

General Terms and Conditions of Purchase

Sturm Machinery (Kunshan) Co., Ltd

Automation Technology
Material Handling Systems
Surface Finishing Systems
Vision Technologies

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Unless specifically provided for otherwise in writing on the face of a purchase order or work order (a "Purchase Order" or "PO") issued by Sturm Machinery (Kunshan) Co., Ltd. or any of its affiliates (hereinafter referred to as "Purchaser"), any Purchase Orders are specifically conditioned on the following terms and conditions (the "Terms and Conditions"). The recipient of a Purchase Order and/or supplier of goods or services is referred to as "Seller":

- 1. BASIS OF AGREEMENT:** Delivery of goods and/or performance of services at the quality and price levels and time specified on a Purchase Order are the essence of any resulting supply or service contract (a "Purchase").
- 2. ACCEPTANCE OF PURCHASE ORDER:** A Purchase Order becomes binding on Seller in the form of a supply or service contract when Seller (a) gives written acceptance; or (b) makes a delivery of conforming goods within the time specified herein; or (c) renders services within the time specified herein; or (d) commences work on goods to be specially manufactured for Purchaser.
- 3. PREVAILING CONDITIONS:** The Purchaser expressly intends that these, and only these terms and conditions and, if applicable, a Master Supply Agreement between the Seller and Purchaser and documentation referenced therein, shall exclusively govern any Purchase. Only Purchaser's written consent will bind it to any terms hereafter transmitted or proposed by Seller.
- 4. PACKING, MARKING AND DELIVERY:** (a) Unless otherwise specified in a Purchase Order, all goods shall, at Seller's expense, be properly packed, marked with PO number, parts number and quantity, and delivered in accordance with the specifications in a PO or, if not specified therein, in accordance with good and accepted practices (i) for ensuring on-time delivery and no damage; (ii) to secure lowest transportation rates; (iii) to meet carrier's requirements; and (iv) to insure arrival at the "ship to" point specified on the PO or other points agreed by the buyer free of damage. Seller retains responsibility for all goods until delivery at the designated delivery point on the PO, regardless of point of inspection. (b) Purchaser shall not be liable to Seller to pay for or return any containers, packing or crating materials, if required by the Purchaser, seller will arrange pickup the packaging material within one week after notice; and (c) Seller shall process shipping documents and route shipment to the delivery point as directed by Purchaser. (c) Partial deliveries are allowed and appreciated especially for higher amount of goods. Additional costs for this shall not apply. (d) If the quantity of goods delivered by the Seller exceeds that specified in the PO, this does not result in an obligation to accept and pay for the excess.
- 5. TIME OF DELIVERY:** Seller understands that time is of the essence and that Seller is responsible for strict adherence to the scheduled delivery date(s). Seller agrees that if delivery is delayed beyond the scheduled delivery date for any reason, included but not limited to quality problems caused by the Seller, Seller is responsible for all charges and expenses of delivery to Purchaser occasioned by such delay, including, without limitation, express transportation and delivery charges, including air freight, and weekend delivery charges. Seller also agrees that upon such delay, Seller is responsible for any and all incidental and consequential damages of Purchaser,

including, without limitation, overtime wage and related employee benefit costs; incremental operational costs; express transportation and delivery charges, including air freight; weekend delivery charges; additional quality assurance effort; and, other costs, expenses, fees, and losses resulting from the inability of the Purchaser to comply with the terms of another agreement due to the Seller's delay and/or failure in performance. In case the Purchaser allows a change of the agreed delivery date this must be stated in written form. In case of delay in delivery, the Seller shall, in addition to the above responsibilities, pay liquidated damages to the Purchaser. The calculation method of overdue liquidated damages is as follows: 1% of the total price of the delayed goods shall be paid for each week of delay in delivery, and the maximum amount shall not exceed 5% of the total price of the delayed goods. The Purchaser shall have the right to deduct the liquidated damages from the unpaid items of this PO.

- 6. INSPECTION AND REJECTION:** Seller agrees that Purchaser has the right to inspect and test the goods, work, and workmanship to the extent Purchaser deems practicable at any time and place including during the time of manufacture; that Purchaser also has the right, notwithstanding prior payment or tests, to notify Seller that the goods or services tendered are rejected or require correction or repair thereof; and that Seller, at its sole expense, will promptly take all steps necessary to obtain conformance with any applicable Purchase Order in all respects. Quality defects will be reported in written form and goods must be reworked and sent back to the Purchaser within 7 days after notice (or other arrangement if jointly agreed)
- 7. PROVISION PARTS/TOOL COSTS:** If the purchaser send provision parts to the supplier for assembly of goods, the ownership is still at the purchaser. If there are tool costs paid separately or machinery provided by the Purchaser to carry out the PO, the Ownership remains at the purchasers end. For tools with a value below 500 RMB this does not apply. A separate tool agreement may be signed to rule this case.
- 8. WARRANTY:** Seller warrants that the goods or services delivered or otherwise provided by Seller will comply with the applicable PO and any specifications, drawings, descriptions or samples furnished or specified by Purchaser and that the same will be merchantable, of good material and workmanship, free from defect, and unless specifically authorized otherwise by Purchaser in writing be absolutely free of any silicon (specific). Seller warrants that any goods furnished that are custom designed or selected by Seller according to general Purchaser specifications will be fit and sufficient for the purposes intended. Seller is responsible for full reimbursement of reasonable costs associated with nonconforming products or services. Seller expressly agrees to defend, indemnify and hold harmless Purchaser from and against any and all claims, losses, damages, and settlement expenses including all litigation costs resulting from or arising out of a breach of Seller's warranties. The terms of this Clause 8 survive the termination or expiration of any Purchase.
- 9. ASSIGNMENT OF PERFORMANCE BY SELLER:** Seller agrees not to assign, sub-contract, or delegate the performance of its duties

under a Purchase without the express prior written consent of Purchaser, which may be withheld for any reason and which at no time shall constitute or be deemed to constitute a novation, and Seller shall at all times remain liable to Purchaser for any assignee's breach of the terms hereof.

10. PURCHASER'S TERMINATION OPTION: (a) Purchaser, at its option, may terminate the performance of work in whole or in part by written notice to Seller, upon receipt of which notice Seller will promptly stop work on the date and to the extent specified in such notice and terminate all orders and/or contracts to the extent the same relate to the termination of such Purchase; (b) Seller, immediately upon receipt of notice of termination of a Purchase, shall advise Purchaser of the quantities of materials and work on hand or purchased and received prior to termination hereof and the most favorable disposition Seller can make thereof. Seller will comply with Purchaser's instructions regarding transfer and disposition of title and possession of such work and goods; (c) Purchaser will pay to Seller the order price for finished work and/or goods accepted by Purchaser and the cost to Seller of work in process and raw materials allocable to the terminated work, subject to any audit Purchaser may conduct.

11. CANCELLATION UPON DEFAULT: If Seller (a) fails to deliver goods or perform services at the times specified in a PO or as otherwise in written form agreed by Purchaser; (b) fails to perform any of the other provisions of a Purchase and does not cure such default(s) within 10 days after receipt of notice from Purchaser specifying such default(s); (c) becomes insolvent, makes an assignment in favor of creditors or enters bankruptcy or dissolution procedures; or (d) is merged into another company and/or is expropriated or nationalized, Purchaser, by written notice to Seller, may cancel all or any part of a Purchase without any liability except for the price as specified in the PO for completed services and completed goods delivered to, and accepted by, Purchaser. With respect to finished or in process or otherwise unfinished work under a terminated or cancelled Purchase, Purchaser reserves the right to take full title and possession, free and clear of any liens, of all or part of such work immediately upon notice to Seller to that effect, whether or not final price terms have been agreed upon. Purchaser shall pay the contract price or if such price has not been established the fair value for all goods and work so acquired offsetting any damage due for the breach by Seller. If after notice of default under this Clause 11 it is determined that Seller was not in default, work affected by such termination shall be deemed terminated pursuant to Clause 10 above, and the rights and obligations of the parties shall be governed by said clause.

12. CHANGES: Purchaser, at any time and by written notice to Seller, may make changes within the general scope of any Purchase. If any such change causes an increase or decrease in the cost of, or time required for, performance of any part of a Purchase, the contract price, delivery time or both shall be equitably adjusted.

13. CONFIDENTIALITY: Seller shall keep strictly confidential the terms of any Purchase Order or Purchase, the fact that it sells or provided services to the Purchaser, that Seller has been contacted by the Purchaser with respect to supplying goods and services to

Purchaser, and all information exchanged in connection with a Purchase that is not readily available to the public. Seller further agrees not to use Purchaser's name in any manner, including but not limited to, advertising or other promotional materials or publications without first obtaining Purchaser's advance written consent.

14. INTELLECTUAL PROPERTY RIGHTS: Seller warrants that the sale or use of any goods and/or services does not infringe or contribute to the infringement of any patent, copyright, trademark, service mark or other intellectual property of any third party. Seller covenants that it will defend, indemnify and hold harmless Purchaser from and against any and every infringement suit in any country and any and all liability arising therefrom, including but not limited to attorneys' fees and court costs. All samples, jigs, dies, molds, patterns, special taps, gauges, test equipment, drawings, plans, specifications and any and all related materials supplied to Seller in connection with a planned or actual Purchase shall remain the property of the Purchaser; and, Seller shall keep the same confidential, and shall make no use thereof other than to make offers and or supply goods and/or services to Purchaser and shall immediately return to Purchaser all such materials upon the completion of a Purchase by fulfillment or upon the Purchaser's notice of return.

15. FORCE MAJEURE: Any Purchase is subject to modification by Purchaser in event of fire, accident, strikes, government acts or other conditions beyond Purchaser's control.

16. REMEDIES CUMULATIVE: The rights and remedies herein reserved to Purchaser are cumulative and in addition to any other or further rights and remedies available at law. No waiver of any breach or default will constitute a waiver of any other breach or default or of any of Purchaser's rights.

17. GOVERNMENT REGULATIONS: To the extent any of its operation, contract, or labor relationship are in any way connected to a Purchase, Seller agrees to be in compliance with the laws and regulations of the People's Republic of China. Supplier and Purchaser are subject to national export control regulations and in addition, to the Export Administration Regulations of the United States of America, and such other regulations of a similar nature which may apply. Supplier will take all appropriate measures not to violate these regulations and will keep Purchaser fully harmless from all damages arising out of or in connection with any such violation.

18. MERGER: These Terms and Conditions supersede all prior agreements and understandings, oral or written, between the Purchaser and the Seller, other than those referenced herein, and are intended to be the final expression of their agreement.

19. Jurisdiction: Any conflict or dispute arising from the performance of this agreement shall be settled through friendly negotiation. If no agreement can be reached through negotiation, either party may bring a lawsuit to the people's court in the place where the buyer is located.

20. Language: this Terms and Conditions is written in English and Chinese, if there is any conflict, the English will prevail.