

# RMY Electronics (Hong Kong) Limited

## Terms and Conditions of Sale

1. Scope: The terms and conditions of sale contained herein in this sales acknowledgement ("Sales Acknowledgement") shall constitute the entire agreement between RMY Electronics (Hong Kong) Ltd. ("Seller") and Buyer and supercedes all purchase orders and related prior communications and agreements. Seller's acceptance of Buyer's order is expressly conditioned upon Buyer's acceptance of these terms and conditions. No waiver, alteration, or modification, no matter how slight, of any of the provisions hereof shall be binding unless in writing, signed by a duly authorized representative of Seller and any purported waiver, alteration or modification without Seller's written consent is hereby rejected. In the event of a conflict between the provisions of the face of this Sales Acknowledgement or quotation which is annexed and made a part hereof, and these terms and conditions, then the terms and conditions on the face of this Sales Acknowledgement or quotation shall govern.

2. Acceptance of Orders: All orders or contracts must be approved and accepted in writing by an authorized representative of Seller at Seller's office. The validity of this order, as well as its interpretation, operation and effect shall be determined exclusively by the principles of the law of Hong Kong Special Administrative Region of The People's Republic of China.

3. Acceptance of Goods: Buyer shall inspect the goods delivered hereunder immediately upon their arrival and shall within five (5) days of their arrival give written notice to Seller of any claim that the goods, including short shipments, do not conform with the terms of this Sales Acknowledgement. If Buyer shall fail to give such notice, the goods shall be deemed to conform, and Buyer shall be bound to accept, and pay for the goods in accordance with the terms hereof. Buyer expressly waives any rights it may have to revoke acceptance after such five (5) day period. Upon issuance by Seller of a Return Materials Authorization for a proper rejection of goods, Buyer shall promptly return such goods to Seller at Seller's risk and expense. Upon receipt of the rejected goods, Seller will promptly ship replacement or repair goods to Buyer.

4. Prices: Seller's prices do not include any taxes, freight, handling, duty or other similar charges; payment of which will be the sole responsibility of Buyer. If applicable, Buyer shall provide Seller with a tax-exemption certificate acceptable to the taxing authorities.

5. Terms of Payment: Unless prior written approval of Seller, all payment terms shall be 50% deposit and balance Cash on Delivery (COD). Failure to make any payment due under the terms of this Sales Acknowledgement shall constitute a material breach and such past due balance will be subject to interest at the monthly rate of two percent (2%), or if less, the maximum rate permitted by law. Seller reserves the right to modify terms prior to shipment, require payment in advance, or delay or cancel any shipment by reason of Buyer's creditworthiness or should Buyer fail to fulfill any obligation when due.

6. Delivery: All shipping dates are approximate and subject to change. Unless otherwise specified in this Sales Acknowledgement, delivery shall be EX-WORK Hong Kong. The method of shipment and carrier shall be selected by Seller unless Buyer shall have specified in writing a method of shipment and carrier ten (10) days prior to shipment. In all cases, Buyer assumes risk of loss or of damage to goods in transit and it shall be Buyer's responsibility to file claims with the carrier. If Buyer desires insurance of valuation greater than the minimum on the shipment, it shall so notify Seller in writing ten (10) days prior to the scheduled shipment and the same shall be an additional cost to Buyer. If no such notice is received, shipment shall be made with insurance subject to the minimum order policy of Seller.

7. Reschedule: Buyer may reschedule orders that are scheduled for delivery at least thirty-one (31) days from receipt by Seller of Buyer's written notice. Each line item may be rescheduled for a maximum extension of thirty (30) days from the line item's original delivery date.

8. Cancellation: Buyer may not cancel its order to which this Sales Acknowledgement applies without the prior written approval of Seller. If Buyer is permitted to cancel such order, in whole or in part, Buyer shall be liable for cancellation charges. In such event, Buyer shall be liable for product scheduled for delivery during the sixty (60) days following the effective date of termination. Buyer shall also be liable for any additional finished goods, work-in-process, and other costs incurred on behalf of Buyer as of the effective date of termination including but not limited to tooling, material or supplies on order ("Additional Costs") for all Non-standard products. A handling charge of 20% will be added to the Additional Costs. Seller will apply commercially reasonable effort to mitigate the amount of additional costs incurred on behalf of Buyer.

9. Excusable Delay: Seller shall not be liable for delays in delivery or failure to manufacture or deliver due to acts of God, acts of Buyer, acts of civil or military authority, priorities, fires, strikes, floods, epidemics, war, riot, delays in transportation, car shortages, power outages or other causes beyond Seller's reasonable control including, but not limited to, obtaining necessary labor, material, components, or manufacturing facilities.

10. Patents: If the products which are the subject hereof are to be produced according to Buyer's specifications, Buyer guarantees that the manufacture, sale and/or use of such items will not infringe on Hong Kong Special Administrative Region of The People's Republic of China or foreign patents, trade secrets or other intellectual property rights and agrees to indemnify and save Seller harmless from any expense, loss, cost, damage or liability which may be incurred on account of infringement or alleged infringement of such rights with respect to such items, and to defend, at its own expense, any action or claim in which such infringement is alleged.

11. Designs, Specifications, Material Furnished by Buyer: Seller assumes no responsibility for the performance of products manufactured to Buyer's design or specifications or for defects in raw material parts or subassemblies furnished by Buyer or its agents.

12. Limited Warranty: Seller warrants that all items made by Seller will be delivered free from defects in material and workmanship and in conformance with this Sales Acknowledgement within one (1) year from the date of delivery. All items, which are experimental items, prototypes or items used in field trials, are not warranted. All third parties' items (including software) sold by Seller carry only the original manufacturer's warranty applicable to Customer. Seller will only accept for repair, replacement or credit under warranty items made by third parties if expressly authorized to do so by the relevant third party. Any item repaired or replaced under warranty is only warranted for the period of time remaining in the original warranty for the item. SELLER DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. FURTHER, SELLER DOES NOT WARRANT THE USE, OR THE RESULTS OF THE USE, OF THE PRODUCTS OR SERVICES. The warranties provided herein do not apply to products that are altered or modified, other than by Seller, or to products that are not maintained to Seller's Maintenance recommendations or are not operated within Seller's recommended guidelines.

13. Limitation of Liability: Seller's exclusive liability for breach of the warranty contained in Section 12 hereof shall be limited to repairing or replacing at Seller's option, defective items returned, under a Return Materials Authorization number provided by Seller, at Buyer's expense. Products returned to Seller which are determined by Seller to be (1) not covered by warranty and (2) beyond reasonable repair shall not be returned to Buyer but shall be disposed of within thirty (30) days of Seller's mailing a notice of this intended disposal. Seller shall, wherever feasible, follow any reasonable, timely instructions from Buyer for disposition of said items at Buyer's expense.

SELLER'S LIABILITY ON ANY CLAIM OF ANY KIND, INCLUDING NEGLIGENCE FOR LOSS OR DAMAGES ARISING OUT OF, CONNECTED WITH OR RESULTING FROM THIS SALES ACKNOWLEDGEMENT, OF FROM THE PERFORMANCE OR BREACH HEREOF, OR FROM THE MANUFACTURE, SALE, DELIVERY, RESALE, REPAIR OR USE OF ANY ITEM OR SERVICES COVERED BY OR FURNISHED UNDER THIS SALES ACKNOWLEDGEMENT SHALL IN NO CASE EXCEED THE PRICE ALLOCABLE TO THE ITEM OR SERVICE OR PART FURNISHED BY SELLER THEREOF WHICH GIVES RISE TO THE CLAIM. IN THE EVENT SELLER ATTEMPTS BUT FAILS TO MANUFACTURE OR DELIVER ORDERED ITEMS, SELLER'S EXCLUSIVE LIABILITY AND BUYER'S EXCLUSIVE REMEDY SHALL BE RELEASE OF BUYER FROM THE OBLIGATIONS TO PAY THE PURCHASE PRICE. IN NO EVENT SHALL SELLER BE LIABLE FOR SPECIAL OR CONSEQUENTIAL DAMAGES. Seller certifies that to the best of its knowledge and belief, it will comply with all relevant laws in Hong Kong Special Administrative Region of The People's Republic of China.

Except as herein expressly provided to the contrary, the provisions of this Sales Acknowledgement are for the benefit of the parties to this Sales Acknowledgement and not for the benefit of any other party. An assignment of this Sales Acknowledgement or any rights hereunder by Buyer, except to an agency or department of the Hong Kong Special Administrative Region of The People's Republic of China, without written consent of Seller shall be void.

14. Illegality of Provision: If any, all, or part of one or more of the terms and conditions of this Sales Acknowledgement shall be declared invalid by a court of law, such part or such term or terms shall be considered deleted herefrom, the remaining to be unaffected and in full force and effect.