

## GENERAL TERMS AND CONDITIONS

1. Definitions. The word "Buyer," whenever used herein, shall mean HIROTEC AMERICA, Inc. the party with which this Purchase Order is placed is referred to herein as "Seller." The goods and/or labor or services covered by this Purchase Order are referred to herein as the "Products," which term includes both goods and services unless the context clearly requires otherwise, and, as to goods, includes all parts, portions, items, attachments, repairs, replacements and substitutions thereof. The terms "Purchase Order," "herein" and "hereto" refer to and include the face of this document, these General Terms and Conditions, releases against blanket Purchase Orders that incorporate the terms of a Purchase Order by reference, and all other documents specifically made a part of this Purchase Order by Buyer whether in printed or electronic form. "Buyer's Plant" means the plant of Buyer the address of which appears on the face hereof. "Interest" means the rate stated on the face of this Purchase Order, if any. "Party" means any natural person, corporation, partnership, governmental authority or other legal entity. "Third Party" means any Party, including Buyer's customer, other than Buyer or Seller. "Seller Document" means any bill of lading, quotation, acknowledgment, invoice or other document, whether in electronic or printed form, issued by Seller.

2. Entire Agreement. This is the entire agreement between the parties respecting the Products and no modification of this Purchase Order shall be effective unless in writing and signed by Buyer's authorized representative. Any agreements, negotiations or understandings of the parties prior to the date of this Purchase Order, whether written or oral, are merged herein and superseded hereby. Reference in this Purchase Order to any Seller Document does not imply acceptance of any terms and conditions therein, which, if in addition to or inconsistent with the terms and conditions contained herein, shall not be part of the agreement between the parties.

3. Offer; Acceptance; No Modification. A Purchase Order is an offer to Seller by Buyer to enter into the Purchase Order it describes. Seller's commencement of work under a Purchase Order will constitute unconditional acceptance of the offer with or without written acceptance from Buyer. Any Seller Document, to the extent containing terms in addition to or inconsistent with the terms of this Purchase Order, or a rejection of any term of this Purchase Order, shall be deemed to be a counter offer to Buyer and shall not be binding upon Buyer unless specifically accepted in writing by Buyer. This clause shall constitute a continuing objection to any such terms or rejections not specifically so accepted by Buyer. However, commencement of performance by Seller, in the absence of written acceptance of such counter offer by Buyer, shall be deemed to be performance in accordance with the terms of this Purchase Order and an acceptance hereof, notwithstanding prior dealings or usage of trade.

4. Product Fabrication; Shipping Schedules. Seller shall not fabricate any of the Products or procure any of the materials required in their fabrication, and Buyer shall have no obligation as to the same, except to the extent expressly authorized in this Purchase Order or in written instructions forwarded to the Seller by Buyer. Deliveries are to be made in quantities and at the times specified on the face hereof or in written instructions forwarded to the Seller by Buyer, but Buyer may from time to time change such quantities and times, or direct temporary suspension of the scheduled deliveries, without any liability whatsoever.

5. Delay in Delivery. If Seller, for any reason, including force majeure, does not comply with Buyer's delivery schedule, as to which time is of the essence, Buyer at its option may (a) approve a revised delivery schedule; (b) require shipment of any of the Products by a more expeditious method of transportation; or (c) terminate this Purchase Order without liability to Seller on account thereof.

6. Title and Risk of Loss. Unless provided differently in the face page of this Purchase Order, title to and risk of loss of all Products subject to this Purchase Order shall remain with Seller until delivery and acceptance of the Products at Buyer's Plant.

7. Payment Not Acceptance. Payment for Products shall not constitute acceptance, and all Products shall be subject to Buyer's inspection and/or rejection at Buyer's Plant. Neither payment nor acceptance shall constitute acknowledgment of the absence of breach of warranty or limit any of Buyer's rights hereunder. Buyer at its option may reject and, upon reasonable notice, return at Seller's risk and expense, or retain and correct, Products that fail to conform to the requirements of this Purchase Order even if the nonconformity does not become apparent until the manufacturing, processing, or assembly stage. If Buyer elects to correct the Products, it will consult with Seller on the method of correction. Seller will reimburse Buyer for all reasonable expenses resulting from rejection or correction.

8. Payment Terms. The Seller, in accepting this Purchase Order, agrees to allow the Buyer to make payment of invoices rendered by Seller, for the Products covered by such Purchase Order, as follows: The payment period shall be calculated from the date acceptable invoices are received or the date the confirming Products are received, whichever last occurs. Payment shall be in US dollars, being legal currency of the United States of America, unless otherwise advised.

9. Set Off. Buyer shall be entitled at any time to set off any sums owing by Seller to Buyer or to any of Buyer's affiliated companies, against sums payable by Buyer in connection with any of Seller's accounts regardless of the purchase orders or contracts from which such debits or credits arise.

10. Taxes. Except as may be otherwise provided on the face of this Purchase Order, the Seller shall pay, out of the purchase price, all tariff, federal, state, and local taxes and any duties applicable to provision of the Products.

11. Infringement; Use of Products Licensed.

(a) Seller warrants that the Products and the sale and/or use thereof (before or after incorporation into Products during manufacture) do not and will not infringe any patents or other intellectual property rights, either those of the United States of America or any foreign country.

(b) Seller will furnish to Buyer, without restrictions on use or disclosure, all information and data Seller acquires or develops in the course of Seller's activities under a Purchase

Order. At Buyer's request, Seller also will discuss with Buyer or another party designated by Buyer, without restrictions on use or disclosure, any potential design, quality or manufacturing problems with Products Seller worked on or produced pursuant to a Purchase Order.

(c) Seller grants to Buyer and to any affiliated company of Buyer a nonexclusive license under reasonable terms and conditions to make, have made, use, have used and sell under any other patents now or hereafter owned or controlled by Seller which cover any application of the technology embodied in the information or data Seller acquires or develops in the course of Seller's activities under a Purchase Order. At Buyer's request, Seller will furnish to Buyer all other information and data of Seller which Buyer deems necessary to understand the operation and to maintain the goods and Products delivered under a Purchase Order, and to understand and apply the information and data of this Paragraph 11 (c) hereof, with no restrictions on use other than Seller's patent rights.

(d) Seller warrants that it is aware of the uses to which the Products are to be put, and grants to Buyer, and each party or entity to which the Products are provided, a free, unrestricted, irrevocable and perpetual license, with a right to sublicense to others, to use, repair and reconstruct the Products in any manner, and warrants that Seller has full right to grant said license.

## 12. Warranties; Remedies.

(a) In addition to any other express and implied warranties provided by law or otherwise, Seller warrants that each Product (whether goods or services) shall: (i) be new and conform to this Purchase Order in all respects; (ii) conform to all specifications, drawings, samples and other descriptions furnished by Buyer; (iii) be merchantable and fit for the purpose for which intended; and (iv) be free from all defects in design, workmanship and materials and be of highest quality and workmanship. Seller also expressly warrants that title to all of the Products shall be vested in Buyer free and clear of any and all liens and encumbrances of whatsoever nature and kind. All warranties of Seller, express and implied, and remedies of Buyer, in this paragraph or elsewhere, shall survive indefinitely any delivery, inspection, tests, acceptance and payment.

(b) Upon any breach of warranty, in addition to all other remedies hereunder or under applicable law or in equity, Buyer may (i) cancel all or any portion of this Purchase Order, (ii) require the Seller to repair or replace any or all Products, at Buyer's option and at Seller's sole expense, either at Buyer's Plant or at any other location designated by Buyer, (iii) require Seller to pay all transportation and other charges arising from delivery, storage and return of Products, and/or (iv) purchase replacement Products from a Third Party and charge the same to the Seller.

(c) If Seller performs any services for Buyer, Seller covenants and agrees that it will (i) perform such services as an independent contractor and not as an employee or agent of Buyer; (ii) have sole liability for all salaries, payroll taxes, injuries (including dismemberment and death), workers' compensation premiums, social security taxes, unemployment taxes, other applicable taxes, contributions, insurance, and insurance premiums, and indemnify Buyer and Buyer's customer against any loss that may result from Seller's failure to comply with such laws, commitments, and obligations.

13. Default. Seller shall be in default hereunder if (a) Seller does not comply with this Purchase Order in all respects, (b) Seller makes an assignment for the benefit of creditors, or proceedings in bankruptcy or insolvency are instituted by or against Seller, or (c) at any time in the Buyer's sole judgment Seller's financial or other condition or progress on this Purchase Order shall be such as to endanger timely performance. Upon any default hereunder, in addition to all other remedies hereunder at law or in equity, Buyer may cancel all or any part of this Purchase Order without liability except to pay the contract price for Products delivered prior to notice of cancellation, purchase from a Third Party replacement Products ordered hereunder and recover from Seller on demand any and all increased costs or other damages relating thereto, plus Interest and attorney's fees, costs of suit and other damages.

14. Indemnification. Seller agrees to indemnify, defend and hold harmless the Buyer, its affiliates, customers and each other party to which Products are provided, and each of their shareholders, directors, officers, employers and agents, on demand, from and against any and all claims, demands, actions, causes of actions, suits, costs, fees, penalties, damages (consequential and otherwise), attorneys' fees and all other liabilities and obligations whatsoever ("Losses") arising out of or related in any way to Seller's performance or obligations under this Purchase Order including, without limitation:

- (a) personal injuries, illness or death of any natural person (including, without limitation, Seller's agents and employees) or damage to any property (including without limitation, the Seller's property) or any spill, discharge or emission of hazardous wastes or substances which relates to, in whole or in part, (i) any manufacturing, design or other defect, failure to warn, improper handling, improper operating installation instructions or other act or omission of Seller with respect to any of the Products, or (ii) the performance by Seller of any services, whether on property of Buyer, Seller or any Third Party;
- (b) any breach of warranty made by or on behalf of Seller with respect to the Products or otherwise and any claim of a Third Party relating to any Products or their quality;
- (c) any breach of this Purchase Order or any other agreement between Buyer and Seller;
- (d) any recall campaign in which Buyer or any customer participates in connection with inclusion of Products in goods sold by Buyer; and/or
- (e) claims alleging violation or infringement of any patent, copyright, or other intellectual property or proprietary right relating to Products provided by Seller, even if they are made to Buyer's specifications.

To the maximum extent permitted by applicable law, Seller's obligation to defend and indemnify will apply even as to Losses caused in whole or in part by an indemnitee's negligence, but Seller's indemnification shall not apply to the extent that Losses are clearly shown to have resulted solely and directly from the negligence or willful misconduct of such indemnitee. Seller's obligation to defend and indemnify under this paragraph will also apply regardless of whether the claim arises in tort, negligence, contract, warranty, strict liability or otherwise. The indemnification obligation under this Paragraph shall not be limited in any way

by any limitation on the amount or type of damages, compensation or benefits payable by or for the benefit of Seller under Workers' Compensation Acts, occupational disease acts, disability benefits acts or other employee benefits acts.

In furtherance and not in limitation of the foregoing, Seller agrees that it will pay Interest to Buyer, on demand, on all indemnification amounts owed, and Buyer may at its option participate in the defense of any Third Party claim with its own counsel, at Seller's expense.

15. Change or Cancellation for the Convenience of Buyer.

Buyer reserves the right, for any reason, to cancel any undelivered portion of this Purchase Order or make changes in the specifications, amount, type, etc., of the Products. Buyer will have such right of cancellation notwithstanding the existence of an excusable delay under paragraph 19. Upon receipt of notice of cancellation, Seller, unless otherwise directed by Buyer, will (i) terminate promptly all work under this Purchase Order; (ii) transfer title and deliver to Buyer the finished work, the work in process, and the parts and materials which Seller produced or acquired in accordance with a Purchase Order and which Seller cannot use in producing goods for itself or for others; (iii) verify/settle all claims by subcontractors for actual costs that are rendered unrecoverable by such termination and provided the recovery of materials in Seller's possession is ensured; and (iv) take actions reasonably necessary to protect property in Seller's possession in which Buyer has an interest until disposal instruction from Buyer has been received. Subject to the other provisions hereof, Buyer shall pay to Seller only the following amounts, without duplication, in complete and final satisfaction of any liabilities relating to this Purchase Order:

- (a) The purchase price for all Products received by Buyer prior to cancellation or change and accepted in accordance with this Purchase Order; and
- (b) The reasonable direct out-of-pocket damages incurred by Seller in connection with Products covered by this Purchase Order and not shipped prior to cancellation or change and a reasonable profit based on such costs, but in no event shall Buyer's obligations exceed the Purchase Order price for the Products, and; provided that, the Seller shall use its best efforts to mitigate such damages.

In the event of a change, as provided herein, Buyer will make reasonable adjustment to the purchase price and delivery schedules.

16. Service and Replacement Parts.

- (a) At Buyer's request, Seller will sell to Buyer the Products of this Purchase Order for Production parts or components necessary to fulfill Buyer's service parts requirements to its customer for such Products at the prices specified in the Purchase Order plus any actual cost differential for packaging.
- (b) At Buyer's request during the fifteen-year period after Buyer completes current model purchases for its customer, Seller will sell to Buyer Products to fulfill Buyer's customer's past model service and replacement requirements at the prices specified in this Purchase Order plus

actual cost differentials for packaging and manufacturing. During the fifteenth year of such period, Buyer and Seller will negotiate in good faith with regard to Seller's continued manufacture of service and replacement Products.

17. Buyer's Property. Seller shall not purchase for the account of Buyer or charge to Buyer any tools, dies, jigs, molds, fixtures, patterns or other equipment (collectively, "Tools") used or useable for producing Products pursuant to this Purchase Order, unless such Tools have been listed on Seller's invoice and approved by Buyer in writing. Seller acknowledges that all Tools so approved and supplied by or fabricated by Seller for Buyer, all Tools otherwise supplied by Buyer or its customer, and all Products returned by Buyer for repair or pending replacement (collectively, "Buyer's Property") are and shall be owned by Buyer and Tools shall be used only for the Production of Products for Buyer. All rights, title, and interest in and to any part of Tooling to be paid for by the Buyer will vest immediately in Buyer as soon as the Tooling is acquired by the Seller or fabricated by the Seller in accordance with a Buyer Purchase Order. Seller shall have only temporary possession of Buyer's Property and shall deliver all or any part thereof to Buyer immediately upon demand or automatically upon any bankruptcy or insolvency filing or other event. Seller at its own expense shall keep all Buyer's Property in working condition and fully insured for the benefit of Buyer at all times while in Seller's possession, will keep it segregated from all other assets and labelled as being the property of Buyer, and will immediately sign and file any UCC-1 forms required by Buyer in respect thereof. Seller bears all responsibility for loss of and damage to any Buyers Property, including responsibility for loss and damage which occur despite Sellers exercise of reasonable care, but excluding normal wear and tear. Seller hereby grants to the Buyer the option of purchasing any Tools which are not Buyer Property and have been used exclusively for the manufacture of the Products, at Seller's unamortized direct out of pocket cost. If Seller subcontracts all or any portion of the manufacture of the Tools, Seller shall so notify Buyer in advance and obtain for Buyer all of the rights contained in this Paragraph 17 from each such subcontractor used by Seller.

18. Insurance; Waiver of Liens. Seller agrees to

furnish to Buyer promptly upon request a certificate from its insurance brokers or agent showing that it carries adequate Comprehensive General Liability insurance coverage, including Contractual Liability insurance applicable to this Purchase Order. The certificate must show the amount of coverage, policy number, and date of expiration and must require the broker or agent to give Buyer thirty (30) days prior written notice of any lapse or cancellation of any policy. Buyer shall also be shown as an Additional Insured on the Comprehensive General Liability policy reflected on the certificate of insurance if services are to be performed on Buyer's premises.

19. Force Majeure. Seller shall not be liable for a reasonable delay or default in furnishing Products hereunder due to fire, flood, storm or other act of God, provided that Seller has given the Buyer prompt written notice of such occurrence. In the event of such occurrence, the Buyer may, at its option, obtain Products from other sources and reduce its order from Seller; or have Seller provide the Products from other sources in quantities and at times requested by Buyer and at the price set forth in the Purchase Order relevant to such Products. If the delay lasts more than thirty (30) days, Buyer may terminate in whole or in part any Purchase Order without liability to

Seller. Buyer shall not be liable for failure to perform any of its obligations hereunder, due to fire, flood, storm, or other act of God, national emergency or war, governmental order or government restriction, disease, pandemic, epidemic, acts of terrorism, civil war, riot, strike, curtailment of transportation services or facilities or a similar intervening cause beyond the direct control of Buyer; provided that Buyer has given the Seller prompt written notice of such occurrence. Notwithstanding anything in this Section to the contrary, no delay or failure of Seller to perform its obligations shall be considered a force majeure event, and such delay or failure to perform shall not be excused, if and to the extent that it is caused by (i) labor problems of Seller (including its Subcontractors) such as, by way of example and not by way of limitation, lockouts, strikes and slowdowns within the reasonable control of Seller; or (ii) the inability of Seller (including its Subcontractors) to obtain power, material(s), labor, equipment or transportation; or (iii) Seller's delay or failure to pay its subcontractors, workforce or other third parties.

20. Subcontracts. In each subcontract of Seller's work performed pursuant to a Purchase Order, Seller will obtain for Buyer the rights and licenses granted in Paragraphs 11, 17, 22, and 28.

21. Remedies Cumulative; No Waiver. Buyer's remedies relating hereto shall be cumulative and in addition to any other remedies provided herein or by law or in equity. No delay by Buyer in the enforcement of any provision of this Purchase Order shall constitute a waiver thereof, and no waiver thereof shall constitute a waiver of any other provision.

22. Buyer's Liability. In no event shall Buyer be liable for anticipated profits, interest, or penalties or incidental, consequential, punitive, exemplary or other damages or liabilities in connection with this Purchase Order, whether for breach of contract, late payment, property damage, personal injury, illness, or death or otherwise, beyond the sum set forth in paragraph 15 hereof, or, if not applicable, the price for Products accepted by Buyer.

23. Limitation on Assignment. This Purchase Order is issued to the Seller, in reliance upon its personal performance of the duties imposed and by accepting same the Seller agrees not to assign this Purchase Order or delegate the performance of its duties hereunder, except for the procurement of raw materials, without prior written consent of the Buyer. Failure to comply with the provisions in this paragraph shall effect, at the option of the Buyer, a cancellation of the Buyer's obligations hereunder without liability.

24. Compliance with Laws.

Seller agrees to comply with all applicable federal, state, provincial, and local laws, rules, regulations and ordinances in connection with the manufacture, sale, delivery and use of the Products, including without limitation obtaining or making all approvals and filings, and upon request, Seller will submit to Buyer evidence of such compliance.

25. Jurisdiction, Jury trial or arbitration provision. The state and federal courts in the City of \_\_\_\_\_, State of Tennessee, United States of America shall have exclusive jurisdiction and venue over the subject matter hereof, hereby expressly waiving the parties any other jurisdiction to which they may be titled by virtue of their domiciles, or by any other reason whatsoever.

All disputes, controversies or differences which may arise between the Parties, out of or in relation to or in connection with this Agreement, or breach thereof, shall be submitted to the exclusive jurisdiction of the competent federal and/or common courts of the City of \_\_\_\_\_, State of Tennessee, United States of America. The provisions of the "United Nations Convention on Contracts for International Sale of Goods" shall not apply to this Purchase Order, including any amendments or changes to this Purchase Order.

26. Severability. If any provision of this Purchase Order, or portion of any provision, is declared or found to be unenforceable, the balance of this Purchase Order or such provision shall be interpreted and enforced to the greatest extent possible as if the unenforceable provision or portion had never been a part hereof.

27. Inventions. If this Purchase Order involves or results in: (i) any invention or any experimental, development or research activities, including engineering related thereto, (ii) any reduction to practice of any subject matter, application or discovery which could be patented or copyrighted, or (iii) any improvement in the design of the Products or any alternative or improved method of accomplishing the objectives of this Purchase Order (collectively, Inventions), and all rights over such Inventions shall be ruled by the terms of Article 163 of the Federal Labor Law, Seller hereby assigns all its rights pursuant to such article on behalf of Buyer, and Buyer hereby accepts such assignment of rights, shall be deemed confidential and proprietary property of Buyer, whether such Inventions or any portions thereof can be copyrighted or patented or not, and Seller shall cooperate (and cause its employees to cooperate) in executing any documents and taking any other actions necessary or convenient to patent, copyright, or otherwise perfect or protect such Inventions and/or rights over the same on the benefit of Buyer as provided for in the above-referenced article.

28. Proprietary Information.

(a) Any information or knowledge which Buyer may have disclosed or may hereafter disclose to Seller in connection with this Purchase Order shall be deemed confidential and proprietary information of Buyer and shall not be disclosed by Seller without Buyer's prior written approval. Seller agrees to safeguard the confidential and proprietary information of Buyer by using reasonable efforts, consistent with those used in the protection of its own proprietary information of a similar nature, to prevent its disclosure to third parties. Seller agrees not to assert any claims (other than a claim for patent infringement) with respect to any technical information which Seller shall have disclosed or may hereafter disclose to Buyer in connection with the Products.

(b) All documents containing proprietary information relating to the Products produced or acquired by Seller under a Purchase Order will belong to Buyer. All drawings, know-how, and confidential information supplied to Seller by Buyer and all rights therein will remain the property of Buyer and will be kept confidential by Seller in accordance with Paragraph 28 (a) above.

(c) Seller shall, within five (5) business days of Buyer's request or the cancellation or termination of this Purchase Order, return all confidential and proprietary information (including



all copies, notes and/or extracts thereof) furnished by Buyer pursuant to this Purchase Order. In addition, that portion of the confidential or proprietary information which consists of analyses, compilations, studies or other documents prepared by Seller, or by its directors, officers, employees, or advisers, will be destroyed.

(d) Seller will ensure that any Third Party to whom Seller subcontracts any of the work hereunder is bound by all of the terms and conditions relating to such work to which Seller is bound under a Purchase Order.

## 29. Capacity of Seller.

(a) Unless provided differently in this Purchase Order, Seller shall deliver Products in strict conformance with the dates, times, quantities and delivery locations determined by Buyer and identified as firm orders in a Purchasing Decision Notification. Seller must respond to the Purchasing Decision Notification provided by Buyer to Seller in five (5) business days from receipt. If Buyer fails to receive a response from Seller in five (5) business days, the Purchasing Decision Notification shall be regarded as accepted. If Seller rejects the Purchasing Decision Notification within the five (5) business days, Seller must return the Purchasing Decision Notification and attached documents.

(b) If Seller accepts the Purchasing Decision Notification, Seller must prepare the tooling, dies, and any necessary facilities to produce parts based on the Buyer's instructions (including processing and repair), and build a proper supply system within the terms identified by Buyer.

(c) Buyer may investigate Seller in determining the process of preparation of tooling, gage dies and the other facilities. Seller must provide Checking Standard (in the format specified by Buyer in its request for quotation), quotation and other documents within the required term.

(d) Seller must provide prototype parts to satisfy the required quality. If Buyer requires pilot parts, Seller must provide parts produced with mass Production facility.

(e) Seller shall deliver Products in strict conformance with the dates, times, quantities and delivery locations determined by Buyer and identified as firm orders in the Purchasing Decision Notification.

## 30. Shipping requirements.

(a) Except as otherwise agreed by the parties in the case of an emergency order, Seller shall deliver Product to Buyer in accordance with the terms specified in Purchase Order. Title to and risk of loss of Product shall be deemed to pass from Seller to Buyer at the point specified in paragraph 6. In the absence of specific shipping instructions, shipment shall be routed via the most economical mode of commercially reasonable transportation available.

### Documents and Materials:

Seller shall deliver to Buyer the following documents and materials.

-Invoice

- Packing list
- Declaration or certificate of origin (& foundation)
- HS code (& foundation)
- Invoice for returnable equipment such as rack, pallet etc.
- Any other information reasonably requested by Buyer.
- MSDS (Material Safety Data sheet) for hazardous material that may affect or cause damage related to: health, fire, radioactivity, environmental.

(b) Seller shall deliver Product in a packed state using the method of packaging which conforms to the "Packaging Guide" prepared by Buyer unless otherwise mutually agreed. In the event that the method causes any damage to or adverse effect on Product, Buyer may request Seller to improve such method and Seller shall comply with such request.

(c) After the completion of delivery, Seller shall immediately advise Buyer of the contract number, date of delivery, volume of delivery, invoice amount and other information as may be required by Buyer.

(d) Seller shall deliver to Buyer the documents and materials specified in (a).

(e) If there is any possibility that Product cannot be delivered on the delivery date designated by the firm order or emergency order, Seller shall take beforehand every reasonable measure to avoid such possibility. If Seller fails to deliver Product on the delivery date, Seller shall (I) promptly make alternative arrangements for delivery and (II) compensate Buyer for the direct damage suffered by Buyer due to such failure in delivery including, but not limited to, demurrage, damages for detention and dead freight.

(f) In either case, Seller shall immediately advise Buyer of the circumstances involved, expected date of delivery, etc. In case the delivery on such expected date affects Buyer's Production schedule of vehicles seriously, Buyer may give reasonable instructions for more expeditious delivery (such as transportation mode, and delivery date), and Seller shall follow such instructions. Additional costs for such more expeditious delivery shall be borne by Seller.

### 31. Change orders

(a) Buyer reserves the right at any time prior to shipment to make changes to: (i) specifications of any Products to be specifically manufactured for Buyer; (ii) methods of shipment or packing; (iii) place of delivery; (iv) schedule of delivery; and (v) reduce, increase, or cancel the quantities ordered. Except as otherwise provided for in these Terms, if any such change causes an increase or decrease in the cost of or the time required for performance of this Purchase Order, an equitable adjustment shall be made in contract price or delivery schedule, or both, only to the extent expressly approved by Buyer in writing. Any claim by Seller for adjustment under this Paragraph 31 shall be deemed waived unless asserted in writing within ten (10) days from receipt by Seller of the change.

(b) Both parties must discuss the disposal of parts produced prior to the Seller request.

(c) If Seller needs to change the specifications or Production process, including those required by a customer change, both parties must agree with revised documents in advance, but if the change does not impact the specifications or Production process, no specific changes are required.

### 32. Quality assurance and Inspection of goods

(a) It is recognized by Buyer and Seller that Product supplied by Seller shall be sufficient in quality to enable the vehicles to be of the highest standards of quality that meet the ever - changing needs of the society and the consumer. To that end, all Product supplied by Seller shall be manufactured in accordance with the quality assurance standards set forth in the "QUALITY REQUIREMENTS FOR SUPPLIERS" established by Buyer, a current copy of which has been provided to Seller, as it may be revised from time to time, which is incorporated in this Agreement by reference, and all other quality assurance standard which may be established in writing by Buyer.

(b) If required by Buyer, Seller shall furnish prototypes of Product to Buyer in such quantity and at such time as agreed upon by the parties together with such drawings and other technical data as may be reasonably requested by Buyer. Further, Seller shall obtain approval from Buyer concerning the conformity of Product with SPECIFICATIONS in advance of the start of full-scale Production of the Product.

(c) Buyer may at any reasonable time observe the manufacture of Product at Seller's premises and inspect Seller's manufacturing processes to the extent reasonably necessary to ensure that Seller's quality control is being maintained in accordance with said "QUALITY REQUIREMENTS FOR SUPPLIERS". Seller shall cooperate with Buyer in such observation and inspection. If Seller has been authorized to subcontract part or all of the manufacture of Product, Buyer shall have the same right of observation and inspection at such subcontractor's premises.

### 33. Audit rights

Buyer shall have the right to inspect and audit Seller's facilities, books and records, and check all Tools, other capital equipment, processes, parts, documentation, costs, and all other items related to the Purchase Order in such detail or manner as Buyer in its sole discretion shall determine. Seller shall retain all appropriate records for inspection or audit for a period of not less than four (4) years after the termination or expiration of the Purchase Order. This same right is available to Buyer's customers. Buyer shall have the right to audit and examine all books, records, facilities, work, material, inventories, and other items relating to any termination or other type of claim by Seller. In addition, Seller agrees to fully cooperate with Buyer in the event of any such investigation/examination.

### 34. Work On Premises.

If the scope of work to be performed by Seller includes work on premises specified by Buyer, Seller represents that it has or will examine the premises and any specifications or other

documents furnished in connection with the items, and has satisfied itself as to the safe and acceptable condition of the premises and site. Seller shall abide by all Buyer rules, policies, procedures, and requirements related to environmental health and safety. Supplier shall at all times keep the premises free from accumulations of waste material, hazards, or rubbish. Risk of loss or damage to Seller's materials or equipment, or risk of personal injury, dismemberment, or death to Seller's employees, agents, or sub-contractors while on premises specified by Buyer, shall remain with Seller. Buyer shall have no responsibility or liability to Seller and Seller shall defend, indemnify, and hold harmless, Buyer against anyone claiming through or related to Seller, with respect to any loss, damage, injury, dismemberment, or death, notwithstanding the fact that facilities or storage space on such premises is provided by Buyer. Seller will provide Buyer a certificate of sufficient insurance either naming Buyer as an additional insured or containing a contractual liability and completed operations endorsement sufficient to protect Buyer as contemplated hereby.

35. Export/Import Compliance.

(a) Seller warrants that it shall comply with all applicable Federal, State and local laws, rulings and regulations of the United States of America and all laws and regulations of Seller's country, during the performance of this Purchase Order including all import, export and customs requirements.

(b) In connection with the disclosure, delivery, or export of technical data or technical assistance by Buyer to Seller, Seller shall comply, and shall cause its corporate entities and subcontractors at all tiers to comply with any export restrictions imposed by any governmental agency of the United States of America, including without limitation the provisions of the Export Administration Act of 1979 (50 USC 24012420) and the Export Administration Regulations (15 CFR 768799) promulgated thereunder; the Arms Export Control Act of 1976 (22 USC 2751 2779), the International Traffic in Arms Regulation (22 CFR 120128 and 130) promulgated thereunder; and the Foreign Corrupt Practices Act. The Parties acknowledge that these statutes and regulations impose restrictions on import, export, and transfer to third countries of certain categories of data, technical assistance and products, and that authorization from the U.S. Department of State and/or U.S. Department of Commerce may be required before such technical data, technical assistance and products can be provided hereunder, and that such export authorizations may impose further restrictions on use of such technical data, technical assistance and products. Seller shall indemnify and hold Buyer harmless to the full extent of any loss, damage, or expense, including lost profit, attorney's fees and court costs, for any failure or alleged failure of Seller to comply with the above referenced laws and regulations and the United States Customs Modernization Act of 1993.

(d) In addition the Seller shall obtain Buyer's permission in writing before any technical data or proprietary information of the Buyer is provided to any nonUS subcontractor or other nonUS person, including without limitation any nonUS affiliate of the Seller. Seller shall provide Buyer with a detailed list of all potential nonUS subcontractors, identify the ultimate parent company of each such nonUS subcontractor, and provide full legal names and addresses, email addresses, telephone numbers, and contacts for each such entity to Buyer prior to providing any technical data or product embodying such technical data to any such entity in

connection with this Order. Seller shall return all technical data to Buyer after completion or termination of this Order unless otherwise directed by Buyer.

IN WITNESS WHEREOF, we acknowledge receipt of and accept the original Purchase Order and Purchasing Decision Notification of Hirotec America, Inc. without exception.

\_\_\_\_\_  
(Name of Seller)

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
Hirotec America, Inc.

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_