

## **Terms of Delivery of KURZ Stamping Technology (Hefei) Co., Ltd. ("KST-TD")**

Edition: 09/2017

### **1. Validity**

1.1 The KST-TD shall apply to deliveries of decorative foil, functional foil, labels, foil-based products in different stages of production, designs, artwork, origination, shims, matrices, stamping tools, consumables (e.g. ink, varnishes, adhesives and paints) and services, including the performance of application services for finished decorated parts and foils (collectively "Delivery"), which KURZ Stamping Technology (Hefei) Co., Ltd. ("KST") provides on the basis of a contract concluded between KST and a business customer ("Customer"). The Customer and KST collectively are hereinafter referred to as "Parties" or individually as "Party".

1.2 Deviating terms from the KST-TD shall not apply unless KST has expressly agreed to them in writing.

1.3 The KST-TD shall apply in the context of a continuous business relationship also for future business between KST and the Customer, even if, in individual cases, KST did not expressly refer to the inclusion of the KST-TD at the time of conclusion of the contract.

1.4 Amendments to the contract shall be made in writing.

### **2. Offer**

2.1 The description of the quality of the Delivery is exclusively and conclusively defined in the respective Technical Specification ("TS").

2.2 KST reserves all rights of ownership and copyright of documents included in the offer (e.g. illustrations, drawings, plans, construction documents etc.).

2.3 A pre-contractual performance during the offer stage that KST provides on request of the Customer (e.g. development of design, artwork, origination, matrices, samples, injection-molded parts etc.) shall be invoiced by KST, even where no contract is subsequently entered into by the Parties.

2.4 The offer of KST is binding for a period of 45 calendar days from the date of the offer.

### **3. Terms of Delivery, Transfer of Risk**

3.1 Delivery shall be EXW (EX WORKS) KST Incoterms® 2010 ("Place of Delivery").

3.2 Prices are net prices in RMB (yuan), including the necessary packaging plus additional cost for packaging on request of the Customer and plus the current value added tax (VAT) in force at the time of delivery without further deductions.

3.3 For a Delivery less than RMB 4000.00 net price, KST charges a minimum quantity surcharge in the amount of RMB 400.00.

3.4 Partial delivery is allowed unless it is unreasonable to accept for the Customer.

3.5 The transfer of risk to the Customer shall take place at the time KST provides the Delivery at the Place of Delivery. This shall also apply to free delivery as well as to delivery that will be dispatched or collected on the request of the Customer. In case the Delivery will be dispatched the Customer shall bear the costs incurred thereby (e.g. transport, insurance, customs).

3.6 KST has the right to increase or reduce the delivery up to  $\pm 5\%$ . This is to be balanced at the agreed price.

#### 4. Reservation of Self-Delivery

In the event that the Delivery is not available because KST has not received deliveries from its own suppliers or the delivery stock of KST is depleted, KST is entitled to make a Delivery which is equivalent in quality and price to the contractually agreed Delivery. If this is not possible, KST may rescind the contract.

#### 5. Terms of Payment, Setoff, Right of Retention

5.1 Unless otherwise agreed, the invoice of KST is due for immediate payment without any deduction.

5.2 The Customer can only set off a counterclaim against a claim of KST or exercise the right of retention if its counterclaim is undisputed or confirmed by a final and unappealable judgment. In case of Material Defects (8.1) or Defects in Title (9.1) of the Delivery, the counterclaim of the Customer shall remain unaffected in accordance with 8.12.

5.3 If the Customer is in default of payment, suspension of payment, opening or applying for bankruptcy, insolvency or composition proceedings or rejection of such due to non-existing assets, protest of a bill, valuation of the Customer with a high business risk by a recognized information or rating agency, or in the event of comparable sustainable reasons

which suggest the Customer's insolvency, KST is entitled to demand immediate payment of all claims which are not yet due. In addition, KST is entitled to make each Delivery subject to an advance payment.

## 6. Delivery Period

6.1 Observance of the agreed delivery period is conditional on the timely receipt of complete documents, necessary permits and approvals, especially of plans to be provided by the Customer as well as fulfillment of the agreed terms of payment and other obligations by the Customer (e.g. advance payment, partial payment). In case these conditions are not fulfilled on time, the delivery period shall be extended accordingly; this shall not apply if KST is solely responsible for the delayed Delivery. The delivery period is interrupted for the duration of the time used for the examination (e.g. of test prints, samples) by the Customer.

6.2 If non-observance of the delivery period is due to events such as natural disasters, mobilization, war, terrorist acts, computer virus and further attacks by third parties on the IT-system of KST despite compliance of KST with the safety precautions of the usual security measures, riot, strike, lock-out, impediments resulting from German, US-American and other applicable national, European or international foreign trade laws, breakdowns in production or other plant interruptions, traffic problems or other comparable circumstances for which KST is not responsible ("Force Majeure"), the delivery period of KST shall be extended reasonably. Should any event of Force Majeure last for a period of more than 60 calendar days, the Customer or KST shall be entitled to rescind the contract in whole or in part. In such case no Party shall have a right to seek damages against the other Party. This shall also apply if any event of Force Majeure occurs at the time when KST is in delay with the Delivery.

6.3 In the event that KST is responsible for a delayed Delivery and provided that the Customer can credibly establish that a damage for such delay has occurred, the Customer may seek liquidated damages of 0.5 % for every completed calendar week of delay but in no event shall the aggregate of such damages exceed a total of 5 % of the net price for that part of the delayed Delivery which due to the delay could not be put to the intended use by the Customer. The obligation to pay the liquidated damages requires proof by the Customer that any damage has occurred, but not of its amount. KST shall be entitled to provide evidence that the Customer suffered lower or no damage.

6.4 Further claims and remedies of the Customer due to the delayed Delivery in particular indirect or consequential damages, loss of profit or loss of production are excluded. This shall not apply in case of liability of KST based on intent, gross negligence or due to loss of life, bodily injury or damage to health.

6.5 Claims for damages due to the delayed Delivery by the Customer as well as claims for damages instead of performance or reimbursement which exceed the limits specified in 6.3 shall be excluded, even after expiry of the delivery period for the Delivery set by the Customer.

6.6 The Customer shall only be entitled to rescind the contract provided that KST is solely liable for the delayed Delivery and after reaching the maximum amount of compensation in 6.3 and the Customer has set an adequate delivery period to KST within KST has to supply the Delivery and such delivery period has expired. A change in the burden of proof to the detriment of the Customer shall not be implied hereby.

6.7 At the request of KST the Customer shall declare within a reasonable period whether the Customer will rescind the contract due to the delayed Delivery or insist on the Delivery.

## 7. Retention of Title

7.1 The Delivery shall remain the property of KST until each and every claim against the Customer to which KST is entitled under its business relationship has been duly satisfied ("Secured Goods"). The Customer shall not damage, modify, remove, or make illegible any number, sign, nameplate, company and/or brand name or other marking affixed by KST. If the value of all the security rights of KST against the Customer exceeds the value of the secured claims by more than 10 %, KST shall release a corresponding part of the security rights at the request of the Customer. KST shall have the right to choose which of the security rights shall be released.

7.2 The retention of title shall continue even if parts of claims of KST are included in current invoices and the balance has been drawn and accepted, unless the balance is settled.

7.3 For the duration of the retention of title, the Customer is prohibited from giving the Secured Goods in pledge or transferring the Secured Goods as security. In case of a seizure of the Secured Goods or other acts or interventions by any third party relating to the Secured Goods, the Customer shall immediately inform KST thereof in writing. If legitimate interest has been substantiated by KST, the Customer shall give KST the information necessary to assert the rights towards such third party and the Customer shall hand over the necessary documents to KST.

7.4 The resale of the Secured Goods by the Customer to its client in the ordinary course of business shall only be permissible on conditions that the Customer receives payment from its client or retains title so that the property in the Secured Goods is transferred to its client only after fulfillment of the client's obligation to pay the Customer.

7.5 Should the Customer resell Secured Goods, the Customer assigns to KST herewith the claims (including VAT) the Customer will have against his clients out of the resale, including any collateral rights and all balance claims, as security, without any further special declarations being necessary by KST. If the Secured Goods are sold together with other items and no individual price has been agreed with respect to the Secured Goods, the Customer shall assign to KST such proportionate fraction of the total price as is attributable to the price of the Secured Goods invoiced by KST. KST herewith accepts such assignment. The duty of KST to release security rights shall remain unaffected.

7.6 If the Customer has sold its monetary claim as part of genuine factoring, then the claims of KST become due immediately and the Customer assigns to KST the claims that replaced the sold monetary claim against the factor and forwards his sales proceeds to KST without delay. KST herewith accepts such assignment.

7.7 In the event that the Customer is in breach of an obligation, in particular, a default of payment, KST is entitled to rescind the contract and to take back the Secured Goods, after the expiration of a reasonable time limit within which the Customer shall rectify the breach. The Customer is obliged to return the Secured Goods to KST. The legal provisions which dispense of the requirement to set a deadline in case of a serious and/or final refusal of performance shall remain unaffected.

7.8 In the event that the Customer is in breach of an obligation, in particular, a default of payment, the enforcement of retention of title and the taking back of the Secured Goods associated therewith does not require a rescission of the contract by KST. The aforementioned actions or seizure of the Secured Goods shall not constitute a rescission of the contract by KST, unless expressly stated by KST.

7.9 The Customer shall be allowed to process, transform, restructure and combine ("Processing" or "processed") the Secured Goods with other products. The Processing shall be done for KST. The Customer shall hold the new product resulting from this Processing for KST with the due care of a diligent businessman. The new product shall be considered as Secured Goods.

7.10 The Parties are in agreement that in case the Secured Goods are processed with other goods which do not belong to KST, KST shall have co-ownership of the new product in proportion resulting from the ratio of the value of the processed Secured Goods subject to the value of the new product at the time of Processing. The new product shall be considered as Secured Goods.

7.11 The assignment of claims provision shall also apply to the new product. Such assignment is valid only up to the amount that equals the amount invoiced by KST for the processed Secured Goods.

7.12 The Customer shall be entitled to collect any outstanding receivables from the resale of Secured Goods until revocation by KST. In the event of an important reason, in particular delay in payment, suspension of payment, opening or applying for bankruptcy, insolvency or composition proceedings or rejection of such due to non-existing assets, protest of a bill, valuation of the Customer with a high business risk by a recognized information or rating agency, or in the event of comparable sustainable reasons which suggest the Customer's insolvency, KST shall be entitled to revoke the Customer's right to collect receivables for Secured Goods. In addition, upon prior warning that the assignment by way of security will be disclosed or that the assigned receivables will be utilized, and observing a reasonable period of time, KST may disclose the assignment by way of security, utilize the assigned receivables and demand that the Customer discloses the assignment by way of security to its clients. The duty of KST to release security rights shall remain unaffected.

## 8. Warranty for Material Defects

8.1 In case a Delivery does not match with the quality of the respective TS at the time of transfer of risk ("Material Defect"), at its discretion KST shall within the statute of limitations either repair free of charge or provide replacement free of charge ("Supplementary Performance").

8.2 The quality of the Delivery is defined conclusively in the respective TS. KST shall not be liable for a Material Defect relating to qualities and characteristics not specifically mentioned in the TS. It is the sole liability of the Customer to examine the suitability of the Delivery for the intended use. In case the Customer requests additional tests which were not included in the respective TS, these shall be agreed separately in writing and paid by the Customer.

8.3 Claims for Material Defect of the Customer against KST are subject to a statute of limitations of 12 months upon delivery. In case of a delayed Delivery due to reasons KST is not responsible for, the statute of limitations shall expire 18 months after the receipt by the Customer of the notification of the readiness for dispatch of the Delivery at the latest. This shall not apply in case of liability based on intent, gross negligence or due to loss of life, bodily injury or damage to health or fraudulent concealment of a Material Defect or non-compliance with guaranteed characteristics. The statutory provisions on suspension and recommencement of limitation period shall remain unaffected.

8.4 No further period of limitation begins with the Supplementary Performance by KST.

8.5 The Customer shall give a written notice of Material Defect to KST immediately. The notice of Material Defect shall include information relating to the data of the respective Delivery (e.g. offer number, blanking plate: batch number, bar code).

8.6 Insofar as the Customer grants KST no opportunity for Supplementary Performance within a reasonable period of time, KST is exempted from liability for Material Defect.

8.7 In the event that Supplementary Performance fails, the Customer shall be entitled to rescind the contract or to reduce the respective price of the Delivery.

8.8 There shall be no claim for Material Defect by the Customer in cases of an insignificant deviation from the agreed quality, negligible impairment of usability, natural wear and tear or damages which arose after transfer of risk as a result of faulty or negligent handling, excessive strain, unsuitable production facilities or operating resources, or particular external influences which were not specified in the contract.

8.9 The Customer shall have no claim with respect to expenses incurred in the cause of Supplementary Performance, especially transport, road, labor and material costs, to the extent that expenses were increased because the Delivery was subsequently brought to another location than the Place of Delivery.

8.10 Claims for damages due to a Material Defect are conclusively regulated in 10.

8.11 Any further claims or claims other than those stipulated in 8. or 10. of the Customer against KST due to a Material Defect shall be excluded. The right of the Customer to rescind the contract shall remain unaffected.

8.12 In the case of a notice of Material Defect, the Customer may withhold payments to an amount that is in a reasonable proportion to the Material Defect. The Customer, however, may withhold payments only in case of a notice of Material Defect which meets the requirements of 8.5. The Customer has no right to withhold payments to the extent that its claim for Material Defect is time-barred. Any unjustified notice of Material Defect shall entitle KST to demand reimbursement of its expenses by the Customer.

## 9. Warranty for Defects in Title

9.1 Unless otherwise agreed, KST shall provide the Delivery free from industrial property rights, copyrights of third parties and/or any other third party right ("Third Party Right") with respect to the country at the Place of Delivery. If a third party asserts justified claims against the Customer due to an infringement of a Third Party Right by a Delivery which was

used in conformity with the contract ("Defect in Title"), KST shall be liable to the Customer, within the stipulated limitation period in 8.3, as follows.

9.2 In the case of a liability according to 9.1, KST shall at its option and free of charge for the Customer either obtain a right to use the Delivery, modify the Delivery so as not to infringe the Third Party Right or replace the Delivery. If this is not possible for KST at reasonable conditions, the Customer shall have the right to rescind the contract or reduce the price. The provisions in 8.6 shall apply accordingly.

9.3 The fulfillment of the obligations in 9.2 shall be subject to the condition that the Customer immediately notifies KST in writing of the claims asserted by the third party, that it does not acknowledge an infringement and that the protective measures and settlement negotiations are exclusively reserved for KST. If the Customer ceases to use the Delivery to reduce the damage or for other important reasons, the Customer shall make it clear to the third party that the suspended use does not mean acknowledgment of an infringement of a Third Party Right.

9.4 Claims of the Customer shall be excluded if the Customer is liable for the infringement of the Third Party Right.

9.5 Claims of the Customer shall also be excluded if the infringement of the Third Party Right was caused by specific demands of the Customer, by use of the Delivery not foreseeable by KST or the Delivery being altered by the Customer or being used together with products not provided by KST.

9.6 In addition, the provisions of 8. shall apply accordingly to a Defect in Title.

9.7 Claims for damages due to a Defect in Title are conclusively regulated in 10.

9.8 Any further claims or claims other than those stipulated in 9. or 10. of the Customer against KST due to a Defect in Title shall be excluded. The right of the Customer to rescind the contract shall remain unaffected.

## 10. Other Liability, Damages

10.1 Unless otherwise specified in the KST -TD, including the following provisions, KST shall be liable in case of a breach of contractual and non-contractual obligations in accordance with the statutory provisions.

10.2 KST provides application guidelines and other advices to the best of its knowledge and therefore does not constitute any liability for damages by the Customer against KST. The

Customer shall not be released from its obligation to examine the intended use of the Delivery at its sole responsibility. This shall also apply if the Customer's intended use of the Delivery is known to KST.

10.3 KST is liable for damages, irrespective of the legal basis:

- in case of intent or gross negligence,
- in case of culpable loss of life, bodily injury or damage to health,
- in the event of non-compliance with guaranteed characteristics,
- in case of fraudulent concealment of a Material Defect or Defect in Title,
- in case of a claim of the Customer under the applicable mandatory product liability regulations (e.g. the (German) Product Liability Act) or - for damages resulting from the culpable breach of a material contractual obligation (The fulfillment of which is the only way to ensure that the contract is properly implemented and that the other Party is allowed to rely on regularly.). In case of breach of a material contractual obligation by negligence other than gross negligence, the liability is limited to the replacement of the foreseeable, typically occurring damage.

10.4 In any other case the Customer shall have no claim for damages against KST.

10.5 The liability limitations resulting from 10. shall also apply in the case of a breach of an obligation by or in favor of persons whose fault is attributable to KST (e.g. personal liability of employees, personnel and other vicarious agents of KST), but not to the personal liability of legal representatives and of executives.

10.6 A claim for damages according to 10. , which is based on Material Defect or Defect in Title, shall be timebarred in 12 months from Delivery, unless there is a liability according to 10.3.

10.7 A change in the burden of proof to the detriment of the Customer shall not be implied hereby.

## 11. Impossibility of Performance, Contract Adjustment

11.1 In case the supply of the Delivery is impossible, the Customer shall have the right to claim damages unless KST is not responsible for the impossibility. The right of the Customer to claim for loss or damages shall be limited to 10 % of the net price of that part of the Delivery which due to the impossibility cannot be put to the intended use by the Customer. This limitation shall not apply in case of liability based on intent, gross negligence or due to loss of life, bodily injury or damage to health. A change in the burden

of proof to the detriment of the Customer shall not be implied hereby. The right of the Customer to rescind the contract shall remain unaffected.

11.2 The contract shall be reasonably adjusted in compliance with the principle of good faith where incidents of Force Majeure substantially change the commercial importance or the content of the Delivery or have a material adverse effect on the business of KST. Where this adjustment is not economically justifiable, KST shall have the right to rescind the contract. KST shall inform the Customer of the exercising of the rescission of the contract without delay upon awareness of the consequences of the incident, even if initially an extension to the delivery period had been agreed with the Customer.

## 12. Supply of the Customer

12.1 The Customer shall incur liability for the use and transfer of decors, designs, company logos, trademarks, shim, stamping tools, samples, drafts and other creative elements supplied by the Customer to KST ("Supply") – irrespective of the data carrier - which infringe a Third Party Right. The Customer shall immediately indemnify and hold harmless KST from any corresponding claims of such third party.

12.2 The Customer shall deliver his Supply to the Place of Delivery at his expense. The costs of storage, maintenance, repair and disposal for his Supply shall be borne by the Customer.

## 13. Confidentiality

13.1 Each Party shall not without the prior written consent of the other Party pass to third parties information, knowledge, templates, including such documents as illustrations, drawings, plans, construction documents ("Information") received from the other Party. This shall not apply to Information which at the time of receipt are generally known or were already known by the receiving Party without being obliged to maintain confidentiality or were transferred by a third party lawfully in possession thereof and who has the lawful power to disclose such Information or were independently developed by the receiving Party without using any Information of the disclosing Party. Information shall be returned by the receiving Party without delay if a contract is not awarded. A right of retention by the receiving Party is excluded.

13.2 A third party within the meaning of 13.1 shall not be deemed to be a company affiliated with KST as well as a person or company entrusted with the task of performance of the contract by KST insofar as they have been obliged to keep confidential in an equivalent manner.

13.3 Neither Party shall use the Information received from the other Party for purposes over and beyond the scope of the contract between the Parties without the express prior written consent of the other Party.

13.4 The obligation of confidentiality shall begin upon receipt of the Information and ends 5 years after the end of the business relationship.

#### 14. Assignment

The assignment of a claim or of a right under the contract is permitted only with the prior written consent of the other Party. This shall not apply to a monetary claim.

#### 15. Corporate Social Responsibility

15.1 As a member of the KURZ-Group, KST is committed to respect and to observe the KURZ Code of Business Conduct.

15.2 The Customer confirms to observe the applicable law and legislation; the Customer shall not tolerate any kind of corruption or bribe, respect basic rights and the ban on child labor and forced labor. Furthermore the Customer shall take responsibility for the health and safety of its employees, shall ensure a fair compensation and reasonable working hours, shall act in accordance with the applicable environmental laws and shall use its best efforts to promote the observance of these principles among its suppliers.

#### 16. Applicable Law

This Terms of Delivery shall be governed by and construed in accordance with the laws of China.

#### 17. Jurisdiction

The exclusive place of jurisdiction is the People's Republic of China.

#### 18. Language

The Terms of Delivery shall be signed in Chinese and English, and the Chinese version is only for reference. In case of any inconsistency between the English and Chinese version of this Terms of Delivery, the English version shall prevail.