

GENERAL SALES TERMS AND CONDITIONS STAND 01/2014

BALLUFF

I. General – Oral Additional Agreements - Offers

1.1 Any of the deliveries and services between Buyer and Seller shall be subject to the following General Sales Terms and Conditions exclusively. Any other conflicting, differing and/or terms and conditions not contained in these General Sales Terms and Conditions shall not be effective unless expressly agreed upon by Buyer and Seller in writing, which also applies in case both Parties unreservedly perform deliveries of Product and Service with knowledge of conflicting, differing conditions or conditions not contained in these General Sales Terms and Conditions.

1.2 Any Seller's sales personnel are not authorized to make oral or written additional agreements except the General Sales Terms and Conditions, unless upon authorization by chipping the company's seal (including the special seal for contract) on such agreements.

1.3 The quantity, quality, and description of and any specification of the ordered Product shall be set out in and be subject to the quotation issued by Seller.

1.4 Unless otherwise expressly agreed upon, Seller's offers for price and performance are not binding. The order shall not be binding for Seller until it is confirmed by Seller in writing or tacitly accepted by Seller in the form of actual performance or issuance of an invoice.

1.5 Illustrations, drawings, calculations and other product-related, application-related or project-related documents ("Copyright Documents") which contain valuable know-how or valuable information remain Seller's sole property and are subject to its copyright even if handed over to Buyer. None of Copyright Documents shall be reproduced or made available to third parties without Seller's prior written consent.

1.6 No contract that has been agreed upon shall be cancelled unless mutually agreed upon. Seller reserves the right to charge for losses, costs, damages, charges, and/or expenses incurred when the contract is terminated.

II. Delivery – Date of Delivery – Extension of the Delivery Period – Partial Performance

2.1 Unless otherwise expressly agreed upon, the agreed dates for performance are not fixed deadlines.

2.2 The delivery period and the period for Service does not commence until all details are clarified and both Parties have agreed on all the conditions of business. The prerequisites for adherence to delivery periods and periods for Service are: (a) All documents which are to be provided by Buyer have reached Seller on time; (b) All approvals and releases which are to be provided by Buyer have been issued on time; (c) Buyer has fulfilled its contractual obligations, particularly the payment obligations in full.

2.3 Unless otherwise expressly agreed upon, the delivery period is considered to have been met if the operational shipment has left Seller's plant within the agreed delivery period. Unless otherwise specified in the contract all Products shall be delivered under "DDP" (Incoterms 2010) terms.

2.4 The delivery period shall be reasonably extended if the failure to comply with the delivery period is due to force majeure, i.e. an unforeseen event which Seller has no influence on and Seller shall not be responsible for (e.g. official actions and orders (irrespective if they are valid or invalid), fires, floods, storms, explosions or other natural disasters, disturbances of operation, labor disputes, strikes, lockouts). This shall also apply under the following circumstances: (a) if force majeure occurs during an undue delay in delivery and if a supplier of Seller is affected by force majeure; (b) Buyer fails to present necessary approvals or documentation from third parties in time; (c) the necessary specifications are not available to Seller in time. 2.5 Deliveries and Services may be made in installments insofar as Buyer can be reasonably expected to accept this. In such a case Seller is also entitled to invoice such installments separately.

2.6 In case the delivery is delayed at Buyer's request or due to circumstances for which Buyer is responsible, Seller is, upon demonstration of readiness to ship, entitled to charge Buyer the costs resulting from storage but not less than 0.5 % of the invoice amount for each week commenced, but in maximum 10 % of the invoice amount. Both Parties may have the right to certify whether the actual storage costs are higher, lower or don't even exist. The statutory rights to terminate the contract and to claim damages shall remain unaffected thereby.

III. Force Majeure – Cancellation

3.1 Should either Party be prevented from fulfilling its obligations according to these General Sales Terms and Conditions due to the case of force majeure such as war, serious fire, flood, typhoon, earthquake and other incidents which both Parties consistently consider such an incident as Force Majeure, the time for fulfillment shall be extended by a period equivalent to such a time caused by the incident.

3.2 The Party claiming Force Majeure shall give written notice to the other Party as soon as possible. In such a case the affected Party will be excused from the fulfillment of its obligations to the extent a delay is caused by Force Majeure.

3.3 During the duration of Force Majeure, each Party shall bear its own cost resulting from the delay in the fulfillment of its obligations.

3.4 If both Parties cannot reach an agreement within 90 days after the occurrence of the event of Force Majeure, either Party shall have the right to terminate the sales contract. In case of such termination, either Party shall bear its own costs, and waive the right to claim any compensation resulting from the termination.

IV. Retention of Title

4.1 Seller reserves the title to all the Products until Buyer makes all relevant payment in full. This also applies in case the payment for certain performances indicated by Buyer is made. If the retention of title is linked to special prerequisites or forms in the country or region where Buyer is located, Buyer is required to notify Seller accordingly and to ensure fulfillment at Buyer's own expenses.

4.2 Linkage, blending or processing of the Products shall be conducted by Seller as the manufacturer, but without occurring any obligations for Seller. If (joint) title raised due to linkage, blending or processing, it is agreed that Seller shall acquire joint title to the new item in proportion to the value of the Product supplied by Seller compared with the other products at the time of linkage, blending or processing. Buyer shall store the items of which Seller has (joint) title for Seller without any additional charges.

4.3 Resellers are permitted for resale of the Products in the course of ordinary business unless being revoked. Seller may revoke the permission of resale if (a) Buyer stops payment, (b) Buyer is in delay of payment, or (c) upon the conclusion of the contract, if there are indications for deterioration of Buyer's property or other facts indicating that Seller's claim will be endangered due to Buyer's lack of performance. For items in which Seller has (joint) title, Buyer hereby assigns Seller all claims arising from resale of the items delivered to third parties or from any other cause in law in the sum of the invoice value of the corresponding items, and Buyer provides a guarantee. On demand Buyer is obliged to provide Seller with written declarations of assignment. Buyer is revocable authorized to collect the assigned claims against the third party in the course of ordinary business in its own name. This collection authorization may be revoked by the same reasons as the right of resale.

4.4 Pledges and transfers by way of guarantee are not permitted. Buyer must inform Seller without delay of any seizure and lien of property, or any other disposals or interferences by third parties.

4.5 Seller undertakes at its own discretion to release the pledge upon Buyer's request insofar as the value of the pledge thereof exceeds 20% of the claim to be pledged.

V. Passing of Risk – Incoterms – Transport Insurance

5.1 Unless otherwise expressly agreed upon, the delivery shall be conducted under the term DDP (Incoterms 2010) at Buyer's designated delivery address.

5.2 Unless otherwise expressly agreed upon, the risk of accidental destruction or accidental deterioration of the Products passes on to Buyer as soon as the Products have arrived at the destination address.

5.3 If internationally customary transportation and risk bearing clauses are used in the contract, these clauses shall be interpreted according to the international Rules for Interpretation of Trade Terms (Incoterms 2010).

VI. Warranty Claims – Complaint Obligations

6.1 Unless otherwise expressly agreed upon, quality and feasibility shall be stipulated exclusively and exhaustively in the technical data sheet or the instruction manual regarding the respective Product.

6.2 Seller agrees that in case of a claim for supplementary performance (subsequent improvement or additional delivery) the most cost-effective alternative shall be chosen, provided that this alternative is not detrimental to Buyer.

6.3 Complaints due to incomplete or incorrect delivery must be made to Seller in written form immediately but not later than within one week following delivery (apparent defects) or discovery of the defect. Otherwise the assertion of warranty claims is excluded.

6.4 Seller does not agree with any restriction of Buyer's statutory requirements regarding inspection and complaint of Products receivable.

6.5 Warranty claims are subject to a limitation period of 12 months following transfer of risk.

6.6 If a certain number of operations or switching cycles is agreed for a product such an agreement shall be valid until the limitation periods described in Section 6.5 above are expired. If the agreed number of operations or switching cycles of a product is reached prior to the expiration of the limitation periods described in Section 6.5 above, all claims resulting from such an agreement shall be ceased with immediate effect. The agreement of a certain number of operations or switching cycles is only valid if the product is used under the environmental conditions described in the appropriate technical data sheet or in the appropriate instruction manual.

6.7 Warranty claims are excluded in case of: (a) failure of inspection and complaint of Products receivable as described in Section 6.3 and 6.4 above; (b) subsequent and unauthorized modification to the Product unless there is evidence that such a defect is not resulted from such a modification; (c) defects resulting from normal wear, improper usage or improper storage.

6.8 Compensation for damages shall only be made in accordance with Section 8.

VII. Industrial Property Rights and Copyrights – Defects of Title

7.1 Unless otherwise expressly agreed upon, Seller is only obliged to fulfill the obligations not to infringe the Industrial Property Rights (hereinafter referred to as "Industrial Property Rights") only in the countries or regions where the Products are produced or where delivery of the Products is made. "Industrial Property Rights" in terms of these General Sales Terms and Conditions shall mean patents, utility models, design patents, trademarks, including applications thereof, as well as copyrights. In case of a third party raises any justified claims against Buyer due to infringement of Industrial Property Rights through performances supplied by Seller and used according to the contract, Seller shall be liable to Buyer within the period defined in Section 6.5 as follows in Section 7.2.

7.2 Seller will at its own discretion and at its own expenses (a) acquire the rights to use such Industrial Property Rights for the performances under the contract, (b) alter the Products in such a manner that Industrial Property Rights are not infringed, or (c) exchange the Products. Should it not be possible for Seller at suitable conditions, Buyer is entitled to terminate the contract or obtain a reduction in the price as provided for by law. Compensation for damages shall only be required in accordance with Section 8.

7.3 The above-mentioned obligations exist only when Buyer informs Seller in writing immediately concerning claims asserted by the third party. Such obligations shall not be considered as Seller's acknowledgement of any infringement and Seller shall retain the rights to take all defensive measures and settlement proceedings.

7.4 Buyer's claims are excluded if Buyer is solely responsible for the infringement of the Industrial Property Rights.

7.5 Buyer's claims are also excluded if the infringement of Industrial Property Rights is caused by Buyer's special instructions, any use not to be foreseen by Seller, or any modification made on the Products without Seller's authorization.

7.6 Claims against Seller or Seller's vicarious agents due to defects in title other than those stipulated in this Section 7 are excluded.

7.7 Any Industrial Property Rights produced by the outcome during the fulfillment of the contractual obligations shall belong to Seller, unless the outcome is significantly attributed by Buyer. Under similar circumstances or other conditions where Industrial Property Rights will be inevitably produced, Seller shall obtain at least a royalty-free and non-exclusive right to use such Industrial Property Rights, without limitation in terms of time, location and content.

VIII. Liability

8.1 Seller shall only be liable for any damage claims and reimbursement of necessary expenses made by Buyer caused by defects of delivery or performance, or violation of other contractual or non-contractual obligations, in particular caused by tort, due to willful intent or gross negligence. Those damages which arise from injury to life, limb or health, the assumption of a guarantee or of a procurement risk, or the violation of material contractual obligations shall be excluded.

8.2 Damages caused by the violation of material contractual obligations are limited to such damages that must have been foreseeable by Seller upon the conclusion of contract as typical damages (hereinafter referred to as "Typical Damages"), provided that the liability is not due to willful intent or gross negligence and not based on injury to life, limb or health, or the assumption of a guarantee or of a procurement risk.

8.3 Typical Damages under Section 8.2 are: (a) the maximum damages in each case shall be equal to the amount of the net purchase price of the affected contract; (b) the maximum damages per calendar year shall be equal to the amount of the net turnover of all purchased products bought by Buyer from Seller in the preceding calendar year. In the first contract year the maximum damages shall be the amount of the turnover of the purchased products bought by Buyer from Seller until the occurrence of the event of damage. In any event, Typical Damages under Section 8.2 shall not include any indirect damages (e.g. recovery for loss of profit, damages resulting from interruption of business).

8.4 Despite Section 8.3, the amount of damages to be paid by Seller to Buyer shall be determined in favor of Seller, in consideration of Seller's economic situation, nature, scope, and duration of the business relationship, the amount contributed or responsible by Buyer and a particularly disadvantageous situation of installation of the part supplied. Particularly, damages, cost and expenses paid by Seller to Buyer shall be subject to the value of the Products being delivered.

8.5 All limitations of liability shall apply to the same extent to vicarious agents.

8.6 A change in the burden of proof to Buyer's disadvantage shall not be associated with the provisions in this Section 8.

8.7 Material contractual obligations pursuant to Section 8.1 and 8.2 are all obligations which shall be fulfilled when performing properly and which Buyer shall trust in the obligations to fulfill under normal circumstances.

IX. Price

9.1 The Price shall be the quoted price authorized by special seal for contract. All quotations are valid for 30 days only or may be extended to any date acceptable to Buyer, and Seller has the right to alter the quotation after the expiration of the period or date without giving notice to Buyer.

9.2 Except as otherwise stated under the General Sales Terms and Conditions of any quotation or in any price list of Seller, and unless otherwise agreed in writing between Seller and Buyer, all quotations by Seller are made based on DDP terms. Once upon request by Buyer and confirmed by Seller, Seller agrees to make the delivery of Products to the destination other than Buyer's plants and any expenses for packaging, transportation and insurance shall be charged extra.

9.3 Seller reserves the right, by giving notice to Buyer at any time before delivery, to increase the Price to reflect any increase in the costs to Seller which is due to any factor beyond Seller's control, any change in the delivery dates, quantities or specifications for the Products which is requested by Buyer, or any delay caused by any of Buyer's instructions or failure to give Seller adequate information or instruction.

X. Payment

10.1 Unless otherwise expressly agreed, payment terms are TT/Advance net as stated on Seller's order confirmation.

10.2 If there are actual facts indicating that Buyer's financial situation deteriorates after conclusion of the contract, or other facts exist after conclusion of the contract which justify the presumption that Seller's claim against Buyer is jeopardized by Buyer's inability to perform, Seller may demand corresponding adequate guarantee for Seller's Services and/or revoke any payment terms granted, even for other obligations. If Buyer fails to provide adequate guarantee requested by Seller within a reasonable time, Seller has the right to terminate the contract without affecting Seller's rights to claims for services provided or Buyer's breach.

10.3 All cost of collecting money due under a contract, including but not limited to, legal expenses, costs for preservation, investigation and identification, legal interest, attorney's fees shall be paid by Buyer to Seller.

XI. Place of Jurisdiction – Applicable Law - Language

11.1 It is agreed that any dispute, controversy or claim arising out of or relating to the contract between Seller and Buyer shall be settled through friendly consultations. In case an agreement can't be reached through consultation, the dispute, controversy or claim shall be settled before a competent court in Pudong Shanghai.

11.2 These General Sales Terms and Conditions shall be governed and interpreted in accordance with the laws of P.R. China, unless otherwise agreed upon by both Parties.

11.3 The English and Chinese versions of the General Sales Terms and Conditions shall be equally authentic. In case of any discrepancy or conflict between the two versions and such discrepancy or conflict shall not be settled by applicable statutory interpretation, the Chinese version shall prevail.

Additional Conditions regarding Software

When Seller provides Buyer software (whether for free or not) as a part of or in connection with the deliveries and Services (hereinafter referred to as "Software"), the following additional conditions shall apply. In case of any discrepancy between the conditions above and the following additional conditions, the following additional conditions shall prevail.

XII. Rights of Use

12.1 Seller grants Buyer a non-exclusive right of intended use of the Software. The intended use is described in the technical data sheet or in the instruction manual referring to the respective Software. The right of use shall be limited to the agreed period of time. In the absence of such an agreement, the right of use shall be unlimited in time.

12.2 Buyer shall use the Software solely on the hardware referred to in the technical data sheet or in the instruction manual, in the absence of such reference, the use shall be limited to the respective hardware supplied together with the Software. The use of the Software on any other device shall be subject to Seller's prior written consent. In case of Buyer's breach of this obligation, Seller shall be entitled to claim an appropriate additional remuneration and any further claims hereby shall not be affected.

12.3 Where many devices are referred to in the technical data sheet or the instruction manual, Buyer may use the Software simultaneously only on one of those devices (Single License), to the extent that Seller has not agreed exceptionally on a Multiple License (cf. Section 12.12). Where more than one workplace exists for a specific device where the Software can be used independently, the Single License shall apply to only one workplace.

12.4 The Software will exclusively be provided in machine readable format (object code).

12.5 Buyer is entitled to make only one copy of the Software solely for back-up purposes (back-up copy). Any other duplication is allowed only subject to a Multiple License upon Seller's consent.

12.6 Unless stipulated by the law or otherwise agreed by both Parties, Buyer is not entitled to modify, decompile, translate or isolate parts of the Software. Buyer shall not remove alphanumeric or other identifiers from the data medium and shall transfer such identifiers unchanged to any back-up copy.

12.7 Seller grants Buyer the right to transfer the right to use the Software to a third party, which shall be revocable for good cause. The right to use the Software may only be transferred together with the device Buyer has purchased in combination with the Software from Seller. If the right to use is transferred to a third party Buyer must ensure that the right to use granted to the third party does not exceed the scope of rights to use the Software granted to Buyer under these General Sales Terms and Conditions and the related technical data sheet or the related instruction manual, and Buyer must ensure that the third party shall be obliged to comply with at least the same obligations as those in these General Sales Terms and Conditions. When transferring the Software Buyer shall not retain any copies of the Software.

12.8 Buyer is not entitled to grant sublicenses.

12.9 If Buyer provides the Software to a third party, Buyer must ensure to observe any existing export requirements. In case of violation, Buyer must hold Seller harmless from any duties and claims in this respect.

12.10 If Seller has only derived rights on the software (third party software) provided to Buyer, the provisions of this Section 12 shall be amended and superseded by the conditions of use agreed between Seller and the licensor of such software. If there is any conditions of use in third party software or open source software, Seller shall set out such conditions in the technical data sheet or in the instruction manual and provide such conditions to Buyer upon request. In case of any breach of these conditions of use, Seller or the licensor of the software shall have the right to assert claims and rights arising therefrom in its own name.

12.11 If Buyer uses the Software on more than one device or simultaneously at more than one workplace, a separate agreement on the right to use shall be concluded. The same shall apply if the Software is used in networks even if the Software is not copied for this purpose. With regard to the situations mentioned above (hereinafter referred to as "Multiple License"), the following provisions (a) and (b) shall apply in addition to or with priority over the provisions of Section 12.1 to 12.11: (a) A Multiple License requires that Seller expressly confirms in writing the number of admissible copies that Buyer may make of the Software and the number of devices respectively workplaces where the Software may be used. Section 12.7 shall be applicable to Multiple Licenses provided that they may be transferred by Buyer to third parties only if transferred in their totality and together with all devices on which the use of the Software is allowed; (b) Buyer must observe the duplication rules provided by Seller together with the Multiple License. Buyer must keep records on the whereabouts of all copies made and submit them to Seller upon request. them to Seller upon request.

XIII. Passing of Risk - Software

If the Software is provided via electronic communication media (e.g. via internet), the risk of accidental destruction or accidental deterioration shall pass when the Software leaves the sphere of Seller's influence (e.g. when downloading).

XIV. Additional Obligations to Cooperate and Liability - Software

14.1 Buyer shall take all required and reasonable measures to prevent or limit damage attributable to the Software. In particular, Buyer shall make regular back-up copies of the programs and data.

14.2 Provided Buyer commits breach of this obligation, Seller shall not be liable for any consequences arising therefrom. This shall apply in particular to the replacement of lost or damaged data or programs. A change in the burden of proof to Buyer's disadvantage shall not be associated with the provision above.

XV. Warranty Claims – Software

15.1 Warranty claims regarding Software are subject to a limitation period of 12 months following transfer of risk. The aforementioned provisions shall not apply in case where the laws of the People's Republic of China prescribe longer limitation periods and in case of liability for damage from injury to life, body or health as well as in case of a liability for damage arising from an intentional or grossly negligent breach of duty.

15.2 Software is considered to be defective only if Buyer can prove that there are reproducible deviations from the specifications regulated exclusively and exhaustively in the technical data sheet or in the instruction manual. A defect shall not be deemed to exist if it does not manifest itself in the latest version of the Software supplied to Buyer, and the use thereof by Buyer can reasonably be required.

15.3 Warranty claims shall not apply to any of the following cases: (a) damages resulting from faulty or negligent handling of the Software; (b) damages resulting from particular external influences not assumed under the contract; (c) modifications made by Buyer or third parties, and any consequences resulting therefrom; (d) software extensions made by Buyer or a third party through the use of an interface provided by Seller; (e) incompatibility of the Software with the data processing environment of Buyer.

15.4 A claim of supplementary performance will be settled regarding Software by Seller as follows: Seller will provide Buyer with a replacement by way of an update or an upgrade of the Software if available to Seller or obtainable with reasonable efforts by Seller.

XVI. Industrial Property Rights and Copyrights – Defects of Title

If a third party claims legitimately due to an infringement of protective rights regarding Software, Seller shall assume liabilities according to Section 15.