

### **1 - General**

These General Sales Terms and Conditions (“GST&C”) shall apply to products and related services (hereafter jointly the “Products”) manufactured and supplied /or provided by LISI Automotive Shanghai (LAS) and LISI Automotive Beijing (LAB) (hereinafter the Supplier), and shall govern any orders (Orders) of Products by the client (the Buyer). The Buyer and the Supplier are hereinafter referred to as the Party or the Parties.

The Supplier is specialized in the conception and manufacture of its Products, of the development of new parts or products, of the design and specifications drafted by the Buyer as the case may be. The Supplier's Research and Development division does not act as design office to validate the components, their elements or other parts designed or used by the Buyer.

### **2 - Procedure for placing Orders**

The placement of an Order by the Buyer shall be deemed the Buyer's unconditional and irrevocable agreement to these GST&C and the waiver of the Buyer's own purchase terms and conditions or any other similar document.

An Order for the supply of a Product may be an open Order in case of unlimited volume or period of time, or, on the contrary: a closed Order, and concerns a catalogue Product or the development of a new Product. In all these cases, the Contract is subject to the express acceptance of the Order by the Supplier by any means, in particular by acknowledgment of receipt or Order confirmation

Any Order placed by the Buyer is presumed to take into account of its own needs, of its process and standards of use, of its specifications, of the recommendations drawn up by the Supplier as the case may be, as well as of any warnings, precautions for use detailed in the offer and in the technical file including, in particular: the drawing, quotations, specifications and technical documents meeting the Buyer's specifications (the Offer), and on the Products labels.

### **3 - Scope of the Contract**

The following shall form an integral part of the contract (the Contract) and in order of priority in the event of any contradiction between documents or difficulty in their interpretation:

- the initial samples file presented by the Supplier and accepted by the Buyer
- the Supplier's Offer,
- the Buyer's Order accepted by the,
- the special terms and conditions accepted by the Parties
- these GST&C,
- the Supplier's documents completing these GST&C namely: Logistics convention and Quality agreement ,
- the studies, quotations and technical documents provided in support of the Offer, prior to the conclusion of the main contract and accepted by each Party,
- the invoice, the delivery note

The Contract constitutes the entire agreement between the Parties with respect to its subject matter and supersedes all prior agreements and understandings between the Parties.

Any material error or omission in any of the documents of the Offer or of the Contract, or information will be rectified by the Supplier without it being possible to hold it liable for any such error or omission.

### **4 Hardship**

Should an event occur, including force majeure cause, that is beyond the control of the Supplier and compromises the balance of the Contract existing at its signing, to the extent that it becomes detrimental to the Supplier for it to perform its obligations, the Buyer agrees to negotiate the modification of the Contract in good faith. This concerns the following events in particular: variations in the price of raw materials and exchange rates, modification of customs duties, changes in legislation impacting any element of the Contract.

### **5 - Modification of Orders**

Any modification of the Contract which is requested by the Buyer must be expressly made in writing duly signed by the Supplier's legal representative.

#### **5.1 - Modifications of the Contract – Effects on stocks**

The best and common practices in the industry are to build up stocks (of e.g: raw materials, tools, half-finished Products and finished Products) in the Buyer's interest, in order that the Supplier can continue to offer fluidity of the supplies and flexibility of the Orders.

The volume of the Stock is based on the Buyer's schedules or stated requirements (open or closed Orders). As a result, in case of any modification, cancellation non-performance or suspension of the Orders or Contract by the Buyer which does not enable the Supplier to deliver or to sell off the above-mentioned stocks involves an obligation for the Buyer to

compensate the losses incurred and triggers an immediate renegotiation of the initial economic terms of the Contract so as to compensate the Supplier appropriately.

### **5.2 – Cancellation of Orders**

The placing of an Order implies the Buyer's irrevocable consent to be bound by the terms of the Order and of these GST&C. The Buyer cannot therefore subsequently cancel the Order unless the Supplier has expressly consented to this beforehand in writing. In such a case, the Buyer shall compensate the Supplier for any costs and losses which the latter incurred (e.g: operational costs such as raw material, tooling, specific staff, specific equipment, design costs, and supplies (i) and loss of revenue, overheads costs...(ii).), and for all the related consequences which may result therefrom whether direct or not. Moreover any down-payments which have already been made over shall accrue fully to the Supplier.

An Order may no longer be cancelled if its performance has begun or if the materials have been specially procured.

### **6. - Provision of samples, Property of the tools**

Any samples or prototypes which are provided to the Buyer shall be covered by a strict confidentiality obligation. They may only be disclosed to third Parties with the Supplier's prior written express authorisation. These samples must be returned to the Supplier immediately on request. The automotive norms (PPAP, ISO) direct that the approval of the initial samples are the condition precedent to the supply of the relevant Products.

Given that the tools are designed by the Supplier and are intended to be adapted to its methods and equipment, they shall remain the Supplier's property and shall remain in its workshops.

The Buyer's Participation in the cost of conception design and manufacture of the tools shall only give it a right to use said tools in the Supplier's workshops. It shall not result in any transfer of material title or of any intellectual property rights over the tools, not of any know-how in connection with same.

The Supplier shall be entitled to destroy the tools if over a period of two years or longer it not received any new Orders of sufficient size to justify putting the tools back into use.

### **7. - Characteristics and status of the Products Ordered**

The Products which are delivered shall comply with the applicable technical regulations and with the technical standards which the Supplier expressly stated that the Products are designed to meet.

The Buyer shall be responsible for using the Products under normal and foreseeable conditions of use and in accordance with the information of the Contract, and with rules and regulations governing health and safety and the working environment that must prevail at the place of use as well as the best practices in its profession.

### **8 – Intellectual property rights**

The Buyer (.) warrants that any design and instructions of the Contract provided for to the Supplier do not infringe any third Party's rights

The information and documentation included in the Offer and Contract such as quotes, plans, descriptions, drawings, charts, calculation sheets, tests data sheets, technical instructions, Products descriptions, utilisation, assembly or manufacturing processes, design (hereinafter: the “Documentation”), of the Supplier remains the exclusive property of the Supplier and may not be communicated copied or reproduced by the Buyer without the prior written authorization of the Supplier.

Subject to the terms of the Contract, the Buyer is granted a non- exclusive, non-transferable and non-assignable right to use the Documentation for the exclusive purpose of the Contract.

The Contract cannot in anyway result in or be interpreted as an assignment or as a license of intellectual property rights.

### **9 – Confidentiality**

In the course of drafting the Contract, the Parties may exchange (.) Documentation as disclosing party or receiving party. Confidential Information included in the Documentation (.) exchanged between the Parties (.) for drafting the Contract, and in particular pursuant to the Offer or the Order whether such information is delivered in writing or orally and whether such information is specifically disclosed in the form of data, specifications, documents, drawings, samples or model or any other form which, if disclosed in a tangible form, is conspicuously marked “confidential” by the disclosing Party, or when disclosed in a non-tangible form, has been identified as confidential at the time of disclosure.

The Parties agree respectively and reciprocally to keep in strict confidence the Confidential information The Parties will not make available or disclose the same to any other person without the prior written consent of the disclosing party, than their respective employees who need to know such information. The obligations expressed in this provision shall remain binding upon the Parties even five years after termination of the Contract.

The Supplier may restrict the Buyer's or its substitutes' access to its premises and to those of its suppliers, even in case of an audit.

### **10– Transportation, customs clearance and insurance-transfer of risks and**

## ***title***

Unless the Parties agree otherwise, the Buyer shall be in charge of transporting, insuring, clearing through customs, handling and conveying the Products from the Supplier's plant to its site at its own expense and risk. It is up to the Buyer to check any consignments of Products on arrival and to raise any claims against the carrier. Risk in the Products shall pass to the Buyer in accordance with the Incoterm elected for delivery thereof.

## ***11 – Checking and acceptance of the Products***

The Buyer must check or have checked at its own expense and under its own responsibility that the Products comply with the Order. The Buyer's acceptance of the Products presumes that they comply with the Contract and that they have no apparent defects.

The checking of the Products delivered and their packaging/labelling in Particular before they are made available for use on assembly lines, is prescribed by the law on liability and transport, (i), the common practices for risk prevention (ii) and the best practices (iii).

## ***12 – Claims***

Claims relating to any apparent defects or non-conformity of the Products delivered, must be raised and noticed to the Supplier in writing within eight days (8) from the delivery day.

Under the common practice, the responsibility of the Buyer is to provide all relevant evidence of the defects or non-conformities alleged, in particular all written traceability data relevant to its claim. The Buyer must give the Supplier the opportunity to control and verify the claim for taking remedial actions and for presenting an action plan as the case may be. Any action or proposed action by the Buyer, including its mitigation of damage actions, return of Products must be reasonable, justified and agreed in writing by the Supplier.

## ***13 – Prices***

The prices quoted under the Contract are to be understood Incoterm 2010 EXW Supplier's plant. All prices are exclusive of all tax, customs duties and other charges whatsoever, which the Buyer shall pay in addition when it is due to pay, to the price of the Products.

## ***14 – Payment – Invoicing Payment – No setting off***

Unless the Parties expressly agree otherwise, invoices must be paid within 30 days of the date of invoice. The Buyer may not unilaterally change the terms of payment agreed, even in case of a dispute. No discount will be accepted for advance payments. The Buyer shall make all payments due under the Contract in full without any deduction whether by way of set-off, counterclaim, discount, or otherwise unless the Buyer has a valid and final court order requiring the Supplier to pay such an amount.

### ***14.2 – Late payment***

In the event Buyer fails to make the payment of the invoice on the due date then, without prejudice to any other right the Supplier may, without limitation, retain further deliveries of Products (.); charge the Buyer interest on such outstanding sum at the annual rate of 5 % above the last base lending rate of the People's Bank of China, accruing on a daily basis until full payment is made.

### ***14.3 – Deterioration of the Buyer's financial position***

Time for payment shall be of the essence. In the event of a payment delay by the Buyer, the Supplier may also require for any new delivery (regardless of the conditions that may have been agreed), payment prior to shipment or suspend or cancel any pending Contract or Order without incurring any liabilities whatsoever.

The Supplier reserves the right to establish, at any time, a limit for outstanding credit in favour of the Buyer, and adapt the applicable payment periods accordingly. All payments payable to the Supplier under the Contract even if not yet due, shall become due immediately despite any other provision. Should such an above-mentioned case occurred, the retention of title clause would still apply.

## ***15– Retention of title clause***

The Supplier shall retain full title over the Products covered by the Contract until the price thereof, both principal and accessory, has been paid in full.

## ***16 – Liability***

The Supplier's liability shall be strictly limited to respecting the Contract and its documents such as listed in article 3.

The Supplier shall be responsible for performing the Contract pursuant to the standards of the profession and its common practices.

*The Supplier shall not be liable for:*

- defects arising from materials, parts, tools... supplied by the Buyer,
- faults or defects caused by a design created by the Buyer,
- defects arising wholly or partially from normal wear and tear of any Products, or from damage or accidents caused by the Buyer or by third Parties, changes in the (.) process of the Products compared to the Buyer's or to the Supplier's specifications, any abnormal or unusual use of the Products, or any use of same which does not comply with the stated purpose of the Products with common practice(i), with the Supplier's guidelines or

recommendations (ii), or with the subsequent storage, transport or repackaging conditions(iii).

-any loss of traceability on the Products in the Buyer's own process.

## ***17 –Warranty - limitations of the Supplier's liability***

In its Offer and in its Quality agreement, the Supplier warrants the Products to be free from defects in materials and workmanship under normal or agreed use.

The Supplier's liability shall be strictly limited to the compensation of direct tangible damage caused to the Buyer as a result of a non- conformity of the Products, or of a defective performance of the Contract by the Supplier, unless the liability of the Buyer is proven in case of breach of the Contract made by the Buyer's employees or by third Parties in connection with the performance of the Contract, or unless the Buyer is liable for causes set out in article 16 in particular

The Supplier total liability in contract, tort (including negligence or breach of statutory duty), misrepresentation, or otherwise, arising in connection with the performance or contemplated performance of the Contract with the exception of physical injury and the consequences of gross negligence shall be limited to the replacement within a normal period of time, of the Products acknowledged as defective or non-conforming after examination by the Supplier,(i),or shall not exceed the reimbursement of the Products, which may not in any case exceed a sum of money amounting to the *sale price of the batch* of which the defective Products formed part, whichever is smaller.

To the maximum extent permitted by applicable law, the Supplier shall not be, in any case whatsoever, liable to the Buyer, its officers, agents, employees, successors and/or assignees for, any special, indirect, consequential, incidental or pure economic loss, costs, damages, charges or expenses of whatsoever kind or nature arising out or in connection with the Contract; or any loss, cost, damage, incurred or suffered by the Buyer or any third party resulting from a defect, infringement or alleged non-conformity of the Product.

This compensation shall be deemed to constitute full and final compensation to the exclusion of any other remedy or compensation. The Buyer hereby waives any right of claim for any other compensation in excess of that above-mentioned, and guarantees the Supplier that any third party in the supply chain, or that the Insurers, shall waive their direct right to claim, if any, against the Supplier in excess of the above-mentioned compensation.

## ***18 – Buyer compliance with applicable law***

Buyer shall ensure that its business practices are in accordance with all applicable laws, directives and regulations, particularly with, but not limited to, anti-corruption and corporate duty of vigilance.

## ***19 – Dispute resolution***

The Parties expressly agree that If any dispute arising from or in connection with the Contract is not resolved by 21 days from the date on which the dispute has been referred to them in writing with all relevant appropriate and necessary information, it shall be submitted to the *Managing Director* of each Party. If no amicable settlement has been reached by 15 days, the dispute will be submitted to China International Economic and Trade Arbitration Commission (CIETAC) in Beijing if LAB is involved, or to Shanghai International Economic and Trade Arbitration Commission if LAS is involved.

*The Arbitration* shall be conducted in English, the Chinese law shall apply, and the CIETAC's arbitration rules in effect at the time of applying the Arbitration shall apply. Each Party shall name an arbitrator and the Arbitration commission shall name the presiding arbitrator. The arbitral award is final and binding upon both Parties.

## ***20 – Governing law, Jurisdiction***

The governing law of the Contract is the Chinese Law. These GST&C are drafted in English and translated into Chinese language. In case of dispute as to the interpretation, English language is prevailing.