

**1. Acceptance of this terms and conditions of Purchase.**

AA Technology, herein referred to as "Buyer," accepts the terms and conditions explicitly delineated in the Purchase Order and in these Terms of Purchase, and is released from contractual obligation in the event of inconsistencies in the Seller's acknowledgment of the Purchase Order. The agreement and execution by Seller to furnish the materials or services hereby ordered shall constitute acceptance by Seller of this Purchase Order. Any modifications or additions to the agreement must be made in writing and be signed by Buyer. *Supplier performance will be closely evaluate for meeting this Terms and Conditions.*

**2. Prices and payments.**

Seller warrants that the price named in the Purchase Order is agreed by Seller to buyer. No extra charges of any kind will be allowed, unless specifically agreed to by Buyer in a writing that specifically references this term. Payment terms are net 60 days, unless otherwise stated on the face of the Purchase Order.

**3. Delivery.**

Delivery time is monitored severely by Buyer. If Seller fails to deliver the goods or complete the services as scheduled, Buyer may, at Buyer's sole discretion: (a) assess such amounts as may be set on the face of the Purchase Order as liquidated damages for the agreed delay period; (b) require Seller, at Seller's cost, to forward all goods by fastest method; (c) suspend or terminate the Purchase Order in accordance with **Term 9**. It is Seller's responsibility to immediately notify Buyer in writing of any delay in delivery of this Purchase Order.

**NOTE: Seller shall at all times comply with Buyer's written shipping instructions.**

**4. Drawings.**

Any review or approval of drawings by Buyer will be for Seller's convenience and will not relieve Seller of Seller's responsibility to meet all requirements of the Purchase Order.

**5. Changes.**

Buyer may at any time make changes within the general scope of the Purchase Order in any of the following: (a) drawings, designs or specifications where the goods to be furnished are to be specially manufactured for Buyer; (b) method of shipment or packing; (c) place and time of delivery; (d) quality; (e) quantity. If any changes cause change in the cost of work under the Purchase Order, an equitable adjustment shall be made in the Purchase Order in writing signed by Seller and Buyer. Any claim by Seller for adjustment under this clause will be deemed waived unless asserted within 10 days after Seller's receipt of the change or suspension notification, and may only include reasonable, direct costs that will necessarily be incurred as a direct result of the change, and must be accompanied by a detailed invoice and necessary proof.

**6. Inspection of goods.**

All goods and services shall be subject to inspection and test by Buyer. Failure to inspect, accept, reject or detect defects by inspection shall neither: (a) relieve Seller from responsibility for such goods or services including those that are not in accordance with the Purchase Order requirements; nor (b) impose any liabilities on Buyer. Seller shall provide and maintain an inspection and process control system acceptable to Buyer and Buyer's customers covering the goods and services and shall keep complete records available to Buyer and Buyer's customer for 7 years from the date of final payment received by Seller.

**7. Rejection.**

If any of the goods or services provided pursuant to the Purchase Order are found at any time prior to expiration of its applicable warranty to be defective, Buyer can and will: (a) reject and return all of the goods or services or only reject the non-conforming goods or services; (b) take action to cure all defects and bring the goods into conformity with all costs on Seller's account; (c) withhold total or partial payment; (d) require Seller to immediately correct or replace any non-conforming goods and services; or (e) suspend or terminate the Purchase Order in accordance with **Term 9**.

**8. Warranties.**

Seller will provide a warranty that all goods and services provided pursuant to the Purchase Order (a) will be conveyed with good title, free of any liens, encumbrance and claims of any nature; (b) will conform in strict compliance with all requirements approved by Buyer; (c) will comply with all Laws; and (d) will be free from all defects in design, workmanship and material, and will be fit for their intended, ordinary and foreseeable uses. This warranty covers both Buyer and Buyer's customers.

**9. Suspension and termination.**

(a) Buyer may *suspend* the Purchase Order or any part thereof, at any time, for any or no reason, by written notice to Seller. Seller shall promptly suspend work. Buyer may at any time withdraw the suspension as to all or part of the suspended work by written notice specifying the effective date and scope of withdrawal. All claims for increase or decrease in the cost of, or the time required for the performance of any work caused by suspension, shall be pursued solely pursuant to **Term 5**. (b) Buyer may *terminate* the Purchase Order or any part thereof, at any time, for any or no reason, by written notice to Seller. Seller shall immediately terminate work. All claims for costs incurred by Seller prior to the termination shall be made within 10 days from the date of termination, and may include only reasonable direct costs (not including any profits), of those unique components that cannot be returned to Seller's supplier or sold to other customers, that were

required to produce the goods and/or services requested in the Purchase Order, and any such claim must be accompanied by a detailed invoice and necessary proof.

**10. Assignment and subcontracting.**

Seller may not assign, including, but not limited to, by change of ownership or control, the Purchase Order or any interest herein including, but not limited to, payment to Buyer, without Buyer's prior written consent. Seller will require all of its subcontractors and sub-tier suppliers to comply with the Terms set forth in the Purchase Order.

**11. Compliance with laws and regulations.**

Seller represents, warrants, certifies that materials and services rendered on the purchase order shall be manufactured, sold and used in compliance with all relevant laws and regulations including the Fair Labor Act of 1938, OSHA, and ITAR requirements by the U.S. Department of State. Seller shall comply with **DOT's regulations** governing the packaging, marking, shipping and documentation of hazardous materials. **Conflict materials requirements:** Seller shall provide any information requested by Buyer with respect to the origin of minerals used in the goods, including materials provided shall be validated by Seller as DRC "Conflict-Free" using the latest EICC-GeSI Conflict-Free Smelter list. Seller shall supply materials in compliance to the latest "**REACH directive**" list. All supplied components need an **affidavit of origin** with shipment, include sub-tier when necessary. **Counterfeit parts requirements:** Seller shall in compliance with the Industry Standard SAE AS5553, SAE AS6496, SAE AS6081 and SAE AS6174. Where applicable, seller shall compliant to DFARS and ARS requirements.

**12. Material Certificates of Conformance.**

Seller provided materials shall include with Material Certificates of Conformance for each distinct **lot code** and **date code** of material provided. Note: the credentials of the signatory shall be competent to certify that the product delivered is compliant to all drawings, standards, specifications and purchase order requirements outlined on the certificate. Supplier is responsible to flow down these same requirements to their Vendors and Subcontractors.

**13. Confidential or proprietary information and publicity.**

Seller shall keep confidential all information provided by Buyer in connection with the Purchase Order, including, but not limited to, any technical, process, proprietary or economic information derived from drawings, models, specifications and other data and shall not divulge, directly or indirectly, such information for the benefit of any party other than Buyer without Buyer's prior written consent.

**14. Packing, preservation and marking.**

Packing, preservation and marking will be in accordance with the specification drawing or as specified in the Purchase Order, or if not specified, the best commercially accepted practice, consistent with applicable Law. All **ESD** and **MSDS** sensitive materials shall be identified and delivered in a protective packaging. Seller shall also comply with regulations (see **Term 11**) governing the packaging, marking, shipping and documentation of hazardous material including, but not limited to, those specified pursuant to Title 49 of the Code of Federal Regulations, the International Maritime Organization, and the International Air Transportation Association.

**15. Dispute resolution.**

Controversies, claims, and breaches of contract relating to this purchase order may be settled by the Buyer in a court of competent jurisdiction or by an arbitrator originating from the state of the purchase order (this arbitration is final and binding on both parties). Judgment upon the award may be entered and enforced in any court pursuant to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York 1958) or applicable Law.

**16. Order of Precedence.**

The Order and all documents incorporated by reference constitute the entire agreement of the parties as to the subject matter hereof. In the event of any inconsistency among the foregoing, the inconsistency shall be resolved by giving precedence in the following descending order: a) these terms and conditions, b) provisions set forth in the Purchase Order, c) the specifications, d) the drawings then, e) any other mutually agreed documents incorporated by reference.

**17. Indemnity and insurance.**

Seller shall defend, indemnify and hold harmless the Buyer against any and all legal action and from any and all claims and liabilities arising from any act or omission of Seller and its affiliates. Seller shall maintain adequate liability, fire and casualty insurance covering the replacement value of all components and goods.

**18. Proper business practices.**

Seller shall act in a manner consistent with Buyer's integrity policies, all Laws concerning improper or illegal payments and gifts or gratuities to any person for the purpose of illegally or improperly inducing to obtaining business in connection with the Purchase Order. **Supplier Quality System Survey** is require for supplier approval process. Active AS, ISO certificate and ECIA membership is preferred.

**19. Priority Ratings.**

If a DO or DX priority rating is indicated on the face hereof Seller is required to follow the provisions of The Defense Priorities and Allocation System (DPAS) reference 15 CFR 700.