

## AGREEMENT on factoring

Tashkent

“date” month 20 \_\_\_\_\_

ASIA ALLIANCE BANK JSC, hereinafter referred to as the “Financial Agent”, represented by the Chairman of the Board Abduazimov U.A., acting on the basis of the Charter, on the one part,  
“\_\_\_\_\_” LLC, hereinafter referred to as the “Client”, represented by Director \_\_\_\_\_, acting on the basis of the Articles of Association, on the second part,  
“\_\_\_\_\_” LLC, hereinafter referred to as the “Debtor”, represented by Director \_\_\_\_\_, acting on the basis of the Articles of Association, on the third part, referred to as the “Parties”, have entered into this agreement as follows.

### 1. TERMS AND DEFINITIONS

**Remuneration of a Financial Agent (Commission, Discount)** – amount of cash payable by the Client to the Financial Agent to be determined in accordance with the procedure, amount and under the conditions stipulated by the Tariffs. To be calculated from the date of financing for the entire deferral period under the Contract. In case of early repayment of the Monetary Claim by the Debtor, the amount of the Commission for the use of Financing shall not subject to revision.

**Repayment date** – the date when the Debtor fulfills the obligation to transfer the amount of Monetary Claim assigned to the Financial Agent.

**Debtor** – a legal entity or individual entrepreneur who has entered into a Contract with the Client and, by virtue of such Contract, shall be obligated to pay the Client’s Monetary Claim arising out of the Client’s delivery of goods (provision of services, performance of work) in favor of the Debtor, under the terms of the deferred payment determined in the Contract.

**Monetary claim (amount of debt)** – the Debtor’s liability to the Client to pay for goods delivered (services provided, work performed) under the terms of the Contract, expressed in the currency of the Republic of Uzbekistan, confirmed in the Source Documents.

**Client** – a legal entity or individual entrepreneur delivering goods (providing services, performing work) to the Debtor within the framework of a Contract entered into it under deferred payment terms, having rights of claim against the Debtor arising out of the delivery of goods to the Debtor (provision of services, performance of work) by virtue of the Contract, having interested in factoring services or being on factoring services with the Financial Agent.

**Contract** – an agreement between the Client and the Debtor providing for the supply/sale of goods, performance of work and provision of services under deferred payment terms – Agreement No. \_\_\_\_ dated \_\_\_\_\_.

**Deferred payment under the Contract** – the maximum deferral of payment of the Monetary Claim that may be provided for by the Contract – 180 (one hundred eighty) days.

**The amount of financing** – an amount equal to 100% of the amount of monetary claim assigned.

**Tariffs** – a document approved by the Financial Agent, determining the amount of the Financial Agent’s Remuneration.

### 2. SUBJECT MATTER OF THE AGREEMENT

2.1. The Client shall undertake to assign to the Financial Agent monetary claims against the Debtor and pay for the services rendered, and the Financial Agent shall undertake to do and perform the following acts and things related to the monetary claims that are the subject matter of the assignment hereunder:

- transfer funds to the Client against monetary claims;
- keep records of the Client’s monetary claims against a third party (Debtor);
- exercise rights in relation to the Client’s monetary claims, including present monetary claims for payment to the Debtor, receive payments from the Debtor and make settlements related to monetary claims;

2.2. The Financial Agent shall provide the Client with financing in the amount of \_ (\_\_\_\_\_) UZS (hereinafter referred to as the Amount of financing), which shall be 100% of the amount of monetary claim assigned.

2.3. The Client's right to transfer monetary claims shall be confirmed by copies of the following documents: \_\_\_\_\_ (*invoices, delivery notes, goods and materials delivery and acceptance certificates, certificates of conformity, certificates of quality, certificates of origin, equipment specifications, contract performance bond*).

2.4. The Client and the Debtor shall guarantee that there are no agreements between them prohibiting or restricting the assignment of Monetary Claims to a third party.

2.5. Subsequent assignment of Monetary Claims by the Financial Agent shall be permitted in accordance with this Agreement.

### **3. PROCEDURE AND PREREQUISITES OF FACTORING**

3.1. The Monetary claim shall be transferred to the Financial Agent upon signing the Agreement by the Parties, if at the time of signing the Agreement the obligation to pay for Monetary Claim assigned has already occurred.

3.2. Simultaneously with the assignment of monetary claims, other rights arising out of the Contract shall be also transferred to the Financial Agent, in particular, the right to impose penalties to the Debtor, the rights to security provided to the Client, the rights of the beneficiary for possible insurance claims, and others.

3.3. The following monetary claims of the Client against the Debtor shall not be subject to assignment:

- those that are overdue accounts receivable;
- the payment period for which exceeds 180 (one hundred eighty) calendar days from the date of delivery;
- in relation to which there are any disputes or disagreements with the Debtor due to the Debtor's claims related to the Client's failure to fulfill or improper fulfillment of obligations under the Contract;
- those arising out of Contracts concluded by the commission agent (broker) on behalf of the consignor (principal).

3.4. Payment to the Client of the monetary claim assigned to the Financial Agent in the amount of the Financing Amount shall be made within 3 (three) banking days upon entering into Agreement.

3.5. Payment to the Client shall be made according to the Client's details specified in Section 13 hereof. The date of payment transaction shall be the date of debiting the settlement account of the Financial Agent.

### **4. PAYMENT PROCEDURE FOR MONETARY CLAIMS ASSIGNED**

4.1. The Debtor shall pay Monetary Claims assigned according to the details of the Financial Agent specified in the Agreement.

4.2. The Debtor shall make payment within the time limits and in the amount in accordance with the conditions determined by the Contract and this Agreement.

4.3. The Debtor has acknowledged and agreed that he/she shall meet, on a priority basis, the claims of the Financial Agent for payment of the Monetary Claims assigned payable to the Financial Agent in accordance with this Agreement and the current legislation of the Republic of Uzbekistan.

4.4. The repayment priority of the Debtor's liabilities shall be as follows:

- repayment of principal (financing amount) under the Monetary Claim;
- repayment of debt arising in connection with the Debtor's liability (penalties).

### **5. REMUNERATION OF A FINANCIAL AGENT**

5.1. The Client shall pay the Financial Agent a Remuneration for providing Factoring services.

5.2. Commission (discount) for the factoring service shall be calculated from the date of financing for the entire deferral period under the Contract. In case of early repayment of the Monetary Claim by the Debtor, the amount of the Commission for the use of Financing shall not subject to revision.

5.3. The basis for calculation of the Remuneration shall be the amount of the Monetary Claim assigned to the Financial Agent, specified in the Agreement.

5.4. The amount of the Commission for the use of Financing shall be determined no later than the date of provision of Financing.

5.5. Payment of the Commission for the use of Financing shall be made by deducting the corresponding amount from the Financing Amount to be credited to the Client's account (Discount) by the Financial Agent.

### **6. RIGHTS AND OBLIGATIONS OF THE PARTIES**

#### **6.1. The Client shall undertake to:**

- 6.1.1. duly fulfill its obligations under the Contract concluded with the Debtor;
- 6.1.2. be responsible to the Financial Agent:
  - for the validity of the monetary claim that is the subject matter of the assignment;
  - in the event of assignment of claims to the Financial Agent for which the Debtor has counterclaims against the Client for offset.
- 6.1.3. submit to the Financial Agent copies, certified by its seal, of all documents that it exchanges with the Debtor, within 3 (three) business days from the date of sending or receiving such documents;

6.1.4. provide, at the request of the Financial Agent, additional information in writing about the Debtor, as well as other documents on the monetary claim assigned within 3 (three) business days from the date of receipt of the relevant request;

6.1.5. promptly notify the Financial Agent in writing of the following information that has become known to it about:

- unfavorable circumstances that may affect the solvency of the Debtor or hinder the fulfillment of the monetary claim assigned;

- cases when the Debtor, for any reason, disputes its payment obligations in part or in full;

- cases when the right of a third party comes into force with respect to the monetary claim assigned or its security or third parties lay claim to it;

- all changes of a legal and/or economic nature, both for itself and for the Debtor, affecting the capability to fulfill the obligations that are the subject matter of this Agreement, even in cases where these changes affect only certain obligations;

6.1.6. in the event of receipt of the payment amount from the Debtor for monetary claims assigned to the Client's account(s), ensure the transfer of these funds to the Financial Agent no later than the next business day upon their receipt. Payment of Monetary Claim assigned by the Debtor to the Client's account shall not constitute proper performance of the obligation for the Debtor to pay the Monetary Claim assigned. Until the Client transfers funds to the Financial Agent in accordance with this clause, the latter shall retain the right to claim payment from the Debtor in favor of the Financial Agent of Monetary Claim assigned, in repayment of which the Debtor has transferred funds to the Client's account;

6.1.7. not to make changes or additions to the terms of the Contract that affect the characteristics of monetary claim assigned without the written consent of the Financial Agent;

6.1.8. in the event of a dispute between the Financial Agent and the Debtor on issues related to the exercise of Financial Agent's rights under the Monetary Claims assigned, provide the Financial Agent with all documents that it has or can receive and communicate all information that it has or can receive related to the essence of the dispute within 3 (three) business days upon receipt of the corresponding request from the Financial Agent.

The Client shall give all necessary instructions for the Financial Agent to exercise its rights under the Monetary Claims assigned to it;

6.1.9. pay for the services of the Financial Agent provided for by this Agreement;

6.1.10. not to assign or pledge claims arising out of this Agreement;

6.1.11. not to pledge Monetary Claims arising out of the Contract, not to exercise the rights of the Monetary Claim of that shall be assigned to the Financial Agent.

**6.2. The Client shall be entitled to:**

6.2.1. receive complete and reliable information about the procedure and prerequisites of Factoring Services in accordance with this Agreement;

6.2.2. require the Financial Agent to provide information on the current status of the monetary claim assigned, as well as other information on which the Financial Agent keeps records under this Agreement.

**6.3. The Financial agent shall undertake to:**

6.3.1. finance the Client (transfer to the Client the Financing Amounts for the monetary claim assigned) according to the procedure, amounts and within time limits stipulated by this Agreement;

6.3.2. in case of receipt of funds from the Debtor to the account of the Financial Agent in payment of a monetary claim, the assignment of which was not made by the Client, within 1 (one) business day upon receipt of funds, send a corresponding written notice to the Client and the Debtor.

**6.4. The Financial agent shall be entitled to:**

6.4.1. notify the Debtor to pay monetary claims assigned before the expiration of the deferred payment period;

6.4.2. make a subsequent assignment of the monetary claim against the Debtor to third parties;

6.4.3. after the expiration of the deferred period, take any actions not contradicting the law and that it considers appropriate to obtain payment from the Debtor for the monetary claims assigned;

6.4.4. if the Debtor fails to transfer the amounts payable to the Financial Agent in accordance with this Agreement in a timely manner before the expiration of the deferred payment period under the Contract, to debit these amounts without acceptance from all existing or future accounts of the Debtor in any bank, to which the Debtor expresses its consent by entering into this Agreement.

If the Debtor's master account is in another bank, the Debtor shall undertake, prior to financing under this Agreement, to provide the Financial Agent with a copy of the agreement signed with the bank servicing its master account on the direct debiting of funds;

6.4.5. require the Client to refund funds in the amount of the Financing provided, if:

- the Client fails to fulfill obligation under the Contract;

- the information and/or documents provided to the Financial Agent by the Client turned out to be

unreliable, and the Client failed to provide new reliable information;

- if the relevant Monetary Claim is invalid or may be declared invalid.

**6.5. The Debtor shall undertake to:**

6.5.1. duly fulfill its obligations to pay the Financial Agent the amount of the monetary claim assigned in accordance with the terms of this Agreement (pay the claim assigned to the Financial Agent before the expiration of the deferred period under the Contract);

6.5.2. not to make changes or additions to the terms of the Contract without the written consent of the Financial Agent that in the future, directly or indirectly, may affect the characteristics and prerequisites of the Monetary Claim assigned, including the amount of the Monetary Claim;

6.5.3. promptly notify the Financial Agent of any information that has become known to it regarding unfavorable circumstances related to its solvency or circumstances that may result in non-payment of the Monetary Claim assigned;

6.5.4. ensure the exact and strict fulfillment of its obligations under the Contract and this Agreement;

6.5.5. at the request of the Financial Agent, send him/her all information and documents available to it, by means of which the Financial Agent can monitor the state of its business relations with the Client;

6.5.6. quarterly submit to the Financial Agent (directly in person to the Bank or through the Information System, confirming with an EDS) copies of the balance sheet, profit and loss statement, as well as other financial statements as agreed by the Parties within 3 (three) business days upon and after the end of this period or receipt of a corresponding request from the Financial Agent.

## **7. RESPONSIBILITY OF THE PARTIES**

7.1. If the Financial agent fails to fulfill or improper fulfills the obligations to pay funds according to the procedure and within the amount stipulated by the terms and conditions of this Agreement, the Financial Agent shall undertake to pay the Client a penalty at the rate of 0.1% (zero-point one percent) of the amount of funds not paid on time for each day of delay in payment, but not more than 50% of the overdue amount.

7.2. If the Debtor fails to fulfill and/or improper fulfills the obligations to pay the amount of the Monetary Claim assigned according to the procedure and within the amount stipulated by the terms and conditions of this Agreement, the Financial Agent shall be entitled to demand payment of a penalty for each day of delay at the rate of 0.1% of the amount, the payment of which is overdue, but not more than 50% of the overdue amount.

7.3. The Client shall be liable for the validity of the monetary claim that is the subject matter of the assignment and for the authenticity of the documents to be submitted in accordance with this Agreement.

7.4. If the monetary claim assigned by the Client to the Financial Agent is declared invalid, or the Contract is declared invalid, not entered into force and the consequences of the invalid transaction affect to it, the Client shall undertake to transfer to the Financial Agent the amount of financing actually received by him under this Agreement within 3 (three) business days from the date of receipt of the relevant request of the Financial Agent.

7.5. If, as a result of offset of counterclaims by the Debtor, return by the Debtor of the goods, loss/damage of the goods before the transfer to the Debtor from the Client of the risk of accidental death or accidental damage to the goods, or other reduction in the amount of the Monetary Claim assigned, the amount of the Monetary Claim assigned has become less than the amount specified in the relevant Register, the Client shall undertake to transfer to the Financial Agent, the amount by which the Monetary Claim assigned has been reduced, within 5 (five) business days from the date of such reduction. The provisions of this paragraph under no circumstances grant the Client and the Debtor the right to offset counterclaims by the Debtor, return the goods, or otherwise reduce the amount of the Monetary Claim assigned. The specified offset of counterclaims, return of goods, or other reduction of the amount of the Monetary Claim assigned shall be considered as unlawful, and the Financial Agent shall be entitled to contest their legality in accordance with the established procedure.

7.6. In the event of any disputes or disagreements with the Debtor in connection with the Debtor's submission of written claims regarding the Client's failure to fulfill or improper fulfillment of obligations under the Contract, including the quality of the goods delivered/work performed by the Client or services provided, the Client shall undertake to transfer to the Financial Agent an amount equal to the amount of the relevant Monetary Claims assigned, in respect of which there are claims by the Debtor, within 5 (five) business days upon the occurrence of such claims by the Debtor.

7.7. If a pledge of the Monetary Claim assigned, encumbrance of the Monetary Claim assigned by the rights of third parties, or the sequestration of the Monetary Claim assigned is revealed, the Client shall undertake to transfer to the Financial Agent an amount equal to the amount of the relevant Monetary Claim assigned, in relation to which the fact of a pledge, encumbrance by the rights of third parties and/or the sequestration is revealed, within 2 (two) business days upon receipt of the relevant request from the Financial Agent.

7.8. If the Client fails to fulfill and/or improper fulfills the obligations stipulated by paragraphs 7.4, 7.5, 7.6, 7.7 hereof, the Financial Agent shall be entitled to demand payment of a penalty for each day of delay at the rate of 0.1% of the amount, the payment of which is overdue, but not more than 50% of the overdue amount.

7.9. The Monetary Claims in accordance with this Agreement shall be assigned without the right of the Financial Agent to present recourse claims to the Client.

7.10. The parties shall also be liable in other cases provided for by law.

## **8. CONFIDENTIALITY**

8.1. Pursuant to this Agreement, the Parties acknowledge that official and commercial secrets shall include: all financial prerequisites of this Agreement, including the amount of the commission, all information to be submitted by the Parties to each other under the terms and conditions of this Agreement, including information on the financial position of the Parties and the Client's Debtor, as well as information contained in documents to be submitted by the Parties hereunder, including Source Documents and other information that may have actual or potential commercial value, with the exception of information that, by operation of law, cannot constitute an official or commercial secret, as well as information related to third parties, for the disclosure of which their written consent has been obtained.

8.2. The information specified in paragraph 8.1 hereof may be disclosed to third parties only with the written consent of the other Party, and without the written consent of the other Party may be disclosed only to judicial, investigating and other authorities that, by virtue of the legislation of the Republic of Uzbekistan, have the right to receive such information.

8.3. In the event of a subsequent assignment of a monetary claim against the Debtor to third parties, the Financial Agent shall be entitled to disclose to the said third parties all information and documents received by it hereunder without the written consent of the Client.

8.4. The Parties shall be liable for the unauthorized disclosure (including leak) of the information specified in paragraph 8.1. of this Agreement in accordance with the current legislation of the Republic of Uzbekistan.

## **9. WARRANTIES AND REPRESENTATIONS OF THE PARTIES**

9.1. The Parties confirm and guarantee that:

- they have all the necessary corporate permits and licenses/ authorizations/approvals to enter into this Agreement, obtained in compliance with the procedures for license/authorization/approval and the statutory competence of the bodies, and also have all the rights and powers to conclude it without the need to obtain any additional licenses/authorizations/approvals, as well as they have obtained all the necessary permissions from authorized/competent bodies/organizations;

- they are duly registered and have the right to carry out commercial activities in accordance with the governing legislation;

- they are registered as taxpayers, have a positive business reputation in the market, their financial position is stable and their assets are sufficient for the proper fulfillment of obligations under this Agreement;

- they are not in the process of liquidation, are not a party to criminal or administrative proceedings that prevent to enter into this Agreement;

- there are no prohibitions, liens, encumbrances, and/or rights of third parties that prevent the proper fulfillment of this Agreement;

- this Agreement has been signed by persons authorized to sign it in accordance with the constituent documents; there are no grounds for recognizing this Agreement as invalid due to lack of authority;

- this Agreement is not faked/false and the terms and conditions of this Agreement comply with its actual economic content.

9.2. Pursuant to the understanding, the Parties shall be entitled to request and provide each other (at the request of either Party) duly certified or scanned copies of the certificate of state registration, confirmation of authority to sign this Agreement, licenses, certificates, and other permits, if required for the proper fulfillment of this Agreement.

9.3. The Parties confirm that the warranties and representations set out in this clause are valid. Violation of these may result in liability in accordance with the established procedure.

9.4. The Parties shall guarantee not to interfere in any activity of the other Party, to make demands related to interference in the activity of the other Party, as well as to prohibit the other Party from carrying out entrepreneurial activity.

## **10. ANTI-CORRUPTION CLAUSE**

10.1. The Parties, their affiliates, employees or agents in fulfilling their obligations hereunder shall not pay, offer to pay, or authorize the payment of any funds or valuables, directly or indirectly, to any persons for the purpose to influence the actions or decisions of these persons in order to obtain any unfair advantages or to achieve other illegal goals.

10.2. The Parties, their affiliates, employees or agents in fulfilling their obligations hereunder shall not do actions qualified by the applicable legislation in furtherance of the Agreement as giving/receiving bribes,

commercial bribery, as well as other actions that violate the requirements of applicable legislation, including international anti-corruption acts.

10.3. Each Party to the Agreement shall refrain from encouraging in any way the employees of the other Party, including by giving moneys, gifts, gratuitous performance of work (services) for them, and other methods not specified in this clause that place the employee in a position of certain dependence and are aimed at ensuring that this employee performs any actions in favor of the Party encouraging him/her.

10.4. If a Party suspects that a violation of any anti-corruption requirements has occurred or may occur, the relevant Party shall undertake to notify the other Party in writing. In a written notice, the Party shall refer to facts or provide materials that reliably confirm or give grounds to assume that a violation of any provisions of these terms and conditions has occurred or may occur by the Party, its affiliates, employees or agents, demonstrated in actions qualified by applicable law as giving or receiving a bribe, commercial bribery, as well as actions that violate the requirements of applicable law and international acts on money laundering.

10.5. The Parties shall provide mutual assistance to each other in order to prevent corruption. In this case, the Parties shall ensure the implementation of procedures for inspections in order to prevent the risks of the Parties being involved in corrupt activities.

10.6. The Parties shall guarantee a proper investigation of issues and circumstances of a corrupt nature arising during the fulfillment of the Agreement, in compliance with the principles of confidentiality, as well as the implementation of effective measures to eliminate unfavorable consequences and prevent possible conflict situations.

10.7. The Parties shall guarantee strict confidentiality regarding the fulfillment of the anti-corruption requirements of the Agreement, as well as the absence of negative consequences for the employees of the Party who reported the fact of violations.

## **11. DISPUTE RESOLUTION**

11.1. Disputes arising between the Parties in connection with the modification, termination, non-fulfillment or improper fulfillment of this Agreement shall be resolved through negotiations between the Parties.

11.2. If the out-of-court settlement of the dispute is found impossible, all disputes, disagreements and claims arising out of this Agreement or in connection with it, including those related to its execution, amendment, fulfillment, violation, abrogation, termination and validity, at the discretion of the Plaintiff, shall be subject to consideration in the Permanent Arbitration Court at DS Legal Centre LLC or in the Tashkent Inter-district Economic Court.

If the case considers in the Permanent Arbitration Court at DS Legal Centre LLC, the case shall be considered in accordance with the Rules of the Permanent Arbitration Court at DS Legal Centre LLC. The decision of the arbitration court shall be final and not subject to revision.

## **12. MISCELLANEOUS**

12.1. This Agreement shall enter into force on the date of its signing by both Parties and shall remain in effect until the Debtor has fulfilled in full all obligations to the Bank hereunder.

12.2. If either party ceases its activities as a legal entity or undergoes other changes in its legal status, it shall fulfill its obligations hereunder to the other party until the termination of its activities (changes), except for the case when the fulfillment of these obligations vests in the legal successor of the liquidated (changed) party.

12.3. Termination of the Contract between the Client and the Debtor shall not release the Parties from the proper performance of obligations and responsibilities under this Agreement.

12.4. Notifications, messages and other documents of the Parties provided for by this Agreement shall be made in writing and transmitted by mail, e-mail, fax, in accordance with the details of the Parties, or by delivery to authorized employees of the Parties.

12.5. The Parties agree that all documents that, in accordance with current legislation and/or this Agreement, shall be executed in writing, may be signed by exchanging the relevant documents by facsimile.

12.6. The Parties agree that all documents to be submitted hereunder may be transmitted using facsimile communication. The Parties shall undertake to provide each other with originals of documents transmitted via facsimile communication within 3 (three) business days upon receipt of a request from the involved Party to provide the relevant documents.

12.7. All additions and changes to this Agreement shall be made only in writing and signed by the Parties.

12.8. If one or more provisions (conditions) of this Agreement become invalid by operation of law or court decision, this shall not serve as a reason for termination of the other provisions (conditions) of this Agreement.

12.9. This Agreement is made in 2 (two) copies, each having equal legal force, one for each Party.

12.11. All other matters not provided for by this Agreement, the Parties shall be guided by the legislation of the Republic of Uzbekistan.

