

LISI AUTOMOTIVE (HEBEI) Co., Ltd and LISI AUTOMOTIVE (SHANGHAI) Co.,Ltd (LISI)
PURCHASE TERMS AND CONDITIONS ("PT&C") – JUNE 2018

1. PURPOSE: The present PT&C stipulate the method for placing orders and purchasing contracts ("Contracts") and underline the Supplier's obligation to inform, notify and cooperate from the consultation stage by LISI, as regards its supplying of products and services ("Supplies").

2. APPLICATION OF THE PT&C. The PT&C are applicable to all the purchasing of supplies from LISI, from acceptance by the Supplier of the Contracts. Any start of performance of the Contract results in the express acceptance of the PT&C. They take precedence over the general sales conditions of the Supplier, if the latter are contrary to or in derogation of the PT&C.

3. FORMATION OF THE CONTRACT, METHOD FOR PLACING ORDERS

3.1 The scope of the Contract between LISI and the Supplier. The following documents are an integral part of the Contract made between LISI and the Supplier, by order of decreasing priority in case of contradiction of the documents or difficulties of interpretation:

1) the order or the purchasing contract issued by LISI accepted by the Supplier by any means, in accordance with article 3.2 below, 2) the LISI specifications, 3) the present PT&C 4) the Supplier's bid 5) the plans, studies, quotations and technical documents and other ones transmitted during the consultation process by each party and accepted by the other one 6) the general or specific confidentiality contract agreed 7) the Suppliers charter 8) the invoice 9) the delivery note.

3.2 The order. The Contract between LISI and the Supplier is concluded as soon as the Contract by LISI is accepted by any means by the Supplier for a standard supply and, in case of a specific supply, the Contract is concluded in the form of an order placed by LISI, which means its agreement to the bid submitted by the Supplier. The firm order is concluded for a definite period and is not subject to tacit renewal.

3.3 Modification / cancellation of orders. Before receipt by LISI of the acceptance of the Contract by the Supplier, any Contract can be cancelled by LISI by written notification to the Supplier with immediate effect, at any time without prior warning or particular formality (ies) and without entitlement for the Supplier to any compensation or damages and interest of any kind.

LISI may cancel or terminate all or part of the Contract, by simple written notification in the following cases:

a) in case of non-performance by the Supplier of any one of his contractual obligations or those of the present PT&C,
b) subject to the relevant legal public provisions, in case of financial difficulties resulting in a safeguard measure or an similar procedure or winding up procedure
c) in case of stopping activity, merger, split, partial or total transfer of the business or situations having the same effect.

In the cases quoted above, the cancellation of the Contract will be made ipso jure, without warning or prior notification, from the date of the first presentation of the notification, cancellation or termination letter, in the form of a registered letter with acknowledgement of receipt, and without negatively affecting any claim for damage and interest and compensation quoted in art. 10.

3.4 Plans, studies, descriptions. All the quotations, plans, descriptions, drawings, tables, calculations, trial sheets, technical instructions and descriptive instructions for the Supplies, the process for use, assembly or manufacturing and the specifications in particular (hereinafter "Information"), if the case applies, submitted on whatever support and in whatever form to the other party are sent by LISI to the Supplier so that it can establish its Supply bid or are sent by the Supplier to LISI in support of its bid.

During the consultation stage, this information is sent in the scope of a loan for use for assessing and discussing the Supplier's bid. They will not be used by the Supplier for other purposes or reasons and should be returned on simple request from LISI.

Each Party remains the owner of its own information (article 5).

3.5 Submission of initial samples. The initial samples or prototypes sent by LISI in the scope of the consultation or during execution of the Contract are not to be given to a third party (for example, a subcontractor) except with the express authorisation of LISI. Copying any information in whatever form and by whatever procedure is forbidden.

3.6 Tools. The possible studies and plans made by the Supplier as well as tools specially manufactured for carrying out a LISI Contract or tools made available by the Supplier, in particular, moulds, or tools for carrying out the supplying or for technical controls (hereinafter "Tool") will become the property of LISI. The Supplier returns them to LISI on first request.

The Tools are exclusively used for carrying out LISI Contracts. The Supplier is not allowed to use them for a third party. In case it does so, the Supplier shall pay a penalty to LISI, the amount of which is equal to 50% of the replacement value of the tool or the total value before tax of the Tool order without prejudice to any other claim for damage and interest. The Tools are kept by the Supplier in good working condition, repair and maintenance; repair costs are to be paid for by the Supplier. Except as otherwise agreed in the Contract, the renewal of the Tools is to be paid for by the Supplier. No retention right can be exercised by the Supplier as regards the Tools that will have to be marked with a LISI ownership label; items which are given as guarantee to LISI cannot be seized by the Supplier's creditors. The Supplier will subscribe public liability insurance as well as a damage and liability insurance policy to cover respectively his liability and the direct damage for the value when caused to the Tools during their contractual use as well as indirect losses (including the operating loss of LISI that results from it).

4. CHARACTERISTICS AND STATUS OF CONTRACTS

4.1 Use of the Supplies. For the execution of Contracts, the Supplier has to respect the information that is part of the scope of the Contract. Moreover, all the materials and substances used in the course of the performance of the Contract and in particular in manufacturing or processing the Products for LISI, have to meet the regulations and the safety commitments in force in the country of manufacture, sale and use concerning, in particular, the regulated, toxic and dangerous products, including any environmental, electrical and electromagnetic consideration. The Supplies provided conform to the regulations that apply to them and the technical norms for which the Supplier guarantees the conformity of its Supplies to LISI, both from the point of view of the LISI Specifications and that of the regulations applicable to the Supplies as well as in the area considered to be used for the Supplies. The Supplier recognises having received from LISI all the information that it considers necessary for providing the Supplies in the normal conditions that can be foreseen for use and in accordance with the health, safety and environmental legislation in force in the area of use as well as the usual rules of the trade and best practices.

4.2 Transmission of Information relating to the Supply – Traceability. LISI undertakes to transmit useful information to the Supplier for the implementation of the Specification. The Supplier ensures the traceability of the substances used for the manufacturing of the Supplies until the delivery date to LISI, in particular taking into account the provisions of article 8.5. Traceability consists in identifying and keeping relevant and statutory information concerning all the stages of manufacturing the Supply.

4.3 Archiving. The aim of archiving the technical documentation and initial samples that the Supplier used to manufacture its Supply is to ensure the traceability of the Supplies and the services provided in order to:

- explain the design and the controlling of the Supply and to carry out the relevant action and rectification plan easier,
- to limit the importance of recall campaigns by isolating a batch of Supplies the manufacturing/processing process of which, in particular, would seem to be at fault. Archiving is for 10 years minimum unless specified otherwise.

LISI AUTOMOTIVE (HEBEI) Co., Ltd and LISI AUTOMOTIVE (SHANGHAI) Co.,Ltd (LISI)
PURCHASE TERMS AND CONDITIONS ("PT&C") – JUNE 2018

5. INTELLECTUAL AND CONFIDENTIAL PROPERTY

5.1 The intellectual property and know-how of the Supplies. All the intellectual property rights, as well as the know-how incorporated into the information given or the products submitted by LISI to the Supplier for the performance of the Contract remain the exclusive property of LISI.

LISI and the Supplier respectively and mutually guarantee that at the time of consultation and order, the Information and particularly the specifications, plans, and their implementation conditions do not harm the intellectual property rights or know-how held by a third party. The submission by LISI to the Supplier of information is part of the Contract and does not result in a transfer to the Supplier of their property or of corresponding intellectual property rights. They are submitted on a loan basis and are to be returned on first request at the end of the Contract or in case of termination (article 14).

It is pointed out that for the carrying out of the Supplies involving the use of patented devices entirely or in part, or protected drawings or models, and generally for any item that is likely to be protected as regards intellectual property rights, the Supplier guarantees LISI against any claim from the possible owners of patents, drawings, models and other intellectual property rights that it may have used for its Supplies. The Supplier guarantees and holds harmless LISI against any action, opposition or claim concerning a property right that a third party could exercise against LISI and will accept any financial consequences resulting from these actions, notwithstanding any damages and interest that LISI may claim. When an order indicates that certain raw materials, products and components, which belong to LISI, have been sent to the Supplier for the execution of the Contract, the latter undertakes to use them only for the performance of the Contract. He is not allowed to pawn or give these raw materials, products or components as security and undertakes to ensure not only the safeguarding and the maintenance of them but also the individualisation of them so that no confusion can be made with its own stocks and so that in case of legal seizing procedure, safeguarding or liquidation of the Supplier, LISI can exercise its property rights.

5.2 Confidentiality. The Parties mutually commit themselves to a general confidentiality obligation relating to the Information and the products to be supplied and which are exchanged in the scope of the preparation and the carrying out of the Contract. A specific confidentiality obligation will be respected by the Supplier in case of submission of initial samples, product prototypes or Information submitted by LISI. A specific confidentiality contract can be taken out from the consultation or conclusion of the Contract. In case of sub-contracting by the Supplier, (art. 12 below), duly authorised by LISI, the Supplier will have to have the same confidentiality contract accepted by his subcontractor at the time of its consultation or before providing the service. This should be proven to LISI. Taking into account this confidentiality obligation accepted by the Supplier, the Supplier will give LISI access to its installations for quality controls i.a, and will obtain the agreement of its subcontractors for such a control.

6. HEALTH, SAFETY – ENVIRONMENT. Adherence to the regulations relating to health, safety and environment ("HSE") is one of the priorities of LISI. That is why in terms of HSE, the Supplier has to:

- respect, for the carrying out of its Supplies, the laws and regulations in force in the country of use, that is mentioned to it, as well as LISI's own requests.
- develop an environment protection reflex in all its production, packaging, and transport actions in particular,
- prevent any pollution and respect natural resources in particular in managing its waste,
- keep its plants and those of its subcontractors and its activity(ies) conform to the regulations in force.

By the validation of the Specification, the Supplier undertakes to only supply to LISI Supplies that comply with the statutory requirements, in particular European Regulation dated 19/07/2006 ("REACH"). The Supplier will designate a REACH contact person.

On request from LISI, the Supplier undertakes to prove the monitoring and the acquiring of HSE training by its personnel, required in case some tasks are to be carried out in LISI plants LISI strongly encourages its suppliers to obtain ISO 14001 certification. Supplier confirms that he knows and understands the above regulation.

7. QUALITY. The Supplier chosen by LISI for its competencies in its field of activity, and for its know-how, is responsible for the conformity of the Supplies provided, the appropriateness of them for the functions that have been declared by LISI and that its experience allows it to identify.

LISI encourages its Suppliers to develop a quality management system, with the aim of conforming to norm ISO/TS 16949. The Suppliers confirms that he knows and understands the above regulation. Obtaining the ISO 9001 certificate is required as a first stage towards this objective. The Supplier declares that it knows and accepts the LISI quality agreement. The Supplier implements all the necessary and sufficient means to limit the occurrence of faults and failures in its processes and those of LISI to avoid non-conformities of Supplies. It knows how to demonstrate the relevance and the adherence of its internal procedures, its command of its processes and the efficiency of its controls. In particular, it defines implements and manages the control means that are appropriate for checking the conformity of its Supplies. LISI's targets are 0 defaults. Total conformity of the Supplies is required, non-adherence to this can affect its Supplies and the products of LISI, as well as the well-being of people and goods. The ppm obligation that the Supplier accepts with LISI is a progress objective established from the real situation and setting the following level to be reached to come close to the target of 0 defaults. An annual quality progress plan should be created by the Supplier. All plans to change the management, production and any other areas (supplying, procedures) that could have an effect on the quality of the Supplies, and the organisation of the Supplier, are immediately submitted to LISI for a prior agreement on the change in principle and validation before the implementation of them by the Supplier, in order to prevent non-conformity risks. The Supplier gives access to his production premises and undertakes to ensure that its subcontractors allow LISI to carry out any quality audits. This process in no way releases the Supplier from its responsibilities and presumes no renunciation of any of LISI's rights.

8. LOGISTICS-PACKING-DELIVERY-RECEIPT-INVENTORY

8.1 Logistics. LISI is faced with logistics requirements that are continually more precise as regards its customers (just in time, pull system, breakdown of deliveries into individual operations, etc.). The Supplier has to adhere to these requirements, continually improve its service and make the effort needed to create flexibility. The Supplier has to adhere to the time-phasing of deliveries to fully reach the objective of the delivery programmes or orders. The identification means selected by LISI for the products to be supplied is the ODETTE / GALIA standard, or the specific one which is required by the applicable regulation or LISI. LISI develops and associates its Suppliers in the service performance process (to reach zero delays) with the service rate as an indicator. Other items are taken into account such as the correct rotation of stocks, the secure plan for supplying, etc.

LISI reserves the right to check, according to a logistics evaluation reference, the logistics services of its Supplier (monitoring of the method of placing orders for its materials, monitoring of capacities, stock and order management, in particular).

8.2 Packing. LISI reserves the right to demand some specific packing or labelling methods. Except in case of stipulation to the contrary in the Contract, the packaging will be paid for by the Supplier. It will have to allow for the traceability of the Products that it supplies and the LISI products for which the service is provided, be adequate and sufficient, conform to the regulations, recyclable, and possibly re-useable to ensure the right protection of Products against any risk of damage during transportation and storage allow for rational and safe handling. The packaging will be recuperated by the Supplier on request from LISI. LISI can provide its Supplier with packing and/or handling units, hereinafter called "Units" that it owns or that its own customers entrust to it for use in the production cycle. The Supplier becomes the guarantor and is responsible for the Units that are thus made available to it. In case of loss or damage to these Units, LISI is entitled to obtain the corresponding compensation from the Supplier, or to transfer to the Supplier the requests for compensation made by LISI's customer. The Supplier should only use the Units for carrying out LISI Contracts, which reserves the right to make a contradictory inventory of the Units with the Supplier. In case of missing Units, the number missing will be invoiced to it at the replacement price for the Unit.

LISI AUTOMOTIVE (HEBEI) Co., Ltd and LISI AUTOMOTIVE (SHANGHAI) Co.,Ltd (LISI)
PURCHASE TERMS AND CONDITIONS ("PT&C") – JUNE 2018

8.3 Delivery. The Supplies are to be delivered in accordance with the methods indicated in the Contract. Except in case of agreement to the contrary foreseen The agreed INCOTERM 2010, which may be amended in the Contract, will govern it, it may be used as a reference even for the domestic trade. Transport, insurance, customs taxes / costs and fees, and handling operations are to be paid for and are at the risks of the Supplier. Excess and/or anticipated quantities that may be delivered to LISI will be stored at the costs of the Supplier or returned to the Supplier after notice that has remained without response for a week, during which the Supplier may, at any time, by any means come and note the reality of the claim / non conformity mentioned.

Retention of title - Transfer of risks. The Supplies are transported at the risks of the Supplier, the transfer of risk is only made at the time of definitive receipt of the Supplies by LISI and signing of the delivery note.

8.5 Delivery notes, product identification. The note and the labelling of the Supplies by the Supplier must allow the traceability of each packing unit, package, box or batch. All deliveries have to be accompanied by a delivery note and by any documents required by the regulations in force and by the Contract. This note should at least indicate the LISI order number as well as the reference for the Supply (LISI coding and type of supply in accordance with the order). The label will be in line with the provision set out in section 8.1 the ODETTE GALIA standard. All labels will clearly indicate the type of product. The quantities supplied will be expressed in the order counting unit. The signing by LISI of the delivery notes does not mean that the Supplied have been definitively received. This can only take place during the quality control by LISI or its customer or when using the Supplies.

8.6 Controlling Supplies before delivery. On first request, the Supplier undertakes in particular to carry out any modifications of its Supplies, to supply any information about its Supplies and to certify the origin and the composition of the products and services used to make the Supplies. LISI reserves the right to carry out or have carried out, with or without prior notification, any control of the Supplies before delivery of them, on the Supplier's premises, during the opening hours of its plant /workshops, however this control would not affect or diminishing the guarantees granted by the Supplier under the terms of article 10.1 or reducing the rights of LISI. The qualitative and quantitative receipt operations are carried out in accordance with the Contract. Payment of invoices does not imply acceptance of the quality of the Supplies delivered nor the definitive receipt of them.

8.7 Non-conformities. The first priority for the Supplier after detecting a non-conformity is to implement a set of checks and filters needed to prevent the non-quality items entering LISI sites and those of its own customers (the quality wall). The Supplier should have a zero tolerance attitude as regards non-quality items. If a non-conformity is detected during receipt, when in use at LISI or by one of its customers, LISI triggers a quality incident in the form of a non-conformity declaration the receipt of which the Supplier must confirm immediately ; an action plan has to be issued and noticed to LISI within 24 hours. Notwithstanding the liabilities mentioned in article 10, the Supplier will meet the administrative costs invoiced by LISI on the basis of the rate in force. LISI can refuse to take delivery of the Supplies in writing (letter, fax, email) in case of non-conformity. The lack of delivery claim and/or reserves or payment by LISI cannot be considered as definitive acceptance of the Supplies. For hidden non-conformities, the claim deadline will expire twenty four (24) months after receipt. The Supplier will be able to come at any time to note the non-conformity of the Supplies delivered within a period of five working days (can be reduced if urgent) from receipt of the non-conformity declaration. At the end of this period, in accordance with article 10, all the costs and direct and indirect damages directly faced by LISI or transferred to it by its customers will be invoiced to the Supplier, the amount of this invoice can be deducted from the Supplier's invoice. If the non-conformity affects the logistics the Supplier would have to organise, with prior approval by LISI:

- the replacement of the Supplies that have been shown to be non-conform, and the implementation of an action plan concerning the supplying of conform Supplies within the given deadlines,
- or, on request from LISI, a request for a credit note, the decision to continue supplying being subject to the present PT&C conditions.

When a sorting, alteration or re-conditioning operation of the Supplies or of the LISI products processed by the Supplier is needed, it is carried out on the Supplier's site. If, temporarily, the operation should take place on a LISI site, these operations are carried out by competent personnel commissioned by the Supplier with prior approval by LISI.

If the personnel are not sent within a time period compatible with the requirements of LISI, LISI reserves the right to carry out the operation at its option and the corresponding costs will be charged to the Supplier, subject to its information in writing.

8.8 Inventory. LISI products and tools have to be identified on the Supplier's premises. An inventory by LISI can be carried out subject to prior notice warning.

9. DELIVERY DELAYS - PENALTIES FOR LATE DELIVERY. The delivery deadlines for the Supplies that are given in the Contract are categorical and request that the Supplies are delivered to the delivery place indicated. Likewise, the intermediary and final deadlines for carrying out the Contracts are categorical.

Both parties shall inform each other of any circumstance that may affect the performance of the Contract.

In case of even partial non-conformity to the deadlines, notwithstanding the application of article 10, LISI reserves the right:

- to transfer to the Supplier responsible the penalties applied to LISI by its own customers due to a fault of the Supplier and LISI will be entitled to apply a penalty, up to a limit of zero point two percent (0.2%) of the total value tax excluded, by day late without prejudice to the right of LISI to obtain other damages and interest to cover all its damages.

- and/or to cancel ipso jure with a mere and simple notice all or part of the order for Supplies that remain to be delivered or that are part of the delivery programme in question.

In this case, LISI may request the Supplier for the delivery of the Supplies in progress concerned with the materials and manufacturing tools made available by LISI. LISI reserves the right to substitute the Supplier's Supplies by another supplier, the price and conditions difference for which will be part of the damages to be compensated in accordance with article 10. If the Supplier's delay results in exceptional logistics or transportation, this is to be paid for by the Supplier. Moreover, the Supplier at fault will compensate LISI for all the foreseeable consequences on conclusion of the Contract due to the damages incurred by LISI or those that will be claimed from LISI by its customers. As Supplier of the automotive sector in particular, the Supplier cannot ignore the foreseeable damages such as, in particular, the stopping of the production line, the consequences of which could be invoiced by LISI's customers. In this case, they will be charged back to the Supplier recognised as being responsible.

LISI reserves the right to return the Supplies that would not have been ordered or that have been delivered in advance.

10. WARRANTY – RESPONSIBILITY – SAFETY STOCK

10.1 Warranty. When performing the Contracts, the Supplier accepts an absolute obligation concerning the conformity of its Supplies for the lack of faults and apparent or hidden defects.

LISI has to be immediately notified of any risk of non-conformity of the Contract by the Supplier, this notification is to be accompanied by its action plan aiming at limiting the risk or the damage.

The Supplier, a professional seller, is responsible in terms of the warranty for hidden defects and public liability with regards the defective products. It is also liable for the direct and indirect consequences of them. The Supplier, a professional in its field, remains entirely responsible for its technical choices, whatever the level of assistance that may have been provided to it by LISI in the scope of carrying out the Contract. The Supplier guarantees to LISI that its provisions of service and Supplies are:

LISI AUTOMOTIVE (HEBEI) Co., Ltd and LISI AUTOMOTIVE (SHANGHAI) Co.,Ltd (LISI)
PURCHASE TERMS AND CONDITIONS ("PT&C") – JUNE 2018

- conform to the usual rules and best practices in the industry and merchantable, and that they can fulfil, under the normal conditions of use stipulated by LISI or identified by the Supplier, the functions and use that they are destined for and offer the security that can legitimately be expected.
 - conform to the Specifications, plans, ordered Supply specifications and, for non-stipulated characteristics, to the initial samples accepted by LISI,
 - exempt from any apparent or hidden defects and any faults resulting, in particular, from a design or manufacturing fault or consisting in particular in poor functioning.

The acceptance by LISI of the Supplies does not signify definitive acceptance and does not release the Supplier from its responsibility and liability. Without negatively affecting the right of LISI to cancel the Contract and to claim for the damages and interest, the Supplier grants LISI, in addition to the legal warranties (in particular the responsibility for defective products), a contractual guarantee. Except as otherwise stipulated in the Contract, this warranty covers a period of 36 (thirty six) months from the delivery date. In any case, the duration of the Supplier's warranty cannot be lower than that to which LISI is subject as regards its customers.

10.2 Supplier's liability. The Supplier is committed to an absolute obligation and in particular, accepts, for all its Supplies, the consequences of the non-performance of its obligation to provide conform and non-defective Supplies and, in case of a non-conformity, the Supplier acknowledges and accepts the resulting damages for LISI and for its own customer(s) and in particular:

- the reimbursement to LISI of its direct or indirect costs resulting from faults or defects or from the non-conformity of the Supplies, that is to say, in particular:
- compensation of LISI for all the direct and indirect consequences of the liability that it may incur for its Products towards its customers, or that its customers may claim, due to the physical, material and/or immaterial damages that are resulting therefrom caused to third parties, to LISI and to its customers as well as their claimants and/or their goods and/or their personnel, such as, in particular, the covering of costs for disassembly, repatriation, administrative work, labour, production line stoppage, recall campaign, loss of reputation / image, etc.

If a force majeure case arises, the responsibility of the Party prevented from carrying out its obligations will not be enacted but it will have to immediately notify the other of the case that personally affects it and not its own subcontractor (article 12) and the remedial means that it suggests. The delivery deadlines will be extended after agreement of the Parties. However, if the duration of this delay that has been incurred for or is likely to exceed 30 (thirty) days, the Contract may be cancelled under the conditions of article 14.2.

10.3 Safety stock for the Supplies – Maintaining production capacities. LISI reserves the right to order the Supplies at any time, without delay and on simple order during the normal life of the Supply supplied by the Supplier or the LISI product, which is the subject matter of the service provision, is ten (10) years after the end of series production of these Products. The Supplier will keep the Tools for this. The Supplier undertakes, at its own costs, to permanently keep in safety stock on independent premises the stock equivalent to a number of days possibly foreseen in the Contract and to regularly renew this stock on a FIFO basis.

11. INSURANCE. On conclusion of the Contract and on each anniversary date and at the request of LISI, the Supplier will produce the valid certificates from its insurer, indicating the type of damages and the amounts covered, the deductibles and the duration of the guarantees of its contracts for liability or damages that are coherent for covering the risks that could arise in the scope of carrying out the Contract, on the one hand, and those possibly caused to LISI and to third parties by the Supplies. The limits of insurance coverage guaranteed by the insurance policies can in no case be considered as any limit of the responsibilities incurred by the Supplier for the Contracts, in particular in case of sub-contracting. The Supplier will have to immediately inform LISI of any modification, suspension or cancellation of its insurance policy.

12. TRANSFER OF CONTRACT AND SUB- CONTRACTING. The Contract between LISI and its Supplier is personal; it has been selected and chosen for its own abilities. Therefore, it cannot transfer any Contract entirely or in part or sub-contract the execution of it or make a contribution of it without the prior written authorisation of LISI. Any new sub-contracting is forbidden. The acceptance by LISI of the sub-contracting by its Supplier of the order in full or in part in no way releases the latter from its responsibility, the legal and contractual warranty, the controlling and the monitoring of the Supplies that are subcontracted and that it is guarantor for as regards LISI. The Supplier remains the only party responsible for having adhering its own subcontractor to the terms and conditions of the Contract.

In accordance with article 5.2, the Supplier's subcontractor will have to sign in advance the same confidentiality contract as that of the Supplier.

13. PRICES – FINANCIAL CONDITIONS – INVOICING – CREDIT NOTES - COMPETITIVITY

13.1 Prices, Financial conditions. Except in case of particular stipulation mentioned in the Contract, the prices are without tax, in particular, the supply of the Products, the packaging and transportation of them, the guarantee for the Product, the transfer of the studies and other items of intellectual property made by the Supplier in the scope of carrying out the Contract, if needed the consignment stock, the store logistics cost and the transportation of the LISI product processed to the place indicated in the Contract. They are net, fixed and non-revisable. Any modification of the Contract is made by written amendment or by a new order, which is the only mean that authorises the issuing of invoices at prices different to the initial ones.

13.2 Bills and Invoices. A bill will be issued in duplicate per delivery and per order number.

The invoices will be addressed to LISI after bills approval and authorisation by LISI. They will be payable by the term of payment negotiated from the date of invoice receipt, otherwise the invoices are payable in accordance with the applicable legal regulations. LISI is entitled to offset the payment of them with any amount due by the Supplier and invoiced by LISI, in particular in terms of penalties and compensation resulting from the application of the present PT&C and the Contract. LISI will return any invoice that is not issued in accordance with the above provisions and/or that does not adhere to the legal provisions. LISI will refuse to pay and to receive any non-ordered Supply.

13.1 Competitiveness – Continued progress. The quality, the costs and the delivery deadlines of the Supplies have to remain competitive. If this is not the case, these criteria will be revised in joint agreement between LISI and the Supplier in accordance with the following methods: the Supplier will immediately issue an action plan to restore the competitiveness of its Supplies and will send this plan to LISI. The action plan will also show the profitability of each individual measure. If the Supplier's response does not restore its competitiveness, LISI can put an end to its business relations with the Supplier provided it notifies it of this decision in writing and respects the notice period in article 14.

14. TERMINATION. In case of disagreement concerning the conditions of the performance of the Contract, the business relation may be cancelled at the end of a good faith negotiation and provided a sufficient notice period is granted to the other Party. For LISI, this notice period must allow it, to be supplied under reasonable conditions with the Supplies of the Contract in question by another supplier. However, the notice period for total or partial cancellation of the open order can be reduced subject to agreement between the Parties. In case of non-performance by the Supplier to whatever its contractual obligations, LISI may terminate the Contract at the expiration of an 8 (eight) days of notice period, following the date of sending of the registered letter warning for termination, remained without effect. The present termination is then carried out ipso jure but subject to the right of LISI to claim compensation for the damages mentioned in article 10.2, which it incurs or which are claimed from it by its customers.

LISI AUTOMOTIVE (HEBEI) Co., Ltd and LISI AUTOMOTIVE (SHANGHAI) Co.,Ltd (LISI)
PURCHASE TERMS AND CONDITIONS ("PT&C") – JUNE 2018

15. MISCELLANEOUS CONDITIONS. Supplies shall comply with all applicable laws and regulations and the Supplier agrees to comply with all national and international applicable bribery acts or rules, and duty of care. Seller's employees, representatives and/or agents will comply with all said applicable laws and regulations including the Buyer's "Code of Conduct", and the warning device implemented by the Buyer. Supplier shall perform appropriate due diligence on its suppliers in order to warrant the full performance and compliance of the commitments set forth in this article by Supplier and its own suppliers.

If any provision of this Agreement is held invalid, illegal or unenforceable for any reason by any court of competent jurisdiction, such provision shall be severed and The parties then undertake to negotiate in good faith the replacement or rewriting of the said provision in order to re-establish a provision that is as close a possible to the original intention of the parties, and that conforms to the applicable laws. The remainder of the provisions hereof shall continue in full force and effect as if this Agreement had been agreed with the invalid illegal or unenforceable provision eliminated. The fact that one party does not apply at any time a provision of the Contract or the present PT&C or does not request the application by the other party of it cannot be considered in no case as a waiving of the said provision. The Contract cannot be interpreted as constituting a company, joint venture, agency, mandate, foundation or other partnership of any kind between the parties, each of the parties being individually responsible for its contractual obligations. The PT&C, with the other documents listed in article 3.1, constitute the only contractual documents regulating the relations between the parties for the object defined in the Contract and take precedence over any negotiation and commitment that has been written prior to the Contract date.

16. APPLICABLE LAW AND ALLOCATION OF COMPETENCE. The Parties undertake to do their utmost to amicably resolve any dispute relating to the application of the PT&C or the carrying out of the Contracts. If an amicable agreement cannot be reached, any dispute that cannot be resolved between the parties will be regulated by the law governing the place of delivery. If the Contract is an international one, it will be subject to the United Nations Convention on the International Sale of Goods signed in Vienna on 11th April 1980 and by Chinese law for the issues that the Convention does not cover. The dispute will be exclusively subject to the Commercial Court where LISI headquarter is located.