

STANDARD CONDITIONS OF SALE for all GKN SINTER METALS COMPANIES in CHINA

1. Definitions and introduction

“we”, “us” and “our” refer to the applicable seller among GKN Danyang Industries Co Ltd, GKN Sinter Metals Yizheng Co Ltd, or other members of the Group. “Group” means GKN plc and all its direct or indirect subsidiaries.

Our agreement with you for the sale of goods or services (the “Contract”) consists of: (i) any terms that our and your authorised representatives have signed; (ii) any order confirmation we provide to you; (iii) any delivery note or invoice we provide to you; and (iv) these Conditions of Sale. If there is any inconsistency between any parts of this list, the parts of the Contract placed higher in the list will take precedence.

2. Acceptance of orders; your conditions excluded; inspection

2.1 You may send us orders in writing, by phone, by electronic data interchange or any other method agreed with us. Any order you send us will be an offer to purchase our goods and no binding contract will arise unless we accept your order in writing.

2.2 If you seek to impose additional or different terms on us, they will not form part of the Contract, and are excluded and rejected by these Conditions of Sale.

2.3 Any quotations given by us are not binding on us.

2.4 The goods or services covered by any order shall be deemed finally inspected and accepted by you within 30 days after delivery or performance by us, unless you give us written notice of rejection or notice of claim within such 30 days.

3. Warranty and notice of defects

3.1 At the time our goods leave our factory or warehouse we warrant to you only the goods we sell to be: (i) of the quantity and description specified in the Contract; (ii) of satisfactory quality; and (ii) free from defects in material and workmanship under correct use, normal operating conditions and proper applications (including maintenance of goods in accordance with manuals and service bulletins). Written notice of any defect shall be given by you to us within ten (10) days after such defect(s) are detected or appear. The term of warranty is one year from the date of delivery. The warranty does not extend to goods damaged or subjected to accident, abuse, misuse or improper installation or maintenance after delivery, nor to goods altered or repaired by anyone other than us. The warranty period above shall continue for any parts replacing defective goods.

3.2 Where we perform services, they will be performed in accordance with the specification in all material respects and they will be provided using reasonable care and skill.

3.3 Our obligation upon breach of warranty in relation to goods shall be limited to replacing or repairing (at our option) the particular goods which inspection discloses to have been defective at time of delivery, but not including installation, de-installation, dismantling or reassembling. Inspection shall be at our plant, transportation costs prepaid by you.

3.4 Written permission for the return of any goods based on a warranty claim must be first obtained from us. All returns, which shall be at your cost, must be accompanied with a complete written explanation of claimed defects and the circumstances of operational failure. Title in any returned goods is transferred to us upon receipt and we may scrap returned goods at our discretion.

4. VAT, Sales tax

Prices are exclusive of any VAT, sales or use tax or equivalent tax, which will be payable by you in accordance with applicable law against receipt of an appropriate invoice from us.

5. Delivery

5.1 We will arrange delivery of the goods to, and you will accept delivery of the goods at, the agreed place of delivery and according to the terms of delivery set out in the Contract. Unless otherwise agreed in writing, delivery is EXW Incoterms® 2010.

5.2 We can only provide estimated delivery dates, and any order is accepted by us on the basis that time is not of the essence.

5.3 Where the Contract allows you to buy our goods over a period of time by sending purchase orders to us, each order will constitute a separate contract and any breach in relation to an order will not entitle you to terminate the Contract as a whole.

6. Risk, ownership and duty of care

6.1 The goods are at your risk from the time of delivery.

6.2 All goods supplied by us will continue to belong to us until you have paid us in full for them (together with any VAT or equivalent sales tax). You may resell our goods as part of the normal conduct of your business, unless we ask you to return them. If we ask you to return our goods, you agree to make them available for us to pick up and, if you fail to make them available when asked, you agree that we can enter your premises to collect them.

6.3 You must at all times handle the goods with reasonable care and in accordance with our instructions as to storage, transportation, health, safety and the environment, and must not do anything which might affect the quality or safety of the goods or the reputation of our brands.

7. Payment

7.1 You must pay us in full and in cleared funds within the period stated in the Contract, not to exceed 30 days after delivery of goods or performance of services.

7.2 You may not for any reason suspend payment or make any deduction by way of set-off.

7.3 If you do not pay us any amount owed to us by the due date for payment you must pay interest on the outstanding amount at the rate of one percent per month, up to the maximum rate permitted by law.

8. Limitation of Liability

8.1 Notwithstanding any other contract term, our total liability for any claim or series of related claims however arising in connection with our performance or non-performance of the Contract shall be limited to an amount equal to the amount paid by you to us for the goods or services in relation to which the claim or series of related claims arises.

8.2 We will not be liable for any claim however arising for: (i) loss of profits, revenue, goodwill, production, business, anticipated savings or third party contracts (in each case, whether or not foreseeable); or (ii) for consequential or incidental damages or indirect loss.

8.3 All warranties, representations, guarantees, conditions and terms, other than those expressly set out in the Contract, whether express or implied by statute, common law, trade usage or otherwise, and whether written or oral, are excluded to the fullest extent permissible by law.

8.4 Representations about the goods and directions for their use are made in good faith, but we will not be liable for such representations.

8.5 We will not check the accuracy and completeness of information and data given to us by you, including specifications and drawings, and any changes made or suggested to them are subject to your validation.

8.6 This Condition 8 is subject to our overriding agreement to be responsible for our fraud and any death or personal injury resulting from our negligence.

9. Intellectual Property and Confidentiality

9.1 All intellectual property rights in and relating to the goods we supply to you, their manufacture, development and creation (including improvements to them) will be or remain ours and you will, at our request, do any act and execute any documents necessary to confirm such rights.

9.2 The price of our goods, our intellectual property rights, any information deemed confidential by us, and the commercial terms of the Contract are commercially sensitive and confidential and you must keep them secret for a period of five years from the end of the Contract. You may disclose this information where required to by law, court order, regulation or act of any governmental authority provided (to the extent permissible by law) you notify us in advance and agree the scope of disclosure with it.

9.3 You shall indemnify and hold us harmless from any claims based on infringement of any intellectual property rights caused by our compliance with your specifications.

10. Force Majeure

We will not be liable for failure to comply with our obligations under the Contract if this is due to an event which is beyond our reasonable control, including, without limitation, acts of God, war, hostilities, riot, fire, explosion, accident, flood, sabotage, strike, breakage of plant or equipment or lack of adequate fuel, power, raw materials, containers or transportation, delays in supply or other breaches of contract of our suppliers, or economic or trade sanctions.

11. Termination

11.1 We may terminate, without prejudice to our accrued rights, all or part of the Contract: (i) for convenience by providing 90 days' written notice; (ii) immediately if you are in arrears of any amount owed to us, or you become bankrupt, unable to pay debts as they fall due, enter into any composition or arrangement with creditors, or any resolution or petition to wind you up is passed or presented or if an administrator or a receiver of your undertaking, property or assets or any part thereof is appointed; or (iii) if you breach the Contract, and, if the breach can be remedied, you fail to remedy such breach within 30 days of receiving notice of the breach.

11.2 Termination of all or part of the Contract will not prejudice accrued rights.

12. General

12.1 The Contract constitutes the entire agreement and understanding between you and us in relation to its subject matter and supersedes all prior oral or written agreements, understandings or arrangements relating thereto.

12.2 Any variation or amendment to the Contract must be in writing and signed by us.

12.3 If any provision of the Contract is found by any court of competent jurisdiction to be wholly or partly illegal, invalid, unenforceable or unreasonable, it shall to the extent of such illegality, invalidity, unenforceability or unreasonableness be deemed severable and the remaining provisions of the Contract and the remainder of such provision shall continue in full force and effect.

12.4 Failure or delay by us in enforcing any provision of the Contract will not be a waiver of any of our rights under the Contract.

12.5 You are not entitled to transfer any of your rights or obligations under the Contract without our prior written consent. The Contract terms are not enforceable by any third party.

12.6 You must comply with all applicable laws, regulations and codes including those concerning export control restrictions.

13. Law and Jurisdiction

The Contract shall be exclusively governed by Chinese law, excluding the United Nations Convention on Contracts for the International Sale of Goods (CISG). Any dispute arising from or in connection with the Contract shall be submitted to Shanghai International Arbitration Center for arbitration in accordance with its rules of procedure then in effect. The arbitral award shall be final and binding.