

KAPPA OPTRONICS INC. STANDARD TERMS AND CONDITIONS OF SALE

1. THESE TERMS AND CONDITIONS GOVERN THE SALE OF ALL PRODUCTS AND SERVICES ("PRODUCTS") BY KAPPA OPTRONICS INC. AND ITS DIVISIONS AND SUBSIDIARIES ("SELLER") AND APPLY NOTWITHSTANDING ANY CONFLICTING, CONTRARY OR ADDITIONAL TERMS AND CONDITIONS IN ANY PURCHASE ORDER OR OTHER DOCUMENT OR COMMUNICATION FROM BUYER. THESE TERMS AND CONDITIONS MAY BE MODIFIED ONLY THROUGH A WRITTEN AGREEMENT SIGNED BY AN AUTHORIZED REPRESENTATIVE OF SELLER. NEITHER SELLER'S ACKNOWLEDGMENT OF A PURCHASE ORDER NOR SELLER'S FAILURE TO OBJECT TO CONFLICTING, CONTRARY OR ADDITIONAL TERMS AND CONDITIONS IN A PURCHASE ORDER SHALL BE DEEMED AN ACCEPTANCE OF SUCH TERMS AND CONDITIONS OR A WAIVER OF THE PROVISIONS HEREOF. ANY ATTEMPT BY BUYER TO MODIFY, ALTER, CIRCUMVENT, OR SUPERSEDE THE "TERMS AND CONDITIONS" SET FORTH HEREIN MAY BE DEEMED BY SELLER, AT IT'S SOLE OPTION AND ELECTION, TO BE A FAILURE OF CONSIDERATION WHICH SHALL OPERATE TO DISCHARGE SELLER FROM ANY FURTHER CONTRACT OBLIGATIONS WITH RESPECT TO BUYER.

the carrier and delivery route shall be made by Seller unless specified by Buyer. Seller shall use reasonable efforts to initiate shipment and schedule delivery as close as possible to Buyer's requested delivery dates. Buyer acknowledges that delivery dates provided by Seller are estimates only and that Seller is not liable for failure to deliver on such dates. Seller reserves the right to make deliveries in installments. Delivery of a quantity which varies from the quantity specified in Buyer's Purchase Order shall not relieve Buyer from its obligation to accept delivery and pay for the Products delivered. Delay in delivery of one installment shall not entitle Buyer to cancel other installments.
2. Orders shall be initiated by Buyer issuing a Purchase Order or otherwise placing an order by electronic means acceptable to Seller. Orders shall identify the Products, unit quantities, part numbers, descriptions, and requested delivery dates. All orders are subject to acceptance by Seller, and shall be subject to these Master Terms and Conditions. Orders for standard products shall not be canceled or rescheduled without Seller's consent, which consent may be withheld by seller in its sole discretion. Orders for special, custom, value added, customer specific, and other non standard products, including products to be assembled in kit form, work in process and products otherwise identified by Seller as "NCNR" or "Non Cancelable and Non Returnable" ("Special Products") shall be non cancelable and non returnable. Terms of any NCNR Product Agreement between Seller and Buyer shall prevail and supercede over any conflicting terms set forth in this Master Agreement.
3. Prices shall be as specified by Seller and shall be valid only for the period specified in Seller's quotation. If no period is specified, prices shall be valid for thirty (30) days from the date of Seller's quotation. Notwithstanding the foregoing, prices shall be subject to increase in the event of an increase in Seller's costs or other circumstances beyond Seller's reasonable control. Prices are exclusive of taxes, impositions and other charges, including: sales, use, excise, value added and similar taxes or charges imposed by any government authority, international shipping charges, forwarding agent's and brokers' fees, consular fees, document fees and import duties. If Seller is forced to incur any of the foregoing expenses, then the same shall be paid by Buyer to Seller in addition to the quoted price of the Products before or upon delivery.
4. All shipments by Seller are F.O.B. point of origin and all transportation charges shall be paid by Buyer in addition to the price of the Products. Subject to Seller's right of stoppage in transit, delivery of the Products to the carrier shall constitute delivery to Buyer and title and risk of loss shall thereupon pass to Buyer. Selection of

5. Inspection and acceptance of the Products shall be Buyer's responsibility. Buyer shall be deemed to accept the Products unless written Notice of Rejection is received by Seller via certified United States mail at 911 South Primrose Ave., #P, Monrovia, CA 91016 within ten (10) days following the date of delivery of the Products. Buyer hereby expressly waives any right to revoke acceptance thereafter. Buyer shall report any discrepancy in shipment quantity or damage within ten (10) days after delivery. No return of Products will be accepted by Seller without a Return Material Authorization ("RMA") Number, which may be issued or withheld by Seller in its sole discretion. Returned Products must be in original manufacturer's shipping cartons complete with all packing materials, documentation, labeling, and accessories. Products authorized by Seller for return shall be returned freight prepaid in the manner specified in Seller's RMA policy below. If Buyer asserts that the Products are defective, a complete description of the nature of the alleged defect must be included with Buyer's Notice of Rejections. Products not eligible for return shall be returned to Buyer, freight collect.

6. Unless otherwise stated on Seller's invoice, terms of payment shall be net thirty (30) days from date of invoice. Seller may, in its sole discretion, determine at any time that Buyer's financial condition requires payment in advance or a COD arrangement, and, if such requirement is not met, may cancel the order or any part thereof and receive reasonable cancellation fees. If Buyer fails to pay any payment due hereunder when due, Seller may recover, in addition to the payment, interest thereon at the rate of 18% per annum where lawful, otherwise the maximum lawful monthly interest rate, and reasonable attorney's fees.

7. Seller hereby reserves title to, and Buyer hereby grants to Seller a security interest in Products sold by Seller to Buyer as security for and until the due and punctual performance by Buyer of all of its obligations hereunder. Buyer agrees to execute such documents to evidence and parted said title and security interest as Supplier may require.

8. Seller shall not be liable for failure to fulfill its obligations herein or for delays in delivery due to causes beyond its reasonable control, including, but not limited to, acts of God, natural disasters, acts or omissions of other parties, acts or omissions of civil or military

- authority, Government priorities, changes in law, material shortages, fire, strikes, floods, epidemics, quarantine restrictions, riots, war, acts of terrorism, delays in transportation or inability to obtain labor or materials through its regular sources. Seller's time for performance of any such obligation shall be extended for the time of such delay or Seller may, at its option, cancel any order or remaining part thereof without liability by giving notice of such cancellation to Buyer.
9. Seller warrants to Buyer that upon delivery to Buyer the Products purchased hereunder shall conform to the applicable manufacturer's specifications for such Products and that any value-added work performed by Seller on such Products shall conform to applicable Buyer's specifications relating to such work. Seller may modify specifications to Products provided the modifications do not adversely affect the performance of the Products. In addition, Seller may furnish suitable substitutes for materials unobtainable because of priorities or regulations established by government authority, or non-availability of materials from suppliers. Seller makes no other warranty, express or implied, with respect to the Products. THE FOREGOING SHALL BE THE FULL EXTENT OF SELLER'S WARRANTY AS TO THE PRODUCTS AND NO OTHER WARRANTIES APPLY. SELLER EXPRESSLY DISCLAIMS ALL IMPLIED WARRANTIES INCLUDING AS TO MERCHANTABILITY, SUITABILITY OF THE PRODUCTS TO ANY PARTICULAR PURPOSE, OR WITH RESPECT TO INFRINGEMENT OF THIRD-PARTY RIGHTS, OR WITH RESPECT TO LATENT DEFECTS. As to any Products which does not meet applicable Buyer's specifications, Seller's liability is limited, at Seller's election, to (1) refund of Buyer's purchase price for such Products (without interest), (2) repair of such Products, or (3) replacement of such Products; provided, however, that a valid written Notice of Rejection must be provided to Seller as to any such Products within ten (10) days of delivery as provided in paragraph 5 of these Master Terms and Conditions, and the Products themselves must be returned to Seller, along with acceptable evidence of purchase, within ten (10) days from date of return authorization, transportation charges prepaid.
 10. NOTWITHSTANDING ANYTHING WITHIN THESE MASTER TERMS AND CONDITIONS OR ANY OTHER INSTRUMENT EXCHANGED BY THE PARTIES, BUYER SHALL NOT IN ANY EVENT BE ENTITLED TO, AND SELLER SHALL NOT BE LIABLE FOR INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY NATURE INCLUDING, WITHOUT LIMITATION, BUSINESS INTERRUPTION COSTS, REMOVAL AND/OR REINSTALLATION COSTS, REPROCUREMENT COSTS, LOSS OF PROFIT OR REVENUE, LOSS OF DATA, PROMOTIONAL OR MANUFACTURING EXPENSES, OVERHEAD, INJURY TO REPUTATION OR LOSS OF CUSTOMERS, EVEN IF SELLER HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, AND EVEN IF ANY OTHER REMEDIES PROVIDED HEREIN FAIL IN THEIR ESSENTIAL PURPOSE. BUYER'S RECOVERY FROM SELLER FOR ANY CLAIM SHALL NOT EXCEED BUYER'S PURCHASE PRICE FOR THE PRODUCTS GIVING RISE TO SUCH CLAIM IRRESPECTIVE OF THE NATURE OF THE CLAIM, WHETHER IN CONTRACT, TORT, WARRANTY, OR OTHERWISE. SELLER SHALL NOT BE LIABLE FOR AND BUYER SHALL INDEMNIFY, DEFEND AND HOLD SELLER HARMLESS FROM ANY CLAIMS BASED ON SELLER'S COMPLIANCE WITH BUYER'S DESIGNS, SPECIFICATIONS OR INSTRUCTION, OR MODIFICATION OF ANY PRODUCTS BY PARTIES OTHER THAN SELLER, OR USE IN COMBINATION WITH OTHER PRODUCTS.
 11. The sale, resale or other disposition of Products and any related technology or documentation are subject to the export control laws, regulations and orders of the United States and can be subject to the export and/or import control laws and regulations of other countries. Buyer agrees to comply with all such laws, regulations and orders and acknowledges that it shall not directly or indirectly export any Products to any country to which such export or transmission is restricted or prohibited. Buyer acknowledges its responsibility to obtain any license to export, re export or import as may be required.
 12. If statements or advice, technical or otherwise, are offered or given to Buyer, such statements or advice shall be deemed to be given as an accommodation to Buyer and Seller shall have no responsibility or liability for the content or use of such statements or advice.
 13. The Parties' entire relationship under this Master Credit and Sales Agreement and all successive transactions shall be governed by and construed in accordance with the laws of the State of California, excluding any law or principle which would apply the law of any other jurisdiction. The United Nations Convention for the International Sale of Goods shall not apply. Buyer and Seller hereby irrevocably consent to exclusive jurisdiction and venue for any action, suit or proceeding related to or arising from this Agreement, or the performance or non-performance by the Parties under this Agreement or any transaction entered by the parties following execution of this Agreement, in the courts of the County of Los Angeles, State of California, or in the Federal District Court for the Central District of California.
 14. If Seller engages legal counsel to enforce Seller's rights under this Master Credit and Sales Agreement, Buyer shall pay Seller's reasonable attorneys fees and costs incurred by Seller in connection with such efforts, whether or not litigation is commenced.
 15. This Master Agreement supercedes all prior oral and written exchanges, communications, offers, quotations, agreements and understandings between Buyer and Seller. The Master Terms and Conditions set forth herein shall apply to all sales and shipments by Seller to Buyer, and may not be modified, waived, or superceded except through a written agreement signed by Buyer and Seller which specifically references this Master Agreement and unambiguously evinces an intention by the Parties to modify or amend these specific terms.
 16. The waiver of any provision hereof or of any breach or default hereunder shall not be deemed continuing, nor shall it be construed as a waiver of any other provision hereof or breach or default hereunder, nor shall any course of dealing be construed to supercede or vary these Master Terms and Conditions. Seller's acceptance or shipment pursuant to a Purchase Order of Buyer containing conflicting terms shall be treated in accordance with paragraph 1 hereof.
 17. Terms appearing in the singular shall include the plural and terms appearing in the plural shall include the singular. No rights, duties, agreement or obligations hereunder may be assigned or



transferred by either party, by operation of law, merger or otherwise, without the prior written consent of the other. Any attempted or purported assignment shall be void. Notwithstanding the foregoing, Seller's obligations under these Master Terms and Conditions may be performed by divisions, subsidiaries or affiliates of Seller. The obligations, rights, terms and conditions hereof

shall be binding on the parties hereto and their respective successors and assigns. Any provision hereof which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent only of such prohibition or unenforceability without invalidating such provision in any other jurisdiction and without invalidating any other portion of this Agreement.

RMA POLICY

In the event that you need to return Products:

1. Please contact your sales representative to obtain an RMA number prior to returning your product.
2. All claims must be made in writing within ten (10) days of receiving the goods. Please include a copy of a failure report, part number, purchase order number, quantity, and quantity being returned.
3. Kappa optronics Inc. will provide you with an RMA number.
4. The RMA number must appear on the shipping papers and must be written on the outside of the box.
5. Products must be in the same package as when received by your company.
6. Products must be in the same condition as when received by your company.
7. RMA will be void if the Products are not received by Kappa optronics Inc. within 10 days of the RMA date
8. Return freight charges must be prepaid.
9. C.O.D. Returns will not be accepted.
10. Non-defective Products or Products returned due to Buyer error will be subject to a 20% restocking charge.
11. A credit will be issued within 15 days after receipt of the Products.
12. Any packages shipped to Kappa optronics Inc. before all of these steps have been completed will be rejected.
13. All RMAs are at the sole discretion of Kappa optronics Inc.