

General Purchase Conditions (GPC)

of Rutronik Electronics Asia HK Ltd

(as per: June 2012)

Section 1

Scope of Application

- 1.1 These General Purchase Conditions ("GPC") apply to all business transactions for the purchase of goods ("Goods") or the supply and acquisition of services ("Services") between Rutronik Electronics Asia HK Ltd ("Rutronik") and the seller of such Goods or supplier of such Services ("the Supplier") and shall apply to all contracts for the purchase of such Goods or the supply and acquisition of such Services between Rutronik and the Supplier (the "Contract"). These GPC apply to all Contracts irrespective of whether the Contract makes express reference to these GPC.
- 1.2 Any terms and conditions of the Supplier which conflict with, supplement the scope of and/or deviate from these GPC do not form part of the Contract unless Rutronik has expressly agreed in writing that such terms and conditions form part of the Contract. Furthermore, no such terms and conditions of the Supplier will apply to the Contract even if Rutronik accepts the Supplier's delivery of Goods or Services without reservations whilst being aware of the Supplier's conflicting and/or deviating terms and conditions.
- 1.3 All rights and remedies not considered by these GPC to which Rutronik are entitled to in accordance with the laws of the Hong Kong Special Administrative Region remain unaffected.

Section 2

Conclusion of Contract and Changes to the Contract

- 2.1 Unless Rutronik and the Supplier otherwise agree in writing, any costs incurred by the Supplier in preparing a quote requested by Rutronik and/or any person acting on behalf of Rutronik will be borne by the Supplier. Furthermore, all quotations prepared by the Supplier shall correspond to the particulars specified in Rutronik's request. If deviations from Rutronik's request cannot be avoided, they must be identified to Rutronik in writing as deviating from the particulars specified in Rutronik's request for a quotation.
- 2.2 Unless a different period of time has been stipulated by the Supplier, the Supplier's quotation shall be binding upon it for a period of 60 days from the date of issue.
- 2.3 Orders for the purchase of Goods or Services placed by Rutronik ("Orders") are not binding on the Supplier unless made in writing. When Orders are placed verbally, by telephone or by other means of telecommunication such Orders are only binding on Rutronik after they are confirmed in writing by Rutronik. Orders made by Rutronik which have been generated by automated devices that contain no signature and name are deemed to be written orders made by Rutronik. For the avoidance of doubt, a failure by Rutronik to reply to quotations, requests or other declarations of the Supplier does not under any circumstances constitute an acceptance of such quotations, requests or other declarations of the Supplier. Orders made by Rutronik which contain obvious mistakes and/or orthographic and/or arithmetic errors are not binding on Rutronik to the extent that such Orders contain mistakes and/or orthographic and/or arithmetic errors.
- 2.4 The Supplier must notify Rutronik in writing prior to the conclusion of the Contract if the Goods ordered pursuant to the Contract are subject to export controls and/or other restrictions on marketability pursuant to the laws and regulations applicable in the Hong Kong Special Administrative Region. In the event that the Supplier fails to notify Rutronik of such applicable regulations, Rutronik will be entitled to terminate the Contract without first fixing a deadline for performance and without having regard to whether or not there has been fault on the part of the Supplier for failing to notify Rutronik. The termination of the Contract by Rutronik under such circumstances does not affect any further claims Rutronik may have against the Supplier for its failure to notify Rutronik.
- 2.5 Upon receipt of an Order made by Rutronik, the Supplier shall - without undue delay but no later than one week - issue to Rutronik a written confirmation of the Order which expressly states the price and the agreed delivery date of the Goods. If the Supplier's written confirmation of the Order deviates from the Order placed by Rutronik, such deviations may be consented to by Rutronik in writing.
- 2.6 Rutronik are entitled to change the terms of the Order by providing the Supplier with notice in writing within a reasonable time after placing the Order. Pursuant to a request by Rutronik to change the terms of the Order, the Supplier must without undue delay notify Rutronik in writing of the consequences of the desired change to the Order (e.g., increase in costs of the Goods or deterioration in quality of the Goods). Unless Rutronik otherwise confirms in writing to the acceptance of any consequences of the changes to the Order, the Supplier must not implement any proposed changes made by Rutronik.
- 2.7 If the Supplier discovers during the performance of a contract that deviations from the originally agreed specifications are necessary or improve the quality of the Goods, the Supplier must without undue delay notify Rutronik in writing and submit proposals to change the agreed specifications. The Supplier must not implement any changes to the original specifications of the Order unless Rutronik provides notice to the Supplier in writing that it agrees to the changes to the original specification of the Order. If, as a result of changes to the original Order, there is an increase or decrease in the costs incurred by the Supplier in the performance of the Order, both Rutronik and the Supplier are entitled to demand an adjustment to the agreed prices to reflect the increase or decrease costs.
- 2.8 Confirmation of Orders, notices of dispatch, waybills, delivery notes, invoices and other correspondence issued by the Supplier must state the Order number, the date the Order was placed and the Supplier number.

Section 3

Prices, Payment, Assignment

- 3.1 The relevant prices are the prices stated in the Order and are binding upon the Supplier. All prices stipulated includes the cost of packaging, freight, insurance, customs, duties or other similar taxes or levies and all other additional charges to the place of delivery nominated by Rutronik, all of which shall be the responsibility of the Supplier. The Supplier delivers the goods - cleared for import- to the Rutronik's nominated destination and the Supplier bears all costs and risks of moving the Goods to Rutronik's nominated destination. No increase in the price may be made, even in the case of long term supply contracts (whether on account of increased material, labour or transport costs, fluctuation in rates of exchange or otherwise) without the prior consent of Rutronik in writing. Any applicable statutory value-added tax required under any applicable law must be included into the price unless the price is expressly designated as a net price.
- 3.2 Invoices must be issued within a reasonable time and without undue delay upon the dispatch of Goods. Invoices must be issued for each separate Order and must state the Order number and the tax number. Any Statutory value-added tax applied to the price must be stated and be clearly distinguishable on the invoice. Invoices not issued in this form will be deemed to have not been issued.
- 3.3 Payment by Rutronik will be 60 days from the date of receipt of the invoice and acceptance of the Goods.

- 3.4 In the case of incorrect performance of the Contract by the Supplier, Rutronik shall be entitled to suspend payment or a part thereof until the Contract has been performed correctly without prejudice to Rutronik's right to rebates, discounts or similar price reductions. Under such circumstances, the period for payment commences immediately after the Contract has been performed correctly. If the Goods are delivered early, the period commencing for payment does not commence until the agreed delivery date. To the extent that the Supplier is obliged to supply materials tests, inspection reports, quality documents or other documents along with the Goods, the receipt of these documents will be a requirement for acceptance of the Goods by Rutronik.
- 3.5 If Rutronik defaults on its obligation to pay, the Supplier may demand from Rutronik default interest of 2% above the basic lending rate of HSBC Holdings plc. The Supplier may withdraw from the Contract if, after Rutronik has defaulted on its obligation to pay, the Supplier has set a reasonable additional period of time for payment whilst indicating that failure to pay within the additional period of time will result in refusal of acceptance, and this additional period of time has expired without payment by Rutronik.
- 3.6 Payments made by Rutronik pursuant to the Order will be made exclusively to the Supplier and shall be made without any set-off, withholding, counterclaim, abatement, deduction or otherwise whatsoever unless the Supplier has a valid court order requiring an amount equal to such deduction to be paid by Rutronik to the Supplier.

Section 4

Delivery, Passing of Risk and Transfer of Title

- 4.1 The Supplier will deliver the Goods - cleared for import - to the address nominated by Rutronik. The Seller bears all costs and risks of moving the goods to Rutronik's nominated address, including the payment of Customs duties and taxes.
- 4.2 Each consignment must include the complete accompanying documents/ delivery note. In addition, the accompanying documents/delivery note must in all circumstances state the Order number of Rutronik. Technical certificates, certifications, inspection reports, acceptance reports, quality test reports and other documents required for the agreed use of the Goods must be supplied free of charge together with the Goods.
- 4.3 The Goods must be delivered in packaging that complies with the packaging specifications provided by Rutronik. In the event that Rutronik does not provide packaging specifications, the Goods must be delivered in packaging that is appropriate having regard to the nature of the goods the means of transportation used to deliver the Goods and to the standard packaging requirements for such goods, if any, used pursuant to such means of transportation. In particular, the Goods must be packaged in such a manner so as to prevent damage to the Goods whilst in transit. Packaging materials shall be used only to the extent required for this purpose.
- 4.4 The Supplier bears the risk of accidental loss or destruction or accidental deterioration of the Goods until their acceptance by Rutronik. If the Goods delivered are required to be set-up or assembled so that the Goods become operational, the risk in the Goods will not pass to Rutronik until such steps are taken by the Supplier.
- 4.5 Title to the Goods will be transferred to Rutronik directly and free of any encumbrances upon delivery and acceptance of the Goods to the delivery address nominated by Rutronik.

Section 5

Deadlines and Delay in Delivery

- 5.1 The time of delivery of the Goods or of performance of the Service is of the essence of the Contract. Accordingly, agreed dates and deadlines as to delivery are binding and must strictly be adhered to. The date of delivery is the receipt of the consignment of Goods at Rutronik's place of business or at the place of delivery specified by Rutronik. The calculation of delivery periods commence on the day that the Order is issued.
- 5.2 Whenever anything delays or threatens to delay the timely performance in delivery of the Goods, the Supplier must immediately notify Rutronik in writing of all relevant information with respect to such delay, including the reasons for the delay or threat of delay and the probable duration of the delay. Such notice does not affect the binding nature of the agreed delivery date.
- 5.3 Delivery before the agreed delivery date is only permissible with the prior written consent of Rutronik. If the delivery is made before the agreed delivery date, Rutronik will be entitled to refuse acceptance of the delivery. In the case of such refusal, the Supplier shall be responsible for all costs and risks related to storage of the Goods until the contractual delivery time of the Goods. Moreover, the Supplier shall not deliver the Goods by instalments. Where Rutronik and the Supplier have agreed in writing that the Supplier shall deliver the Goods by instalments (or Rutronik agrees to accept instalments for the delivery of the Goods), a breach concerning any instalment (however caused or of whatsoever nature) shall entitle Rutronik to terminate the Contract and to claim damages without prejudice to Rutronik's other remedies.
- 5.4 Where the Supplier fails to deliver the Goods by the agreed delivery date, Rutronik shall be entitled (i) to terminate the Contract; (ii) to buy the same or similar Goods from another supplier; (iii) to recover the element of the cost of buying the Goods from another supplier which exceed the price of the Goods pursuant to the Order without prejudice to any other rights Rutronik may have against the Supplier. If the Supplier defaults on its obligation to deliver, Rutronik shall be entitled to claim liquidated damages of 0.1% of the Order value for each day of default, but not more than 5% of the Order value in total. This does not apply in cases of force majeure. A claim for liquidated damages by Rutronik does not result in an exclusion of Rutronik's right to assert further claims for damages.
- 5.5 Rutronik's claim for delivery will not be excluded until, at Rutronik's request, the supplier pays damages in lieu of the delivery. Acceptance of the late delivery does not constitute a waiver of claims for damages.

Section 6

Defects as to Quality and Title

- 6.1 The Supplier warrants that the Goods supplied are state-of-the-art, are of merchantable quality and are fit for any purpose held out by the Supplier or made known to the Supplier and comply with the applicable statutory provisions and regulations and guidelines issued by public authorities, employers' liability insurance associations and trade associations; in particular, the Sale of Goods Ordinance (Cap 26), Laws of Hong Kong, the Hazardous Chemicals Control Ordinance (Cap 595), Laws of Hong Kong, the Consumer Goods Safety Ordinance (Cap 546), Laws of Hong Kong; and accident-prevention, safety-at-work, environmental and other safety and preventive statutory provisions and regulations; in particular, the Occupational Safety and Health Ordinance (Cap 509), Laws of Hong Kong, the Occupational Safety and Health Regulations (Cap 509A), Laws of Hong Kong and the Products (Safety) Regulation (Cap 406G), Laws of Hong Kong. The Supplier indemnifies and holds Rutronik and its customers harmless from and against costs, damages, claims,

proceedings and liability from third party claims against Rutronik and/or its customers for breach of any of the applicable statutory provisions and regulations and guidelines referred to under this section without prejudice to any rights and remedies Rutronik may have against the Supplier.

- 6.2 Rutronik shall report visible defects to the Supplier within 10 working days after acceptance of the goods, and hidden defects within 10 working days from the date of their discovery. In this regard, the Supplier waives any plea that the defects are reported out of time. The acts by Rutronik of taking delivery of the Goods, processing of the Goods, making payment for the Goods or issuance of subsequent Orders for Goods which have not yet been found to be defective and which, therefore, have not yet been reported as being defective shall not constitute an approval of the delivery of the Goods or a waiver of claims for defects in the Goods.
- 6.3 Where a consignment of Goods is comprised of a large number of Goods that are identical in construction, Rutronik may limit the examination for defects to a reasonable portion of the Goods supplied. Where upon visual examination of the Goods, it is found that a random sample of 0.5% of the Goods are defective, Rutronik may reject the Goods which are defective and be entitled to a full refund of the purchase price of the defective goods; or, , Rutronik may reject the entire consignment of Goods and be entitled to a full refund of the purchase price of the entire consignment of Goods.
- 6.4 Rutronik is fully entitled to rely on statutory rights and remedies afforded to Rutronik with respect to defects as to quality and title, in particular the rights and remedies afforded to Rutronik pursuant to the Sales of Goods Ordinance (Cap 26), Laws of Hong Kong. In the event that Goods are found to be defective, Rutronik may elect between repair or replacement delivery. The Supplier must bear all necessary expenses which Rutronik incurs in connection with such repair or replacement delivery. If the repair or replacement delivery does not occur within a reasonable period of time or fails all together; or if the setting of an additional period of time can be dispensed with, Rutronik may terminate the Contract and claim damages in lieu of performance in accordance with relevant statutory provisions.
- 6.5 If the Supplier fails to perform its obligation to carry out repairs or to make a replacement delivery within the reasonable additional period of time set by Rutronik, and the Supplier does not have any right to refuse the repair or replacement delivery, and Rutronik may carry out the necessary measures itself, or have them carried out by a third party, at the Supplier's expense and risk. In cases where it is not possible to notify the Supplier of the defect and allocate a period of time for remedial action because of particular urgency and/or because the damage to be expected in the absence of immediate remedial action is unreasonably high as compared to the warranty obligation, Rutronik may take the necessary measures immediately and without prior consultation of the Supplier. This does not affect Rutronik's entitlement to damages, especially the right to claim damages in lieu of performance.
- 6.6 The limitation period for claims for defects is 24 months from the passing of risk. With respect to defects reported during the limitation period, the claims for defects shall become time-barred no earlier than six months after the defects have been reported. If Rutronik purchases the Goods for resale, the limitation period will not commence until the point in time at which the limitation period applicable to the resale of the goods commences, but no later than six months after the risk passes to Rutronik. The same shall apply if Rutronik purchases the Goods for further processing.
- 6.7 If the Supplier carries out repairs or makes a replacement delivery, the limitation period will recommence unless the Supplier carries out the repair or makes the replacement delivery as a gesture of goodwill, rather than in the performance of an (assumed) obligation of the Supplier to carry out repairs or make a replacement delivery.
- 6.8 If, in connection with defects of the items supplied, Rutronik incurs costs – in particular, transport, travel, personnel or materials costs, or costs for an examination of the incoming Goods which exceeds the normal scope of such examinations, or costs for measures to single out the defective products – the Supplier is liable to reimburse these costs.
- 6.9 If a defect as to quality becomes apparent within 6 months of the passing of risk, it will be assumed that the defect has already existed at the time of the passing of risk unless this assumption is not compatible with the nature of the Goods or defect.
- 6.10 If the Supplier supplies goods for which replacement parts are necessary, the Supplier undertakes to supply Rutronik with the necessary replacement parts and accessories for a period of another ten years following the expiry of the limitation period.
- 6.11 This does not affect further-reaching guarantees given by the Supplier.

Section 7 Product Liability

- 7.1 The Supplier indemnifies and must keep indemnified and hold Rutronik harmless from and against all costs, losses, damages, claims, proceedings and liability arising from product liability occasioned by or resulting from any defect in the Goods supplied by the Supplier to the extent that the Supplier is liable for the defects and for the damages sustained in accordance to the principles of product liability law. This applies without prejudice to any right or remedy Rutronik may have against the Supplier.
- 7.2 The Supplier is obliged to reimburse Rutronik for all reasonable expenses incurred by Rutronik resulting from preventive measures taken by Rutronik against Rutronik being held liable for product defects. In particular, Rutronik shall be reimbursed for reasonable expenses incurred as a result of product warnings, exchanges of products or product recalls. To the extent possible and reasonable, Rutronik will notify the Supplier of the contents and scope of the preventative measures to be taken and provide the Supplier with the opportunity to comment thereon.
- 7.3 The Supplier shall carry adequate insurance against all risks arising from product liability; including the risk of product recalls and upon the request of Rutronik shall furnish Rutronik with a copy of the insurance policy.
- 7.4 The Supplier is obliged to label its products in such a manner that enables the products to be recognised as the Supplier's products on a permanent basis and to the extent that such labeling can be achieved at a reasonable cost.

Section 8 Property Rights and Confidentiality

- 8.1 The Supplier warrants that the delivery and use of the Goods do not infringe any patents, licenses and/or other intellectual property rights of any third party existing as of the date of delivery. If, due to the delivery or use of the Goods, Rutronik and/or its customers are held liable by any third party for infringement of any such rights, the Supplier will, at its expense, indemnify and hold harmless Rutronik and its customers from and against any and all loss, costs, expense, damage, demand or liability arising out of such infringement.
- 8.2 The Supplier agrees to treat as confidential all information, including but not limited to Rutronik's trade and business secrets, technical and commercial information, which is provided "as is" in whatever form or medium by or on behalf of Rutronik and to give access to such information only on a need to know basis to its employees to the extent necessary for the purposes of performance of the Contract and not to transfer, publish, disclose or otherwise make available such information or any portion thereof to any third party without Rutronik's prior written consent. The Supplier shall make the appropriate contractual arrangements with the employees and agents to ensure that they refrain for an unlimited period of time from any use, disclosure and unauthorised

recording of such confidential information for their own benefit and use. All information provided by or on behalf of Rutronik shall remain the property of Rutronik and no licenses or rights are granted in any such information and the Supplier shall, upon Rutronik's demand, promptly return to Rutronik or destroy all such materials and information, not retaining any copies thereof, upon Rutronik's demand.

Section 9 Provision of Items

- 9.1 Any tools, patterns, samples, models, profiles, drawings, standard sheets, artwork masters, gauges, and other items or documents provided by Rutronik remain the property of Rutronik and may not be passed on to any third party or be otherwise used for the Supplier's own purposes without Rutronik's written consent. The Supplier must protect such items against unauthorised inspection or use and, unless otherwise agreed, must not retain any copies thereof and must return them to Rutronik in proper condition prior to or at the time the Goods are delivered to Rutronik. For the avoidance of doubt, the Supplier does not possess a right to retain any of these items.
- 9.2 Without prejudice to section 4.5 above, any specifications, goods, tools, drawings, information and other materials furnished to the Supplier or produced by the Supplier in performance of the Contract that have been paid for by Rutronik remains the property of Rutronik ("the Means of Production"). Moreover, Rutronik retains all rights of use and all exploitation rights with respect to the industrial and/or other property rights of the Means of Production. Where Rutronik pays only part of the costs of the Means of Production, Rutronik will acquire a co-ownership interest that corresponds to Rutronik's share in the costs in the Means of Production. The Supplier has the revocable right to store the Means of Production for Rutronik with due care at the Supplier's expense. Rutronik provides the means of production to the supplier on a loan basis to be used exclusively for the purposes of performance of the Contract.
- 9.3 The Means of Production must be used exclusively for the purposes of performance of the Contract, unless otherwise consented to by Rutronik in writing. In the event of a breach, the Supplier must pay Rutronik liquidated damages in the amount of HK\$ 500,000.00 per breach without prejudice to any further rights or remedies Rutronik may have. The Supplier must clearly mark the Means of Production as Rutronik's property and inform any third parties who might seek recourse thereon of Rutronik's proprietary right.
- 9.4 The Supplier is obliged to handle and store all Means of Production with due care. At its own expense, the Supplier must take out adequate insurance, nominating Rutronik as the beneficiary, to cover the replacement value of the Means of Production against damage by fire, water and theft.
- 9.5 The Supplier shall be obliged to carry out all necessary maintenance and inspection work and all servicing and repair work with respect to the Means of Production in a timely manner and at its own expense. The Supplier shall advise Rutronik within a reasonable time and without undue delay of any damages sustained by the Means of Production

Section 10 Force Majeure

- 10.1 If as a result of force majeure, Rutronik is prevented from performing its contractual obligations – in particular, from accepting the goods –, the Supplier shall not be entitled to any claims for damages from Rutronik due to failure to perform its contractual obligation – in particular, a delay in accepting the Goods. In such circumstances, , Rutronik shall be released from its obligation to perform for the duration of force majeure circumstances and the Supplier shall be obliged to store the Goods at its own expense and risk for the duration of the force majeure circumstances. The same shall apply if the performance of Rutronik's obligations under the Contract is unreasonably impeded or becomes temporarily impossible because of circumstances beyond the reasonable control of Rutronik for which Rutronik is not responsible; in particular, because of industrial action, official measures, energy shortage or major disruptions of operations.
- 10.2 . If such circumstances outlined in Section 10.1 above continue for a continuous period of more than six months, Rutronik may terminate the Contract by providing written notice to the Supplier. After the expiry of the aforementioned four month period, the Supplier may request that Rutronik declare whether it will exercise its right to terminate the Contract or whether it will accept the Goods within a reasonable period of time.

Section 11 Limitation of Liability

Rutronik assumes liability for any damage resulting from breach of guarantee or for death, bodily injury or damage to health caused by its willful misconduct, negligence, or for any matter for which it would be unlawful for it to exclude or attempt to exclude liability. In cases of slight negligence, Rutronik will be liable only in the event of a breach of material contractual obligations which result from the nature of the contract and are of particular relevance for the purpose of the contract to be achieved. Where such obligations are breached, Rutronik's liability shall be limited to such damage as must typically be expected in the context of the contract. This does not affect mandatory statutory liability for product defects.

Section 12 Miscellaneous

- 12.1 The Supplier shall not assign, transfer, charge or otherwise deal with any rights and/or any obligations under the Contract without prior written consent of Rutronik. Without prejudice to the generality of the foregoing, the Supplier shall not sub-contract the Order or material parts of the Order to be performed by a third party without the prior written consent of Rutronik.
- 12.2 The Supplier shall indemnify Rutronik in full against all liability, loss, damages, costs and expenses (including legal expenses) awarded against or incurred or paid by Rutronik as a result of or in connection with any act or omission of the Supplier or its employees, agents or sub-contractors in supplying, delivering and installing the Goods.
- 12.3 For both parties, place of performance for the entire performance of the contract, especially for delivery and payment, shall be the seat of Rutronik or such other place of performance as is specified by Rutronik.
- 12.4 The rights and obligations of the parties under these GPC shall not be governed by the United Nations Convention on Contracts for the International Sale of Goods. Instead, the rights and obligations of the parties under these GPC shall be governed by the laws of Hong Kong.
- 12.5 The validity, construction and performance of these GPC shall be governed by the laws of Hong Kong and any disputes arising or in any way connected with the subject matter of these GPC shall be subject to the laws of Hong Kong. In the case of proceedings issued by the Supplier against the Rutronik, such proceedings shall be subject to the exclusive jurisdiction of the Hong Kong courts only.