

General Terms and Conditions



Application of Conditions

Lucidtron Ltd. shall sell and the Buyer shall purchase the Goods in accordance with any quotation or offer of Lucidtron Ltd. which is accepted by the Buyer, or any order of the Buyer which is accepted by Lucidtron Ltd., subject in either case to these Conditions as well as the specific "Terms and Conditions" written on the quotation or offer.

Incoterms

In these Conditions "Incoterms" means the international rules for the interpretation of trade terms of the International Chamber of Commerce as in force at the date when the quotation is made. Unless the context otherwise requires, any term or expression which is defined in or given a particular meaning by the provisions of Incoterms shall have the same meaning in these conditions, but if there is any conflict between the provisions of Incoterms and these conditions, these conditions shall prevail.

Basis of Sale

An order placed by the Buyer may not be withdrawn cancelled or altered prior to acceptance by Lucidtron Ltd. No contract for the sale of Goods shall be binding on Lucidtron Ltd. unless Lucidtron Ltd. has issued a quotation which is expressed to be an offer to sell the Goods, provided the acceptance of the Buyer of such an offer has already been received by Lucidtron Ltd. in writing; or has accepted an order placed by the Buyer. Any typographical, clerical or other accidental errors or omissions in any sales literature, quotation, price list, acceptance of offer, invoice or other document or information issued by Lucidtron Ltd. shall be subject to correction in the sole discretion of Lucidtron Ltd. in order to reflect the correct information, and without any liability on the part of Lucidtron Ltd.

Orders and Specifications

All orders sent to Lucidtron Ltd. must include purchase order number, Products reference and description, quantity, requested delivery date, delivery address, unit price, payment terms and incoterms.

Lucidtron Ltd. may generally send an acknowledgement of receipt within 2 (two) business days of receipt, and for accepted orders, will confirm the date of delivery, price and quantity of the goods as required by purchase order by email within ten (10) working days.

No order submitted by the Buyer shall be deemed to be accepted by Lucidtron Ltd. unless and until confirmed in writing by an authorized representative or employee of Lucidtron Ltd.

No order which has been accepted by Lucidtron Ltd. may be cancelled by the Buyer except with the agreement in writing of Lucidtron Ltd. and on terms that the Buyer shall compensate and indemnify Lucidtron Ltd. in full against all loss (including loss of profit), costs (including the cost of all labor and materials used), damages, charges and expenses incurred by Lucidtron Ltd. as a result of cancellation.

Consigned material

In the event that the Buyer will consign materials, the Buyer agrees to deliver the consigned materials to Lucidtron Ltd. facilities using DAP Incoterm, not less than fourteen (14) days prior to the start of production for the product subject of the relevant order.

Subsequently a fee of 10% of the consigned material cost will be added in the BOM cost of the product and a proof of the consigned materials cost must be provided by the Buyer to Lucidtron Ltd. All delivery costs or charges and insurance costs, if any, on the consigned materials, as well as on the consigned equipment, up to the time of actual receipt and acceptance by Lucidtron Ltd. at Lucidtron Ltd.'s facilities, shall be for the sole account of the Buyer. Likewise, all expenses relative to the delivery of the finished product from Lucidtron Ltd.'s facility to the Buyer's designated facility or other disposition point designated by the Buyer shall be for the sole account and responsibility of the Buyer.

The buyer shall deliver the consigned materials to Lucidtron Ltd. in such quantity and frequency as mutually agreed upon by the Parties based on the production schedule given by the Buyer to Lucidtron Ltd. The Buyer shall maintain the required inventory levels agreed upon by the Parties for all consigned materials to enable Lucidtron Ltd. to schedule production efficiently.

The Buyer shall see to it that all consigned materials meet the quality standards in accordance with Lucidtron Ltd.'s incoming quality assurance inspection procedures. The consigned materials that do not meet the said quality standards shall be rejected in part or in whole

and the buyer shall compensate and indemnify Lucidtron against any loss resulting directly or indirectly from lost time, and additional costs incurred due to defective part replacement shall be compensated for by the Buyer as may be agreed by the Parties.

Within five (5) working days after the receipt of consigned materials, Lucidtron Ltd. shall inspect the physical condition and quantity of such consigned materials and shall notify the Buyer of the results thereof. The Buyer shall arrange for return of any consigned materials found to be defective and unusable upon inspection in accordance with the Lucidtron Ltd.'s incoming quality assurance procedures, and at his own expense. The Buyer shall supply replacement for defective or unusable consigned materials at Lucidtron Ltd.'s Facility immediately after receipt of Lucidtron Ltd.'s notice.

The allowable material losses due to assembly related defects, which shall be considered normal, shall be a yield agreed upon by the Parties. Gross rejection caused by problems inherent to the consigned materials or design-related shall be borne by the Buyer. Losses of materials that is proven beyond the allowable limits, where such loss is due solely to the fault of Lucidtron Ltd., shall be reimbursed to the Buyer by way of cash payment or credit note on a monthly basis during the first six (6) months of production and shall be reviewed if adjustment is needed. The latter applies so long as the Buyer owes Lucidtron Ltd. amounts in excess of Lucidtron Ltd.'s compensation value. In the event that the Buyer's outstanding are lower, Lucidtron Ltd. shall remit the difference to the Buyer where warranted for the circumstances of losses of materials covered under this paragraph.

The Buyer shall, at its own expense, insure the consigned materials and finished product against all risks. Lucidtron Ltd. shall be responsible for losses caused by theft and of willful damage only for consigned materials within its premises that are still subject to production, while the Buyer shall be responsible for all other losses. Lucidtron Ltd. shall, at its own expense, insure the premises where the consigned materials and finished product are located from fire, earthquake, shock, lightning and flood in accordance with the standard insurance coverage.

The conduct of physical inventory of consigned materials shall be based on the schedule and procedure agreed by the Parties.

Material buyback

The Buyer shall buy back all Lucidtron Ltd.'s purchased materials according to the conditions written in the quotation and if any one of the following conditions arises:

- Materials rendered unusable because of obsolescence, replacements due to re-design or changes thereto, or termination of this agreement or any relevant individual agreement.
- In the event that a model/project ends its life, the Buyer shall notify Lucidtron Ltd. in advance based on the component with the longest lead time.
- In the event that goods have been stored in excess of a 6 month period, and no stocking agreement is in force

Price of the Goods

The price of the Goods shall be the price listed in Lucidtron Ltd.'s quotation at the date of acceptance of the Buyer's order or such other price as may be agreed in writing between Lucidtron Ltd. and the Buyer.

Where Lucidtron Ltd. has quoted a price for the Goods other than in accordance with Lucidtron Ltd.'s quotation the price quoted shall be valid for 30 Days only or such other time as Lucidtron Ltd. may specify. Where Lucidtron Ltd. shares pricing information with the Buyer agrees to pay a mark-up of 3% to the cost of physical Goods, to cover a portion of the handling, procurement and delivery costs. This mark-up is in addition to any other charges, taxes or duties payable. Lucidtron Ltd. reserves the right to adjust this mark-up at any time, with changes communicated to the Buyer in writing.

Terms of Payment

The Buyer shall pay the price of the Goods on the payment date stated in the Sales Invoice. All payments shall be made to Lucidtron Ltd. in the currency of the price stated in the quotation, and shall be non-refundable, except as may be stated under this agreement or in the sole discretion of Lucidtron Ltd.

Lucidtron Ltd. is not obliged to accept orders from any customer or buyer who has not supplied Lucidtron Ltd. with references satisfactory

to Lucidtron Ltd.; if at any time Lucidtron Ltd. is not satisfied as to the creditworthiness of the Buyer it may give notice in writing to the Buyer that no further credit will be allowed to the Buyer in which event the Buyer shall be required to give security deposits in respect of goods already shipped and no further goods will be delivered to the Buyer other than against cash payment and notwithstanding any payment terms contained in the quotation, all amounts owing by the Buyer to Lucidtron Ltd. shall be immediately payable in cash.

Delivery

Delivery of the Goods shall take place and risk in the Goods will pass in accordance with Incoterms written in the quotation. Lucidtron Ltd. shall not be liable for any costs incurred for whatever reason during / after delivery of the Goods, or for any losses or damages to the Goods where there is delay or irregularity in the execution of the delivery, or pick up from Lucidtron Ltd.'s facilities as the case may be, that is attributable to the Buyer. Lucidtron Ltd. shall not be liable to the Buyer by reason of any delay in delivery or in performing, or any failure to perform, any of Lucidtron Ltd.'s obligations in relation to the Goods, if the delay or failure was due to any cause beyond Lucidtron Ltd.'s reasonable control. Without prejudice to the generality of the foregoing, the following shall be regarded as causes beyond Lucidtron Ltd.'s reasonable control:

- act of God, explosion, flood, tempest, pandemic, fire or accident;
- war or threat of war, sabotage, insurrection, civil disturbance or requisition;
- acts, restrictions, regulations, bye-laws, prohibitions or measures of any kind on the part of any governmental, parliamentary or local authority;
- import or export regulations or embargoes;
- strikes, lock-outs or other industrial actions or trade disputes (whether involving employees of Lucidtron Ltd. or of a third party);
- difficulties in obtaining raw materials, labor, fuel, parts or machinery;
- power failure or breakdown in machinery.

Lucidtron Ltd. may be able to arrange insurance covering the value in respect of loss of or damage to the Shipment, provided that the customer so instructs Lucidtron Ltd. in writing.

Commitment on material and components

If the quantities ordered by the Buyer are lower than the MOQ of the quotation made by Lucidtron Ltd., and generate as a result of surplus material or components, Lucidtron Ltd. reserves the right to invoice these surpluses without any contestation from the Buyer.

Risk and Property

Risk of damage to or loss of the Goods shall pass to the Buyer in accordance with the relevant provision of Incoterms or where Incoterms do not for any reason apply:

- in the case of Goods to be delivered at Lucidtron Ltd.'s premises, the time when Lucidtron Ltd. notifies the Buyer that the Goods are available for collection; or
- in the case of Goods to be delivered otherwise than at Lucidtron Ltd.'s premises, the time of delivery or, if the Buyer wrongfully fails to take delivery of the Goods, the time when Lucidtron Ltd. has tendered delivery of the Goods.

Notwithstanding delivery and the passing of risk in the Goods, or any other provision of these Conditions, the property in the Goods shall not pass to the Buyer until Lucidtron Ltd. has received in cash or cleared funds payment in full of the price of the Goods and all other goods agreed to be sold by Lucidtron Ltd. to the Buyer for which payment is then due.

Warranties and Liability

The goods claimed to be defective shall be returned to Lucidtron Ltd. at the location specified at the time for examination. Lucidtron Ltd. shall remedy the defect by repair or replacement when its responsibility as manufacturer (SMT assembly, soldering, assembly, programming, testing) is proven after examination and a free of charge repair or replacement will be provided.

No liability can be claimed regarding problems related to design issues.

The validity of this warranty period is 6 months from the delivery date.

Buyer's Default

If the Buyer fails to make any payment on or before the due date then, without prejudice to any other right or remedy available to Lucidtron Ltd., Lucidtron Ltd. shall be entitled to:

- cancel the order or suspend any further deliveries to the Buyer;
- appropriate any payment made by the Buyer to such of the Goods (or the goods supplied under any other contract between the Buyer and Lucidtron Ltd.) as Lucidtron Ltd. may think fit (notwithstanding any purported appropriation by the Buyer);
- charge the Buyer interest (both before and after any judgment) on the amount unpaid, at the rate of 1 per cent (1%) per week, until payment in full is made (a part of a week being treated as a full week for the purpose of calculating interest).

Regulations, Standards and directives

The product on which manufacturing is assigned to Lucidtron Ltd. as well as all parts or sub-assemblies provided for the manufacturing of the product must be certified by the Buyer according to the applicable regulations, standards or directives. The Buyer must be able to provide proof of compliance if requested by Lucidtron Ltd.

Intellectual property

The Buyer warrant Lucidtron Ltd. that the Buyer owns the intellectual property of the product or any part contain inside the product and insure Lucidtron Ltd. against any third party claims for counterfeit, unfair competition, illegal use of expertise, knowledge, intellectual property, copyright or patent infringement.

LIMITATION OF LIABILITY

Notwithstanding anything to the contrary in this Agreement, or any other agreement or understanding between the parties:

(I) LUCIDTRON LTD. SHALL NOT BE LIABLE TO BUYER FOR ANY CONSEQUENTIAL DAMAGES (INCLUDING ANY DAMAGES FROM LOSS OF PROFITS OR CAPITAL OR REVENUE OR USE OF CAPITAL, INTERRUPTION OF BUSINESS, OR LOSS OF USE OF PROPERTY), EVEN IF INFORMED OF THE POSSIBILITY OF SUCH DAMAGES, AND REGARDLESS OF WHETHER SUCH CONSEQUENTIAL DAMAGES ARISE FROM WARRANTY, BREACH OF CONTRACT, TORT, OR NEGLIGENCE, BY OPERATION OF LAW OR OTHERWISE.

(II) LUCIDTRON LTD.'S TOTAL LIABILITY TO THE BUYER FOR ANY DIRECT DAMAGES SHALL NOT EXCEED PAYMENTS RECEIVED BY LUCIDTRON LTD. FROM THE BUYER UNDER THIS AGREEMENT, WITHIN THE SIX (6) MONTH PERIOD PRIOR TO THE CIRCUMSTANCES GIVING RISE TO THE SAID LIABILITY.

Applicable Law and Jurisdiction

Unless agreed by both parties all contracts will be governed by the laws of Hong Kong, and all actions or claims in relation to the said contracts shall be commenced within the exclusive courts of the said jurisdiction.

Accepted By

(Signed)

(Date)

(Print Name)

(Company Name)

(Title)