

Business Terms and Conditions – Purchase – of  
**Lutronic TCA Electronics Dongguan Co., Ltd.**

hereinafter jointly referred to as Lutronic TCA

**I. Definitions**

The word "Buyer" whenever used herein shall mean Lutronic TCA. The party with which this order is placed is referred to herein as "Seller." The products, machinery, equipment, supplies and/or labour or services covered by this Purchase Order are referred to herein as "Goods". The terms "Purchase Order", "herein" and "hereto" refer to and include the face of this document, these Standard Terms and Conditions and any other documents specifically made a part of this Purchase Order.

**II. Acceptance**

Entire Agreement. Buyer shall not be bound by this Purchase Order until Seller executes and returns to Buyer the acceptance copy of this order. No terms and conditions at variance with, or additional to, those contained herein shall be applicable hereto or to this Purchase Order unless specifically agreed to in writing by an authorized representative of Buyer. 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understandings of the parties prior to the date of this Purchase Order, whether written or oral, are merged herein and superseded hereby. No modification of the provisions hereof shall result from Buyer's acceptance of the Goods or receipt from Seller or an invoice or acceptance or other form containing terms and conditions in additional to, or inconsistent with, the provisions hereof.

**III. Changes to order overage**

Buyer shall have the right to make changes in this Purchase order. Such changes shall include, but not be limited to, changes in any drawings and specifications upon which this Purchase Order is based. Should any change affect any prices (or delivery terms) contained in this Purchase Order, Seller shall, before proceeding, notify Buyer of any price changes (or changes in delivery terms) and receive Buyer's written agreement thereto. No modification alteration amendment of this Purchase Order shall be effective unless in a written change order signed by Buyer and acknowledged by Seller. No charges for any changes not so authorized will be paid. Any over delivery/shipment shall be at Seller's risk, and Buyer may delay payment therefor without loss of discount. All costs in returning over delivered/shipped items, if so desired by the Buyer, will be at Seller's expense.

**IV. Assignment**

Seller shall not assign its rights or delegate or subcontract its performance under this Purchase Order in whole or in part without the prior written consent of Buyer. Any attempted assignment, delegation or subletting without Buyer's prior written consent shall be void and shall constitute a material breach of this Purchase Order by Seller.

**V. Nonconforming goods**

All Goods furnished under this Purchase Order are subject to final inspection and approval at destination by Buyer. Any Goods not in compliance with any specifications or other requirements of this Purchase Order are subject to rejection by Buyer, and any or all of such Goods may be returned by Buyer at Seller's expense. No goods returned as non-confirming shall be replaced unless authorized by Buyer. Any payments for Goods made prior to inspection shall not constitute an acceptance of said Goods or impair the remedies of Buyer hereunder and as provided by law.

**VI. Delivery and default**

Buyer may, at its election, by delivery to Seller of written notice of termination, cancel this Purchase Order or any part hereof (a) if Seller fails to deliver the Goods in accordance with any delivery or performance dates specified herein, or (b) if Seller fails to comply with any other provision of this Purchase Order and does not cure such failure within a period of ten (10) days or such longer period as Buyer may authorize in writing, or (c) upon the occurrence of any of the following: the voluntary or involuntary liquidation or dissolution of Seller, the sale or other disposition of all or substantially all of the assets of Seller, or the marshalling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of Seller, or other similar proceeding affecting Seller or any of its assets, or any action taken by any trustee or receiver or by any court in any such proceeding, or the disaffirmance, rejection or postponement in any such proceeding of any of the Seller's obligations pursuant to this order. In the event of any cancellation for the reasons described in (a) or (b) or (c) above. Buyer may purchase similar Goods and Seller shall be liable to Buyer for all loss or damage suffered or incurred by Buyer arising or resulting from such cancellation including without limitation, any additional cost or expense incurred in purchasing the Goods elsewhere. However, Seller shall not be so liable for failure to deliver the Goods in accordance with delivery or performance dates when such failure is due to causes beyond the control and without the fault or negligence of Seller, and Seller has notified Buyer within fortyeight (48) hours of the commencement of the occurrence that caused such failure. Time is of the essence of this Purchase Order.

**VII. Title and risk of loss**

All Goods shall be shipped to Buyer, and title and risk of loss to and with respect to the Goods shall remain with the Seller until the Goods are delivered to Buyer at Buyer's plant in Dongguan Gaobu, or any named destination from Buyer. All goods must be suitably packed, marked and shipped in accordance with the requirements of applicable common carriers in a manner to secure the lowest transportation cost. No charge shall be made by Seller for packing, boxing, drayage or storage unless otherwise stated herein.

**VIII. Payment**

Unless otherwise expressly stated herein, invoices dated prior to delivery of Goods will not be accepted. Buyer may withhold any payment due hereunder to such extent as may be necessary to protect Buyer from loss because of a reasonable doubt (a) that the Goods will meet the requirements of this Purchase Order, of (b) that the Goods will be delivered on the date or dates specified in this Purchase Order. Upon the submission of proper invoices, Buyer shall be paid the prices stipulated herein for Goods delivered and accepted, or services rendered and accepted, less deductions, if any. Unless otherwise specified, payments will be made on partial deliveries accepted by Buyer. If Buyer, in its sole discretion, determines that the amount due is sufficient to warrant such partial payments, in connection with any discount offered, time will be computed from date of delivery at destination or from the date a correct invoice is received, if the latter date is later than the date of delivery. Lutronic TCA executes a standard payment term of 120 days for all standard products purchased.

**IX. Warranty**

In addition to any other warranties, Seller warrants that the Goods shall be new unless otherwise specified, will conform to any specifications, drawings, samples or other descriptions furnished or specified by Buyer, will be merchantable and will be free from any defects in design, workmanship and materials for a period of one year from date of initial use. Any

replacement or repair of materials or correction to workmanship shall be additionally warranted for a period of one year from the date the defect is remedied. Any replacement parts or other materials provided pursuant to this warranty shall be shipped to Dongguan Gaobu (or other destination specified by Buyer) at Sellers expense. Seller acknowledges that, notwithstanding any drawings, specifications or other descriptions of the Goods set forth or referred to in this Purchase Order, Buyer is relying on Seller's skill and judgment to furnish suitable Goods for the purposes described herein, and Seller warrants that the Goods will be fit and suitable for such purposes. Seller also expressly warrants title to all of the Goods is free and clear of any and all encumbrances of whatsoever nature and kind. All warranties shall survive any inspection, delivery, acceptance or payment.

#### **X. Compliance with laws**

(A) By accepting this Purchase Order, Seller acknowledges and warrants that all Goods furnished hereunder shall comply with all laws and regulations applicable to Peoples Republic of China, or the laws and regulations of Seller nationality. Seller acknowledges and warrants that their company, subcontractors, representatives, designees, et al. are in compliance with Chinese Labour applicable laws and regulations, or the laws and regulations of Seller.

(B) Seller shall indemnify buyer and hold buyer harmless from and against all fines, response and remedial costs, and other damages or injuries assessed against or costs incurred by Buyer resulting from non-compliance by Seller with applicable laws and regulations.

#### **XI. Cancellation by buyer**

(A) Cancellation due to causes beyond Buyer's control  
Buyer may cancel this order in whole or in part or defer acceptance of any Goods purchased hereunder in the event of a shutdown of its plant or a substantial reduction in the operation of said plant due to strikes, floods, riots, accidents, acts or failures to act of any governmental entity or of Seller, major equipment breakdowns, or any other causes whatsoever, whether similar or dissimilar to those set forth above, provided that any such cause was beyond the reasonable control of Buyer. In the event of such a cancellation or deferral, Buyer shall pay to Seller, as Seller's sole and exclusive remedy, a reasonable cancellation or deferral charge, which charge shall in no event exceed the actual damages incurred by Seller as a direct result of the cancellation or deferral.

(B) Cancellation for convenience of Buyer

Buyer also reserves the right to cancel this order in whole or in part at any time, for its convenience, by written notice to Seller, immediately upon receipt of notice of such cancellation. Seller shall stop all performance hereunder except as otherwise directed by Buyer. If Seller is not in default of any of its obligations hereunder at the time of such termination, Buyer shall pay to Seller as its sole and exclusive remedy, an amount equal to those reasonable and documented costs incurred by Seller prior to termination. Provided, however, that the above amount plus any prior payments shall in no event exceed the purchase price of the Goods. All Goods completed or partially completed prior to termination shall become the property of Buyer, or at Buyer's option, the salvage value of the Goods may be deducted from the amount due Seller by reason of the termination.

#### **XII. Patent infringement**

Seller hereby agrees to indemnify and hold harmless Buyer and its successors, assigns and customers and the users of its products against all costs whatsoever involved in any and all claims and suits for infringement or patent and patent rights arising from the purchase or use of the Goods. Buyer shall give Seller reasonable notice of any such claim or suit, and Seller agrees to undertake at its own expense the defence of any and

all such claims or suits. In addition, upon notification by Buyer of an infringement claim, Seller shall do one of the following: (a) procure for Buyer the right to continue using the Goods on a permanent basis, without cost to Buyer and without any restrictions on the right of Buyer to use the Goods for the purpose for which they are intended, or (b) replace the same with non-infringing Goods satisfactory to Buyer, or (c) modify the goods in a manner satisfactory to Buyer so that they become non-infringing.

#### **XIII. Nonwaiver of remedies**

The remedies of Buyer provided for herein shall be cumulative and shall be in addition to any other or further remedies provided in law or equity. No delay in the exercise of, or failure to exercise any right, remedy or power of Buyer shall be construed to be a waiver thereof, and such right, remedy or power may be exercised from time to time as often as may be deemed expedient by Buyer.

#### **XIV. Indemnity**

Seller shall indemnify and hold harmless Buyer and its agents, officers, directors, employees and assigns from and against any and all liabilities, claims, losses, damages, penalties, costs or expenses, (including, but not limited to court costs and reasonable attorneys' fees) for damage to property of Buyer or others of whatsoever kind or nature or injury to persons (including, without limitation, death) arising from the delivery, use or operation of the Goods and due to the negligent or wilful and wanton acts or omissions of Seller, its agents, independent contractors, subcontractors, officers or employees and whether or not caused or contributed to, in whole or in part, by the negligent acts or omissions of Buyer or any of its agents, officers, directors, employees and assigns or any other person or entity.

#### **XV. Inspection and acceptance**

If this Purchase Order involves manufacture of the Goods, Seller shall provide all shop inspection required and corresponding quality inspection reports to insure compliance with this order, and Buyer shall have the right at all reasonable times to inspect and test all work in process. Neither the presence nor the absence of an inspector or other personnel of Buyer in Seller's facility shall relieve Seller of any requirements of this Purchase Order. Seller may request from Buyer, at the Seller's discretion, to submit monthly (or more frequently if delivery requirements make it necessary) status reports and engineering production status reports if Buyer so specifies herein. Notwithstanding any prior inspection, the passage of title or any payments hereunder, all Goods furnished hereunder are subject to final inspection and acceptance by Buyer upon delivery.

#### **XVI. Controlling law and Severability**

The terms and conditions of this Purchase Order shall be construed and interpreted under, and all respect rights and duties of the parties shall be governed by, the laws of The Peoples Republic of China to the extent the same may apply. If any provision or requirement of this Purchase Order is declared or found to be unenforceable, the balance of this Purchase Order shall be interpreted and enforced as if the unenforceable provision or requirement had never been a part hereof.