

General Terms and Conditions of Purchase (of Non-Production Materials)

Date: May 18, 2018

1. Scope

1.1 This General Terms and Conditions of Purchase (hereinafter referred to as the "General Conditions") apply to all the transactions conducted by ZF (China) Investment Co., Ltd. and its affiliates in China (hereinafter referred to as "ZF") as the purchaser. The aforementioned affiliates refer to those companies whose equities of not less than 50% are held directly or indirectly by ZF (China) Investment Co., Ltd.

2. Purchase Order

2.1 Only a written purchase order issued by ZF with ZF's seal (hereinafter referred to as the "Purchase Order") will be considered and deemed valid. A scanned copy thereof with the seal or signature sent via e-mail or the Purchase Order sent by fax/post shall be deemed as a written purchase order. Electronic purchase order is valid if and to the extent that it is used and executed for performing other separate agreement concluded between the supplying party (hereinafter referred to as the "Supplier") and ZF.

2.2 Oral agreement made directly or by telephone is valid conditional upon and subject to subsequent confirmation and issuance of relevant written Purchase Order.

2.3 After the Purchase Order is accepted, the General Conditions will be incorporated into the Purchase Order by reference and become an integral part of the contract arising from or in relation to the Purchase Order. The General Conditions also apply to all the supply contracts concluded between the Supplier and ZF in the future, even if the two parties fail to make any explicit agreement on the application of the General Conditions to such future contracts. If the General Conditions conflict with the Purchase Order, any separate contract made at any time between the two parties, or the global framework agreement applicable to the two parties, they shall be in compliance with the following priorities: (1) the separate contract between the two parties (whether a framework agreement or a separate purchase agreement); (2) the Purchase Order; (3) the General Conditions; (4) the global framework agreement not separately concluded by the two parties but binding upon them. The instruments mentioned in the above (1), (2), (3), and (4) are hereinafter collectively referred to as the "Agreement".

2.4 ZF expressly disclaims the Supplier's standard or special sales terms and conditions, no matter they are imparted before or after the issuance of the purchase order. Except as expressly approved by ZF in writing, such Supplier's sales terms and conditions shall not be taken as a part of the Agreement. For the avoidance of doubt, the General Conditions shall apply even if ZF accepts the Supplier's delivery or pays the Supplier without reservation after noticing the conflict or deviation between Supplier's sales terms & conditions and the General Conditions.

3. Acceptance of Purchase Order

3.1 The Supplier shall seal or cause its duly authorized representative to sign and confirm the Purchase Order immediately after receiving it from ZF. If the Supplier fails to render the written confirmation of the Purchase Order within two (2) working days after issuance thereof, the Purchase Order will come into force automatically and shall be performed by the Supplier, failing which, the Supplier shall be liable for its breach in accordance with the Agreement.

- 3.2 Any modification of or supplement to the Purchase Order shall be listed separately in Supplier's written reply to ZF, which shall be regarded as rejection of the Purchase Order and Supplier's new offer.
- 3.3 Any and all the drawings, diagrams, ZF's quality standards or other documents related to the Purchase Order shall be the property of ZF, and ZF possesses all the property rights (inclusive of the copyright) in and to such documents. The Supplier shall check the Purchase Order to ensure its conformity with the said documents and the specifications provided by ZF, and, in case of any discrepancy, forthwith propose reasonable inquiry to ZF. This provision applies to, inter alia, the indicators specified in the Purchase Order for the drawings. If the Supplier rejects the Purchase Order, all such documents shall be immediately returned to ZF free of charge. In this case, the Supplier shall cease using the information disclosed in the documents, and, as requested by ZF, confirm that all the copies thereof have been destroyed and all the information is not retained in any manner whatsoever.
- 3.4 ZF may alter the quantity, specifications, schedule of delivery, manner of transportation and package in writing at any time prior to fulfillment of the Purchase Order. If such alteration induces any increase or decrease of the cost or time of performance, the Supplier shall, within 5 calendar days after its receipt of the alteration notice, promptly notify ZF and make the alteration accordingly. Any alteration or substitution made by the Supplier shall be subject to ZF's prior approval.
- 3.5 Except as otherwise provided and agreed, the offer made by the Supplier shall be irrevocably binding upon the Supplier within 90 days after ZF's receipt thereof.
- 3.6 The Supplier shall in no event subcontract the Purchase Order, in whole or in part, to any third party without ZF's prior written consent.

4. Price

- 4.1 The contract price agreed upon by the two parties is a fixed price and shall be indicated in RMB or the foreign currency specified in the Purchase Order. INCOTERMS may apply if so provided in the Agreement.
- 4.2 Except as otherwise provided, the price offered shall apply to the products delivered to ZF's business place (or such other place as specified in the Purchase Order). The expenses for inspections, labelling, packaging and freight etc. shall be borne by the Supplier. The Supplier shall be responsible for performing all the formalities and administrative provisions relating to such delivery.

5. Delivery

- 5.1 Time is defined as being critical to the Agreement. The Supplier shall, on the date of delivery as specified in the Agreement, deliver the goods (along with all the attached documents, including without limitation any necessary inspection reports or instructions for operation safety as the case may be) to ZF's factory or any other place of receipt designated by ZF. The periods necessary for preparing for the Purchase Order, such as those for packaging and transportation, shall be included in the period from the effective date of Purchase Order to the date of delivery.
- 5.2 Unless otherwise provided, the failure of the Supplier to perform its obligations of delivery according to the date of delivery as specified in the Agreement shall be deemed as late

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performance, and ZF does not have to send a default notice or grant a grace period. In case of late performance, the Supplier shall, in any case, pay to ZF liquidated damages equaling to 0.3% the total value of the Purchase Order for each calendar day overdue. If such liquidated damages does not suffice to compensate for the losses ZF has suffered from or in connection with such default (including without limitation any liquidated damages or compensations ZF has to pay to any third party due to the Supplier's failure to make delivery according to the agreed date of delivery), the Supplier shall further pay to ZF the difference between the liquidated damages and the above-mentioned losses, and all such remedies shall not affect the rights and remedies granted to ZF under applicable laws and regulations or the Agreement. Besides, upon giving a notice of such default, ZF has the right to take correctional measures by itself or through a third party, and the expenses arising therefrom shall be borne by the Supplier.

- 5.3 Regarding remediation through the engagement of third parties, if the Supplier is in possession of documents required by ZF or the third party concerned for the performance of the contractual obligations, the Supplier shall transfer such documents promptly to ZF free of charge.
- 5.4 It is hereby clarified that, ZF's acceptance of late delivery or performance without reserving the rights in an express manner does not mean ZF's waiver of any rights or remedies granted against late delivery or performance under relevant laws and regulation or the Agreement.
- 5.5 If, for any reason, the Supplier finds it will be hard to meet the time of delivery or ZF' other requirements, it shall promptly give to ZF a written notice stating such circumstance and the expected duration thereof. ZF can, at its own discretion and without a waiver of other rights under relevant laws, regulations or the Agreement, decide to a) allow late delivery or performance; or b) require the Supplier to accelerate the delivery. Upon occurrence of such circumstance, the Supplier shall take all the necessary measures, including without limitation, special transportation, additional human resource, overtime or night working, shift operation, working on weekends and national holidays, so as to meet the original deadline. ZF does not bear any additional expenses arising from the taking of such additional measures.
- 5.6 All the shipment shall be properly packaged so as to protect the goods during transportation and storage, and meet ZF's specifications or instructions (if any). The Supplier is obliged to use environmental friendly packages, which can be reused, recycled or can be disposed of at a low cost. All the necessary information relating to the content, storage and transportation shall be permanently attached at a conspicuous place on the package. Especially, the content, represented with ZF's contract number, order number and order items, shall be clearly marked on the outside of the package. The Supplier shall abide by all the laws relating to the transportation of dangerous goods.
- 5.7 The bill of lading (if applicable) and the delivery notice shall indicate ZF's order number, trade name and contract number, and the Supplier's customs tariff number (if applicable), and shall be delivered together with the delivered goods. Delivery shall be made at ZF's place of business, unless the Agreement contains conflicting provisions regarding dispatching and transportation.
- 5.8 ZF only accepts the delivery of the goods in the quantity or unit quantity as specified in the Purchase Order. Excess delivery or insufficient delivery or early delivery can be accepted only after the Supplier negotiates with ZF and obtains its prior written confirmation. In case of early delivery, ZF can, at its discretion, refuse to accept the goods or return the same to the Supplier, and the expense arising therefrom shall be borne by the Supplier. In case of insufficient delivery, the Supplier shall make supplement within the designated time limit and bear all the expenses arising therefrom. Moreover, ZF is not obliged to make payment to the Supplier under the following circumstances: (a) in case of insufficient delivery, the goods have not been delivered in the

quantity and unit quantity as specified in the Purchase Order; (b) in case of early delivery, the specified date of delivery has not arrived; (c) In case of excess delivery, ZF can choose not to pay for the goods exceeding the delivery amount or unit as specified in the Purchase Order.

6. Transfer of Risks and Title

Except otherwise agreed, the Supplier shall bear all the risks of loss or damage to the goods before the same is delivered to ZF. Upon delivery to the place designated by ZF, the title and risks to the goods shall be transferred to ZF.

7. Inspection and Acceptance

7.1 All the goods shall be inspected by ZF before acceptance, and ZF has the right to inspect and accept the goods within a reasonable time period designated by ZF after the Supplier's delivery (the period for ZF's inspection and acceptance is hereinafter referred to as "Acceptance Inspection Period"). ZF will issue a written acceptance certificate for the goods passing the acceptance inspection. The Supplier undertakes that it owns and maintains a strict and efficient system for quality management and agrees that ZF's inspection after receipt of the goods can be limited to evident damages and any evident deviations in feature and quantity (ZF reserves the right to conduct more detailed inspection over the goods received). ZF's inspection (including issuance of a written acceptance certificate) or failure to do so shall, under no circumstance, restrict ZF's rights over any goods with defects/flaws it received from the Supplier.

7.2 If, during the Acceptance Inspection Period and the guarantee period (or the whole lifetime of the goods, if no guarantee period is available), ZF finds that the goods provided by the Supplier have any quality defects or flaws, or does not conform to ZF's requirements (including the requirements by applicable drawings, specifications, samples and other instructions to the Supplier), ZF shall give a prompt notice thereof to the Supplier (said notice is hereinafter referred to as "Notice of Defects"), and may reject or return the goods (the expenses arising therefrom being borne by the Supplier) or ask the Supplier to reduce the price accordingly, as the case may be. In addition to the rights, remedies and options granted under the Agreement or laws, ZF can, at its own discretion, ask the Supplier to replace or repair the rejected goods. The Supplier shall bear all the expenses arising from the corrective measures taken for the goods which have any defective or flaw or do not meet ZF's requirements, and shall compensate for any loss or damage ZF suffers therefrom.

7.3 The Supplier waives its possible right to object to the above-mentioned Notice of Defects made by ZF later (or any rights probably originating from said late notice). The Supplier shall, within a ZF-designated reasonable period after receipt of the said notice, replace, return or repair the goods with defects/flaws according to ZF's requirements.

8. Payment

8.1 Payment shall be made in accordance with the terms and conditions of the Agreement. Except otherwise agreed, payment shall be made after ZF issues a written acceptance certificate after inspection of the goods delivered by the Supplier and receives an invoice meeting ZF's requirements. The actual payment term shall be subject to the provisions of the Agreement.

8.2 The Supplier shall, within the period designated by ZF, send the relevant invoice to the address as specified in the Purchase Order. The invoice shall correspond to the Purchase Order, and it is not allowed to issue one invoice for multiple Purchase Orders. The invoice shall indicate the order number, order items and other details as determined by ZF from time to time. The invoice issued by the Supplier shall meet the applicable requirements in respect of VAT or business tax. If the

Supplier fails to provide to ZF the relevant invoice within sixty (60) calendar days after expiration of the aforesaid period designated by ZF, it shall be deemed that the Supplier has waived its creditor's right under the Agreement.

9. Insurance

In accordance with all the applicable laws and regulations and with reference to the general standards of the companies engaged in similar activities in the industry, the Supplier shall, at its own expenses, purchase and maintain appropriate and adequate insurance for the business type it is engaged in, from a reputable insurance company. Without affecting the above provisions, the Supplier shall purchase and maintain minimum, comprehensive and general insurance, as well as product liability insurance. Upon ZF's written request, the Supplier shall provide the insurance policy to ZF to prove the insurance coverage.

10. Quality Assurance

10.1 The Supplier represents and warrants that

- (1) The Supplier is the legal owner of the goods, and the goods are free and clear of and security, lien or any other encumbrance or claim;
- (2) The goods satisfy the quality standards and requirements as stipulated in the Agreement and related laws and regulations, and are free of any quality defects or any other hidden trouble or risk possibly endangering the personal and property safety;
- (3) The goods are brand-new, intact and genuine products, and are free of any defect in material, design and process, and are in good working conditions;
- (4) The goods strictly conform to the specifications, drawings or representations available from ZF to the Supplier, or any sample, instructions for use, performance and other standards;
- (5) The goods do not impair, infringe, violate or misuse any patent right, copyright, trademark, trade secret or other IP rights of any third party;
- (6) As the qualified subject for selling the goods to ZF, the Supplier holds, during the performance of the Agreement, all the licenses, authorization, approval, consent, certificates and/or other documents necessary in relation to the sale of the goods under the General Conditions, as required by the competent authorities, and its sale of the goods to ZF will not breach any agreement signed by and between the Supplier and any other third party;
- (7) The Supplier acknowledges the intended use by ZF of the goods, and expressly guarantees that all the goods involved in the Purchase Order meet and satisfy such intended use by ZF. The declarations regarding the quality, grade, performance or use of the goods made by the Supplier or its agent in the ads or promotional materials constitute the Supplier's express guarantee; and
- (8) There is no any litigation, arbitration or other disputes with the Supplier as a party thereto, likely to adversely and materially affect the performance of the Agreement according to reasonable anticipation.

10.2 Warranty Period

The specific warranty period for the goods under the Agreement shall be decided by both parties in the Purchase Order or related contracts (if any). The warranty period shall start from the date when ZF issues a written acceptance certificate for the goods delivered by the Supplier. If there is no warranty period specified in the Agreement, the Supplier shall guarantee the quality of the goods during the original warranty period (if any) or the whole lifetime of the goods. Moreover, such warranty shall also be applicable to ZF's final customers.

10.3 Liabilities and Remedies

- (1) Except otherwise stipulated in Article 7.2 and Article 7.3 of the General Conditions, the Supplier shall timely and fully indemnify, hold harmless and defend ZF from and against any and all claims, direct and indirect losses and damages which ZF suffers from the breach by the Supplier of the provision of Article 10.1, including without limitation the liabilities of compensation to any third party, the paid liquidated damages or any government punishment.
- (2) The Supplier shall bear all the expenses incurred by its remedial actions, including without limitation those for transportation, travel, dismount, reinstallation, other work, and materials. If the Supplier offers late remedies or cannot correct its breach after such remedial actions, ZF has the right to seek for substitute from a third party and the expenses arising therefrom shall be borne by the Supplier.
- (3) If the Supplier fails to perform its contractual obligations, ZF has the right to ask the Supplier to continue to perform its obligations or alternatively, to compensate for the damages.
- (4) If ZF agrees in writing in prior that the goods will be produced or delivered by any subcontractor, the quality assurance under the General Conditions shall cover the goods produced or delivered by the subcontractor.
- (5) For avoidance of ambiguity, the Supplier shall be liable for compensation in full for any personal injuries or property damages caused by defective goods, regardless of whether such goods are within the warranty period. If any claim is made against ZF for violating the safety requirements of local government or any domestic or foreign provisions of product liabilities regarding defects (as long as such defects, whether factual or assumptive, can be attributable to the goods of the Supplier), ZF has the right to ask the Supplier to make full compensation for any and all losses, damages and/or expenses ZF has suffered therefrom.

11. NO Title Retention; third party's rights

11.1 All delivery shall be free and clear of title retention or third party's rights. Notwithstanding the foregoing, if the goods are claimed to be of title retention at the time of provision, ZF's takeover of such goods shall not constitute the acceptance of the title retention or third party's rights thus claimed.

11.2 If any third party's rights (including without limitation patent right, license, trademark right and other IP rights) is infringed due to the Supplier's reason, the Supplier shall compensate ZF for any claims, damages and expenses suffered by ZF therefrom, and defend and hold ZF harmless from said losses and damages. Under such circumstance, ZF may, at its own discretion, decide to instruct the Supplier to acquire the rights for ZF to go on using such goods, or to make replacement or adjustment in a manner acceptable to ZF, thereby avoiding infringement.

12. Import

12.1 Trade Security

- (1) The Supplier shall guarantee that the goods it sells to ZF are produced, stored, prepared, transported and loaded/unloaded at a safe business place or at a safe loading/unloading and transportation area, and that such goods are properly protected during production, storage, preparation, transportation and loading/unloading and are not subject to any improper intervention. Meanwhile, the Supplier undertakes that the persons involved in the production, storage, mechanical processing, treatment, loading/unloading, transportation and receipt of the goods own the qualifications as required by laws and regulations (if any) and can be trusted.
- (2) The Supplier undertakes that it will optimize and consummate its trade security management according to the certification standards as specified in Customs Certification Enterprise Standard-Advanced Certification, and agrees to observe the specifications relating to Supplier's business in applicable global supply chain security projects. If the Supplier obtains any certificate relating to international trade security (including without limitation AEO certificate and C-TPAT

certificate), it shall give a prompt notice thereof to ZF and provide a copy of such certificate to ZF. If such certificate ceases to be effective or is revoked, a prompt notice thereof to ZF is also required.

12.2 Certificate of Origin

- (1) The Supplier shall provide ZF with the Certificate of Origin of the goods. In case of deliveries from EU countries, the Supplier is obliged to provide preferential certificates as well as Certificates of Origin.
- (2) The Supplier declaration which serves as evidence of entitlement to preference must be furnished by the Supplier on the invoice relating to the consignment concerned. Other forms of Supplier declaration must be agreed with ZF. If specific products provided by the Supplier to ZF are expected to remain unchanged with regard to preferential origin for a longer period of time, the Supplier shall issue a long-term supplier declaration to ZF in relation to such goods. The Supplier must fill in, sign and return to ZF the long term supplier declaration within two weeks of receipt thereof from ZF. If the Supplier furnishes a long-term supplier declaration for a first delivery, this must be made available to ZF before the first delivery is executed.
- (3) In case of deliveries from countries outside the People's Republic of China, the name of the country of origin must be specified. To specify the country of origin, the national code conforming to ISO 3166-1 Alpha 2 standard must be furnished on the invoice relating to the consignment concerned
- (4) If the Supplier has any question or instruction regarding customs duty or certificate of origin, the Supplier shall contact ZF's relevant department in a timely manner.

12.3 If ZF agrees in writing that the goods can be produced or delivered by any subcontractor, the provisions under this Article 12 shall apply to the goods produced or delivered by such subcontractor.

13. Spare Parts

The Supplier shall undertake to continuously produce and provide spare parts and wearing parts according to the latest price agreement with ZF, within the term as agreed upon by both parties.

14. Documents and Assistance To Be Provided by the Supplier

14.1 At the time of delivery of the goods to ZF, the Supplier shall provide to ZF, free of charge, any product documents in relation to the quality, specifications, safe use, and storage conditions of the goods, as reasonably requested by ZF, including without limitation inspection report, certificate of quality and instructions for use.

14.2 If ZF authorizes the use of drawings, calculations and other documents, such authorization shall not relieve the Supplier from any individual responsibilities, which also applies to any recommendations, suggestions and other cooperation rendered by ZF.

14.3 The products for delivery, as required by ZF, shall be produced under an effective and demonstrable quality system. With a notice to the Supplier, ZF has the right to inspect the production process and quality system of the Supplier on the site of the Supplier.

14.4 Upon request by ZF, the Supplier shall assist ZF in establishing a corresponding safety stock pursuant to ZF's requirements and thereby reducing the supply cycle time.

15. Personnel of the Supplier

- 15.1 The Supplier shall appoint at least one person as the main representative of the Supplier since the effective date of the Purchase Order. The main representative of the Supplier shall: (1) be fully responsible for and coordinate the performance of the Supplier's obligations under the Agreement, and (2) be authorized to deal with all the matters in relation to the provision of the goods, on behalf of the Supplier.
- 15.2 The Supplier shall always be the employer of its personnel, agents and representatives (hereinafter referred to as "Supplier Personnel") performing the obligations under the Agreement and the Supplier shall perform all the employer responsibilities under applicable laws and regulations. The Supplier shall (1) select and engage its personnel legally, including compliance with all applicable laws in connection therewith, (2) pay the remuneration and other welfares to its personnel according to applicable laws; (3) pay or withhold all required payroll taxes and mandated insurance premiums; (4) purchase occupational injury insurance for its personnel according to laws, and (5) fulfill the employer's obligations with respect to unemployment compensation. ZF shall not be held liable for any personal injuries or property damages suffered by the Supplier Personnel during the performance of the Agreement for any reasons not attributable to ZF, including without limitation occupational injury and accidental injury.
- 15.3 The Supplier and its personnel, agents, as well as personnel of the approved subcontractor, shall, when they are within any ZF's site or facility, (1) follow ZF's general requirements, standards and rules regarding safety, health, personal and occupational behavior, and (2) follow other business etiquette. The Supplier shall be responsible for all the behavior of the Supplier Personnel during the performance of the Agreement, and shall make full compensation for any damage to ZF's property or any personal injuries to ZF's personnel, representative, customers or any visitors in ZF's site or facilities, due to the reasons attributable to the Supplier or the Supplier Personnel.

16. Materials Provided To the Supplier

- 16.1 Any specifications, drawings, diagrams, models, ZF quality standards, technical specifications, and other patent documents (hereinafter collectively referred to as the "Materials") provided by ZF to the Supplier and in relation to the Purchase Order shall be ZF's property, and ZF reserves all the rights in relation to the Materials (including without limitation copyrights and patent rights). The Supplier shall not use, copy or disclose to any third party such Materials for any purpose other than the Purchase Order. The Supplier guarantees that it will treat as confidential information and keep strictly confidential, the Purchase Order, the Materials and all the other information it obtains in relation to ZF due to the Purchase Order or its business relationship with ZF. The Supplier must use at least the same degree of care to prevent disclosure of such ZF's confidential information as it employs to avoid unauthorized disclosure, publication or dissemination of its own information of a similar nature. In the event of any disclosure or loss of, or inability to account for, any of ZF's confidential information, the Supplier will notify ZF immediately.
- 16.2 All Materials (or any other materials, information or documents for which a contribution to the production costs has been agreed or charged to ZF) shall be handled and stored in an appropriate manner by the Supplier, shall be distinguished from the other materials of the Supplier by storing them separately free of charge and shall be insured by the Supplier against destruction. The drawings and patterns remain the property of ZF and shall be identified as property of "ZF". The Supplier shall not make any use of the information disclosed in the Materials and, upon ZF's request, confirm that all copies of the Materials have been destroyed and the information is not retained in any form whatsoever.

16.3 The Supplier shall indemnify and hold ZF harmless from and against any loss or damage suffered by ZF in case of a violation of the above mentioned obligations.

17. Promotional Materials

The Supplier may only refer to its business relations with ZF in advertising, publicity or similar materials with the express written authorization of ZF. Any use of ZF's name with ZF's permission shall comply with ZF's instructions issued in this regard. The Supplier undertakes to send ZF a courtesy copy free of charge prior to publication.

18. ZF's Working Standards

18.1 The Supplier shall observe the following compulsory ZF guidelines:

GLD – Global Logistics Directive

QD83 – Quality Directive

18.2 By accepting the Purchase Order, the Supplier confirms that it has received said directives in English from ZF, which constitute an essential part of the General Conditions. Such directives can also be downloaded from

GLD- Global Logistics Directive :

https://www.zf.com/corporate/en_de/company/company_profile_zf/divisions_business_units/purchasing_logistics/shipping_requirements/downloads_2/lr10.html

QD83- Quality Directive:

https://www.zf.com/corporate/en_de/company/company_profile_zf/divisions_business_units/purchasing_logistics/quality_guidelines/quality_guidelines.html

18.3 ZF Group may amend one or more relevant documents at any time. If such amendment increases or reduces the Supplier's work cost or time for performance, the Supplier shall give a prompt notice thereof to ZF.

19. Corporate Social Responsibilities

19.1 The Supplier shall not utilize child laborers, prisoners or any other forced or involuntary labor force, nor misuse labor force or conduct any commercial corruption, or engage in abusive employment or corrupt business practices, in the manufacture, production, supply or delivery of goods or in the performance of services for ZF. The Supplier shall cause its subcontractors, to the extent subcontracting is permitted under the General Conditions, to comply, and to require their respective personnel to comply, with the provisions of this Article 19.1

19.2 Without prejudice to the above, ZF shall have the right to require the Supplier to demonstrate that it complies with international corporate social responsibility / social accountability (hereinafter referred to as "CSR") standards, including by:

- (1) requiring the Supplier to submit a certificate of CSR compliance issued by an internationally accredited body (such as SA8000 certification).
- (2) requiring the Supplier to make a CSR self-assessment report and send a copy thereof to ZF; and/or
- (3) conducting or commissioning, upon reasonable notice to the Supplier, a compliance audit in the Supplier's premises

20. Termination

20.1 ZF may terminate the Agreement and the whole or part of the Purchase Order, with or without assigning reasons, by giving a fifteen (15) days' written notice to the Supplier; except otherwise agreed, ZF does not have to bear any responsibilities therefrom.

20.2 ZF may terminate the Agreement and the whole or part of the Purchase Order immediately without a prior written notice in the following cases:

- (1) The Supplier breaches the Agreement in any way;
- (2) The Supplier becomes the object of bankruptcy proceedings or other voluntary bankruptcy petitions in connection with insolvency, receivership, liquidation or any composition signed for the benefit of the creditors, or ceases or claims to cease the business; or
- (3) If (i) the normal operation or the ownership or control power of the Supplier changes; (ii) the whole or substantial assets of the Supplier or any of its affiliates, departments or companies supplying the goods are sold, transferred or otherwise disposed of, and ZF believes that such circumstance will negatively influence the Supplier's provision of the goods.

20.3 Except otherwise instructed by ZF, the Supplier shall, immediately upon receipt of a termination notice, (i) stop the work as instructed in the notice, (ii) stop subcontracting or ordering any material, service or facility, excluding those as necessary for performing the continued portion of the Purchase Order (if any), (iii) terminating all the subcontracting in relation to the purchase of the goods; (iv) return to ZF all the films, magnetic tapes, documents, reports, evaluations, plans, specifications, drawings, programs, worksheets and materials provided by ZF to the Supplier or developed by the Supplier during the supply of the goods, and the Supplier shall not copy or abstract such information or materials, nor keep any copies or abstracts previously made, and (v) deliver to ZF all the work or deliverables done before the date of termination. Upon termination, the Supplier shall submit a final settlement statement on all the work done as of the date of termination, to ZF for confirmation. Except otherwise agreed, the Supplier will get the payment only for the goods accepted by ZF before the date of termination.

21. Liability for Breach of Contract

21.1 In case of the Supplier' breach of any terms or conditions of the Agreement, ZF reserves the right, in any form and at its own discretion, to terminate, cancel, alter or amend the Agreement and the Purchase Order in whole or in part.

21.2 Except as otherwise provided in this Agreement, if the Supplier fails to perform any of its obligations, commitments or warranties under this Agreement or if the Supplier's representation under this Agreement is untrue, inaccurate or misleading, the Supplier shall be deemed to have breached this Agreement. The Supplier shall be liable to ZF for all losses and damages caused by the breach, including but not limited to reasonable attorney fees and arbitration fees.

22. NO Bribery & Legal Compliance

The Supplier guarantees that the Supplier and its personnel shall abide by all the applicable laws and reasonable trade practices and ZF's business partner principles

(https://www.zf.com/corporate/en_de/company/corporate_governance/compliance_the_right_way/compliance_principles/principles.html), including any statute applicable to unreasonable or illegal payment, gift, cash gift or bribery. As for the purchase of the goods under the Agreement, the Supplier shall urge its relevant personnel not to pay, or promise or allow to pay any money or valuable articles (including any gift or treat) directly or indirectly to any persons (including any official, employee, or representative of any government authority, institution, department, political party or multilateral organization, or any individual), for the purposes or possibilities of:

- (1) Influencing the action or decision of said person, including the decision not to perform its duties;

- (2) Inducing the person to do or not to do any things against its legal duties; or
- (3) Inducing the person to utilize its personal influence.

If the Supplier breaches this provision, ZF has the right to terminate the Agreement and the whole or part of the Purchase Order immediately.

23. General Provisions

23.1 Force Majeure

- (1) A failure to perform obligations by either party shall not constitute a default by such party, or give rise to any claim for damages against it, if, and to the extent that, such failure of performance is caused by Force Majeure. If a party is unable to perform its duties under this Agreement due to Force Majeure, the other party shall be discharged from its obligations hereunder.
- (2) The party affected by Force Majeure shall give notice thereof to the other party in writing, promptly upon detection of the impediment constituting Force Majeure and its effect. If such Force Majeure persists for over a period of more than 1 month after the above-mentioned notice, the party not affected by Force Majeure may terminate the Agreement by written notice to be sent to the other party.
- (3) The Supplier acknowledges that if the Supplier is affected by Force Majeure, it shall apportion the quantities it is still able to supply by priority to ZF.

23.2 Transfer

Without ZF's prior written consent, the Supplier shall not transfer any of its rights and obligation under the Agreement. ZF may transfer any of its rights and obligations under the Agreement without the Supplier's consent, if: (i) the transfer is made to an entity controlling ZF or being controlled by ZF or under common control with ZF by any third party; or (ii) the transfer is made when ZF is undergoing control change (direct or indirect), or merger, recapitalization, consolidation, other business combination or the sales of all or substantial assets.

23.3 Offset

ZF shall be entitled at any time to set off any and all amounts owed by the Supplier or an affiliate of the Supplier to ZF or any of its affiliates on the Purchase Order or any other orders.

23.4 Records retention

The Supplier shall maintain accurate and full records (hereinafter referred to as "Records") to prove that it has performed its obligations in accordance with the Agreement. All Records shall be available, for inspection, copying, and audit by ZF or its designee during the Supplier's normal business hours upon reasonable notice, for a period of five (5) years after the expiration or termination of this Agreement, for the purpose of verifying the Supplier's compliance with the Agreement and applicable law.

23.5 Applicable Laws and Dispute Resolution

- (1) The Agreement between the Supplier and ZF shall be governed by and construed in accordance with the Laws of PRC, without regard to the principles of conflict of laws thereunder. In any circumstances, the Agreement excludes the application of *The United Nations Convention on the International Sale of Goods*.
- (2) Any dispute arising from or in connection with the Agreement that cannot be amicably settled by ZF and the Supplier shall be submitted to Shanghai International Economic and Trade Arbitration Commission for arbitration in Shanghai.

23.6 Non-Exclusivity

Both parties agree that the purchase of the goods from the Supplier is not exclusive, and that ZF has the right at its discretion at any time to engage other parties to supply it with similar goods.

23.7 Notice

- (1) All the notices, requests, demands and other communications between the Supplier and ZF (hereinafter referred to as "Notices") shall be made in written form, and may be delivered personally, sent by facsimile or mailed by registered or certified mail, postage prepaid, to the address designated by the party in accordance with the provisions of this section.
- (2) All Notices shall be deemed delivered when actually received if personally delivered, on the next business day following the day that they are sent by facsimile, or on the fifth working day after having been placed in the mail, addressed in accordance this section.

23.8 Severability

If any provision or provisions of the General Conditions shall, for any reason, be deemed unenforceable or in violation of law, such unenforceability or violation shall not affect the remaining provisions of the General Conditions, which shall continue in full force and effect and be binding upon the parties hereto.

23.9 Headings

The headings of the sections and paragraphs of the General Conditions herein are for the parties' convenient reference only and shall not define or limit any of the terms or provisions hereof.

23.10 Legal Relations Between Both Parties

The General Conditions or Purchase Order shall not be construed as establishing any agency, partnership, joint venture, or other similar legal relations between both parties, and neither party may claim to be the agent, partner or joint venture party of the other party. Both parties are and shall be independent contracting parties. Neither party has right to create any obligations for the other party, except otherwise provided.

23.11 Further Undertakings

The Supplier shall sign and deliver any and all additional and reasonable documents, instruments and other undertakings, and take any and all necessary acts and actions to perform its obligations under the Agreement.

23.12 Language Version

The General Conditions is executed in both of Chinese and English, and if there is any discrepancy between the two language versions, the Chinese version shall prevail.