

## Procurement Terms

- 1.1 The purchase order includes the attachment and the Procurement Terms, as well as the written documents regarding the plans, specifications, change notices, etc. confirmed by both parties.
- 2.1 The seller guarantees to give the best quote to the buyer. The seller shall not quote lower price to other departments of the buyer and then quote higher price to the purchasing department of the buyer, which constitutes a commercial fraud.
- 2.2 The seller once having the purchase order of the buyer confirmed and accepted may not request to raise the price or refuse to deliver or delay in delivery by asserting the reason of price increase of raw material or short supply of raw materials.
- 2.3 The buyer is entitled to change or cancel the PO, postpone the delivery at any time. The seller shall not ask for any damage or compensation to the buyer. The seller may not have any change made to the order or its conditions without the written consent of the buyer.
- 3.1 The product shall be delivered to the place of delivery specified in the order or designated by the buyer with the delivery process completed with the warehousing personnel of the buyer; also, the invoice, shipping document, and relevant product vouchers and information should be provided at the same time.
- 3.2 The seller should forward the details of the delivery to the purchasing personnel and warehousing personnel of the buyer in advance.
- 3.3 The seller must adhere to the date of delivery agreed by the buyer and seller. If the seller is unable to make delivery or cannot make the delivery on time, the buyer should be informed in writing immediately regarding the situation, the reasons, and the new date of delivery and the quantity to be delivered. The buyer may choose one or multiple of the following alternatives to deal with the failure of or delay in delivery for a reason attributable to the seller:
  - (1) Cancel order entirely or partially without bearing any liability for compensation. The seller is to bear the responsibility entirely; also, the buyer may demand compensation from the seller for the relevant damages.
  - (2) **For each day of delay, the seller shall pay the penalty of 0.3% of the amount of the order on a daily basis until the product is received by buyer.** Purchase products from a third party and request the seller to pay for the price spread and the additional expense incurred under the circumstance.
  - (3) Request the seller to deliver the product by express service with the seller to be held responsible for any additional expense incurred.
  - (4) Request the seller to compensate the buyer for the loss (if any) directly resulted in from the breach of contract committed by the seller.
- 3.4 The seller must deliver the products in a standard package. The packaging material is to be provided by and at the expense of the seller. The packaging and shipping marks must meet the buyer's request. The seller should ensure that the packaging provided meet the transportation and product safety requirements. The seller is liable for any loss resulting from failure to take adequate and sufficient packaging protection measures.
- 3.5 The seller is responsible for the reworking or repackaging of the products that do not meet the packaging requirements; also, is responsible for the relevant expenses incurred. The seller will also be held responsible for the damage, loss, violation against importing/exporting regulations, and any other loss of the products due to failure in meeting the packaging requirements stated in the purchase order.
- 3.6 Unless otherwise agreed by both parties, **the remaining product validity period from the date of product received by buyer shall exceeds at least one-half the product validity period**; also, the date must be correctly marked on the package.
- 3.7 Unless otherwise agreed by the two parties, the ownership of the product is observed by the seller before it is inspected and accepted by the buyer. Therefore, the risk of product loss and damage is borne by the seller. The ownership of the product after the buyer's inspection and acceptance belongs to the buyer. However, the transfer of ownership and risk liability does not relieve the seller of any liability for the failure or damage of the products purchased by the buyer for a reason attributable to the seller or due to the product defects.
- 3.8 The buyer may check the product before shipment to see whether it meets the quality requirements of the order. If the product does not meet the quality requirements, the buyer may reject the product and the seller shall deliver the qualified product on the order delivery date. If the seller has delayed in delivering qualified product, the seller agrees to have it handled in accordance with Article 6.5 of these Procurement Terms.
- 3.9 The buyer's making payment and issuing warehousing and dispatching form does not mean that the seller's liability for the product quality is waived, but that the seller's product has been received by the buyer.
- 4 Payment: The payment deadline starts from the ordered product delivered to and inspected and accepted by the buyer (according to the written confirmation, such as, billing document) and the corresponding invoices or VAT invoice received.
- 5 The seller agrees to provide the buyer with free technical support as necessary and to assist the buyer to provide satisfactory service or product information to the customer.
- 6.1 The product delivered by the seller is tested and inspected by the manufacturer; also, it is a new product and does not contain any used or repaired raw materials or parts.
- 6.2 The products delivered by the seller shall conform to the product technical specifications separately agreed by the parties and inspection standards of the buyer, as well as the standards specified in the relevant revisions, engineering, plans, and specifications change notices confirmed by both parties; also, the signed and sealed test report of the manufacturer should be forwarded to the buyer.
- 6.3 The seller must establish a good product quality tracking system that can base on the product number to trace back to the shipping date, date of production, personnel, raw material batch number, date of purchase of raw materials, and the relevant conditions of the similar products. The seller should strictly control the occurrence of material mixing and material shortage (referring to the packing list or missing items from the manifest).
- 6.4 The seller guarantees that all product materials (including but not limited to raw materials, substances, metals, inks, solvents, potions, consumables, packaging materials, etc.) supplied to the buyer are in full compliance with the buyer's and its customers' Environmental Substances Management Regulations agreed in writing by the seller and buyer's customer and all other regulatory standards; also, the seller shall cooperate in having all the relevant documents signed.
- 6.5
  - (1) The seller shall respond to the notice regarding defective products within twenty (24) hours. The seller will work together cooperatively with the buyer for defect analysis and prevention of recurrence.
  - (2) When the seller's products are defective or do not match the seller's warranty, the buyer may choose one or more of the following alternatives for remedy:
    - a Price reduction.
    - b Make replacement or sale return within the timeframe specified by the buyer. In addition, the seller is responsible for the expenses incurred, including the return shipment and redelivery, as well as the losses suffered by the buyer, which can be deducted directly by the buyer from the accounts payable to the seller.
    - c Cancel part or all of the order and request the seller for the relevant damages; also, will not be held responsible for any liability.
    - d Request the seller to compensate the buyer for the actual loss directly resulted from the breach of contract committed by the seller, including but not limited to the price spread resulted in due to the purchase from a third party, maintenance expenses, related materials scrap expense, transportation expense, quality problems related travelling expense.
- 6.6 The seller shall have the rejected products, redundant products, and the products of a cancelled order (products returned to the seller by the buyer) retrieved within the timeframe agreed by the parties. If the seller fails to retrieve the batch of products before the specified timeframe, the buyer is not responsible for the responsibility of custody.
- 6.7 The fine and compensation payable according to the purchase order shall be paid within the period agreed between the parties upon the notice of the buyer or deducted directly by the buyer from the accounts payable to the seller.
- 6.8 In the event of any change occurred (including but not limited to raw material, processing, raw material supplier, change of production location, any inconsistency with the contents of this document, etc.) without having the company notified three months in advance for approval, the manufacturer shall compensate the company any loss or damages (including but not limited to the direct and indirect loss, litigation expense, attorneys' fees, customers' claims, administrative fines, etc.) resulting from the event abovementioned, provided, however, that the liability of the manufacturer does not exceed an amount equivalent to the total transaction amount (billed under the invoice) of the prior calendar year.
- 7 In addition to the provisions of this Procurement Terms, when the seller breaching or non-completion of the contractual obligation, and fail to correct or perform within 5 days after receiving the notification from the buyer, the buyer may cancel order entirely or partially, the seller shall be responsible for buyer's damages, including but not limited to customer's claims, punitive damages, loss of goodwill, loss of anticipated profits, adverse sanctions by the government authority, litigation fees, examination fees, and attorney's fees.
- 8.1 The seller shall ensure the provided products meeting the specifications and quality requirements of the buyer, as well as the entitlement of legal ownership of the products; also, free of any claim, seizure, or other conduct and threat against the seller that may obstruct the buyer's use of the product.
- 8.2 The seller shall ensure that the products provided do not infringe the intellectual property rights of any third party; also, the seller shall be liable for any damage or expense incurred in connection with any third-party claim, including but not limited to the compensation, loss of product recall, customer claims, litigation expense, attorneys' fees, costs and expenses, or any other damages and expenses.
- 8.3 The buyer shall notify the seller in the event of any of the forgoing. The buyer has to deal with it or requests the seller to deal with it without any refusal from the seller; also, the expenses incurred shall be borne by the seller. The buyer and seller should work together to defend, counterplead, or take appropriate measures. In addition to the foregoing, if the buyer or buyer's client still requests the use of

the infringed product, the seller shall, at his/her own expense, endeavor to obtain authorization for the continuing use of the infringed product.

9 Import/Export Control

- 9.1 Neither party shall engage or ask the other party to engage in any act that violates the import and export control and trade sanctions laws, rules and regulations of China, the United States, Europe, or other regions (collectively, "Import/Export Control Laws").
- 9.2 The Seller acknowledges and agrees to comply with "Import/Export Control Laws", and represents, warrants and covenants that neither the Seller nor the Seller's Personnel (a) are a corporation, citizen or resident of, or located within, a nation that is subject to U.S. trade sanctions or other significant trade restrictions, and are identified on any of the U.S., China, Europe or other government restricted party lists, (b) will (unless otherwise authorized under the Import/Export Control Laws) use materials or services being restricted based on U.S., China, Europe or other country trade sanctions or other significant trade restrictions (including, but not limited to precious metal, graphite, raw or semi-finished metals such as aluminum and steel, coal, and software, components).
- 9.3 If the Seller fails to ship Product after accepting the order due to the aforementioned regulatory restrictions, or has not obtained permission to export or re-export within a reasonable period of time, the Buyer is entitled to terminate this Agreement or cancel the order without any liability.
- 10 The seller may not discuss business-related content with commercial competitors (whether such business-related content is false and/or true), including but not limited to trading conditions, production capacity, inventory, customer list, business strategy, market share allocation, etc., or use the buyer's confidential information to engage in any unfair competition (including but not limited to contact or attempt to contact, or engage in any solicitation or negotiations with the buyer's customer; and/or provide to the buyer's customer any information regarding any terms, pricing, discounts or other information regarding the purchases made by the buyer; and/or solicit the buyer's employees, etc.).
- 11.1 The seller shall not subcontract or transfer part or all of this order to its affiliates or third parties without the prior written consent of the other party.
- 11.2 Partial failure: If one or multiple terms of this order are ruled by the competent judicial institution to be waived, invalid, or not-enforceable, the validity of the remaining terms of this order will not be affected by the said ruling.
- 11.3 Waiver: The valid waiver of this order shall be signed in writing by the waiving party. The party's waiving the right against the other party that fails to perform obligations and responsibilities does not mean that the subsequent events have also been waived.
- 11.4 After the termination or cancellation of this order for any reason, the rights and obligations under both the order and the subsidiary documents shall be terminated immediately, but the following terms shall remain in force: 5, 6.3 ~ 6.7, 7, 8.1 ~ 8.3, and 9~10. The cancellation of an order does not affect the right of any party to claim damages for a breach or infringement committed by the other party.
- 11.5 The buyer and the seller are still independent legal entities and can continue to carry out their legal business activities within the business scope authorized by their respective governments. The buyer and seller have not established any partnership, joint venture, agency, and trust relationship with each other by signing this order, and the buyer and the seller have no intention to establish a similar relationship.
- 12 All legal relationship arising from this Agreement shall be governed by the laws of the buyer's location. If there is any dispute, both parties shall negotiate in good faith, if both parties cannot reach a resolution, the court of the buyer's location shall have the jurisdiction for the first instance. (The End)

