Quality assurance agreement

between

the SIMON corporate group

(The participating companies are listed in the Annex)

Sulgener Straße 19 – 23

78733 Aichhalden

hereinafter referred to as "**SIMON**"

and

Company

Jiangxi Yaosheng Tungsten Co Ltd

Changlong Town, Chongyi County, Ganzhou City, Jiangxi Province, China.

hereinafter referred to as "**Supplier**",

both jointly referred to hereinafter as the **"Contractual partners"**.

General scope:

This QAA regulates the collaboration between SIMON and the supplier in order to fulfil all quality standards for processes and products and ensure all statutory and contractual requirements are met. In order for the collaboration to continue, the supplier must always be capable of delivering the stipulated quality based on a continuously effective quality management system (QMS), in accordance with or pursuant to DIN EN ISO 9001 in its current valid version. This results in direct, mutual contractual obligations.

The supplier must attempt to become certified in accordance with IATF 16949 and to obtain an environmental certificate in accordance with DIN EN ISO 14001.

The supplier's quality strategy must be focused on continuously improving its processes and services.

The goals are “zero defects”, 100% on-time delivery and cost reductions through reducing process variations and waste.

The QAA is a specialised agreement, and takes precedence over other contractual agreements. Supplementary or deviating agreements between SIMON and the supplier are listed in Annex 1 to this QAA. The General Terms and Conditions of SIMON or the supplier shall not apply to this QAA. **The supplier hereby acknowledges that its obligations under this QAA shall also apply to all delivery relationships with SIMON group companies. The respective companies are listed in the Annex.**

1 Terms

All terms in this QAA and in the agreed additionally valid documents shall be defined primarily based on the definitions from the referenced regulations, in their current valid versions, such as DIN EN ISO 9000 or IATF 16949, or requirements from the applicable conformity assessment procedures under harmonised European harmonisation legislation.

Standards (such as DIN ISO, etc.) from recognised national and international standardisation organisations are considered minimum standards. They cannot be used as the latest state of the art science and technology or as accepted technical practice. They never replace the need for further technical specifications.

Harmonised standards (EN standards) are European standards that ensure conformity with European legal regulations. They are always binding as standard components. Test certificates (such as acceptance test certificates in accordance with en 10204 -3.1 or 3.2) prepared by the supplier according to harmonised standards shall be adopted by SIMON as such for the purpose of the declaration of conformity.

Product safety is the statutory promotion of the safety of products. Directive 2001/95/EC and the Product Safety Act apply in particular, with their respective amendments or new regulations.

Quality capability is the supplier's ability to fulfil and verify the agreed, specified, or normal industry quality requirements for products and production processes in every stage of product definition.

Process parameters are variables that influence processes and are used for process control and process regulation.

2 Fundamental principles, duties of collaboration and information

The basis of collaboration with SIMON in accordance with this QAA is the ongoing and comprehensive quality capability of the supplier, based on its professional expertise. Therefore, the supplier must verify that it has a valid certificate for the quality management system (QMS) in accordance with DIN EN ISO 9001 in the current valid version. A QMS in accordance with DIN EN ISO 9001 is only recognised as a minimum requirement, and as a step to further develop the quality management system. A quality management system in accordance with IATF 16949 is preferable, along with an environmental certificate under DIN EN ISO 14001. SIMON must be informed promptly and in writing if any certificates are lost or restricted. If the supplier is not certified, then it must verify that its QMS processes are effective in accordance with DIN EN ISO 9001 or IATF 16949.

The supplier must record quality and process data in such a manner that this can be evaluated. This data must be submitted to SIMON upon request at any time. The supplier shall not have the right to refuse to perform services.

3 Coordinators

SIMON and the supplier shall name a coordinator for each product to be delivered: Coordinators are responsible process owners. Coordinators are responsible for all measures and determinations under this QAA. They establish, in particular, the quality plans, documents of verification, including document storage, and interfaces for all required performances, measurements and tests.

The supplier shall name an officer for product safety/product liability, with the task of avoiding all safety-relevant errors and incidents of all kinds. The supplier shall name the product safety officer (PSO) in writing. Unless otherwise agreed, the coordinator shall act as a product safety officer, and shall be named as such by SIMON to its customers.

4 Performance specification, technical specifications

The requirements for the product to be developed, manufactured or delivered by the supplier shall be stipulated by SIMON and the supplier through the coordinators. These requirements are generally based on a drawing or requirement specification prepared by SIMON, which the supplier shall implement with its

feasibility and manufacturing assessment in coordination with SIMON, and through a technical specification if needed.

5 Development

If agreed, development services shall be defined in a product development plan with all entries, process steps and milestones, including test planning, testing material planning, and a risk analysis. The coordinators shall define and document handover from the development process to production.

6 Initial sample test report (ISTP)

Unless otherwise agreed, the supplier shall prepare an initial sample test report in accordance with the current version of VDA document 2 or based on the production part approval process (PPAP), and shall submit the verification documents stipulated by SIMON for this purpose based on the drawing or requirement specification (clause 5). Deviating sample requirements and submission levels shall be defined by SIMON during the initial sampling process. The production process and product approval shall be concluded following approval of sample documents by SIMON. The sample documents shall define the agreed properties of the product to be delivered. Upon request by SIMON, reference or limit samples must be submitted to SIMON and/or provided to SIMON's customer, including associated documentation.

The initial samples ordered by SIMON must be manufactured under series production conditions, and must be submitted to SIMON including initial sample documentation in the agreed scope and at the agreed deadline. SIMON reserves the right to complete an on-site process audit.

If there are any changes to products or production processes, upon request by SIMON the supplier shall complete another sampling process for the product.

All measuring equipment used in conjunction with the initial sampling process must be listed in the initial sample test report.

7 Change management, part history

Any planned change to a product or production process by the supplier or its sub-contractors shall be subject to change management as agreed by the coordinators. SIMON must be informed promptly regarding all details to such an extent that SIMON and SIMON's customer can assess the effects of the planned change on the product to be manufactured by SIMON or its use by SIMON’s customer. The supplier is not entitled to any such assessment. SIMON's agreement shall not affect the sole responsibility of the supplier. Until SIMON makes its decision regarding a change, the supplier shall request a special approval or deviation approval in the individual case.

If SMON requests changes, the supplier must implement these changes. The supplier cannot make the implementation of the changes dependent on a cost regulation.

Any joint determination, in particular the valid drawing and index version, shall be recorded by the coordinators in a part history and mutually confirmed in writing. The format of the part history and type of communication shall be agreed upon by SIMON and the supplier. The part history shall be the document managed by the coordinators and used to determine the most recent valid version of the agreement between SIMON and the supplier in every phase of product execution. The part history may only be proven incorrect by verifying falsification.

8 Approvals

In order for SIMON to grant its approval, all agreements made must be fulfilled, with documented verification management by the supplier. SIMON shall assume that all information provided by the supplier is correct and complete, trusting in the specific professional expertise of the supplier for the product to be delivered and the integrity of the supplier's declarations. Therefore, approval by SIMON shall in no case be considered acceptance, authorisation or agreement under the law by SIMON. Approval shall not restrict the supplier's comprehensive responsibility for its declarations and the trust in them.

Upon request by SIMON, the supplier shall provide SIMON with all documented information or provide access to it, safeguarding its legitimate interests in secrecy.

9 Supplier management, incoming goods inspection

The supplier may only use subcontractors that are able to deliver the required quality under the conditions that apply to itself and under these QAA. The supplier shall monitor subcontractors accordingly; the supplier itself is generally responsible for auditing subcontractors. The supplier shall apply this QAA accordingly in its supplier management. The supplier shall verify that the QAA has been applied to its subcontractors upon request by SIMON. It shall promptly inform SIMON in writing if it plans to change any subcontractors, and shall obtain SIMON's approval for the change.

Regardless of this, however, the supplier shall also facilitate joint audits with SIMON of subcontractors. If the subcontractor declines this, SIMON may request that the supplier promptly cease purchasing products or services for products intended for SIMON, or complete a 100% inspection of all products to be delivered by this supplier and document this inspection.

In order to ensure the quality of purchased products, the supplier must monitor the scope of purchasing, and in particular must carry out documented incoming goods testing. Incoming goods testing methods must be determined in coordination with SIMON for the specific product and according to the functional and safety relevance of the purchased part, and its suitability for the supplier's product.

Testing certifications of subcontractors, such as in accordance with DIN EN 10204, shall be considered as testing certifications of the supplier. The supplier must ensure that only defect-free purchased parts can be used in the next steps of the production process through a documented procedure.'

10 Failure modes and effects analysis (FMEA)

To prevent, in particular, safety-relevant quality defects from occurring during series production, and to limit the required testing from an economic standpoint, potential errors and their consequences must be analysed. Appropriate precautionary measures must be taken to safeguard the process if weaknesses are found. Upon request by SIMON, the supplier must provide access to the FMEA at any time, or provide verifiable explanations.

11 Special features, product features

Special features are product features or production process parameters that could affect the safety or compliance with official regulations, the fit, the function, the performance or the further processing of the product. Special features must be assessed in the feasibility analysis.

The supplier shall also designate the special features defined by SIMON as such in its documentation, in particular in its drawings, work instructions, process flow charts, testing plans, production management plans and in the FMEA, and monitor them systematically. SIMON must be informed promptly of any deviations, with a description of corrective measures.

The supplier must determine the process capability for special features of the specific features identified by SIMON, with continuous verification. If the capability levels of $C_{mk} \geq 1.67$, $P_{pk} \geq 1.67$, and/or $C_{pk} \geq 1.33$ cannot be achieved, the supplier shall promptly optimise its processes accordingly. If and insofar as the required capability values have not (yet) been achieved, suitable tests must be completed during production, in order to exclude any quality deviations. A 100% test of all products manufactured by the supplier shall be considered a suitable test, and shall be required in case of doubt.

Features for which a capability verification cannot be provided must be assured in some other manner, for instance through systematic, documented monitoring of process specifications for heat and surface treatment.

The supplier is independently responsible for reviewing whether additional features must be defined in the individual case, in order to ensure the product safety and ensure the product is free from errors in verification and validation, and ensure the production process is free from faults.

The supplier must store monitoring of product and production parameters for special features and all quality records for 30 years on suitable data storage media or data systems. The supplier must provide

the data within 48 hours upon request, in particular in case of recalls, service campaigns or product liability issues. The supplier has no right to refuse to provide services.

For instance, if the supplier is not capable of maintaining or ensuring the legibility of databases and storage because it has halted operations, then the databases must be transferred to SIMON or a third party named by SIMON at SIMON's request. Outsourcing databases to third parties or clouds shall require the express approval of SIMON.

12 Control plan

Regardless of agreements between SIMON and the supplier in an individual case, the provisions of IATF 16949 apply to the control plan.

The control plan shall stipulate the documentation of all product and process-related features that are suitable for providing verification of a fault-free production process by the supplier. The testing and measurement equipment used by the supplier must be suitable for the purpose and listed in the control plan.

The supplier must promptly provide this documentation upon request by SIMON as verification documents from SIMON to official agencies or for the purpose of preserving evidence. The supplier shall not have the right to refuse to perform services.

The control plan must contain all information from the risk analysis of development, the process sequence diagram and the results of the risk analyses (FMEA). To ensure that measurement results can be compared with one another, the supplier must agree on measurement methods and materials with SIMON in advance.

Special features must be designated as such in the control plan. The coordinators of SIMON and the supplier shall define how the requirements from the special features will be ensured, including the measurement and testing equipment used and the methods and procedures used to document this, in the control plan.

The scope of requalification shall be defined in the supplier's production management plan (PMP) and agreed upon with SIMON.

13 Production materials, tools

Production materials belonging to SIMON or SIMON's customers (such as tools, fixtures, testing materials) must be marked with a label defined by SIMON. These production materials must be fully integrated into the supplier's maintenance activities. A tool supply agreement shall regulate further details upon request by SIMON.

SIMON reserves the right to stipulate provisions on tool management and tool capability requirements, as well as the maintenance intervals, etc.

14 Measuring equipment, testing equipment capability

The supplier must ensure and document that only measuring equipment that conforms to the statutory provisions of the Metrology Law is used. For each piece of measuring equipment it uses, the supplier must verify that it has a declaration of conformity issued by the equipment manufacturer, and must ensure that the measuring equipment it uses is able to provide a stable measurement. SIMON must be notified promptly of any change or deviation from the measuring equipment used, and may only use such equipment to monitor measurement inaccuracy with the approval of SIMON.

The supplier is obligated to complete ongoing testing equipment capability assessments. It must describe the processes required for this purpose and document their completion in a test procedure plan coordinated with the QM plan, based on stipulated testing instructions, with testing equipment capability certifications. VDA volume 5 (capability of measurement processes) or the AIAG Reference Manual (MSA) shall apply.

15 Safety data sheets

Upon request by SIMON, the supplier must submit product-specific safety data sheets. The safety data sheets must include all information and verifications required under national and EU law in order to ensure permitted use and handling without danger by SIMON and/or third parties.

The supplier must provide SIMON all instructions and information necessary for SIMON and/or SIMON's customers to handle the product safely based on its own competence, in particular information regarding handling, installation and transport, or to protect against the influences of EMC, EDS, etc.

16 Emergency plans and emergency manufacturing rights

The supplier must verify to SIMON that it has emergency plans, in order to ensure product safety and ensure SIMON's supply of contractual products. If there are no emergency plans or if such plans are insufficient, this shall exclude the possibility that the supplier can invoke a claim of force majeure.

In case of manufacturing interruptions, in particular due to fire, water, natural forces, or comparable events that could not be predicted by the supplier and that will result in delivery problems for SIMON, the supplier declares its willingness to provide SIMON or a third party to be jointly named direct access to the tools and fixtures for the purpose of emergency manufacturing.

Once the supplier is once again able to resume production, SIMON shall deliver the borrowed tools and fixtures back to the supplier.

17 Auditing and supplier assessment

SIMON is entitled to audit the supplier itself at any time following written advance notice, or to have an audit conducted by quality auditors (DIN EN ISO 19011). SIMON shall inform the supplier of the occasion for the audit, the type of audit and the scope of the audit. If duties are not assigned to the coordinator, the supplier shall name a person responsible for preparing for and carrying out the audit; this individual must be present during the entire audit and subsequent coordination meeting. The responsible person shall represent the supplier in the audit and must be equipped by the supplier with all necessary authorisations for this purpose.

The supplier must promptly allow the audit if there is a reason to believe that the supplier's quality capabilities no longer conform to this QAA.

After each audit, a coordination meeting shall be held to determine the effects of the audit results and subsequent measures, which the supplier must implement within an appropriate time period stipulated by SIMON. Upon request by SIMON, the supplier must provide relevant verifications that corrective measures have been implemented and are effective.

SIMON may request information, quality records and other documentation on the product and/or production process at any time, even outside of the scope of an audit, that could be the object of an audit. The supplier shall not have the right to refuse this.

Every six months, SIMON shall provide the supplier with a supplier assessment of its performance. The supplier's performance shall be evaluated as follows:

1. Quality performance (supplier's QM system, process audit results, Ppm, number of complaints, reaction time to complaints, special customer status, recalls/returns), will be weighted with max. 570 points.
2. Delivery (on-time delivery, correct quantities) will be weighted with max. 300 points.
3. Purchasing (communication/bidding, willingness to cooperate/flexibility and reaction time/quality assurance agreement, consulting/technology) will be weighted with max. 100 points.
4. Environment, energy and occupational safety will be weighted with max. 30 points.

Ratings will be determined every six months:

Q-Index $\geq$ 90: A-supplier, 80 $\leq$ Q-Index < 90: B-supplier, Q-Index < 80: C-supplier

The supplier must initiate corrective measures if assigned a B or C rating.

In case of repeated errors, faults that have serious effects or increasing complaints, SIMON is entitled to classify the supplier in an escalation model.

Special trips: according to IATF, SIMON is obligated to evaluate these. Because of this, SIMON must obligate its suppliers to record all special trips and submit this information to the responsible contact person in purchasing at SIMON at least once each quarter.

18 Control of nonconforming products

Products which are suspected of being faulty or not labelled must be kept in a quarantine storage area. The quarantine storage area must be organised so that products cannot be removed for the area for other purposes. Reworking quarantined products shall require the approval of SIMON. Quarantined products must be scrapped upon request by SIMON; verification of scrapping must be provided to SIMON upon request. They may not be used for any other purpose, for instance as replacement or exchange parts, on the grey market. The supplier must document management of quarantined products. Documentation must be stored for 30 years and submitted to SIMON upon request.

19 Complaint management

The supplier must establish and maintain a complaint management organisation. It must name an employee to SIMON who is responsible for all complaints from SIMON. If an employee is not named, then the coordinator shall be considered responsible. The supplier's complaint organisation must ensure that all product and production process parameters are available promptly, in order to precisely determine a risk period (for further details, see clause 21) and in order to ensure prompt complaint processing, so that SIMON can fulfil its own subsequent performance obligations towards SIMON's customers. The supplier has no right to refuse to provide services.

Unless otherwise agreed or requested by SIMON, the supplier shall promptly create and process an 8D report for each complaint. The supplier must react to a complaint by SIMON within two business days, and take appropriate immediate measures within this time (such as initiating sorting measures). The supplier must submit a cause analysis and action plan with deadlines to SIMON within five business days following a complaint. The supplier must provide their final position in the 8D process within 10 business days following a complaint. Final reports must have informative, clear and complete content. The deadline for submitting the complete 8D report may only be extended based on valid interim reports.

The 8D report must be signed by the complaint manager and a qualified employee, based on a dual review principle.

If there are any deviations from the product or performance specifications or the approved processes, before delivering the products the supplier must submit a written request for special approval.

Corrections shall require approval from Simon.

20 Traceability

Ensuring traceability, helps to contain faulty or defective products in the supply chain or in the field, and to limit damage. Product labelling and identification methods must be defined in coordination with SIMON. Traceability includes availability of the production process parameters assigned to the products for testing throughout the entire production process (such as temperature, pressure, current, etc.) and the flow chart of internal procedures.

SIMON reserves the right to issue stipulations in order to ensure traceability according to SIMON's customers' requirements, and to coordinate their implementation with the supplier.

21 Guarantee

Unless contractually agreed, the supplier shall also be liable under the guarantee for damages incurred by SIMON through third party claims (customers), insofar as the supplier was responsible for the cause of the fault. This includes, in particular, costs SIMON incurs from its customers due to complaints regarding faulty parts from the supplier (including ancillary warranty costs). The statutory or contractual provisions of the delivery contract also apply.

22 IT security

The supplier must maintain an information security management system in accordance with DIN/ISO IEC 27001 in its current valid version, and organize its infrastructure through measures (DIN EN ISO 9001 - 7.1.3 lit. d) so that safety-relevant incidents are detected. Regardless of statutory regulations, it must document all safety-relevant incidents (in particular attacks by hackers, Trojan horses, viruses, spying by national or international services or organisations) in its IT system and store them there for ten years. It must promptly report any safety-relevant internal or external incident to SIMON. SIMON and the supplier shall jointly evaluate the possible effects of such incidents on safeguarding company secrets, non-disclosure obligations towards third parties, and information security, and shall define corrective measures. If effective corrective measures cannot be reliably defined, then SIMON is entitled to halt electronic transactions with the supplier.

SIMON is entitled to audit the effectiveness of IT security measures taken by the supplier, or have them audited by a third party who is obligated to secrecy. SIMON can request that the supplier adjust its IT management, in particular if SIMON is required to do so by its customers or by official agencies.

Failure to comply with IT security provisions shall always be considered a violation of non-disclosure agreements and a separate breach of duty under Sec. 280 paragraph 1 BGB.

Storage on an external server (cloud computing) is permitted only with the approval of SIMON. The supplier guarantees that it shall ensure SIMON has access to an external server. Upon request, documents and information must be provided to SIMON, in particular to safeguard against warranty or product liability claims. The supplier shall not have the right to refuse to perform services.

23 Environmental protection, occupational protection, REACH

The supplier hereby undertakes to comply with all statutory environmental protection regulations and to promote operational environmental protection through an appropriate environmental management system. Impacts on people and the environment must be kept as minimal as possible. To do so, it is preferable that the supplier introduce and develop an environmental management system in accordance with DIN EN ISO 14001.

The supplier hereby undertakes to comply with all statutory regulations and safety technology requirements related to occupational safety.

The supplier shall ensure that all products to be delivered to SIMON conform to REACH. The supplier must fulfil its obligations under the European REACH chemicals ordinance, EC no. 1907/2006 (REACH) for deliveries within or to the European Union (EU).

24 Insurance

The supplier must maintain operating liability insurance with expanded product liability coverage, as well as recall cost insurance, each at normal industry conditions and sums insured, and provide verification of this to SIMON upon request. maintaining this insurance coverage shall not limit the supplier’s liability.

The supplier hereby undertakes to provide prompt notification to the ordering party of changes in its insurance circumstances, in particular if it no longer has insurance coverage.

25 Term and termination

This QAA is concluded for an indefinite term. It may be terminated by SIMON or the supplier with a notice period of 24 months. Termination shall not affect the continued application of the QAA for the duration of any delivery obligations of the supplier that continue to exist beyond the notice period or that are applicable at the time this QAA ends.

Regardless of why the QAA is ended, confidentiality and documentary obligations and obligations to provide information and documents, as well as to maintain IT security, shall continue to apply.

26 General provisions

This QAA is subject to German law. The exclusive place of jurisdiction is the state court responsible for SIMON's headquarters (the Chamber of Commercial Affairs). This also applies to legal disputes between international affiliated companies of SIMON and of the supplier.

Amendments, supplements, terminations or revocations of this QAA shall require the written form and must be signed by authorised representatives of SIMON and the supplier.

If a provision of this QAA is or becomes invalid, the other provisions shall remain unaffected. If a provision becomes invalid, SIMON and the supplier shall agree to an effective provision coming as close as possible to the original provision in terms of legal, economic and technical considerations.

The parties agree that this QAA has been negotiated and concluded as an individual agreement, in particular in consideration of their joint responsibility for avoiding errors throughout the entire supply chain.

27 Additional valid documents

Additional customer-specific standards

Additional customer-specific requirements

Aichhalden, dated 12. September 2022 **, dated**

_____ _____

Karl Simon GmbH & Co. KG

Stamp

Quality assurance agreement (QAA)

Karl Simon GmbH & Co. KG

Annex 1 to this agreement

This QAA shall apply to the following companies:

Karl Simon GmbH & Co.KG
Sulgener Str. 19-23
D-78733 Aichhalden

Simon Sinterlutions GmbH & Co. KG
Sulgener Straße 19-23
D-78733 Aichhalden

BETEK GmbH & Co. KG

Sulgener Str. 21-23

D-78733 Aichhalden

SITEK-Spikes GmbH & Co. KG

Sulgener Str. 21-23

D-78733 Aichhalden

BETEK Tools Inc.

8107 R Arrowridge Blvd Charlotte

NC 28273 U.S.A.

BETEK Tools Taicang Ltd.

Building 12 No.188, East Guangzhou Rd.

Taicang City, 215413 Jiangsu Province, PR China