

Tooling Conditions

Version: 2015

I. Application

The following conditions shall govern the manufacture, the use and the maintenance of as well as the acquisition and transfer of title of tooling including follow-up tooling used by the supplier (hereinafter referred to as "Supplier") of Pierburg Huayu Pump Technology Co. Ltd. (hereinafter referred to as "PHP") for the production of PHP-related parts (hereinafter referred to as "Tooling").

These conditions shall also apply, if the Supplier (manufacturer of parts) purchases the Tooling from third parties (sub-suppliers).

II. Manufacture of Tooling, Construction of Tooling

1) The Supplier shall be obliged to carry out the construction, quality and performance of the Tooling strictly adhering to the agreed technical specifications, functions, activity values and drawing requirements of the parts to be produced.

2) Unless otherwise agreed in writing, the Supplier shall present to PHP at intervals of two weeks a progress control of the Tooling as target-performance comparison and if requested, in the agreed time, a drawing of the Tooling.

3) If, after the Tooling has been ordered, PHP requests changes that lead to price changes or delays, the Supplier shall, prior to the start of any activity related to the changes, submit to PHP a written quotation containing the updated timeline and price schedule. If additional costs or time delays are not confirmed by PHP in writing, they shall remain out of consideration.

4) At completion of the Tooling the Supplier shall maintain an inventory of all Tooling. The inventory shall contain all Tooling used for the production of parts for PHP. The inventory shall contain for each Tooling the part number of the produced part / the part that shall be produced. The Supplier shall submit the inventory of the Tooling to PHP upon PHP's request.

III. Delay

The dates and time schedules stated in the order are of the essence; this shall apply as well to agreed milestones during the production time of the Tooling. In the event of delay due to a reason not attributable to PHP, the Supplier shall be liable for all and any damages resulting there from according to applicable laws.

IV. Payment, Title, Withdrawal

1) PHP will only pay for the first Tooling, unless otherwise agreed in writing.

2) Payment of the Tooling

a. Unless otherwise agreed in writing, the Supplier shall be entitled to invoice the Tooling to PHP after the following conditions are fulfilled:

- PHP has received the Supplier's order confirmation.
- The Tooling is completed.
- The PPAP-release for the part to be produced has been approved.
- The Tooling costs have been detailed.
- According to PHP's requirements, the Tooling shall be permanently marked as „property of PHP“ (or of a third party, if requested by PHP).
- A detailed photo documentation that shows the Tooling in different views and the marking has been submitted.

After correct invoicing, the payment of the first Tooling shall be effected „immediately net“.

b. If agreed, the costs of the first Tooling may be allocated on a defined quantity of serial parts and therefore be paid via the serial price (so called "Tooling cost amortisation"). In this case, the agreed Tooling costs and the defined quantity of serial parts shall be separately reported in the purchase agreement.

c. Furthermore, PHP shall be entitled to pay for a partly finished Tooling during its manufacture. In this case the agreed Tooling costs shall be reduced by taking into account the value of the manufacturing steps not reached.

3) Transfer of title

a. The title of the Tooling that are applied and invoiced by the Supplier shall be transferred to PHP after complete payment. The Tooling shall not be assigned, sold, leased or in any other way pledged for the benefit of a third party by the Supplier without PHP's prior consent. The Supplier shall inform PHP immediately if a third

party claims any rights in respect to the Tooling or if the Tooling is, for example, subject of compulsory execution.

b. In case of Tooling cost amortisation (cf. IV. 2) b.), the Supplier shall grant to PHP the right to pay at any time prematurely the complete Tooling price. The title of the Tooling shall pass to PHP once it is completely paid.

c. The title of any follow-up Tooling shall pass to PHP upon its completion.

d. The Supplier shall mark the Tooling as „property of PPT“ (or of a third party, if requested by PPT) and shall submit photos of the marking.4) Withdrawal of Tooling

Any time after complete payment of the Tooling PHP shall be entitled and the Supplier shall enable PHP to take possession of a single or all Tooling, the Tooling construction details in an editable format, the Tooling history documentation and all available spare parts for the Tooling.

Until the withdrawal of the Tooling, the Supplier shall be liable, without limitation, for any breakdown, complete or partial destruction as well as for any other damages of the Tooling.

V. Use of Tooling

1) The Supplier shall guarantee that the Tooling and documentations are free from third parties' intellectual property rights. If intellectual property rights exist, the Supplier shall indemnify PHP from all and any claims relating thereto and/or shall grant to PHP free of charge a non-exclusive, world-wide, assignable and unlimited license for the use of the Tooling and the thereto-related documentation for the production of PHP-related parts.

2) The Tooling shall be used exclusively for the production of parts for PHP. The Tooling may be used for other purposes only after express, prior and written consent of PHP.

3) The Supplier shall guarantee that the Tooling is fit for use for the production of the agreed volume of parts in the agreed quality for PHP. The Supplier shall carry out maintenance, Tooling repairs and, if necessary, the manufacture of the follow-up Tooling at its cost.

4) The Supplier shall be responsible that the follow-up Tooling is suitable and available for use as required.

5) Follow-up Tooling respectively Tooling repairs shall be presented to PHP and the relevant new initial samples need to be approved in writing by PHP.

6) The Supplier shall maintain complete and consistent inventory of all Tooling used in production of parts for PHP. This shall include (but is not limited to) the documentation of changes, maintenance, repairs, renewals and the volume of the produced parts.

7) The Supplier shall, free of charge, maintain possession of the Tooling, store them duly, handle them in accordance with usual care and insure them for PHP's benefit against fire, water, theft and damage. The insurance shall not release the Supplier from its own liability, neither on its legal grounds, nor concerning its extent.

8) The Supplier shall, free of charge, keep and store Tooling and all documentations for a period of fifteen (15) years following the end of serial production.

9) The Supplier shall be liable for a safe and riskless application of the Tooling; it is responsible for the compliance with all statutory provisions, notably – but not limited to – the corresponding accident prevention regulations of the competent Employer's Liability Insurance Association or comparable institutions.

VI. General Provisions

1) These conditions are governed by the laws of the People's Republic of China excluding the Chinese laws of conflict.

Application of the United Nations Convention on Contracts for the International Sale of Goods of April 11, 1980 (CSIG – "Vienna Sales Convention") is excluded.

2) Exclusive place of jurisdiction for all disputes and claims resulting from or in connection with these conditions shall be Shanghai, People's Republic of China.

3) If any provision of these conditions is or becomes invalid, this shall have no effect on the validity of the remaining provisions. Further, the Supplier and PHP shall, if possible, replace the invalid provision with a new, valid provision that fulfils as closely as possible the intent of the invalid provision. The same shall apply to unintentional regulatory gaps.