



SERVICES TERMS & CONDITIONS

These Services Terms & Conditions ("T&C") apply to the provision of Services ("Services") by QAD.

Article 1. Services

1.1 Work Order Required. Services shall be provided by QAD to Customer in return for the agreed upon fee and on the basis of a Work Order that incorporates these T&C by reference. A Work Order is a document in which the Services are described in detail (including the pricing) and formally ordered from QAD. Work Order and T&C are jointly referred to as the "Agreement".

1.2 Cooperation. Customer shall provide QAD with reliable information and access to all resources required by QAD to be able to adequately fulfill its obligations. QAD shall not be responsible for any issues with the Services that result from Customer not complying with these obligations.

Article 2. Payment

2.1 Invoicing. Invoices for Services, provided on a time and materials basis, will be issued twice monthly in arrears. Invoices for Services, provided on a fixed price basis, will be issued in accordance with the schedule agreed upon in a Work Order. Invoices shall be due and payable within thirty (30) calendar days from the date of the invoice. If QAD does not receive timely payment, QAD may suspend performance of Services. QAD may assign the invoicing of payments due under this Agreement to other entities in the QAD group of companies.

2.2 Expenses. Customer shall reimburse QAD for documented and reasonable travel, administrative, and out-of-pocket expenses incurred in conjunction with the Services. QAD's standard policies concerning travel and living shall apply.

2.3 Interest. Any amounts due to QAD under this Agreement which are not paid within the agreed payment term shall incur interest at the rate of one and one half percent (1½%) per month or any part of the month.

2.4 Taxes. Services fees are exclusive of all taxes, duties and fees. Customer shall make no deductions for taxes, duties or fees of any kind from any payment to QAD under this Agreement. If Customer is required by law to withhold taxes, duties or fees, then Customer shall pay QAD a gross amount of money, such that the net amount received by QAD (after deducting or withholding the required taxes, duties or fees) is equal to the amount of the fee originally owed before subtracting such taxes, duties or fees. Taxes on the net income of QAD are the responsibility of QAD.

Article 3. Confidentiality

3.1 Confidential Information. Each of the parties warrants that all of the information received by the other party which is known to be or should be known to be confidential in nature shall remain confidential, unless a legal obligation mandates

disclosure of that information. The party receiving the confidential information shall only use it for the purpose for which it has been provided. Information shall in any event be considered confidential if it is designated by either of the parties as such.

Article 4. Intellectual Property

4.1 Ownership of Work Product. If the performance of the Services results in the coming into existence of a work product that is based on an existing product (or on existing intellectual property rights, know-how, etc.) and that is eligible for independent intellectual property protection, then the party that owns the intellectual property rights to the existing product on which the work product is based will own the intellectual property rights to the work product. If the performance of the Services results in the coming into existence of a work product that is not based on an existing product, the intellectual property rights to such work product shall be owned by QAD. If a party owns intellectual property rights that should be owned by the other party under operation of the above rules, then such party hereby assigns such rights to the other party.

4.2 QAD Expertise. As part of the Services provided under the Agreement, QAD may use its expertise to develop certain templates, business rules, and procedures. QAD shall own and have exclusive rights in any such templates, business rules, and procedures.

4.3 Grant of License. Upon receipt of payment for the Services, QAD hereby grants Customer a non-exclusive, non-transferable, perpetual and royalty-free license in accordance with the terms and conditions of the License and Maintenance Agreement to use the work products to which QAD owns the intellectual property rights. License and Maintenance Agreement shall mean the agreement(s) under which Customer has licensed software and purchased maintenance for QAD applications and related software from QAD or its distributors. The terms and conditions of the License and Maintenance Agreement regarding the grant of a license are hereby incorporated by reference.

Article 5. Limited Warranty

5.1 Professionalism. QAD represents and warrants that the Services provided by QAD hereunder shall be performed in a professional and workmanlike manner.

5.2 Original Work of Authorship. QAD warrants that the work products developed by QAD under this Agreement are an original work of authorship, and free and clear of all liens, encumbrances, and claims or demands of third parties.

5.3 Errors. QAD warrants for a period of ninety (90) days from delivery that the work products provided as part of the Services shall be substantially free from material program errors and that they shall function substantially in accordance with the agreed upon specifications.

5.4 Third Party Products. QAD makes no representations or warranties for Services that are performed with respect to defective third party products.

5.5 Limited Warranty. THE LIMITED WARRANTIES EXPRESSED IN THIS ARTICLE ARE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NO OTHER WARRANTY IS MADE HEREUNDER BY QAD AND ALL OTHER CONDITIONS, WARRANTIES, AND REPRESENTATIONS, EITHER EXPRESS OR IMPLIED, ARE EXCLUDED.

Article 6. Limitation of Liability

6.1 Damages. TO THE MAXIMUM EXTENT PERMITTED BY THE APPLICABLE LAW, IN NO EVENT SHALL QAD BE LIABLE FOR ANY LOST REVENUES OR PROFITS OR OTHER SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES HOWEVER CAUSED AND REGARDLESS OF ANY THEORY OF LIABILITY, EVEN IF QAD HAS, OR SHOULD HAVE HAD, ANY KNOWLEDGE OF THE POSSIBILITY OF SUCH DAMAGES.

6.2 Damages Limitation. The maximum liability of QAD for any and all damages arising out of, or in connection with, the Services shall be limited to the amount paid by Customer under the particular Work Order for the Services that caused the damage.

6.3 Personal Injury Liability. Nothing in this Agreement shall exclude or restrict the liability of QAD for death or personal injury caused by the negligence of QAD.

Article 7. Term and Termination

7.1 Term. This Agreement shall be effective for the term outlined in the Work Order.

7.2 Termination. Either party may terminate the Agreement at any time upon thirty (30) calendar days written notice to the other party. If Customer terminates the Agreement for convenience or if QAD terminates the Agreement for breach, Customer shall pay QAD for all Services performed by QAD, including any Services provided during the thirty (30) calendar days after written notice is provided to QAD plus any fees/costs related to the inactivity of the QAD consultants devoted to the Services during such thirty (30) day period. If QAD terminates the Agreement for breach, then any licenses to use the work product provided under the Agreement are terminated as well.

If QAD terminates for convenience, then Customer shall have the option to either (i) receive a refund of all amounts paid to QAD and terminate the license to use the resulting Services work product or (ii) receive from QAD all Services done under the Agreement, whether complete or incomplete as of the date of termination, by payment to QAD for such Services.

Article 8. Miscellaneous

8.1 Law Applicable to this Agreement. This Agreement shall be governed by the laws of the People's Republic Of China.

Any dispute arising between the parties shall be referred to the China International Economic And Trade Arbitration Commission in Shanghai for arbitration which shall be conducted in accordance with the Commission's rules in effect at the time of the application for arbitration. There shall be a single arbitrator selected under those rules. The language of the arbitration and arbitral award shall be in English. The arbitral award, which shall be final and binding on both parties, may be enforced in any court having jurisdiction thereof.

8.2 Assignment. Customer may not assign or transfer its interest in the Agreement to a third party.

8.3 Staff and Sub-Contracting. QAD will, at its sole discretion, decide which staff is used to perform the Services. QAD is entitled to subcontract the Services in whole or in part to other entities in the QAD group of companies or to third parties, provided that QAD will continue to warrant the Services under this Agreement.

8.4 Personnel. Customer shall not knowingly solicit, with the intent to employ, any employee of QAD during the term of this Agreement and for six (6) months after termination of this Agreement unless Customer pays to QAD an amount equal to six (6) months of such employee's current compensation.

8.5 Force Majeure. Except as it relates to Customer's obligation to make payments, neither party shall be liable for delays or non-performance if such delays or non-performance are beyond such party's reasonable control provided the party takes reasonable steps to remedy the delay or non-performance promptly.

8.6 Compliance with Laws. Customer and Affiliate shall be responsible for complying with all applicable governmental regulations of the United States (including US export laws) and any foreign country (where applicable) with respect to the use of the Services. The Services are not to be used in any government and/or defense related activity unless approved under U.S. Export Law and Regulation. Export/re-export of the Services may be contrary to U.S. and other export laws. Customer and Affiliate shall defend, indemnify and hold QAD harmless from and against any and all liabilities arising out of the non-compliance with applicable governmental regulations.

8.7 Survival. The clauses of this Agreement which are by their nature intended to survive the expiry or termination of this Agreement, including, but not limited to, Confidentiality, Intellectual Property, Limitation of Liability and Compliance with Laws, shall survive the expiry or termination of this Agreement.

8.8 Entire Agreement. This Agreement, including exhibits, annexes, attachments, Work Orders or amendments, which are incorporated herein by reference, contains the entire agreement between the parties with respect to the subject matter hereof and shall supersede any and all prior agreements and/or undertakings, either verbal or written, between the parties regarding the said subject matter. Any modification of any of the terms and provisions of this Agreement must be in the form of an amendment to this Agreement in writing and signed by the parties. Additional or different terms or conditions appearing on Customer's purchase order shall be deemed null and void.