose of contract by the Customer cannot be achieved;

- the Contractor violates provisions of compliance, data protection and/or confidentiality;

- the intended purpose of the delivery or services can't be achieved due to technical or significant reasons provided the Customer has caused the non-achievement of the purpose due to misconduct or gross negligence;

- the Contractor or its employees does not possess the relevant knowledge and expertise for the execution of the contract; or

- either party experiences significant deterioration of economic circumstances which threatens the fulfilment of the contract.

4.2. The Contractor is obligated to inform the Customer promptly, if the Contractor intends to apply for insolvency or if the Contractor gets knowledge of the initiation of insolvency proceedings against him by receipt of the request to open insolvency proceedings according to the Law of Enterprise Bankruptcy of the People's Republic of China. A breach of the aforesaid obligation to inform contains a good cause within the meaning of para. 4.1. and entitles the Customer to extraordinarily terminate the contract.

4.3. The notice of rescission and termination of the contract must be given in writing.

5. Prices; terms and conditions of payment; invoice

5.1. The prices of the Customer quoted in the order are tax-included prices unless the Customer has expressly quoted something else. The contractually agreed remuneration shall cover the compensation for all services necessary for the provision of services (e.g. travel expenses).

5.2. Claims against the Customer only fall due for payment upon receipt of the goods in full by or complete provision of services to the Customer and receipt of invoice and fapiao complying with the statutory requirements.

5.3. Unless agreed differently, the Customer shall pay the agreed price within 30 days, calculated from the date of delivery or completion of provision of services and receipt of a corresponding invoice and fapiao.

5.4. The Customer shall only be deemed to be in default of payment after the due date for payment has elapsed and following a formal written reminder. The Customer shall not fall into default of payment simply because it fails to pay within 30 days after the due date and receipt of invoice and fapiao.

5.5. The Contractor must indicate the precise order number of the Customer on all invoices, shipping documents and delivery notes. All terms of payment shall commence on the day of receipt of a complete invoice and fapiao by the Customer containing a detailed description of all specific deliveries and services provided by the Contractor. The Customer is only able to process invoices subject to compliance with this pre-requisite. The Contractor shall be responsible for all consequences arising from failure to comply with this obligation unless it proves that it was not responsible for the same.

6. Terms of delivery; Passing of risk

6.1. Unless agreed differently, delivery is to be made "DAP" at the address specified in the order of the Customer in accordance with INCOTERMS 2010.

6.2. The dates and periods for delivery and performance indicated in the order are binding. The relevant date is the date of receipt of the goods by the Customer.

6.3. Deliveries or performances at a point in time or in a quantity other than that specified in the order are not admissible. Should the Customer nevertheless accept the delivery or performance, this does not alter the terms and conditions or periods for payment.

6.4. Notwithstanding the other rights of the Customer, the Contractor shall be obliged to notify the Customer without delay in writing if any circumstances arise or become apparent to it, as a result of which the agreed time for delivery or performance is at risk of not being met.

6.5. In cases of force majeure the Customer shall be entitled to suspend performance of his obligation to accept the delivery and service to the extent that such performance is impeded by any of the following circumstances of force majeure: business interruptions, strikes, other cases of shutdown without actual fault, war, civil unrest, epidemics, natural disasters (e.g. severe and unusual weather or floods), official prohibitions and restrictions and in other unpredictable, inevitable and insuperable events. In such cases the Customer shall not be deemed to be in default. The Contractor is not entitled to raise any claims in relation to the postponed acceptance. The Customer shall notify the Contractor in a timely manner of the occurrence of a force majeure event.

6.6. The unconditional acceptance of a delayed or faulty delivery or performance does not constitute any waiver by the Customer of the claims to which it is entitled by reason of the delayed or defective delivery or performance.

6.7. As far as an acceptance has been agreed, a formal acceptance shall take place. The commencement of the operation or the use of the goods delivered shall not constitute a substitute for the declaration of acceptance by the Customer.

7. Contractual penalty

7.1. In the case of delay on the part of the Contractor, the Customer may demand a contractual penalty in an amount of 0.3 % of the order value per day of the delay that has passed or has begun, up to a maximum of 20 % of the order value. Should the Customer assert claims for damages, the contractual penalty is to be set off against the same. The Customer shall give notice of its reservation of the right to impose a contractual penalty no later than when making payment of the final invoice which, in time sequence, follows the delayed delivery or performance. The Customer expressly reserves the right to assert further claims.

8. Offset; Retention; Assignment

8.1. The Customer shall be entitled to rights of set-off and retention to the extent provided for by law. The Customer shall also be entitled to set off claims or to exercise rights of retention which other companies in the Jenoptik Group have against the Contractor.

8.2. The Contractor may not assign any of its claims against the Customer nor dispose of such claims in any other way. The Contractor shall be entitled to set-off its rights against the Customer only, if its counterclaims are legally ascertained, undisputed and in a mutuality connection with the main claim of the Customer or recognized by the Customer. Retention rights of the Contractor are excluded, unless the counterclaims of the Contractor are based on the same contractual relationship and are undisputed, legally ascertained or recognized by the Customer.

9. Quality; Sustainability

9.1. Deliveries and performances made by the Contractor are to be executed in such manner that they comply with the contractual agreements, the statutory provisions, in particular the relevant accident prevention, industrial safety, environmental and similar provisions, the relevant technical standards and the latest recognised standards of science and technology. Relevant attestations, certificates of inspection and documentary proofs are to be provided free of charge with the respective delivery.

9.2. The Contractor shall establish and maintain a quality management system, appropriate in terms of its nature and scope, corresponding to the latest state of technology in the respective branch. It shall prepare records, in particular of its quality checks, and provide the same to the Customer upon its request. The Customer or a third party instructed by the Customer shall, following prior agreement with the Contractor, be entitled to carry out quality audits for the purpose of assessing the effectiveness of its quality management system.

9.3. Where the Contractor makes deliveries or renders performance on the site of the Customer, it shall notify the coordinator designated by the Customer, who shall also be authorised to issue instructions, of the commencement and the scope of the deliveries or performance, shall agree their sequence with the coordinator and shall follow his instructions. As far as risks to the life or health of persons, to the environment or to material objects might emanate from the performance to be rendered or from the object of delivery, special regulations shall accordingly apply in relation to packaging, transport, storage, handling and waste disposal.

9.4. Except where expressly agreed to the contrary, the Contractor shall, at its own expense, arrange for packaging which is both suitable for the delivery of the goods and environmentally friendly. The packaging must be clearly labelled with all important instructions relating to the contents, storage and transport.

9.5. Where the Contractor has a claim to the return of the packaging at no charge for the Customer, the packaging must be clearly labelled accordingly. Where any labelling is missing or is unclear, the Customer will dispose of the packaging at the expense of the Contractor.

10. Duty of cooperation

10.1. The Customer is only obliged to provide duties of cooperation, if these duties are expressly agreed in writing.

10.2. The Contractor may only rely on the failure of the Customer to provide information and documents to the Contractor where it has made written demand of the Customer and a reasonable period has expired without remedy from Customer.

11. Quality; Warranty

11.1. The Contractor warrants that its delivery or performance is of the quality agreed and fulfils the intended purpose of use.

11.2. The Contractor guarantees to use and to deliver only certified genuine parts, and to prove this upon request of the Customer by appropriate supporting documents.

11.3. The Customer shall only be obliged to inspect the goods as to identity, completeness and any externally visible defects. Any such defects are to be pointed out by the Customer within 5 working days following receipt of the goods. Thereafter, the Customer shall lodge complaints as soon as the defects are discovered in the ordinary course of business.

11.4. The Customer shall be entitled, without limitation, to the statutory claims for defects; in any case, the Customer shall be entitled to demand of the Contractor, at the discretion of the Customer, elimination of the defects or a replacement delivery or renewed performance free of defects. After the second unsuccessful attempt, the supplementary performance shall be deemed to have failed. The right to claim damages, in particular damages in lieu of performance, is expressly reserved. As part of its liability to pay compensation, the Contractor shall also reimburse the Customer for the costs of dismantling, modification and installation incurred by the Customer in connection with any defects.

11.5. The Contractor shall eliminate any defects pointed out to it without delay. The Customer shall be entitled, at the expense of the Contractor, to eliminate the defects itself or to have the same eliminated by third parties if the Contractor is in default with their elimination within 3 days upon notice of the Customer. The costs arising hereby shall be borne by the Contractor.

11.6. Unless agreed differently, the period of limitation for warranty claims is 24 months beginning with the passing of risk except where longer periods of limitation are prescribed by law.

12. Liability

12.1. The statutory provisions governing liability shall apply for the liability of the Contractor without restriction except in so far as something else is provided in these General Terms and Conditions of Purchase.

13. Indemnity; Liability insurance cover

13.1. The Contractor shall indemnify the Customer from all claims of third parties – regardless of the legal ground – arising from any defective product and/or faulty documentation and incorrect explanations supplied by it, and shall reimburse the Customer for the necessary legal costs arising to the Customer in this connection.

13.2. Within the scope of its liability for claims under para. 13.1., the Contractor shall be obliged to reimburse all costs arising from or in connection with any recall action, warning or other measures carried out by the Customer. As far as possible and reasonable, the Customer shall notify the Contractor of the contents and scope of the recall measures to be undertaken, and provide it with the opportunity to give a response. Other statutory claims remain unaffected hereby.

13.3. Upon request of the Customer, the Contractor shall maintain a third-party liability insurance and an extended product liability insurance policy for damages caused by the Contractor, its staff or its authorised representatives. The right of the Customer to claim for further damages shall remain unaffected.

14. Confidentiality; Industrial property rights and rights of use

14.1. The Customer possesses the sole proprietary rights and copyrights in the illustrations, drawings, calculations and other documents - including electronic documents. The Contractor shall be obliged to maintain strict secrecy in relation to all illustrations, drawings, calculations and other documents and information received. Without the express consent of the Customer they may not be made accessible or disclosed to third parties or reproduced by either the Contractor itself or by third parties. The obligation of secrecy shall also apply beyond the completion of this contract; it shall lapse if and as far as the know-how contained in the illustrations, drawings, calculations and other documents provided has become generally available. Any confidential disclosure agreement remains unaffected. In case of conflicts or inconsistencies between a potential confidential disclosure agreement and the provisions of this para. 14 the provisions of this para. 14 shall prevail.

14.2. Information given to the Customer by the Contractor shall be deemed to be non-confidential unless it is expressly designated as confidential.

14.3. In respect of all works protected by copyright and all industrial property rights in deliveries or performances, in particular software, the Contractor grants the Customer an irrevocable, transferable, licensable right of use, unrestricted in terms of time, territory and contents, if and in so far as this is necessary for the use of the delivery or performance. The Contractor is to supply the software in executable form in the object code on standard data carriers. Where the delivery of the source code of the software is also included, it is to be supplied together with the complete development documentation and the development tools.

14.4. Where development services are provided on behalf of the Customer and/or illustrations, drawings, product descriptions, data sheets or other documents are prepared on its behalf, the Contractor transfers the exclusive rights of use and exploitation and also the intellectual property rights in the same to the Customer.

14.5. The work results prepared for the Customer may only be published by the Customer.

14.6. The Contractor shall ensure that no rights of third parties are infringed in connection with its delivery or performance.

14.7. Should third parties make any claims against the Customer by reason of the use of the delivery or performance by the Customer on account of infringement of industrial property rights or copyrights, the Contractor must take the necessary measures of defence and extrajudicial measures of legal defence. If claim is made against the Customer by a third party in this respect, the Contractor shall be obliged to indemnify the Customer from such claims upon first written demand; the Customer shall not be entitled to make any agreements with the third party, in particular to conclude a settlement, without the consent of the Contractor.

14.8. The duty of the Contractor to indemnify comprises all expenditure incurred by the Customer due to or in connection with the claim by any third party.

14.9. The period of limitation for claims based on defects in legal title amounts to 36 months, calculated from the passing of risk.

14.10. The Contractor shall not be entitled without the Customers' prior expressly written consent to use "free software" and/or "open source software" components, that means software which can be obtained regularly free of charge and open source ("OSS"), in its software developments for the purpose of the fulfilment of its contractual duties. This shall also apply in case the license terms and conditions for the use of the OSS expressly permit the use for a software development in its original, modified, derivative or in any other form.

15. Forwarding of information

15.1. The Customer shall be entitled within the scope of the applicable information protection provisions to forward information which it has received through the customer relationship with the Contractor to group companies affiliated with the Customer.

15.2. Any designation of references by the Contractor shall require the prior written consent of the Customer. In this regard the Contractor is obliged to designate the specific purpose and content of the reference. The conclusion of a specific agreement for the use of the Jenoptik trademark between the parties is required.

16. Retention of title; Provision of materials; Tools

16.1. Any retention of title by the Contractor shall only be effective if the Customer is authorised to resell and process the goods in the normal course of business and the retention of title lapses upon payment of the purchase price.

16.2. Where the Customer provides the Contractor with parts, the Customer reserves title to the same. Any processing or transformation undertaken by the Contractor is made on behalf of the Customer. If the goods of the Customer which are subject to retention of title are processed together with other items not belonging to the Customer, the Customer shall acquire co-ownership in the new item in the ratio of the value of the item of the Customer and the value of the other items processed at the time of the processing.

16.3. If the item provided by the Customer is indivisibly co-mingled with other items not belonging to the Customer, the Contractor already now transfers co-ownership in the new item to the Customer in the ratio of the value of the items and the value of the other items co-mingled at the point in time when the co-mingling took place. Where the co-mingling is carried out in such manner that the item of the Contractor is to be regarded as the primary item, it is agreed that the Contractor shall transfer proportionate co-ownership to the Customer.

16.4. The Contractor shall carefully store the items which are the sole or co-property of the Customer free of charge and with the same degree of diligence the Contractor uses in its own affairs, at least however with the diligence of a prudent businessman.

16.5. The Customer reserves title to any tools supplied to the Contractor; the Contractor shall be obliged to use the tools exclusively for the manufacture of the goods ordered by the Customer. Upon request of the Customer, the Contractor shall be obliged to insure, at its own expense, the tools belonging to the Customer against the usual risks at replacement value. At the same time, the Contractor hereby and in advance assigns to the Customer all claims for compensation under this insurance cover. The Customer hereby accepts the

assignment. The Contractor shall be obliged to carry out, at its own expense, any necessary maintenance and inspection works and also all servicing and repair works on the tools of the Customer in good time. The Contractor shall notify the Customer immediately of any malfunctions.

17. Import and export restrictions; Customs

17.1. The Contractor assures that no obstacles exist to the delivery or provision of services by reason of national or international provisions of foreign trade legislation and also that the delivery or provision of services is not precluded by virtue of any embargoes and/or other sanctions and the Contractor complies with the obligations regulated in this para. 17.

17.2. The Contractor shall fulfil all requirements of the national and international customs and foreign trade regulations relevant for the delivery or performance, and shall, prior to the conclusion of the contract and without delay in the event of any changes, provide the Customer in written form with all papers, documents, data and information which may be necessary for compliance with the foreign trade regulations in cases of export, import or re-export, in particular with any official permits to be obtained by it or the Customer, and also fulfil any reporting obligations applicable.

17.3. Unless agreed differently, the Contractor shall, for customs purposes, attach to the shipping documents a commercial invoice, prepared in duplicate and in English, which, in the case of deliveries or performances subject to customs duty, separately shows the relevant price components, distinguishing between those subject to customs duty and those not subject to customs duty. In the case of deliveries or performances free of charge, a declaration of value is necessary, together with the reference "For Customs Purposes Only". The reason for the free delivery or performance is to be stated on the invoice or the delivery note (e.g. sample consignment free of charge). Where, in the case of imports or exports, further official documents are required for the intended use of the objects of delivery or performance, the Contractor shall be obliged at its own expense to procure these documents for the Customer without delay and provide them to it and to contact the Customer in regard to all questions and directions arising in connection with customs duties or declarations of origin. The Contractor shall, in addition, support the Customer by all admissible means necessary to ensure optimal customs clearance in conformity with the legal provisions.

17.4. The Contractor shall ensure the security of the supply chain and observe the corresponding legal requirements. The Contractor undertakes to provide, upon the request of the Customer, corresponding documentary proof through certificates or declarations.

17.5. Should the Contractor breach any of its above-mentioned duties, it shall reimburse the Customer all expenses and damage incurred by the Customer as a result thereof unless the Contractor was not responsible for the breach of duty.

18. Anti-Corruption / Compliance

18.1. The Contractor assures that it will comply with all applicable laws and legal provisions during and in connection with the provision of deliveries and services for the Customer, in particular in the areas of criminal law, anti-corruption law, anti-trust law, social insurance law and administrative offences. This applies with regard to both, the applicable laws and legal provisions in the country where the Contractor has its place of business and those in the country in which the deliveries or performances are provided, and also – if applicable – to international and Chinese provisions.

18.2. Upon the conclusion of the contract, the Contractor undertakes to comply with the "Code of Conduct for Suppliers of Jenoptik Group" which can be read on the Internet-Website of Jenoptik at www.jenoptik.com/suppliers-coc. At the same time, the above-mentioned Code of Conduct is an Annex and thus an integral part of these General Terms and Conditions of Purchase.

18.3. Without prejudice to the other rights of the Customer, any breach of one or more of the above-mentioned obligations, which is not merely insignificant, and for which the Contractor is liable, shall entitle the Customer to cancel the contract and to claim for indemnification, and also to terminate the business relationships and all contractual negotiations with immediate effect.

19. Miscellaneous

19.1. This General Terms and Conditions of Purchase might be drafted and executed in English and Chinese language. In case of any difference and discrepancy between both language versions, the English version shall always prevail.

19.2. In the event of any dispute, controversy or claim arising out of or in connection with this General Terms and Conditions of Purchase or any breach, existence, validity or termination thereof ("Dispute"), the dispute shall be resolved in accordance with the following terms:

- (a) Under the circumstances where the amount of the Dispute initially raised by either party against the other party at the time of filing is no more than RMB 1,500,000.00, either party is entitled to bring a lawsuit to the court where the Customer is located;
- (b) Under the circumstances where the amount of the Dispute initially raised by either party against the other party at the time of filing is more than RMB 1,500,000.00, or the Dispute is purely not or not solely related to any monetary amount, the dispute shall be finally submitted to an arbitration tribunal of the China International Economic and Trade Arbitration Commission, Shanghai Sub-Commission (hereinafter referred to as "CIETAC"), for arbitration according to the Arbitration Rules of the said arbitration commission effective on the date of request for arbitration. The place of arbitration shall be Shanghai, PRC. The arbitration proceedings shall be conducted in the English language. The arbitration tribunal shall consist of 3 (three) arbitrators. Each Party shall appoint 1 (one) arbitrator. The two first mentioned arbitrators shall select the third arbitrator who shall act as chairman of the arbitration tribunal. If a Party fails to appoint its arbitrator within 1 (one) month after receipt of the notice of arbitration from the arbitration commission or if the two first mentioned arbitrators cannot come to an agreement on the chairman of the arbitration tribunal within 1 (one) 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. The arbitration award shall be final and binding on the Parties. The arbitration fee and the reasonable expenses of the winning Party, including reasonable lawyer's fees shall be borne by the losing Party except as otherwise awarded by the arbitration tribunal;

- (c) For avoidance of doubt, the dispute resolution mechanism stated in items (a) and (b) above shall not be affected by any subsequent increase or decrease of the amount of the Dispute or adding of counterclaims raised after the initial acceptance of the Dispute by the court or arbitration commission, as the case may be.

19.3. The execution, validity, interpretation and performance of this Terms and Conditions of Purchase and the settlement of disputes arising from or in relation to this Terms and Conditions of Purchase, shall be governed by the law of the People's Republic of China (PRC).

Annex to the General Terms and Conditions of Purchase:

Code of Conduct for Suppliers of Jenoptik Group