

PURCHASE ORDER' TERMES AND CONDITIONS

Rev 02

(To which the suppliers agree by acceptance of the order)

1. OFFER TO PURCHASE

This is an offer to purchase goods described herein based on the terms and conditions herein stated. This offer may be revoked at any time before it is accepted. When accepted by Seller, this purchase order is binding Malaysia or Thailand Contract where is applicable.

2. MODIFICATION & RECISSION

This contact can be varied, modified or rescinded only by Agreement in writing between the duly authorized agents of the Buyer and Seller.

3. PACKING AND DELIVERY

All goods shall be suitable packed, marked and shipped in accordance with the requirements of common carriers and in a manner to secure lowest transportation costs and unless otherwise specified no additional charge shall be made for such packing , marking and shipping and delivery in excess of the quantities specific in the delivery schedules.

The Seller shall be responsible for any loss or damage occurring in transit, whenever he is obligated to deliver the goods.

Price quoted should be based on CIF SMTT/DAP SMTI unless otherwise specified in the Purchase Order. Lien of goods passes to Buyer on delivery. Unless otherwise agreed the goods ordered must be delivered within the specified time of delivery and if the goods or any portion thereof arc not delivered within the time or times specified in the Contract the Buyer shall be entitled to determine the Contact in respect of the goods undelivered and of any other goods already delivered under the Contact which cannot be effectively and commercially used by reason of non-delivery of the goods as aforesaid.

On such determination the Buyer shall be entitled

- a. to return to the Seller at the Seller's risk and expense any of the goods already delivered but which cannot be effectively and commercially used as aforesaid and to recover from the Seller any monies paid by the Buyer in respect of such goods.
- b. to recover from Seller any additional expenditure reasonably incurred by the Buyer in obtaining other goods in replacement of those in respect of which the Contract has been determined.

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Provided that the Buyer in his absolute discretion may extend the time of delivery and provided farther that the Seller pays a penalty of 1% of the total value of the goods not delivered for every week of delay up to a maximum of 15% of the total value of the goods not delivered. The Seller will repair or replace free of charge goods damage or lost in transit.

4. INSPECTION, TESTING AND REJECTION

The Buyer reserves the right to count and inspect all the goods and to have the quality of the materials used and the parts of the equipment, both during manufacture and when completed, inspected and checked by his authorized representatives.

Acceptance tests will also be carried out at the Seller's work or in the Buyer's Yard and unless otherwise agreed the Seller shall bear all the expenses of tests on the goods/equipment. The Buyer may reject defective or non-conforming goods and shall have no obligation to pay for such goods which will be held for Seller's distinction ft Seller's cost and risk Acknowledgement of Delivery Payments of goods prior to inspection shall not be deemed to constitute an acceptance of the goods or a waiver of Buyer's right to reject them. Payment shall be based on date of buy-off acceptance by the Buyer's incoming Quality inspection.

Incoming material shelf life control. Manufacturing date / date code or trace code on material packaging to comply with below criteria Commodity Shelf Life PCB \leq 15 weeks, Passive \leq 1 year, Connector \leq 1 year, other non ASIC Semiconductor \leq 1 year.

5. PRICE

The prices specified herein arc the fixed contract prices, The Buyer reserves the right specification of any goods or services coveted by this Purchase Order. Prices of such changes to be equitably adjusted by Buyer and Seller.

6. GUARANTEE

The Seller guarantees and it is condition of the contract that all goods/services covered by this Purchase Order will conform to the specification, drawings, samples or other description, furnished by the Buyer that the goods are of good material and workmanship and free from all defects and fit and sufficient for the use intended.

The Seller undertakes to remedy any defect arising from faulty design materials or workmanships. This guarantee period should extend for a period of not less than 12 (twelve) months from written advice of commissioning of the goods by the Buyer. 11'after delivery the Buyer gives notice in writing to the Seller of any defect in the goods which shall arise under from fealty design, materials or workmanship, then the Seller shall with all possible speed replace or repair the goods so as to remedy the defects without cost to the Buyer.

The Buyer shall as soon as practicable after discovering any such defect or failure, return the defective goods or parts thereof to the Seller and at the Seller's risk and expense unless it has been agreed between the parties that the necessary replacement or repair shall be carried out by the Seller on the Buyer's premises.

It is the Seller's responsibility to ensure the authenticity of the origin of the goods and provide / enclose Certificate of Compliance with the shipment. Original label and packing from the manufacturer must be sealed and intact upon delivery. The product/goods supply should be traceable.

The Seller shall ensure that the goods delivered have manufacturing date code of not exceeding two years at the time of receiving, or shall have a remaining shelf life of not less than six months for goods with expiry date, unless otherwise approved by the Buyer in writing.

7. INDEMNITY

The Seller shall indemnify the Buyer in respect of all damage or injury occurring before the expiry of the guarantee period to any person or to any property and against all action, suits, claims, demands, costs, charges or expenses arising in connection therewith to the extent that the same shall have been occasioned by the negligence of the Seller, his servants or agents during each time as he or they were entering onto or departing from the Buyer's premises for any purpose connected with the contract.

8. CANCELLATION

The Buyer reserves the right to cancel all or any part of the undelivered portion of the Purchase Order if Seller breaches delivery schedules or any other terms of the Purchase Order. If the Seller being an individual (or, when the Seller is a firm, any partner in the firm) shall at any time become bankrupt, or shall have a receiving order or administration order made against him or shall any composition or arrangement with or for the benefit of his creditors or shall make any conveyance or assignment for the benefit of his creditors or shall purport to do so. or if the Court shall make an order that the Company shall be wound up or if an receiver, or manager on behalf of a creditor shall be appointed or it circumstances shall arise which entitled the Court or creditor to appoint a Receiver or Manager or which entitled the Court to make winding up order, then the Buyer shall be liberty to:

- a. Cancel the order by notice in writing compensation to the Seller
- b. Give any such Receiver or Liquidator or other person the option of carrying out the Contract, provided that the exercise any of the rights granted to be Buyer in this clause shall not prejudice or affect any right of remedy which shall have accrued or shall accrue thereafter to the Buyer.

9. PATENT

The Seller shall fully indemnify the Buyer against any action, claim, demand costs, charges, and expenses arising from or incurred by reason of any infringement or alleged infringement of any letters, patent, registered design, trade mark or trade name by the use or sale use or sale of the goods and against all costs and damages which the Buyer may incur in any action for such infringement of for which the Buyer may liable in any such action. In the event of any claim being made or action brought against the Buyer arising out of the matters referred to in this clause, the Seller shall be promptly notified thereof and may at his expense conduct all negotiations for the settlement of the same, and any litigation that may arise there from.

10. DRAWING AND TECHNICAL DOCUMENTS

The Sellers shall furnish free of charge to the Buyer drawings and technical information within the agreed specified period after receipt and acceptance of the Buyer's order.

11. ASSIGNMENT

The Seller shall not without the consent in writing of the Buyer, assign or transfer the contract or any pan of it to any other person. The seller shall not without the consent in writing of the Buyer sublet the contract or any part thereof.

12. ARBITRATION CLAUSE

All disputes difference or questions at any time arising between the parties as to the construction of the Contract or as to any matter or thing arising out of the Contract or in any way connected therewith the parties shall agree to settle the matter through arbitration by appointing an arbitration in Malaysia or Thailand where is applicable. The decision of the arbitration shall be final and conclusive.

13. JURSDICTION CLAUSE

Unless otherwise agreed this Contract shall be subject to Laws of Malaysia or Thailand where is applicable and in the decided by the Malaysia or Thailand Court. The decision of the Court in Malaysia or Thailand shall be binding on the parties.

14. PRODUCT WARRANTY

Supplier warrants that the Products sold to SMT Technologies Sdn Bhd or SMT Industries Co. Ltd. (Thailand) shall be free from quality defects, and shall conform to the product specifications and quality as published at the time of order acceptance, or other specifications accepted in writing by the manufacturer for the warranty period of 3 years and above. This shall be effective from 1st of March 2016 onwards.

15. COMPLIANCE WITH LAWS.

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Suppliers shall comply with all applicable laws, regulations, and rules of all governmental authorities having jurisdiction and will obtain all necessary permits, licenses, and consents of all governmental authorities for the performance of this order. Without limiting the generality of this Section, Supplier agrees to fully comply with all export and import laws and regulations of the United States, the European Union, and other countries, including, but not limited to, the United States Export Administration Regulation (EAR). Supplier further agrees that Supplier and its employees, agent and subcontractors shall comply in all respect with Malaysian Anti Corruption Act Sec 17A (MACCA 17A) and Malaysian Anti-Money Laundering and Anti – Terrorism Financing Act 2001 (ALMA) as such laws, rules or regulations that may be amended from time to time (updated copy is available at <http://www.bnm.gov.my/legislation>) . Supplier further warrants that to the best of his knowledge that Conflict Minerals (3TG) in any Products subject to this order originated from Democratic Republic of the Congo (DRC) or its surrounding countries were from legal mines and processed by a facility listed as compliant pursuant to the Responsible Minerals Assurance process (updated copy is available at <http://www.responsiblemineralsinitiative.org/minerals-due-diligence/standards/>)

Supplier also warrants that to the best of his knowledge that Cobalt in any Products subject to this order is supply in accordance with The Organization for Economic Co-operation and Development (OECD) Due Diligence Guidance. Supplier warrants that any Products subject to this order to comply to RoHS 3 (EU Directive 2015/863, updated copy is available at https://ec.europa.eu/environment/topics/waste-and-recycling/rohs-directive_en) and REACH ([EC 1907/2006, updated copy is available at https://ec.europa.eu/environment/chemicals/reach/reach_en.htm](https://ec.europa.eu/environment/chemicals/reach/reach_en.htm)) that may be amended from time to time.

16. OTHERS

In case of any non conforming products or parts caused by the Seller, the Seller has to respond within next working day. The Seller must have established a procedure and appropriate process to take all necessary corrective actions and preventive actions for all the rejects received by the Buyer. The Seller must use the 8D (Disciplines) systematic analysis method to reply within 1 week of issuance of Supplier Corrective Request (SCAR). The Seller is requested to submit Data Sheets in tandem with the quotes submission. The Seller of customized parts shall notify the Buyer in the event of a change in address, company name or manufacturing site or subcontract to a third party, failure of which the Seller shall be removed from the Buyer's Approved Vendor List and shall be responsible for any commercial claim due to such negligence. For Environmental, Safety and Health (ESH) requirements, please refer to ESH Standing Order, a copy of which is posted in Buyer's website www.esmtt.com