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## Terms and Conditions for the Development of Hardware

### § 1 Scope of the Contract

- 1.1 Vector shall carry out the performances as specified in writing on the basis of its rules for development and documentation following the current state of the art. Those requirements, which will finally be defined pursuant to § 2 (final specification) and § 4 shall be binding.
- 1.2. Vector shall name a project manager, the customer shall name a representative. Both shall promptly give on their authority or provide all authorizations required. The Vector's project manager shall record all decisions in the minutes. The representative shall provide all information required. Vector shall contact the representative as required to insure the proper performance of the mutual obligations.

### § 2 Performance

- 2.1 In concert with the customer, Vector shall prepare a detailed time schedule for the performance of the tasks at the beginning of the performance and revise it from time to time if necessary.
- 2.2 The customer shall examine all planned interim results and make comments in writing within two (2) weeks. In addition, the customer shall take part in planned reviews and other interim audits. Vector shall deliver pertaining material in advance; shall give its opinion to these audits in writing within one (1) week after their termination. Approved interim results shall be the basis for the further work. The agreed on schedules may be modified in the detailed time schedule.

### § 3 Rights of Use

- 3.1 Unless otherwise agreed, the customer may use Vector's performances work for its own purposes.
- 3.2 All rights in the work that are not granted to Client in § 3.1 remain with Vector. Vector shall not be restricted to use the gained know-how and to render similar performances for other customers of Vector, provided Vector complies with § 10.

### § 4 Change Request

- 4.1 If Client requests Vector to undertake a change of the specified work, including an addition to it, and if the requested change is reasonable and acceptable, Vector must agree. If the realization of such a request results in any burden on Vector's side, Vector is entitled to an appropriate adaptation of the terms of the contract, in particular to the extension of time for the completion of the work and/or to additional compensation.
- 4.2 Changes and resulting adaptations of the terms of the contract must be confirmed in writing by both parties. If Client gives a request for a change orally, Vector may request Client to deliver it in writing, or may confirm it in writing. In the second case the wording of such confirmation shall be deemed to express Client's request correctly unless Client objects in writing without delay.
- 4.3 Vector shall submit its request for adaptation without delay. Client shall notify Vector without delay, if Client wants to refuse the requested adaptation.

### § 5 Delivery and Acceptance

- 5.1 Vector shall confirm the delivery of the work in writing.
- 5.2 Client agrees to examine the work and to confirm its acceptance in writing if it meets the finally agreed specification. Unless otherwise agreed, the acceptance test period shall be three (3) weeks.

- 5.3 Client is deemed to have accepted the work as soon as their use has not been substantially restricted by a reported defect for two (2) weeks after the end of the agreed acceptance test period.

## **§ 6 Charges and Payments**

- 6.1 If it is agreed to remunerate Vector on the basis of time consumed, working time, traveling expenses and incidental expenses shall be paid in accordance with Vector's price list valid at the time of such support. Vector may submit invoices on a monthly basis.
- 6.2 In case the value of an order exceeds EUR 25,000.00 a fixed price shall be paid as follows, unless otherwise agreed:
- 30 % with the conclusion of the contract,
  - 50 % with delivery,
  - 20 % with acceptance.

All support (including specifically installation, brief or extended training, consultancy) shall be reimbursed separately unless it is expressly included in the fixed price.

- 6.3 Payments shall be due without deductions 30 days after invoicing.
- 6.4 Duties, taxes and levies including V.A.T. – if applicable – shall be separately calculated on top of all the payable prices and paid by Client.

## **§ 7 Vector's Claims, Vector's Delay**

- 7.1 In the event of any circumstances for which Vector is not responsible and which adversely affect the performance of the contractual obligations, including strike and lock-out, Vector is entitled to an appropriate adaptation of the terms of the contract, in particular to an appropriate extension of the delivery date. If the cause is attributable to Client and results in additional efforts to Vector, Vector is also entitled to additional compensation.
- 7.2 If Vector's delay exceeds 30 days, Client is entitled for every subsequent week to a penalty of 0.5 % of the value of that part of the works that cannot be used in accordance with the purpose of the contract, but the penalty shall be limited to 5 % of the total contract value.

## **§ 8 Correction of Defects**

- 8.1 If Client finds in the course of correct use of the programs what it believes to be a defect in a program, Client shall provide Vector with a written report containing reasonably specific information as to the nature of the defect and the conditions under which it occurs, in writing, if so requested by Vector

Client is only entitled to raise claims, if Client can reproduce it or demonstrate it by using computer output.

Upon request, Client shall give all necessary support to Vector, and in particular provide a copy of the relevant program being used when the defect appeared. Client shall provide testing time on Client's IT-system and install corrections delivered by Vector.

- 8.2 Vector shall, without delay and at no cost to Client, effect subsequent performance (i.e. at its discretion replace the defective program or correct any defects). If a defect substantially restricts the use of the programs, Vector shall provide a workaround, if needed, so that the defect is not substantial any longer.
- 8.3 The obligation to effect subsequent performance is expressly excluded if Client modifies the programs or manipulates them in any other way unless Client proves, when reporting a defect, that the defect did not result from any such modification or manipulation.
- 8.4 If Client cannot prove that a reported defect has turned out to be a defect, Vector is entitled to reimbursement of costs for the investigation of the alleged defect.

## **§ 9 Vector's Liability**

9.1 If Vector is in delay with the primary or subsequent performance, Client is entitled to ask for it within an adequate period of time. If Vector definitely fails to effect the primary or the subsequent performance, in particular to cure the breach of contract within the notified period, Client may exercise its statutory rights, claims for damages within the limitations pursuant to § 9.3. Vector may set a period within which Client must declare whether or not Client still requests primary or subsequent performance. If Client does not request primary or subsequent performance timely, Client cannot claim any longer for it save those compulsory subsequent performance stipulated by applicable laws.

9.2 The period of warranty (the limitation period for claims based on defects) shall be 24 months.

9.3 Vector – including any person engaged in performing any obligation under this contract – shall be liable for damages under any claim based on normal negligence only if Vector breaches a basic obligation of the contract which jeopardizes the contract goal (cardinal obligation). In this event Vector's liability shall be restricted to EUR 100,000.00 or the contract value whichever amount is higher. The customer may claim for a higher maximum, but Vector may then require a surcharge for the aggravated risk.

The restrictions shall not apply to the extent the damages are covered under Vector's business liability insurance provided the insurance company has paid. Vector agrees to maintain the coverage of the business liability insurance as provided at the time of the execution of the contract.

Claims for personal injury shall remain unaffected.

## **§ 10 Confidentiality**

10.1 Vector shall keep confidential Client's trade and business secrets, and all other information designated in writing as confidential by Client, obtained under or in connection with this contract. This obligation shall survive the termination of the contract. Vector shall have no obligation, however, with respect to any information that is already in its possession, is independently developed or becomes publicly known through no wrongful act of Vector.

10.2 Vector is not obliged to keep confidential any ideas, concepts, know-how or techniques related to the development of software or information that Vector knew of before the signing of the contract or that Vector gets knowledge of outside the contract.

10.3 Vector shall oblige its employees to adhere to the confidentiality obligations.

10.4 Vector may enter Client's name and a short description of the delivered work into its list of customers. All other references that Client is Vector's customer are subject to Client's prior approval.

## **§ 11 Miscellaneous**

11.1 The contract shall constitute the entire agreement between the parties and shall not be altered, amended or cancelled, except in writing and with the consent and signature of all parties concerned.

11.2 The contract shall conform with and be governed by the laws of the People's Republic of China without regard to its choice of law rules and excluding the provisions of the United Nations Convention on Contracts for the International Sale of Goods. Exclusive venue shall be Vector's main place of business.