1 Definitions and Introduction

"we", "us" and "our" refers to the applicable purchaser among Shanghai GKN HUAYU Driveline Systems Co., Ltd. (Wuhan plant, Changchun plant, Yantai plant and any other plant and/or location we may be engaged in). Our agreement with you (the "Contract") consists of: (i) any duly signed contract which applies to our purchase of goods and/or services from you; (ii) any purchase order or delivery schedule order (an "Order") that we issue to you; (iii) this Contract; (iv) any technical or economic information, or use such information for any purpose except for the supply of goods and/or services to us or as expressly authorized in writing by us. You must return to us such information and any copies if requested.

2 Your conditions excluded

If you seek to impose additional or different terms on our purchase, they will not form part of the Contract and are excluded and rejected by these General Purchasing Conditions.

3. Delivery

3.1 You must deliver the goods and/or services that we order in accordance with the delivery terms set out in the Contract. If any goods and/or services are not delivered on time or are delivered incorrectly, we may terminate the relevant Order.

3.2 Goods must be delivered DDP (as defined in current Incoterms), unless agreed otherwise in the Contract. If any of the terms of the Contract are inconsistent with any up-to-date material safety data sheet.

4 Quality, rejection and indemnity

4.1 Any goods supplied by you must be: (i) of a quantity and description specified in the Contract; (ii) fit for their normal purpose and any specific purpose we inform you about which you ought reasonably be aware of; (iv) free from defects in design, material and workmanship; and (v) free from any encumbrance.

4.2 Any goods supplied by you must be safely, efficiently and competently by suitably qualified and experienced personnel, in conformity with any applicable industry code of practice; and (ii) of the quality which would reasonably be expected from a skilled and experienced operator equipped with the same equipment and in the same circumstances.

4.3 Any goods or services (and any associated technology) supplied by you must: (i) comply with all applicable legal requirements and regulations, including those relating to transportation, health, safety and the environment; (ii) not infringe the intellectual property rights of any third party; (iii) conform to any specification referred to in the Contract; and (iv) conform to any sample approved by us.

4.4 According to our quality terms, we may (but are not obliged to) inspect and test the goods delivered by you and may reject and return (at your risk and expense) any goods not complying with the Specifications or obligations unmet under the Contract.

4.5 You shall reimburse each member of the Group for all losses, damages, costs and expenses (including reasonable legal fees) or other claims (including third party claims and costs relating to recalls and service measures implemented by our customers or their customers) arising from or in relation to any breach of the Contract or the inaccuracy of any of the information and data you provide.

5 Invoicing and payment

5.1 You may only invoice us for delivery terms set out in the Contract (which will be inclusive of delivery costs and exclusive of sales tax) for the goods and services that you deliver in accordance with the Contract. You may only invoice us after delivery of the goods and/or services ordered by us and in accordance with the delivery terms set out in the Contract.

5.2 Invoices must show: the date of delivery, Order number, delivery address and description of goods and/or services delivered, and must be sent to the invoice address specified in the relevant Order.

5.3 Unless otherwise set out in the Order, payment will be due from us within 90 days of the date of the invoice. Invoices for delivery terms set out in the Contract and in such event we will not be liable to pay the price for such goods or services. You may terminate the Contract: (i) for convenience by providing you with written notice; (ii) immediately if you or your parent company become subject to a bankruptcy or insolvency event or enter into a composition with any of your creditors; or (iii) if you breach the Contract, and, if the breach can be remedied, you fail to remedy such breach within 10 days of receiving notice of the breach.

5.4 You may be required to continue to supply spare parts and related services up to 15 years after termination or expiry of the Contract.

6. Confidentiality and Intellectual Property

6.1 You must not disclose to any other person or entity any confidential information belonging to the Group or any of its divisions, customers, suppliers or collaborators (or partners as the case may be) including: (i) the Contract, specifications, formulae, manufacturing processes, know-how and any technical or economic information) or use such information for any purpose except for the supply of goods and/or services to us or as expressly authorized in writing by us. You must return to us such information and any copies if requested.

6.2 You must, on request, transfer to us, free of charge and free from encumbrances, any documents, specifications, plans, drawings, samples, information or goods created or prepared by you or your employees, subcontractors and consultants, which we may use without any charge.

6.3 Intellectual property rights in any information, documentation, prototypes or tooling provided by us to you shall remain owned by us or our customers or our suppliers and shall only be used for the sole purpose of supplying goods and/or services to us. If such information is created or generated from such information, documentation, prototypes or tooling in performing the Contract such rights shall be owned by us.

7. Our Property

7.1 This contract relates to all property (including tooling of any kind) and any related information, documentation and intellectual property rights therein: (i) purchased by us and/or manufactured by us pursuant to an Order; (ii) provided by us to you for use in the supply of goods and/or services or for any other purpose; whether or not modified, repaired or replaced ("Our Property"); or (iii) any scrap resulting from it)

7.2 Our Property (and any scrap resulting from it) is solely owned by us and we shall keep title to it at all times. If we disagree as to who owns any part of Our Property, the presumption will be that we do.

7.3 Where you are in possession of Our Property it is on a fiduciary basis as our bailee and you have no rights in it. You have a revocable non-exclusive licence to use Our Property at your premises only for performing the Contract until we request its return, which we may do at any time. You must pay us a sub-licence the use of Our Property or use it for any other purpose.

7.4 Risk in Our Property passes to you on delivery and remains with you until it is returned to us. Whilst Our Property is in your possession or control you shall: (i) be responsible for any loss or damage to it (other than fair wear and tear); (ii) store and use it in your premises in a proper and secure manner; (iii) clearly label or identify it as belonging to us; (iv) maintain insurance against all loss or damage; (v) use it with care; (vi) immediately report any damage and inform us of any loss or theft; (vii) give us immediate notice if you become aware of any loss or theft; (viii) identify all stock in trade to us or to any third party to whom you sell it or which you store and use it for any other purpose.

8. Termination

8.1 We may cancel all or any part of any Order by giving you notice at any time prior to your full performance of the Order and in such event we will not be liable to pay the price for such goods or services. You may terminate the Contract: (i) for convenience by providing you with written notice; (ii) immediately if you or your parent company become subject to a bankruptcy or insolvency event or enter into a composition with any of your creditors; or (iii) if you breach the Contract, and, if the breach can be remedied, you fail to remedy such breach within 10 days of receiving notice of the breach.

8.3 Termination of all or part of an Order or the Contract will not prejudice accrued rights.

8.4 You may be required to continue to supply spare parts and related services up to 15 years after termination or expiry of the Contract.

9. General

9.1 You and your suppliers must comply with all applicable laws, regulations and codes and also with the requirements of the GKN Supplier Code of Conduct available at www.GKNAutomotive.com/SupplierCodeofConduct. We may at any time visit your premises on reasonable notice to audit and ensure compliance.

9.2 You must provide us with any information we request relating to the goods and services supplied by you, all of which must be complete and accurate.

9.3 You and your employees, agents and sub-contractors must abide by applicable site and safety rules when on our premises and you shall provide evidence of your applicable insurance.

9.4 Our rights or remedies under the Contract will not limit any of our other rights or remedies otherwise.

9.5 You will not be entitled to transfer or subcontract any of your rights or obligations under the Contract without our prior written consent. Each company within our Group shall have the benefit of the Contract and may enforce its provisions.

9.6 Any failure or delay by us to enforce or partially enforce any provision of the Contract will not be a waiver of any of our rights.

9.7 If any of your employees transfer to us by law then we may dismiss him/her and you shall indemnify us for all costs arising from such dismissal.


10. Law and Jurisdiction

10.1 The Contract shall be exclusively governed by Chinese law. Any dispute arising from or in connection with the Contract shall be submitted to the Shanghai International Arbitration Center for arbitration in accordance with its rules of procedure then in effect. The arbitral award shall be final and binding.

11. Language

11.1 The original of the Contract shall be in English language, and any translation into another language, if any, shall be used only for reference purposes.