Terms and Conditions for the Development of Software

§ 1 Scope of the Contract

1.1 Vector shall develop computer programs/software (in the following: 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 § 2.3 (final specification) and § 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 Each party shall name a project manager. Both shall have the authority to make the necessary decisions or shall obtain authorization for them in a timely manner. The project manager of Vector shall put decisions in writing. The customer's project manager shall provide all required information. Vector's project manager shall contact the customer's project manager as is required 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 § 4, 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.

2.4 The services shall be performed at the customer's location to the extent necessary.

§ 3 Rights of Use

3.1 All rights in the programs arising from the performance of the contract shall accrue to the customer.

3.2 Vector shall not be restricted to use the gained know-how and to develop and distribute software in the same application area as the programs developed for the customer, provided that Vector complies with § 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 Modifications and resulting adaptations of the terms of the contract must be confirmed in writing by both parties. If the customer requests a modification orally, Vector may request the customer to deliver it in writing, or Vector may confirm it in writing. If Vector confirms the customer's request for modification in writing, the wording of Vector's confirmation shall be deemed to express the customer's requirements correctly, 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.

§ 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 test the programs and to confirm their acceptance in writing if the programs meet the final specification. The customer shall test in particular those parts of the programs which will be used only occasionally, for instance at the end of the year.

Unless otherwise agreed, the acceptance test period shall be 3 weeks.

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 1 week before the performance of the acceptance test.

5.3 It shall be deemed that the customer has accepted the programs according to agreement if the customer has not reported a material defect within 2 weeks after the agreed on acceptance test period.

5.4 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 EUR 25,000.00, 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 separately calculated on top of all the payable prices and paid by the customer.

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 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 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 purpose of 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

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

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.

8.2   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.

8.3   The obligation to effect subsequent performance is expressly excluded if the customer modifies the programs or manipulates them in any other way, unless the customer proves that the defect did not result from the modification or manipulation.

8.4   If the customer cannot prove that a reported defect has turned out to be a defect, Vector is entitled to reimbursement of Vector's 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, the customer 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, the customer may exercise its statutory rights, claims for damages within the limitations pursuant to § 9.3. Vector may set a period within which the customer must declare whether or not the customer still requests primary or subsequent performance. If the customer does not request primary or subsequent performance timely, the customer 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 which jeopardizes the contract goal (cardinal obligation) (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 if and to the extent to which damages are covered under Vector's business liability insurance and the insurance company has effected payment to Vector. Vector agrees to maintain the coverage of this insurance as provided at the time of the execution of the contract.

Claims for personal injury shall remain unaffected.

§ 10   Confidentiality Obligations

10.1   Vector shall keep the customer's trade and business secrets confidential for an unlimited period of time, as well as all other information obtained by Vector under or in connection with this contract, designated in writing as confidential by the customer. However, Vector shall have no obligation with respect to any information which is (i) already in Vector's possession at the time

of the execution of the contract, (ii) independently developed by Vector, or (iii) which is publicly known through no wrongful act of Vector.

10.2 Notwithstanding § 10.1, Vector is not obliged to keep confidential any of Vector's ideas, concepts, know-how or techniques related to the development of software.

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

10.4 Vector may include the name the customer and a brief description of the rendered performances in a reference list. All other advertising references to the customer shall be agreed on in advance with the customer.

§ 11 Miscellaneous

11.1 The contract and its modifications require written form.

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.