

## TERMS AND CONDITIONS OF SALE

Except as otherwise agreed by AEM Components (Suzhou) Co. Ltd., or its affiliates and/or subsidiaries (“Seller”) in writing, the following terms and conditions (“Agreement”) will apply to all orders received and all sales made by Seller.

1. **GENERAL:** The terms and conditions set forth herein as well as any terms and conditions printed on the face of Seller’s order acknowledgment constitute the sole and entire agreement between Seller and the buyer (“Buyer”) of goods and/or services from Seller with respect to the subject matter hereof. Any term or condition in any printed form of Buyer, including but not limited to any order, confirmation or other document, which is in any way inconsistent with or in addition to the terms and conditions hereof is hereby expressly rejected, and Seller’s acceptance of any offer or order of Buyer is hereby expressly made in reliance on Buyer’s assent to all terms and conditions hereof. If Buyer objects to any of the terms or conditions hereof, such objection must be made in writing and received by Seller within ten (10) calendar days after placing a purchase order. Failure to so object shall be conclusively deemed to be acceptance of the terms and conditions hereof. Seller’s failure to object to any term or condition in any oral or written communication from Buyer, whether delivered before or after the date hereof, shall not constitute an acceptance thereof or a waiver of any term or condition hereof. Electronic commerce transactions between Buyer and Seller will be solely governed by this Agreement, and any terms and conditions on Buyer’s internet site will be null and void and of no legal effect on Seller.
2. **TAXES:** Except as otherwise expressly stated herein, the prices do not include federal, state or local sales, use, goods and services, excise or other similar taxes applicable to goods or services involved in this transaction. All such taxes shall be paid by Buyer, unless Buyer provides Seller with evidence satisfactory to Seller of exemption from such taxes. When Seller is required by law or regulation to collect such taxes, Seller will add such taxes to the sale price of the goods or services.
3. **PRICES:** The sale price(s) for goods delivered hereunder (“Products”) are accepted as stated on Seller’s order acknowledgment and will include the cost of Seller’s usual factory tests and inspections. The prices set forth herein are not subject to trade or other discounts. All quotations of Seller expire fifteen (15) calendar days from the date given. The price to Buyer for any Products shall be the applicable published price or valid quote in effect at the time of order entry. All prices are subject to change without notice and may be subject to any increase which may be in effect on the date of shipment. Except as otherwise expressly stated herein, any service calls or other service work performed by Seller shall be at Buyer’s expense in accordance with Seller’s standard rates for such services. Buyer acknowledges that the pricing of the Products and services and the other terms of this Agreement have been set based on the sections of this Agreement providing for an agreed allocation of the risk for any defective Products or services between the parties. Buyer further acknowledges that the pricing and terms would have been different if there had been a different allocation of the risk.
4. **DELIVERY, TITLE PASSAGE AND INSURANCE:**
  - (a) **Delivery.** Delivery or shipping dates are approximate only and merely represent Seller’s best estimate of the time required to make delivery or shipment. Time is not of the essence with respect to the transaction(s) covered by this Agreement, except with respect to Buyer’s obligation to make all related payments. Seller’s obligations hereunder will be dependent upon Seller’s ability to obtain the necessary raw materials. Seller will not be liable for any loss or expense (incidental, indirect, economic, consequential or otherwise) incurred by Buyer as a result of any delay in delivery for any

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reason other than arbitrary refusal by Seller to perform. Seller reserves the right to make partial deliveries and ship approximately forty (40) calendar days in advance of shipping date. Lead time on orders and rescheduling are governed at Seller's discretion.

**(b) Title Passage for Sales.** Except as otherwise expressly stated herein, all deliveries hereunder will be EX Work Seller's plant via a carrier selected by Buyer at its option, or otherwise by Seller, freight collect, to Buyer and will be packed in Seller's standard commercial shipping packages. In all such cases title and risk of loss or damage will pass to Buyer upon Seller's delivery of the Products to the carrier for shipment to Buyer and no loss or damage will relieve Buyer of any obligation hereunder, including payment for lost or damaged Products. Charges for shipping may not reflect net transportation costs paid by Seller. Buyer shall reimburse Seller for any and all costs of storage incurred by Seller after the date that Seller is prepared to make shipment.

**(c) Insurance.** Buyer will pay, or reimburse Seller for, all insurance on the Products. Any insurance proceeds collected by Buyer for Seller's account will be promptly remitted to Seller in U.S. Dollars. Any insurance policies purchased, whether by Buyer or Seller, will be for the benefit of Seller, whether or not Seller is named as an insured in such policies, until title and risk of loss or damage to the Products pass to Buyer. Where possible, all insurance policies will provide that they are for the benefit of Seller and Buyer "as their interests may appear."

5. **PAYMENT TERMS:** Except as otherwise expressly stated herein, Seller shall invoice Buyer at the time of shipment of each installment on payment terms of cash in advance, except where open account credit is established and maintained to Seller's satisfaction, in which case payment terms shall be net thirty (30) calendar days from date of shipment. All payments shall be in U.S. Dollars. Buyer shall make all payments as provided herein without regard to whether Buyer has made or may make any inspection or use of any Products. No discounts or setoffs shall be made by Buyer against any invoices unless approved in advance by Seller. Any invoiced amount which is not paid when due may bear interest at the rate of one and one-half percent (1-1/2%) per month or the highest rate then permitted by law, whichever is less, until paid in full. Seller reserves the right to exercise any of its lawful remedies if Buyer does not make payments when due. Buyer shall promptly reimburse Seller for all costs and expenses, including reasonable attorneys' fees, incurred by Seller in collecting sums due it hereunder.
6. **CONFIDENTIAL AGREEMENT:** It is hereby acknowledged and agreed that AEM Components Co., Ltd. (hereinafter "AEM") manufactures protective and inductive devices based on its patented technologies. AEM owns those technologies. In the course of, and/or as a result of any discussions and/or any plant tours, AEM may find it necessary to reveal to the Visitor/Information Recipient and/or its employees Confidential Information, including, but not limited to, proprietary technical information and/or trade secrets pertaining to materials, processes and equipment; information relating to business and product or service plans, marketing plans, financial results or projections, lists of existing or potential customers or suppliers, methods, applications, techniques, pricing and costs, business forecasts, sales and merchandising, patents, patent applications, computer object or source code, research, inventions, processes, equipment, designs, drawings, engineering, marketing or finance, and other accumulated knowledge or information, (collectively "Confidential Information"). This confidential Information may be provided to the Visitor/Information Recipient only if the Confidential Information will be held in strictest confidence and will not be used by the Visitor/Information Recipient and /or its employees, principals, directors, or agents for any purpose except as permitted hereunder.

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The Visitor/Information Recipient further agrees that, for five (5) years from the date hereof, the Confidential Information received from and/or on behalf of AEM will be treated with the same degree of care as if for the protection of its own proprietary information and will not be used, disseminated, or otherwise made known to others by the Visitor/Information Recipient.

The above limitation shall not apply to any portion of the Technical Information which:

- (a) was in the public domain prior to disclosure; or
- (b) was known to the Visitor/Information Recipient prior to disclosure (and is so recorded); or
- (c) is disclosed to the Visitor/Information Recipient by a third party not in violation of any obligations of confidentiality to AEM.

In the event of any dispute arising from the unauthorized use, publication, dissemination, or distribution of any information disclosed pursuant to the terms of this Non-Disclosure Agreement, exclusive jurisdiction or venue shall rest in the courts of the People's Republic of China located in Suzhou Industrial Park, Suzhou, Jiangsu, China.

As of the date of execution of this purchase order, Recipient and /or its employees, principals, directors, or agents does not know of, use, or implement any of the technologies developed by AEM and subject to disclosure under the terms of this agreement, whether or not such information has been patented by AEM.

### **7. LIMITED WARRANTY; SUITABILITY**

(a) Except as otherwise stated herein or in an order acknowledgment delivered to Buyer, Seller warrants to Buyer that the Products (1) shall be free of defects in materials and workmanship for the periods set forth below (each a "Warranty Period") from date of shipment to Buyer; and (2) shall be free of liens and encumbrances when shipped to Buyer. If Seller agrees in writing to provide and does provide system design, drawings, technical advice, or any other services to Buyer in connection with Products, then Seller further warrants to Buyer during the applicable Warranty Period that such services shall be undertaken in accordance with Seller's reasonable technical judgment based on Seller's understanding of pertinent technical data as of the date of performance of such services. Seller's warranties will not apply to any Product with respect to which there has been (i) improper installation or testing, (ii) failure to provide a suitable operating environment, (iii) use of the Product for purposes other than that for which it was designed, (iv) failure to monitor or operate the Product in accordance with applicable Seller specifications and good industry practice, (v) unauthorized attachment or removal or alteration of any part of the Product, (vi) unusual mechanical, physical or electrical stress, (vii) modifications or repairs done by other than Seller, (viii) mishandling during shipment of the Product; or (ix) any other abuse, misuse, neglect or accident. In no circumstance shall Seller have any liability or obligation with respect to expenses, liabilities or losses associated with the installation or removal of any Product or the installation or removal of any components for inspection, testing or redesign occasioned by any defect or by repair or replacement of a Product.

(b) Buyer shall notify Seller in writing promptly (and in no case later than ten (10) calendar days after discovery) of the failure of any Product to conform to the warranty set forth above, shall describe in commercially reasonable detail in such notice the symptoms associated with such failure, and shall provide to Seller the opportunity to inspect such Products as installed, if possible. The notice must be received by Seller during the Warranty Period for such Product. Unless otherwise directed in writing by Seller, within thirty (30) calendar days after submitting such

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notice, Buyer shall package the allegedly defective Product in its original shipping carton(s) or a functional equivalent and shall ship it to Seller.

(c) Within a reasonable time after receipt of the allegedly defective Products and verification by Seller that the Products fail to meet the warranty set forth above, Seller shall correct such failure by, at Seller's option, either (i) modifying or repairing the Products or (ii) replacing the Products. Such modification, repair or replacement and the return shipment of the Products with minimum insurance to Buyer shall be at Seller's expense. Buyer shall bear the risk of loss or damage in transit, and may insure the Products. Buyer shall reimburse Seller for transportation costs incurred for Products returned but found by Seller not to be defective. If Seller is unable to modify, repair or replace Products to conform to the warranty set forth above, then Seller shall, at Seller's option, either refund to Buyer or credit to Buyer's account the purchase price of the Products less depreciation calculated on a straight-line basis over Seller's stated Warranty Period. THESE REMEDIES SHALL BE BUYER'S EXCLUSIVE REMEDIES FOR BREACH OF WARRANTY.

(d) EXCEPT FOR THE EXPRESS WARRANTY SET FORTH ABOVE, SELLER MAKES NO OTHER REPRESENTATIONS, OR WARRANTIES, EXPRESS OR IMPLIED, STATUTORY OR OTHERWISE, REGARDING THE PRODUCTS, THEIR FITNESS FOR ANY PURPOSE, THEIR QUALITY, THEIR MERCHANTABILITY, THEIR NONINFRINGEMENT, OR OTHERWISE. NO EMPLOYEE OF SELLER OR ANY OTHER PARTY IS AUTHORIZED TO MAKE ANY OTHER REPRESENTATIONS, WARRANTIES, OR CONDITIONS FOR THE GOODS OTHER THAN THE WARRANTY SET FORTH HEREIN. SELLER'S LIABILITY UNDER THE WARRANTY SHALL BE LIMITED TO A REFUND OF THE PURCHASE PRICE OF THE PRODUCT. IN NO EVENT SHALL SELLER BE LIABLE FOR THE COST OF PROCUREMENT OR INSTALLATION OF SUBSTITUTE GOODS BY BUYER OR FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT OR INCIDENTAL DAMAGES OF ANY KIND WHATSOEVER, OR CLAIMS OF ANY THIRD PARTIES.

(e) Buyer assumes the risk and agrees to indemnify Seller against and hold Seller harmless from all liability relating to

(i) assessing the suitability for Buyer's intended use of the Products and of any system design or drawing and (ii) determining the compliance of Buyer's use of the Products with applicable laws, regulations, codes and standards. Buyer retains and accepts full responsibility for all warranty and other claims relating to, or arising from, Buyer's products which include or incorporate Products or components manufactured or supplied by Seller. Buyer is solely responsible for any and all representations and warranties regarding the products made or authorized by Buyer. Buyer will indemnify Seller and hold Seller harmless from any liability, claims, loss, cost or expenses (including reasonable legal fees) attributable to Buyer's products or representations or warranties concerning same.

### 8. **LIMITATION OF LIABILITY AND INDEMNITY:**

NOTWITHSTANDING ANY OTHER PROVISION HEREIN OR IN ANY OTHER DOCUMENT OR COMMUNICATION, (A) SELLER'S LIABILITY AND OBLIGATIONS WITH RESPECT TO ANY CLAIM(S) RESULTING OR ARISING FROM OR RELATING TO THIS AGREEMENT, WHETHER IN CONTRACT, STRICT LIABILITY, TORT OR OTHERWISE, AND EVEN IF BUYER'S EXCLUSIVE REMEDY FAILS OF ITS ESSENTIAL PURPOSE, SHALL IN NO EVENT EXCEED IN THE AGGREGATE THE TOTAL

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PURCHASE PRICE RECEIVED BY SELLER FOR THE PRODUCTS (OR, IN THE CASE OF OBLIGATIONS ARISING FROM OR RELATING TO PARTICULAR PRODUCTS OR SERVICES RENDERED IN CONNECTION HEREWITH, THE PURCHASE PRICE OF SUCH PRODUCTS OR AMOUNT RECEIVED BY SELLER FOR SUCH SERVICES, RESPECTIVELY), AND (B) SELLER SHALL IN NO EVENT BE LIABLE TO BUYER OR ANY OTHER PERSON OR ENTITY, WHETHER IN CONTRACT, STRICT LIABILITY, TORT OR OTHERWISE, FOR SPECIAL, CONSEQUENTIAL INDIRECT OR INCIDENTAL DAMAGES OF ANY KIND WHATSOEVER, OR CLAIMS OF ANY THIRD PARTIES. By accepting delivery of the Products ordered, Buyer agrees that it indemnifies and holds harmless Seller from and against all claims, loss, damage and liability, including without limitation for personal injury, property damage or commercial loss of whatever kind, directly or indirectly arising from or relating to the hazards inherent in Buyer's facilities or activities.

9. **APPLICABLE LAW:** This Agreement and the sale of goods and services hereunder shall be governed by and construed in accordance with the laws of the People's Republic of China. The United Nations Convention on Contracts for the International Sale of Goods will not, for any purpose, govern or apply to the sale of goods and services or any transactions, performance or disputes hereunder.
10. **ASSIGNMENT:** Buyer may not transfer or assign this Agreement or any interest herein, by operation of law or otherwise, without the prior express written consent of Seller. Any attempted transfer or assignment without such consent shall be void. Seller may assign its rights and delegate its duties hereunder.
11. **ENTIRE AGREEMENT; MODIFICATION:** This Agreement supersedes all prior written and oral agreements and understandings between Seller and Buyer with respect to the Products and services specified herein. No representation or statement not contained herein shall be binding upon Seller as a representation, warranty or condition or otherwise. No addition to or waiver, modification or cancellation of any provision hereof shall be binding upon Seller unless in writing and signed by a duly authorized representative of Seller.