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Terms and Conditions for the Development of Software

1. Scope of the Contract

1.1 Vector shall develop computer programs/software (in the following referred to as the "programs") as specified in writing, on the basis of Vector's rules for development and documentation, following the current state of the art. Those requirements finally defined pursuant to Section 2.3 (final specification) and Section 4.2 shall be binding.

1.2 If Vector inserts standard routines into the programs, Vector may deliver them in object code without any documentation referring to their source code. At the customer's request, Vector shall render maintenance services for these routines. Details shall be agreed on separately.

2. Performances

2.1 Vector shall name a customer consultant, the customer a representative. Both shall promptly have the authority to make the necessary decisions or shall obtain authorization for them in a timely manner. Vector's consultant shall keep records of decisions in writing. The customer's representative shall provide all required information. Vector's consultant shall contact the customer's representative as necessary to ensure the proper performance of the mutual obligations.

2.2 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. Vector shall regularly inform the customer of the progress of the performances on the basis of this schedule. In addition, the customer may review all documents generated for the performances under the contract and obtain copies, subject to reimbursement of Vector's costs.

2.3 If it is necessary to detail the customer's requirements listed in the contract or requested pursuant to Section 4.1, Vector shall develop a detailed specification with the customer's assistance and shall submit it to the customer for approval. The customer shall respond in writing within 14 days. The approved detailed specification shall be the basis for the realization of the programs. In the course of the realization of the programs, the detailed specification may be further detailed by Vector with the customer's assistance.

3. Rights of Use

3.1 The customer may use the programs without any restrictions.

3.2 Vector shall not be restricted to use the gained know-how and to develop software for other customers of Vector, provided that Vector complies with Section 10.

4. Change Requests

4.1 If the customer requests Vector to undertake any modification of the agreed on requirements including any addition to it, and if the requested modification is reasonable and acceptable, Vector shall 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 programs and/or to additional compensation.

4.2 Agreements on modifications and resulting adaptations of the terms of the contract shall be made in writing. If the customer requests a modification orally, Vector may request the customer to deliver it in writing, or may confirm it in writing itself. In the second case the wording of Vector shall be deemed correct unless the customer objects in writing without delay.

4.3 Vector shall submit requests for adaptations of the contract without delay. The customer shall notify Vector without delay, if the customer disagrees with the requested adaptation.

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5. Deliveries and Acceptance

5.1   At the customer's request, Vector shall install the programs, subject to reimbursement of Vector's costs. In this event the customer shall confirm the installation in writing.

5.2   The customer agrees to examine the programs and to confirm their acceptance in writing if the programs meet the final specification. Unless otherwise agreed, the acceptance test period shall be four (4) weeks.

5.3   At the customer's request, Vector shall support the customer in performing an acceptance test. In this event the customer may supply test data or test sequences, however no later than one (1) week before the performance of the acceptance test.

5.4   The customer is deemed to have accepted the programs if their use is not substantially restricted by a reported defect for two (2) weeks after the end of the agreed acceptance test period.

5.5   If partial deliveries are specified, each partial delivery is subject to acceptance by the customer. The interaction of the components of each partial delivery shall be tested with the last partial delivery.

6. Charges and Payments

6.1   Unless otherwise agreed, all support (including specifically installation, brief or extended training, consultancy) shall be reimbursed on the basis of costs incurred. Working time, traveling expenses and incidental expenses shall be paid in accordance with Vector's price list. Vector may submit invoices on a monthly basis.

6.2   In case the value of an order exceeds € 25.000, a fixed price shall be paid as follows, unless otherwise agreed on in the contract:

- 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 paid by the customer on all prices.

6.5   If payments are delayed, the customer shall not be allowed to use the programs.

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 may request 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 the customer and results in additional efforts to Vector, Vector is also entitled to additional compensation.

7.2   If Vector's delay exceeds 30 days, the customer is entitled for every subsequent week to a penalty of 0.5 % of the value of that part of the programs that cannot be used in accordance with the contract, but the penalty shall be limited to 5 % of the total contract value.

8. Corrections of Defects

8.1   If the customer finds, in the course of correct use of the programs, what the customer believes to be a defect in a program, the customer 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

8.2 The customer may only raise claims, if the customer can reproduce it or demonstrate it by using computer output.

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

8.4 Vector shall, without delay and at no cost to the customer, effect subsequent performance (i.e. at Vector's 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.

8.5 All claims against Vector shall expire, if the customer modifies or intervenes with the products, unless the customer proves when reporting a defect that the defect did not result from the modification or intervention.

8.6 Vector is entitled to reimbursement of its expenses if the customer reports what the customer believes to be a defect without being able to prove it to be one.

9. Vector's Liability

9.1 In the event Vector defaults on its performances (through delivery) or supplementary performances (through removal of defects or replacement delivery), the customer may set a reasonable period for performance or supplementary performance. If the period expires without result, or if the performance or supplementary performance ultimately fails in any other manner, the customer may assert its statutory claims, damage claims within the framework of Section 9.3. Vector may request a period for the customer to declare whether the customer still requests primary or supplementary performance. If the customer does not request primary or supplementary performance within this period, the customer shall no longer be entitled to claim it.

9.2 The 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 to the contract which jeopardizes the contract goal (cardinal obligation). In this event Vector's liability shall be restricted to € 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.

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

9.5 Claims for bodily injuries and claims based on the German Product Liability Act shall remain unaffected.

10. Confidentiality Obligations

10.1 Vector shall keep the customer's trade and business secrets confidential as well as all other information designated in writing as confidential. Vector shall have no obligation with respect to any information that is already in Vector's possession, is independently developed or becomes publicly known through no wrongful act of Vector.

10.2 Vector is not obliged to keep confidential any of Vector's ideas, concepts, know-how or techniques related to hard- and/or software services.

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

10.4   Vector may enter the customer's name into Vector's list of customers, together with a short description of Vector's performances. All other references that the customer is Vector's customer are subject to the customer'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.

11.3   Exclusive venue shall be Vector's main place of business.