



Purchase Order Terms and Conditions

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1. Acceptance

This purchase order is an offer by the company identified on the face of this purchase order (the "Buyer") for the purchase of the goods (the "Goods") or services (the "Services") specified, from the party to whom the purchase order is addressed (the "Seller") in accordance with and subject to these terms and conditions (the "Terms"; together with the terms and conditions on the face of the

purchase order, the "Order"). This Order will be deemed accepted by the Seller upon the first of the following to occur: (a) Seller making, signing, or delivering to Buyer any letter, form, or other writing or instrument acknowledging acceptance; (b) any performance by Seller under the Order; or (c) the passage of ten (10) days after Seller's receipt of the Order without written notice to Buyer that Seller does not accept. This Order, together with any documents incorporated herein by reference, constitutes the sole and entire agreement of the parties with respect to the Order and supersedes all prior or contemporaneous understandings, agreements, negotiations, representations and warranties, and communications, both written and oral, with respect to the subject matter of the Order, unless a separate overriding written contract has been entered into and signed by the parties. The Order expressly limits Seller's acceptance to the Terms of the Order. These Terms expressly exclude any of Seller's terms and conditions of sale or any other document issued by Seller in connection with this Order.

2. Cumulative Remedies

The rights and remedies under any Order are cumulative and are in addition to any other rights and remedies available at law or in equity or otherwise. If Seller is in breach of the warranties set out in Section entitled "Warranties", Seller will, at its sole cost, replace or repair the Goods or re-perform Services to Buyer's satisfaction.

3. Services

Any Seller that may perform Services represents itself as qualified and able to perform. Seller shall perform Services pursuant to the industry standard of care. Buyer will furnish materials, equipment and machinery only if and to the extent set forth in the Order. Seller will report immediately to Buyer any event or circumstance which Seller knows or reasonably suspects is, or results from, a violation of Buyer's policies or law set forth herein. Seller will, at its sole cost and expense, repair or replace any real or personal property belonging to Buyer that Seller, its employees or agents may damage, destroy or remove while performing or result from performing this Order.

4. Change Order

Buyer may, from time to time, initiate changes by issuing to Seller written notices (each, a "Change Order") that alter, add to, or deduct from the Goods or Services, but that are otherwise subject to the Terms of this Order. Seller will promptly comply with the terms of any Change Order.

5. Overproduction

In the event that Seller over produces the Goods described in this Agreement, Seller shall notify Buyer of the overproduction and identify the type and quantity of Goods overproduced. Seller shall at its own cost and expense, retain said overproduction in merchantable condition for a period of at least 90 days and may apply said overproduction, with written consent of Buyer, to fulfill future orders from Buyer. After the elapse of 90 days, any unused overproduction shall be promptly destroyed, at Seller's cost and expense, in a manner approved by Buyer. Verification of destruction shall be sent to Buyer within 7 business days of said destruction. Under no circumstance shall Buyer be obligated to accept or purchase any overproduction from Seller.

6. Delivery

Seller shall deliver the Goods and/or perform the Services at the delivery point (the "Delivery Location"), and on the date(s) specified in this Order (the "Delivery Date"). If no delivery date is specified, Seller shall deliver in full within a reasonable time of receipt of the Order. Timely delivery is of the essence. If Seller fails to deliver the Goods or Services in full, on the Delivery Date, Buyer may terminate the Order immediately and Seller shall indemnify Buyer against any losses, damages, and reasonable costs and expenses attributable to Seller's failure to deliver.

7. Shipping Terms

Delivery shall be made in accordance with the Terms of this Order. The Order number must appear on all documents pertaining to the Order, invoices, packing lists, correspondence, and all shipping documents. Seller shall not substitute material or ship more than the quantity ordered. Supplier shall be solely responsible for and pay, all costs of delivering the Goods to the Delivery Location, including, without limitation, all shipping and freight costs and all duties, fees, tariffs or

similar analogous taxes on imports/exports of the Goods ("Customs Duties"). Supplier will take all reasonable steps to minimize Customs Duties costs.

8. Title and Risk of Loss

Unless otherwise specified in the Order, risk of loss of the Goods remains with Seller and title will not pass to Buyer until the Goods are delivered to and accepted by Buyer at the Delivery Location.

9. Inspection

Buyer reserves the right to inspect the Goods on or after the Delivery Date. Buyer, at its sole option, may reject all or any portion of the Goods if it determines the Goods are defective or nonconforming. Seller shall destroy all defective or nonconforming Goods and provide Buyer with proof of said destruction. If Buyer requires replacement of the Goods, pursuant to the Section entitled "Cumulative Remedies", Seller shall promptly replace the nonconforming Goods. If Seller fails to timely deliver replacement Goods, Buyer may replace them with goods from a third party and charge Seller the cost thereof and terminate this Order for cause pursuant to the Section entitled "Termination". Any inspection or other action by Buyer under this Section shall not affect Seller's obligations under the Order, and Buyer shall have the right to further inspection after Seller takes remedial action.

10. Price and Payment

The price of the Goods or Services is the price stated on the face of this Order (the "Price"). Seller shall invoice Buyer for the Order within thirty (30) days of delivery. Unless otherwise stated in the Order, Buyer shall pay all properly invoiced amounts due to Seller within sixty (60) days after receipt of such invoice, except for any amounts disputed by Buyer. The parties shall seek to resolve all such disputes expeditiously and in good faith. Seller shall continue performing its obligations under the Order notwithstanding any such dispute. Without prejudice to any other right or remedy, Buyer reserves the right to set off any amount owing to it by Seller against any amount payable by Buyer to Seller. Payment of an invoice is not evidence or admission that the Goods or Services meet the requirements of the Order.

11. Taxes

Unless specified otherwise on the face of the Order, the prices are inclusive of, and Seller shall be solely responsible for and pay, all federal, state, and local taxes, including, but not limited to, value added tax, goods and services tax, sales, use or consumption tax. No sales or use tax shall be added when a valid tax exemption is indicated on the face of this Order by the Buyer.

12. Mould(s) and Tooling

Any mould(s) and/or tooling supplied to Seller or purchased by Seller on Buyer's behalf in furtherance of Seller's performance of this Order are the property of Buyer and ownership of said mould(s) and/or tooling remains with Buyer. Nothing contained herein shall be construed to create an ownership, lien, or any other type of interest in said mould(s) and/or tooling. Said mould(s) and/or tooling shall be stored, used, and maintained according to industry standards to prevent degradation of the mold(s) due to oxidation, rust, dirt, or other preventable damage. Said mould(s) and/or tooling shall be setup and used only as prescribed for that specific mold(s) and shall be setup, used, and maintained only by trained persons. Buyer may at any time enter Seller's premises to remove said mould(s) and/or tooling. Seller expressly agrees to grant Seller permission to enter its premises for said purpose of removing said mould(s) and/or tooling.

13. Supplied Materials

Where Buyer supplies materials for use in the production of the Goods or Services, Seller shall be solely responsible for any loss of materials resulting from the manufacture said Good or Services. Buyer shall at its own discretion either deduct the value of the materials from any amounts owed to Seller or require Seller to compensate Buyer for said materials. In no event shall this right limit any other rights available to Buyer in the event of Seller's failure to perform under the terms of this Agreement.

14. Hazardous Wastes

If at any time Seller generates any hazardous waste(s) on Buyer's property or site, as defined in the United States Code of Federal Regulations 40 C.F.R. §261.3, Seller will immediately notify Buyer and Seller will comply with Buyer's policies and practices, and any applicable law, regarding management of hazardous wastes.

15. Termination

Buyer may terminate this Order, in whole or in part, for any reason upon thirty (30) days' prior written notice to Seller. In addition to any remedies provided herein, Buyer may terminate this Order with immediate effect, either before or after acceptance of Goods or Services, if Seller has breached any of the Terms herein. If the Seller becomes insolvent, commences or has commenced by it or against it bankruptcy proceedings, receivership, reorganization or assignment for the benefit of creditors, then the Buyer may terminate this Order. If Buyer terminates the Order for any reason, Seller's sole and exclusive remedy is payment for the Goods or Services received and accepted by Buyer prior to the termination.

16. Warranties

Seller warrants to Buyer that for a period of thirty (30) months from the Delivery Date, all Goods, Services or Goods furnished in connection with Services will: (a) be new and free from any defects in workmanship, material and design; (b) conform to applicable specifications; (c) be fit for their intended purpose and operate as intended; (d) be free and clear of all liens, security interests or other encumbrances; and (e) not infringe or misappropriate any third party's intellectual property rights. These warranties survive any delivery, inspection, acceptance or payment. These warranties are cumulative and in addition to any other warranty provided by law or equity. Any applicable statute of limitations runs from the date of Buyer's discovery of the noncompliance. If Buyer gives Seller notice of noncompliance, Seller shall, at its own cost and expense, promptly replace or repair the nonconforming Goods or Services.

17. Insurance

Seller shall, at its own expense, maintain, and carry insurance in full force and effect with financially sound and reputable insurers, which includes: (a) commercial general liability (including product liability and manufacturer's general liability) in a sum no less than US \$1,000,000 for each occurrence and US \$2,000,000 in the aggregate; (b) vendors coverage, naming Buyer with respect to Buyer's distribution or sale of the Goods or Services provided by Seller; (c) workers' compensation insurance in compliance with the applicable laws of each jurisdiction affected by the Order; (d) if the Seller will use or provide for use of motor vehicles in providing and/or performing the Order, automobile (motor vehicle) insurance covering all liabilities for personal injury and property damage arising from the use of such vehicles, with limits of no less than US \$1,000,000. Upon Buyer's request, Seller shall provide Buyer with a certificate of insurance evidencing the coverage specified in this Order.

18. Indemnification

Seller shall defend, indemnify, and hold harmless Buyer and Buyer's parent company, its subsidiaries, affiliates, successors or assigns and its respective directors, officers, shareholders, and employees (collectively, "Indemnitees") against any and all loss, injury, death, damage, liability, claim, action, judgment, interest, penalty, cost or expense, including reasonable attorney and professional fees and costs, and the cost of enforcing any right to indemnification hereunder (collectively, "Losses") arising out of or occurring in connection with Seller's performance of its obligations or Seller's negligence, willful misconduct or breach of the Terms of this Order or manufacture, assembly, use, sale, and/or combination of the Goods infringes or misappropriates the patent, copyright, trade secret or other intellectual property right of any third party. Seller shall not enter into any settlement without Buyer's or Indemnitee's prior written consent. Seller's insurance policy limits shall in no way limit the amounts payable to Buyer under this Agreement.

19. Confidential Information

All non-public, confidential or proprietary information of the Buyer, including, but not limited to, inventions, technologies, production processes, materials, specifications, samples, patterns,

designs, plans, drawings, documents, data, business operations, customers, pricing, discounts or rebates, disclosed by Buyer to Seller, whether disclosed orally or disclosed or accessed in written, electronic, or other form or media, and whether or not marked, designated or otherwise identified as "confidential," in connection with the Order is confidential, solely for the use of performing the Order and may not be disclosed or copied unless authorized by Buyer in writing. Upon Buyer's request, Seller shall promptly return all documents and other materials received from Buyer.

Buyer shall be entitled to injunctive relief for any violation of this Section. This Section shall not apply to information that is: (a) in the public domain; (b) rightfully and legally known to the Seller at the time of disclosure; or (c) rightfully and legally obtained by the Seller on a non-confidential basis from a third party.

20. Intellectual Property

All technical information including trade secrets and know-how that relates to the design, techniques, processes, work instructions and materials for the production of the Goods provided to Seller by Buyer and all information provided by Buyer in the course of the administration of the commercial aspects of this Order belongs to Buyer (collectively, the "Buyer Information"). Buyer retains the ownership of all intellectual property and other proprietary rights in and to the Buyer Information. Nothing in this Agreement grants any right or license under any Buyer Information to Seller. Seller shall retain the confidentiality of the Buyer Information, shall not disclose it to any other party, and shall not use it for any purpose other than the production of Goods for Buyer.

Buyer hereby grants to Seller a limited, revocable, nonexclusive, nontransferable, non-assignable right and license, to use the Buyer Information solely for the purpose of the Services hereunder, and only while this Order is in effect. This license does not include any sublicensing or have-made rights, and is limited to manufacturing at the Seller's facility indicated on the Order. No other license is granted by Buyer, by implication or otherwise.

Ownership of Developed Intellectual Property. Buyer and Seller agree that any newly-developed inventions, ideas, concepts, methods or processes for performing the Services on the Goods or in any way using or relating to the Buyers Information that is invented, developed, conceived or reduced to practice by Seller, individually by its own personnel, or jointly by personnel furnished by Buyer will be owned solely by Buyer, including all intellectual property and other proprietary rights therein.

Seller shall execute all documentation, perform any activities and provide any assistance, at Buyer's request and at Seller's own cost, necessary to establish, perfect and maintain all intellectual property and other proprietary rights resulting from or pursuant to this Agreement.

21. Non-Circumvention

Seller, its owners, officers, directors, employees, agents, or representatives shall not reproduce, disclose, use, or commercially exploit any of the Confidential Information or Inventions and shall not use the Confidential Information or inventions except in the performance of its exclusive obligations to Buyer, at any time, either during the performance of its exclusive obligations to Buyer or after these obligations have ceased. This prohibition for Seller not to reproduce, disclose, use, or commercially exploit any of the Confidential Information or inventions will continue indefinitely after the termination of this Agreement.

22. Non-Compete

Seller acknowledges that Buyer's customers are confidential and Seller shall not provide Goods or Services in the same field as those of Buyer to any of Buyer's customers. Furthermore, Seller shall not participate in the manufacture, development, distribution, marketing or promotion of products that compete directly or indirectly with the products described in this Agreement. This restriction on Seller is material to Buyer's engagement of Seller and shall continue indefinitely after the termination of this Agreement.

23. Compliance with Law

Seller warrants and represents to Buyer that it is in compliance with and shall remain in compliance during performance of this Order and ensure that its employees, agents, contractors and subcontractors (the "Personnel") comply all applicable laws, regulations and ordinances, including, without limitation, the United States Foreign Corrupt Practices Act.

Seller has and shall maintain in effect all the licenses, permissions, authorizations, consents and permits required by law to carry out its obligations under the Order. Seller shall comply with all export and import laws of all countries involved in the sale of Goods under this Order. Seller assumes all responsibility for shipments of Goods requiring any government import clearance. If Seller fails to comply with the laws, orders, rules, ordinances and regulations and as a result Buyer is fined, Seller agrees to pay the fine and costs incident thereto or reimburse Buyer for payment.

24. Audit Rights

Buyer shall have the right at any time to audit any of Seller's facilities and its operations to ensure that Buyer's security, health and safety procedures, intellectual property protection, manufacturing and quality-related processes meet or exceed the obligations assumed by Seller in this Agreement and Buyer's standards and requirements.

25. Force Majeure

Neither party shall be liable to the other for any delay or failure in performing its obligations under the Order to the extent that such delay or failure is caused by an event or circumstance that is beyond the reasonable control of that party, without such party's fault or negligence, and which by its nature could not have been foreseen by such party ("Force Majeure Event"). Force Majeure Events include, but are not limited to, acts of God or the public enemy, government restrictions, floods, fire, earthquakes, explosion, epidemic, war, invasion, terrorist acts, riots, strike, or embargoes. Seller's economic hardship or changes in market conditions are not considered Force Majeure Events. Seller shall use all diligent efforts to end the failure or delay of its performance, ensure that the effects of any Force Majeure Event are minimized and resume performance under the Order. If a Force Majeure Event prevents Seller from performance for a continuous period of more than fifteen (15) business days, Buyer may terminate this Order immediately by giving written notice to Seller.

26. Waiver and Release of Liens

Upon Seller's receipt of amounts properly invoiced, Seller waives and releases all rights to, for itself and its subcontractors, and at its sole cost shall obtain prompt removal of any lien fixed against Buyer, for Goods or Services performed under this Order.

27. Relationship of the Parties

The Seller is an independent contractor of Buyer. Nothing contained herein shall be construed as creating any agency, partnership, employment or fiduciary relationship. Neither party shall have authority to bind the other party in any manner whatsoever.

28. Governing Law

All matters arising out of or relating to this Order shall be governed by and construed in accordance with the laws of the United States of America and the state of California excluding choice or conflict of law rules.

29. Arbitration

Each party irrevocably and unconditionally submits any dispute arising from or in connection with this agreement, including, but not limit to the validity, interpretation and performance to be finally settled by binding arbitration in Taichung, Republic of China before an arbitrator(s) from the Chinese Arbitration Association in accordance with the Rules of the Chinese Arbitration Association, Taipei Arbitration Rules. The arbitration shall be conducted in English. Any award of the arbiter shall (i) be rendered in writing, (ii) state the grounds on which it was based, (iii) decide which Party shall bear the arbitration costs and administrative expenses, or apportion such costs, fees and expenses, including attorney fees, between the Parties, and (iv) be final and binding on the Parties. Judgment upon any arbitral award rendered under this paragraph may be entered in any court of competent jurisdiction.

30. Damages

In the event that the Seller breaches any obligation under this Agreement, Seller agrees to pay Buyer the total amount of Buyer's Losses and/or damages, or liquidated damages in the amount of US \$1,000,000, whichever is greater.

31. Notices

All notices, consents, claims, demands, waivers and communications hereunder (each, a "Notice") shall be in writing and addressed to the parties at the addresses set forth on the face of this Order or to such other address that may be designated by the receiving party in writing. All Notices shall be delivered by personal delivery, nationally recognized overnight courier (all fees pre-paid), facsimile (with confirmation of transmission) or certified or registered mail (return receipt requested, postage prepaid). A Notice is effective only upon receipt of the receiving party, and if the party giving the Notice has complied with the requirements of this Section.

32. Inconsistent Terms

The terms found on the face of this Order shall govern over the terms and conditions herein. Any separate written overriding agreement signed by both parties shall govern over the terms of the Order.

33. Survival

Provisions of this Order which by their nature should apply beyond any termination of this Order will remain in effect for the period expressed within the Section. In the event that no period is specified, the provisions shall remain in effect for a period of two (2) years after termination of the Agreement.

34. Severability

If any term or provision of this Order is found invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term of this Order or invalidate or render unenforceable such term in any other jurisdiction.

35. Miscellaneous

Seller shall not assign, transfer, delegate or subcontract any of its rights or obligations under the Order without Buyer's prior written consent. Any purported assignment or delegation in violation of this Section shall be null and void. No assignment shall relieve the Seller of any of its obligations hereunder. No modification, alteration or amendment of the Order shall be binding unless agreed to in writing and signed by Buyer. No waiver by any party of any of the provisions of the Order shall be effective unless explicitly set forth in writing and signed by the party so waiving. No failure to exercise, or delay in exercising, any rights, remedy, power or privilege arising from the Order by Buyer shall operate or be construed as a waiver thereof, nor shall any single or partial exercise of any right, remedy, or privilege hereunder preclude any other exercise of any additional right, remedy, or privilege.



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