



General Terms and Conditions for Purchasing by the Deutsche Telekom Group (GTC Purchasing)

Part B: Specific terms for P.R. China

1. Quality Management, Environmental Protection

Contractor has to adhere to Customer's requirements for quality management and environmental protection. If stipulated in the specification, Contractor shall document the application of a quality management system in accordance with DIN EN ISO 9001:2000 or TL 9000 and shall provide data with respect to the metrics described in the TL 9000 Quality Management System Measurements Handbook.

2. Default

- (1) In the event of default, the statutory provisions shall apply, unless otherwise provided for below.
- (2) Also a default of Customer with regard to payment shall require a prior reminder of no avail from Contractor.
- (3) If a penalty is agreed, Customer may reserve the contractual penalty right any time up to the final payment.

3. Product Liability

- (1) Insofar as Contractor is accountable for a damage on the basis of product liability, Contractor undertakes to indemnify Customer against any claims for damages by third parties upon first written request.
- (2) In addition, Customer shall be entitled to reimbursement of all costs and expenses incurred in this context, in particular those incurred by product recalls. Customer shall notify Contractor of the type and scope of recall actions, if this is possible and can be reasonably expected.
- (3) Customer shall immediately inform Contractor of the assertion of claims based on product liability and shall not make any payments or recognize any claims without consultation with Contractor.
- (4) Other statutory claims shall remain unaffected.

4. Transfer of Risk, Acceptance, Inspection for Defects

- (1) For the transfer of risk and title the statutory provisions shall apply, unless otherwise agreed.
- (2) The supply of movables which are to be manufactured or produced as well as installation services require a written acceptance by Customer. The transfer of risk occurs with acceptance. Any implied acceptance, in particular by Customer's use of the products or services, is excluded.

- (3) Apart from that with regard to deliveries, the risk is transferred to Customer upon arrival at the place of receipt and upon counter-signing of the delivery note. Upon delivery, Customer shall inspect the delivery only for obvious defects (identity, completeness and damages in transit). In the case of large-scale deliveries, Customer shall be allowed to narrow the inspection to random checks. Unless otherwise agreed or compulsory by law, Customer has no obligation to inspect and object to defects within any period of time after delivery. In addition, signing of the delivery note shall in no event be construed as acceptance made by Customer.

5. Liability for Defects

- (1) Contractor shall be liable for defects, commencing on the date of transfer of risk or, if acceptance has been provided for, upon acceptance by Customer, and guaranteeing the contractual and defect-free condition and defect-free functioning of the products or services for which Contractor is responsible. The period of liability is extended by the time the products or services can not be used correctly.
- (2) The statutory provisions of limitation period of claims for defects shall apply to defects arising out of the products or services provided by Contractor. Contractor is obliged to bear the cost of all expenses (including legal fees and costs) arising in connection with the liability for defects. Other statutory claims available to Customer shall remain unaffected.

6. Invoices, Terms of Payment, Taxes

- (1) At Customer's discretion, the payment period shall be 90 days net. The payment period shall commence on the first day after receipt of the verifiable invoice which meets the requirements set forth in the Orders.
- (2) If a credit note procedure has been agreed, the following provisions shall apply in deviation from respectively in addition to the provisions of this section:

Customer effects payments without Contractor submitting invoices. The payment period shall commence when Customer has finished entering the data, but no later than three working days after submission of the delivery note/service confirmation and not before provision/acceptance of the service. The service shall be billed on the basis of the delivery note/service confirmation. Contractor shall receive a

credit note from Customer on a monthly basis by the third working day of the following month as proof of the services recorded by Customer electronically. The credit note shall show the services according to type and quantity, as well as the net prices, the value-added tax rate, the value-added tax amount and the total amount for each delivery note/service confirmation.

- (3) The prices, charges, or fees set forth in the Order payable by Customer shall include all customs duties or import surcharges, sales or value added taxes, rates, duties, levies, or similar tax assessments imposed by any authority, government, or government agency which may apply or may be introduced from time to time arising out of or in connection with the Order.

10. Final Provisions

The laws of the People's Republic of China shall apply, with the exclusion of the United Nations Convention on Contracts for the International Sale of Goods and provisions referring to foreign law. For any dispute arising out of the Order or any term or condition set forth herein, either Customer or Contractor shall be entitled to submit the dispute to the China International Economic and Trade Committee (CIETAC) for arbitration in Beijing accordance with its then in force arbitration rules. The arbitration award shall be final and binding on both Parties.
