

Terms & Conditions of Sale

The following terms and conditions shall be the integral part of the quotation or order in any form whatsoever and shall have the same legal effect.

Basic Details

1. Based on the information provided by you ("Customer"), BASF has prepared the complete quotation and price breakdown and has made every effort to ensure their accuracy. However, extra charges may occur due to unforeseen circumstances, incomplete information provided by you or change to the production or transportation cost, etc.
2. Unless otherwise indicated in writing, all prices shall be quoted in Renminbi and shall be exclusive of value-added tax (VAT). This quotation shall be valid for only 30 days.
3. The Customer shall be responsible for the following items:
 - Product design drawing draft
 - Regulatory requirements for product to be met
 - Working condition for product
4. Unless otherwise agreed upon by the parties, the product shall be manufactured according to the drawings approved by you and inspected according to the inspection standards agreed upon by both parties.
5. In case of changes to the prices of raw materials (including but not limited to substrates and precious metal, so called PGM), both parties will reach a resolution through friendly consultation.
6. Unless otherwise indicated in writing, the consumption of substrates and other raw materials (excluding PGM) shall be subject to the principle of First-in First-out (FIFO). In case of major changes to the prices of substrates and other raw materials, BASF shall reserve the right to request relevant amount advancement payment.
7. The prices of all catalysts manufactured overseas shall be based on the price of Ex Works (EXW) in the local currency; and the prices on the actual orders will be recalculated according to the current exchange rate and transportation expenses.
8. As to annual price discount (also called productivity): The boundary is subject to further discussion.
 - If your actual annual purchase quantity is not less than 80% of the annual purchase quantity agreed in the quotation, BASF will grant a price reduction for your orders in the following year according to the agreed annual productivity rate.
 - If your actual annual purchase quantity is less than 80% but more than 50% of the annual purchase quantity agreed

in the quotation, BASF will not grant the annual price reduction and shall reserve the right to consult with you on the adjustment of the surcharges.

- If your actual annual purchase quantity is less than 50% of the annual purchase quantity agreed in the quotation, BASF will not grant the price reduction and will provide a new quotation for you orders of subsequent batches.
9. The minimum order quantity (MOQ) shall be counted in a full pallet. The minimum order quantity for light-duty vehicles shall be 500 pieces/order/SKU and that for heavy-duty vehicles shall be 300 pieces/order/SKU. If the actual order quantity is less than the minimum order quantity agreed in the quotation, BASF will charge you RMB 60,000 per order as the extra charges.

Delivery

1. The Customer shall send the order confirmation to BASF timely and inform BASF of the determined delivery date.
2. The delivery date shall be the date of departure of the product from the location of BASF legal entity (as of the end of business hours of the current day).
3. Departure of the product from the location of BASF shall be deemed as delivery to the Customer.
4. If the product is directly shipped to the Customer from the overseas affiliated company of BASF, departure of the product from the port of loading shall be deemed as delivery to the Customer, unless otherwise agreed.
5. As to the product provided by the overseas affiliated company of BASF, the delivery date shall be the estimated date. BASF will provide the cargo arrival date that is as accurate as possible based on its best knowledge at the time of confirming the order.
6. BASF shall not be responsible for any consequence resulting from the delayed delivery of the product on the Customer's order due to the reason of the Customer.
7. The Customer shall have right to select its preferred mode of transportation but may need to pay the extra expenses.
8. If the Customer notifies the shipment beyond the established arrangement of cargo delivery of BASF, the Customer shall bear all relevant expenses of such special shipment on its own.
9. Unless otherwise agreed in writing, the minimum shipment quantity shall be the same with the minimum order quantity.

If the monthly quantity requested by the Customer is less than 3000 pieces, BASF shall have right to reduce the shipment frequency to one time every week or one time every two weeks for carload shipment.

10. If the customer or any carrier entrusted by the customer recognizes the goods, including but not continuous quantity errors, damage to the goods, etc., you should notify BASF in writing within 5 working days after the receipt of the goods. Both two sides should negotiate friendly and decide on a solution.
11. BASF will retain products finished according to the original production plan and demand and purchased raw materials, including but not limited to precious metal and substrates, for a maximum of sixty (60) days, after which the Customer shall purchase and pick up these products or prioritize the consumption of these raw materials in the next production plan.
12. If supply contract or this Agreement cannot be performed, fully performed or delayed due to reasons attributable to the Customer, BASF shall have the right to terminate this Agreement and have the right to dispose of the goods and the Customer shall bear all costs and consequences arising therefrom.

Modification, Postponing or Cancellation

1. If the Customer needs to modify or cancel the order, it shall send a written application to BASF at least 14 working days prior to the originally agreed delivery date; otherwise, the order shall not be modified or canceled. However, BASF shall reserve the right to invoice any finished goods and substrates, precious metal or other materials purchased as required by the original order to the Customer on the originally agreed delivery date.
2. The fluctuation of the actual quantity demanded on the Customer's delivery order in contrast to the production forecast shall not exceed plus or minus 20%; if it exceeds 20%, BASF shall have right to conduct delivery according to the originally agreed production forecast.
3. If the Customer needs to postpone the order delivery date, BASF will charge you the extra administration expenses on the goods whose delivery is postponed at the rate of 2% floated upward on the benchmark interest rate for loan newly published by People's Bank of China. Such surcharges shall be calculated from the expected shipment date till the departure of goods from BASF.
4. In case of modifications in quantity of the project or cancellation or postponing of the project, both parties shall

carry out classified handling in accordance with the following circumstances through friendly consultation:

- In case the amount of goods demanded by customer is far greater goods than that agreed in the quotation, BASF may apply to you in writing for adjustment to the production line or production site so as to meet the required production capacity.
 - If the Customer needs to cancel the project prior to PPAP (Production Part Approval Process) , it shall submit a written application to BASF and shall be obliged to bear the fees of the prepared materials and other fees including but not limited to labor cost and technology transfer fee incurred by BASF for the project.
 - If the Customer needs to cancel the project after PPAP, it shall submit a written application to BASF at least 3 months in advance and shall be obliged to bear the fees of the prepared materials and other fees including but not limited to labor cost and technology transfer fee and relevant PPAP fee (including model purchase fee, technology transfer fee, substrate purchased and the fee of the consumed precious metal) incurred by BASF for the project.
 - If the Customer needs to suspend the operation of a certain project, it shall submit a written application to BASF at least 3 months in advance. If the Customer fails to send the demand forecast of the project to BASF for more than 3 months, BASF will tacitly consider that the project has entered into the stage of End of Production (EOP). At the same time, the Customer shall be obliged to bear the fees of the prepared raw materials and relevant fees of working in process and finished goods incurred by BASF according to the previous production forecast or delivery order to the project.
 - If the Customer still requests BASF to produce the products of the project after EOP, such order shall be deemed as order for after-sale products (also called as service part). The previous quotation for this batch of production shall not apply anymore; both parties shall otherwise determine the prices through consultation. However, the clauses of minimum order quantity etc. shall still apply.
5. In case of changes or cancellation prior to PPAP, including but not limited to the following situations, BASF will require the Customer to pay the extra development fees:
 - Changes to substrates: size, model, place of origin, suppliers, etc.

- Engineering design changes result in increased technical costs and complexity
 - For product development, BASF needs to pay the reimbursed expenses beyond its reasonable expenses
 - The Customer adds new objectives and re-initiate the project bidding process
 - The Customer changes the projects that have consumed resources
 - The Customer changes the production system that has consumed resources
 - The government publishes the new emission standards that may affect the direct or indirect cost
6. In case of changes or cancellation after PPAP, BASF will require the Customer to pay:
- The extra development fees listed in Article 5
 - PPAP production-related actual expenses incurred
 - Other reasonable fees

Payment term/method

1. Unless otherwise indicated in writing, the standard terms of payment TT60 shall be strictly executed, i.e. payment is due within 60 days of the invoice date and shall be fully paid off in cash and without bank draft.
2. BASF shall reserve the right to charge financial expenses on the overdue payment for goods. The financial expenses (if needed) shall be calculated from the first overdue day of the payment for goods till the payment is paid off at the rate of 2% floated upward on the benchmark interest rate for loan newly published by People's Bank of China.

Risks and Ownership of Goods

Risk

The risks of goods shall be transferred to the Customer upon the receipt of goods by the Customer or any transporter entrusted by the Customer or upon the delivery of goods to the Customer by any other means.

Ownership of Goods

1. The ownership of goods provided by BASF will not be transferred to the Customer until BASF receives the full payment for goods (each order shall be considered separately).
2. Before the full payment for goods is paid off:
 - 1) BASF shall reserve all the legal ownership of the commodities;
 - 2) The relationship between BASF and the Customer shall be entrustor - trustee relationship.

- 3) The Customer holds the goods as the trustee of BASF.
3. If any of the following circumstances occur prior to the full payment for goods is paid off:
- 1) Any bankruptcy behavior of the Customer occurs, or any action related to the Customer's bankruptcy occurs or has occurred;
 - 2) Application for appointing the bankruptcy administrator has been filed;
 - 3) The bankruptcy administrator of the Customer has been appointed;
 - 4) The Customer fails to pick up the goods in accordance with the provisions of this Agreement;
 - 5) The payment payable is overdue but the Customer refuses to make the payment; or
 - 6) The Customer fails to comply with any condition contained in this Agreement,

BASF shall reserve the right to recover and sell the shipped but not consumed products and/or claim the compensation from the Customer for such finished goods and products manufactured but not yet delivered. The execution of such right by BASF shall not prejudice any other rights that BASF has against the Customer.

4. In case of any event described in the above Article 3, the Customer shall promptly notify BASF.

Force Majeure

1. Force Majeure refers to any event and/or circumstance that is beyond the reasonable control of both parties, including but not limited to fire, explosion, natural disasters, epidemics, war, terrorist acts, shortage of raw materials or energy, transportation disruption and factory shutdown, acts or omissions of government agencies, and the events resulting in excessive performance fee of the affected business or affecting the upstream suppliers. In the event of Force Majeure, the affected party's contractual obligations within the affected scope and interruption period shall be waived. However, the aforementioned terms shall not apply to payment obligations in any case.
2. The party affected by Force Majeure shall immediately notify the other party of the expected affected duration and extent due to Force Majeure and shall immediately take all reasonable measures to remedy the effect. However, as to the remedy of any of the above Force Majeure events, BASF shall not be obligated to purchase or acquire any products (including any related raw materials) from third parties in any case and at any time.

Liabilities

1. Under no event shall BASF be liable for the incidental, indirect or special damages arising from or in connection with any transactions between both parties, including but not limited to the loss of profit.
2. In no event shall BASF's cumulative liability arising out of or in connection with any transaction between both parties exceeds the value of the goods for which the claim is made.

Guarantee

1. BASF's guarantees shall be limited to correcting the wrong process, except that the relevant laws prohibit BASF from limiting its liability for such losses, or any guarantee that BASF provides to the Customer in writing. Substrates and other materials used in the manufacture of the product shall be subject to the guarantees provided by the original manufacturer.
2. Unless otherwise agreed in writing by BASF, any commodity required to be returned or replaced must be returned to BASF.
3. BASF will only warrant that the delivered products are consistent with the specifications agreed by both parties at the time of delivery. For products inconsistent with the specifications, BASF is responsible for replacement or refund. This warranty is exclusive and supersedes other implied or explicit warranties (including warranty of merchantability, or warranty of fitness for a particular purpose).
4. BASF's product correction costs caused by errors not related to processes or materials will be borne by the Customer.

Applicable law and place of jurisdiction

These Terms and the accompanying quotation shall be governed by and interpreted according to the People's Republic of China. Any dispute, objection or claim arising out of or in connection with this clause, including the validity, invalidity, breach or termination of this clause, shall first be settled through friendly consultation and negotiation between both parties. If no settlement is reached through negotiation and discussion, either party may submit the dispute to Shanghai International Economy and Trade Arbitration Commission ("SIETAC") for arbitration in accordance with the then effective arbitration rules thereof. The arbitration tribunal shall consist of three arbitrators. The arbitration will take place in Shanghai, China. The arbitration procedures shall be conducted in Chinese. The arbitral award shall be final and binding upon both parties.