

Enterprise Act 2002 Undertakings

UNDERTAKINGS TO SUPERSEDE THE UNDERTAKINGS GIVEN TO THE SECRETARY OF STATE FOR BUSINESS, ENERGY AND INDUSTRIAL STRATEGY BY

HYTERA COMMUNICATIONS CORPORATION LTD, INCORPORATED IN PEOPLE'S REPUBLIC OF CHINA WHOSE REGISTERED OFFICE IS AT HYTERA TOWER; HI-TECH INDUSTRIAL PARK NORTH, 9108# BEIHUAN ROAD, NANSHAN DISTRICT, SHENZHEN, PEOPLE'S REPUBLIC OF CHINA ("HYTERA")

PROJECT SHORTWAY LIMITED, INCORPORATED IN ENGLAND AND WALES WHOSE REGISTERED OFFICE IS AT 939 YEOVIL ROAD, SLOUGH, BERKSHIRE SL1 4NH (No.10515575) ("HYTERA UK"); AND

SEPURA LIMITED, INCORPORATED IN ENGLAND AND WALES WHOSE REGISTERED OFFICE IS AT 9000 CAMBRIDGE RESEARCH PARK, BEACH DRIVE, WATERBEACH, CAMBRIDGE CB25 9TL (No. 04353801) ("SEPURA") ON

24 MAY 2017

WHEREAS:

- (A) On 24 May 2017 the Secretary of State accepted undertakings from Hytera, Hytera UK and Sepura which were deemed appropriate to remedy, mitigate or prevent any of the effects adverse to the public interest within the meaning of section 58(1) of the Enterprise Act (the "Act") which may be expected to result from the creation of a merger situation (the "Original Undertakings"), and the Secretary of State decided in consequence not to make a reference to the chair of the Competition and Markets Authority ("CMA") for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013. The relevant background to this decision is described in the Original Undertakings which is included as Schedule A herein.
- (B) The Original Undertakings were specific to Sepura Covered Products supplied in connection with the TETRA Airwave Network used by Emergency Services in the UK ("Airwave");
- (C) Airwave will be replaced by the Emergency Services Network ("ESN"), a long-term evolution fourth generation mobile communications network which is currently in the test phase
- (D) Sepura is supplying Covered Products to Airwave and ESN and it is therefore necessary to supersede the Original Undertakings to extend to Covered Products supplied to the ESN;
- (E) The Original Undertakings are superseded pursuant to paragraph 3(8)(b) of Schedule 7 to the Act; and therefore,
- (F) Each of Hytera, Hytera UK and Sepura gives to the Secretary of State the following undertakings ("Updated Undertakings") for the purpose of remedying, mitigating or preventing any of the effects adverse to the public interest within the meaning of section 58(1) of the Act, which may be expected to result from the relevant merger situation, as described in the Original Undertakings.

1. INTERPRETATION

In these Updated Undertakings:

1.1 where reference is made to any company then in the event of any merger, joint venture or acquisition or internal re-organisation or sale either private or to the public, such reference shall be interpreted as applying to the equivalent or successor organisation in the new structure;

1.2 except where the context does not allow, the singular shall include the plural and the plural shall include the singular;

1.3 reference to a clause shall be a reference to a clause within these Updated Undertakings;

1.4 "Airwave " means the TETRA Airwave network and service used by the emergency services in the UK;

1.5 "Approved Locations" means the locations listed in Part 1 and Part 2 of Schedule B of the Updated Undertakings;

1.6 "AES 256" means the advanced encryption standard using a key length of 256 bits adopted by the UK, which is replacing the Enhanced Grade Algorithm;

1.7 "Baseline Personnel Security Standard" allows access to OFFICIAL assets of UK origin; occasional access to SECRET assets of UK origin in the normal course of business, or during conferences, courses or briefings; custody of a small quantity of SECRET assets; entry to areas where SECRET assets are stored; work in areas where SECRET and TOP SECRET information might be overheard; and the use of equipment capable of handling SECRET information, provided that access controls are in place.

1.8 "Covered Products" means Sepura TETRA terminals used on the Airwave provisioned with AES 256 or Enhanced Grade Algorithm (including any updates or future generations of algorithm) and any associated devices used to test, provision or otherwise interact with those terminals; and the Sepura products listed in Schedule C of the Updated Undertakings, subsequent updates and services to such products, and future products and services derived from such products to the extent sold to or for the benefit of any entity that uses ESN;

1.9 "Effective Date" means the date on which these Updated Undertakings are accepted by the Secretary of State;

1.10 "Enhanced Grade Algorithm" means the UK sovereign end-to-end encryption algorithm used in Airwave end-to-end terminals;

1.11 "Emergency Services Network" or "ESN" means the long term evolution (LTE) 4G mobile communications network being created for the use of emergency services in the UK and its future developments;

1.12 "GCHQ" means the UK Government Communications Headquarters;

1.13 "Home Office" means the UK Secretary of State for the Home Department;

1.14 "List X Area" means the secure areas within the Sepura facilities at 9000 Cambridge Research Park, Beach Drive, Waterbeach, CB25 9TL that have been approved to hold certain Sensitive Material;

1.15 "Ministry of Defence" means the UK Secretary of State for Defence;

1.16 "Remote Workers" mean Sepura personnel and its authorised sub-contractors who have at least successfully passed Baseline Personnel Security Standard and who are authorised to access Sepura servers via remote connections secured to a level satisfactory to the Home Office;

1.17 "Repair Services Capability" means the capability to provide repair services for Covered Products, targeting 7 working days turnaround time for devices in warranty;

1.18 "Secretary of State" means the UK Secretary of State for Business, Energy and Industrial Strategy;

1.19 "Security Check" means the level of UK national security clearance necessary for a person to work in a position which involves long-term, frequent and uncontrolled access to UK government material with a protective marking of up to "Secret" applied by an authorised UK government representative;

1.20 "Security Requirements for List X Contractors" means the Security Requirements for List X Contractors V10.0 or any updated version published by the UK Cabinet Office;

1.21 "Security Undertakings" means the undertakings given in clause 2;

1.22 "Sensitive Material" means any Sepura source code, intermediate code or binary software embodying the Enhanced Grade Algorithm or AES 256 (including any updates or future generations of algorithm); all intellectual property including patents, designs, mask works, topography, copyrights, moral rights and know-how developed, created, derived and/or otherwise arising in connection with Covered Products; and any UK government software, information, thing or documentation with a protective marking or classification of "Official Sensitive" or "Secret" applied by an authorised UK government representative;

1.23 "TETRA" means terrestrial trunked radio; and

1.24 "UK" means the United Kingdom.

2. SECURITY UNDERTAKINGS

Each of Hytera, Hytera UK and Sepura undertakes the following in respect of itself, and in respect of obligations on Sepura, each of Hytera and Hytera UK undertake to procure that:

Maintenance of strategic capabilities

2.1 For so long as contracted, Sepura will provide repair services for Covered Products used on the Airwave or ESN service, as applicable, targeting 7 (seven) working days turnaround time for devices in warranty and maintain the Repair Services Capability in the UK, except in so far as the Home Office has separately agreed otherwise in writing.

2.2 The Repair Services Capability shall continue to be directly controlled by a company or companies incorporated in the UK under the laws of England & Wales, except insofar as the Home Office has separately agreed otherwise in writing.

Covered Products

2.3 Regarding the Covered Products:

- i. The manufacture of Covered Products shall only take place at Approved Locations.
- ii. The customising, repairing, and servicing of Covered Products shall only take place at locations in Part 1 of Schedule B;
- iii. The design and development of Covered Products shall either take place at locations in Part 1 of Schedule B or handled by Remote Workers;
- iv. Covered Products returned to Sepura for servicing shall be held in the List X Area; and
- v. in each of the above cases, be directly controlled by a company or companies incorporated in the UK under the laws of England & Wales, except insofar as the Home Office has separately agreed otherwise in writing.

2.4 Hytera, Hytera UK and/or Sepura shall give 60 (sixty) calendar days' advance written notice to the Home Office of any intent to relocate or deviate from any Approved Location with respect to the design, development, manufacturing, servicing and/or repairing of Covered Products for the Home Office's review and approval. The Home Office may object to the proposed relocation or deviation on the basis of the national security public interest consideration specified in section 58(1) of the Act. In the event of an objection, the Home Office will engage in good-faith discussions with Hytera, Hytera UK and Sepura to attempt to resolve the concerns underlying such objection. Until such agreement is reached between the Home Office, Hytera, Hytera UK and Sepura, the proposed relocation or deviation shall not take effect. If approval for relocation or deviation is granted by the Home Office, such new location shall be deemed an Approved Location.

2.5 The Parties agree to meet and confer with the Home Office and to negotiate in good faith to address any national security public interest concerns the Home Office may raise with respect to any matters set forth in these Updated Undertakings.

Protection and exploitation of Technology and Information

2.6 Sensitive Material shall not be subject to direct foreign ownership or to foreign control or influence.

2.7 Sepura shall comply with, and maintain certification pursuant to, the Security Requirements for List X Contractors in respect of areas where Sensitive Material is used or stored.

2.8 Sepura shall maintain necessary security controls in respect of all areas and all matters relating to Sensitive Material to the satisfaction of the Home Office, GCHQ and the Ministry of Defence.

2.9 Except in so far as the Home Office has separately agreed otherwise in writing, one member of Sepura's board of directors shall be a British citizen with Security Check clearance.

2.10 Only Sepura personnel and its authorised sub-contractors with Security Check clearance shall have access to the List X Area, unless the Ministry of Defence has granted prior written approval for the relevant individual. Only Sepura personnel and its authorised sub-contractors shall have access to Approved Locations.

Compliance

2.11 Sepura shall employ a security controller responsible for facilitating and overseeing compliance with the Security Requirements for List X Contractors and the Security Undertakings. Such security controller shall be a British citizen with Security Check clearance who shall report all relevant information to the CMA and Home Office in relation to compliance or non-compliance, actual or potential.

2.12 Hytera, Hytera UK and Sepura shall provide the Home Office with such information as it may from time to time reasonably require to ascertain that they are fulfilling the Security Undertakings.

2.13 Hytera, Hytera UK and/or Sepura shall immediately report any known or suspected breach of the Security Undertakings to the Home Office on becoming aware of the same and shall address the breach immediately.

2.14 If any of Hytera, Hytera UK or Sepura are unable to comply with any of the Security Undertakings, or become aware of any noncompliance, they shall: notify the Home Office and CMA immediately; provide to the Home Office and CMA full reasons for the inability to comply or the non-compliance within 1 month of becoming aware thereof; and use best endeavours to remedy any noncompliance as soon as possible.

2.15 Hytera, Hytera UK and Sepura shall provide advance notice to the Home Office of any proposed changes to the ownership, management control, composition of the Board of Directors or senior management of Sepura.

2.16 For the purpose of checking compliance with the Security Undertakings, representatives of the Home Office, the Ministry of Defence and GCHQ shall be entitled to enter and inspect any premises used by Sepura, Hytera UK or Hytera which are in any way connected with Sensitive Material, and inspect any document or thing in any such premises which is concerned with such Sensitive Material, whether the visit is announced or unannounced. Such representatives shall be entitled to access all such information as they may reasonably require and may remove from any premises any Sensitive Material that is being used or stored in breach of these Updated Undertakings.

2.17 Hytera and Hytera UK shall take or refrain from taking such action as is reasonably necessary, in order to enable Sepura to comply with the Security Undertakings.

Provision of Information

2.18 Hytera, Hytera UK and Sepura shall co-operate with the CMA and provide it with such information as it may reasonably require for the purpose of any of its functions under section 92 of the Act in relation to these Security Undertakings.

Directions from the CMA

2.19 Hytera, Hytera UK and Sepura shall comply with such written directions as the CMA may from time to time give to take such steps within their competence as may be specified or described in the directions for the purpose of carrying out or securing compliance with these Security Undertakings. Hytera, Hytera UK and Sepura shall do or refrain from doing anything so specified or described in such written directions which they might be required by these Security Undertakings to refrain from doing or to do.

3. IMPLEMENTATION OF THESE UPDATED UNDERTAKINGS

3.1 Each of Hytera, Hytera UK and Sepura shall implement the Security Undertakings on the Effective Date.

4. TERM OF THESE UPDATED UNDERTAKINGS

4.1 These Updated Undertakings shall take effect upon the Effective Date and shall continue in force until they are released by the Secretary of State.

5. GOVERNING LAW

5.1 These Updated Undertakings shall be governed by and construed in accordance with the laws of England & Wales and each party hereby irrevocably submits to the exclusive jurisdiction of the English courts.

Signed

For an on behalf of Hytera Communications
Signatory: Yelin Jiang, President

A handwritten signature in black ink, appearing to be 'Yelin Jiang' in a cursive style.

For and on behalf of Project Shortway (Hytera UK)
Signatory: Yelin Jiang, Director

A handwritten signature in black ink, appearing to be 'Yelin Jiang' in a cursive style.

For and on behalf of Sepura Ltd
Signatory: Steve Barber, CEO

A handwritten signature in black ink, appearing to be 'S Barber' in a cursive style.

Schedule A – Original Undertakings Signed 24 May 2017

Enterprise Act 2002 Undertakings

ANTICIPATED ACQUISITION BY HYTERA COMMUNICATIONS CORPORATION LTD OF SEPURA PLC

UNDERTAKINGS GIVEN TO THE SECRETARY OF STATE FOR BUSINESS, ENERGY AND INDUSTRIAL STRATEGY BY

HYTERA COMMUNICATIONS CORPORATION LTD, INCORPORATED IN PEOPLE'S REPUBLIC OF CHINA WHOSE REGISTERED OFFICE IS AT HYTERA TOWER, HI-TECH INDUSTRIAL PARK NORTH, 9108# BEIHUAN ROAD, NANSHAN DISTRICT, SHENZHEN, PEOPLE'S REPUBLIC OF CHINA ("HYTERA")

PROJECT SHORTWAY LIMITED, INCORPORATED IN ENGLAND AND WALES WHOSE REGISTERED OFFICE IS AT 939 YEOVIL ROAD, SLOUGH, BERKSHIRE SL1 4NH (No.10515575) ("HYTERA UK"); AND

SEPURA PLC, INCORPORATED IN ENGLAND AND WALES WHOSE REGISTERED OFFICE IS AT 9000 CAMBRIDGE RESEARCH PARK, BEACH DRIVE, WATERBEACH, CAMBRIDGE CH25 9TL (No. 04353801) ("SEPURA")

WHEREAS:

- (A) On 16 December 2016 Hytera and Sepura plc announced the proposed acquisition by Hytera of the entire issued and to be issued ordinary share capital of Sepura plc (the "**Transaction**");
- (B) On 10 April 2017 the Secretary of State issued a public intervention notice to the Competition and Markets Authority ("**CMA**") under section 42 of the Enterprise Act 2002 (the "**Act**");
- (C) On 4 May 2017, the CMA reported to the Secretary of State in accordance with section 44(2) of the Act, which was within the period specified by the Secretary of State, summarising representations received by it relating to the national security public interest consideration specified in the public intervention notice;
- (D) The Secretary of State has the power to refer the Transaction under section 45 of the Act to the chair of the CMA for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013 or may, instead of making such a reference, accept undertakings in lieu under paragraph 3(2) of Schedule 7 to the Act; and
- (E) The Secretary of State considers the undertakings given below by Hytera, Hytera UK and Sepura are appropriate to remedy, mitigate or prevent any of the effects adverse to the public interest within the meaning of section 58(1) of the Act which may be expected to result from the creation of the relevant merger situation, and the Secretary of State shall in consequence not make a reference to the chair of the CMA for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013.

Each of Hytera, Hytera UK and Sepura therefore gives to the Secretary of State the following undertakings for the purpose of remedying, mitigating or preventing any of the effects adverse to the public interest within the meaning of section 58(1) of the Act, which may be expected to result from the creation of this relevant merger situation.

1. INTERPRETATION

In these Undertakings:-

- 1.1 where reference is made to any company then in the event of any merger, joint venture or acquisition or internal re-organisation or sale either private or to the public, such reference shall be interpreted as applying to the equivalent or successor organisation in the new structure;
- 1.2 except where the context does not allow, the singular shall include the plural and the plural shall include the singular;
- 1.3 reference to a clause shall be a reference to a clause within these undertakings;
- 1.4 "Airwave Service" means the TETRA Airwave network and service used by the emergency services in the UK;
- 1.5 "Effective Date" means the date on which these undertakings are accepted by the Secretary of State, except where the Transaction is not completed, in which case these undertakings shall not take effect until the date of such completion;
- 1.6 "Enhanced Grade Algorithm" means the UK sovereign end-to-end encryption algorithm used in Airwave end-to-end terminals;
- 1.7 "Enhanced Grade Device" means a Sepura TETRA terminal used on the Airwave Service in which the software embodies the Enhanced Grade Algorithm (whether provisioned or enabled or not) and any associated devices used to test, provision or otherwise interact with those terminals;
- 1.8 "GCHQ" means the UK Government Communications Headquarters;
- 1.9 "Home Office" means the UK Secretary of State for the Home Department;
- 1.10 "List X Area" means the secure area within the Sepura facilities at 9000 Cambridge Research Park, Beach Drive, Waterbeach, CB25 9TL that has been approved to hold Sensitive Material;
- 1.11 "Ministry of Defence" means the UK Secretary of State for Defence;
- 1.12 "Repair Services Capability" means the capability to provide repair services for TETRA devices used on the Airwave Service, targeting 7 working days turnaround times for devices in warranty;
- 1.13 "Secretary of State" means the UK Secretary of State for Business, Energy and Industrial Strategy;
- 1.14 "Security Check" means the level of UK national security clearance necessary for a person to work in a position which involves long-term, frequent and uncontrolled access to UK government material with a protective marking of "Secret" applied by an authorised UK government representative;
- 1.15 "Security Requirements for List X Contractors" means the Security Requirements for List X Contractors V10.0 or any updated version published by the UK Cabinet Office;
- 1.16 "Security Undertakings" means the undertakings made in clause 2;

- 1.17 "Sensitive Material" means Enhanced Grade Algorithm or any parts or descriptions of it, any Sepura source code, intermediate code or binary software embodying the Enhanced Grade Algorithm, and any UK government software, information, thing or documentation with a protective marking or classification of "Confidential" or "Secret" applied by an authorised UK government representative;
- 1.18 "TETRA" means terrestrial trunked radio; and
- 1.19 "UK" means the United Kingdom.

2. SECURITY UNDERTAKINGS

Each of Hytera, Hytera UK and Sepura undertakes the following in respect of itself, and in respect of obligations on Sepura, each of Hytera and Hytera UK undertake to procure that:

Maintenance of strategic capabilities

- 2.1 For so long as the Airwave Service is operational, Sepura will provide repair services for TETRA devices used on the Airwave Service, targeting 7 working days turnaround times for devices in warranty and maintain the Repair Services Capability in the UK, except in so far as the Home Office has separately agreed otherwise in writing.
- 2.2 The Repair Services Capability shall continue to be directly controlled by a company or companies incorporated in the UK under the laws of England, except insofar as the Home Office has separately agreed otherwise in writing.

Protection and Exploitation of Technology and Information

- 2.3 Sepura will comply with, and maintain certification pursuant to, the Security Requirements for List X Contractors in respect of areas where Sensitive Material is used or stored.
- 2.4 Sepura will maintain necessary security controls in respect of all areas and all matters relating to Sensitive Material and Enhanced Grade Devices to the satisfaction of the Home Office, GCHQ and the Ministry of Defence, including but not limited to those actions as further specified in the Confidential Annex to these Undertakings.
- 2.5 Except in so far as the Home Office has separately agreed otherwise in writing, one member of Sepura's board of directors will be a British citizen with Security Check clearance.
- 2.6 Only personnel with Security Check clearance will have access to the List X Area, unless the Ministry of Defence has granted prior written approval for the relevant individual.

Compliance

- 2.7 Sepura will employ a security controller responsible for facilitating and overseeing compliance with the Security Requirements for List X Contractors and the Security Undertakings. Such security controller shall be a British citizen with Security Check clearance.
- 2.8 Hytera, Hytera UK and Sepura will provide the Home Office with such information as it may from time to time reasonably require to ascertain that they are fulfilling the Security Undertakings. If any of Hytera, Hytera UK or Sepura are unable to comply with any of the Security Undertakings, or become aware of any noncompliance, they will: notify the Home Office immediately; provide to the Home Office full reasons for the inability to comply or the

non-compliance within 1 month of becoming aware thereof; and use best endeavours to remedy any non-compliance as soon as possible.

- 2.9 For the purpose of checking compliance with the Security Undertakings, representatives of the Home Office, the Ministry of Defence and GCHQ shall be entitled to enter and inspect any premises used by Sepura or Hytera which are in any way connected with Sensitive Material or Enhanced Grade Devices, and inspect any document or thing in any such premises which is concerned with such Sensitive Material, whether the visit is announced or unannounced. Such representatives shall be entitled to access to all such information as they may reasonably require and may remove from any premises any Sensitive Material that is being used or stored in breach of these Undertakings.
- 2.10 Hytera and Hytera UK will take or refrain from taking such action as is reasonably necessary, in order to enable Sepura to comply with the Security Undertakings.

Provision of Information

- 2.11 Hytera, Hytera UK and Sepura will co-operate with the CMA and provide it with such information as it may reasonably require for the purpose of any of its functions under section 92 of the Act in relation to these Security Undertakings.

Directions from the CMA

- 2.12 Hytera, Hytera UK and Sepura will comply with such written directions as the CMA may from time to time give to take such steps within their competence as may be specified or described in the directions for the purpose of carrying out or securing compliance with these Security Undertakings. Hytera, Hytera UK and Sepura will do or refrain from doing anything so specified or described in such written directions which they might be required by these Security Undertakings to refrain from doing or to do.

3. IMPLEMENTATION OF THESE UNDERTAKINGS

- 3.1 Each of Hytera, Hytera UK and Sepura will implement the Security Undertakings as soon as possible and in any event within 10 days of completion of the Transaction.

4. TERM OF THESE UNDERTAKINGS

- 4.1 These Undertakings shall take effect upon the Effective Date and shall continue in force until they are released by the Secretary of State or the Airwave Service has ceased to operate, whichever is sooner.

5. GOVERNING LAW

- 5.1 These Undertakings shall be governed by and construed in accordance with the laws of England and each party hereby irrevocably submits to the exclusive jurisdiction of the English courts.

Schedule B – Approved Locations

Part 1

Sepura Limited	9000 Cambridge Research Park, Beach Drive, Cambridge, CB25 9TL, United Kingdom
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Part 2

Teltronic SAU	Poligono Malpica, C/F-Oeste s/n, 50016 Zaragoza, Spain
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Plexus Corporation	Eugeniu Carada Street 2-4, Oradea 410610, Bihor, Romania
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Schedule C – Covered Products

- Sepura products used for ESN Device to Device (“D2D”) communications and/or as a gateway between TETRA and LTE.
- Sepura products based on the LTE standard for use on ESN.
- Any Sepura dual mode products based on TETRA and/or ESN LTE.
- Sepura developed tools intended and/or used for the design, development, support, servicing and/or management of the above.