

General Terms and Conditions of Purchase

1. SCOPE

The beginning of the performance of the Order : design, manufacture, deliver, invoice, receive the payment or supply goods or services shall be deemed an express acceptance of the order and of these General Terms of Purchase by the Supplier, and shall automatically entail the Supplier's waiver of its own terms and conditions. Any waiver or modification of these General Terms of Purchase will only be valid with the express agreement of Leach International Asia Pacific Ltd. (the "Purchaser"). Only the orders and/or documents emanating from the Purchasing Department of Leach International Asia Pacific Ltd. are binding upon our company.

2. ORDERS AND ACKNOWLEDGMENT OF ORDERS

An order may be placed by mail, fax or any electronic means agreed. The Supplier undertakes to return the acknowledgment of receipt within eight working days of receipt of the order, and after that, the order will be considered as accepted in all its terms and obligations by the Supplier.

The Purchaser reserves the right to cancel the order, if the acknowledgment of the order is not returned to the Purchaser, duly signed, within eight days of receipt, or if it contains stipulations contrary to these General Terms of Purchase or to the special terms which have not been jointly negotiated.

No provision contained in the acknowledgments of receipt of orders, in the preliminary offers or in any other document issued by the Supplier will be binding upon Leach International Asia Pacific Ltd. unless agreed otherwise in writing in the order or any amendment thereof.

3. DELIVERY LEAD-TIME

The delivery and/or execution dates mentioned in the orders are understood delivered to our premises FOB for sea shipment or FCA for freight air shipment (Incoterms ICC 2010) unless the Purchaser has specified other conditions; scrupulous compliance with them is imperative and constitutes an essential element of the order. If the contract provides that the goods are to be tested after delivery, their receipt will only be considered final when these tests have proved entirely satisfactory to the Purchaser. Any event of a nature to modify the delivery lead-times must be brought to the notice of Leach International Asia Pacific Ltd. within two days of its occurrence, whether or not it is a case of force majeure.

Any failure to meet a delivery date may be sanctioned by a penalty for late performance calculated from the delivery date (unless stipulated otherwise in the order), at the rate of 1% of the pre-tax purchase price of the Products delivered late per working day to cover the whole of its loss. These penalties will not be applied if the delay is less than or equal to 5 working days. The maximum penalty may not exceed 15% of the amount of the order. This penalty shall not release the Supplier from its obligations and does not constitute a fixed indemnity. Moreover, the Purchaser reserves the right to request shipment of the goods or equipment by the fastest means at the Supplier's expense.

4. DELIVERIES – PACKING AND TRANSPORT

The products must be packed by the Supplier in such a way as to guarantee the physical integrity of the goods during their transport, handling or storage. Each packing unit must bear the information necessary to allow its identification upon arrival and be appropriate to the means of transport envisaged as well as meeting the relevant regulations.

All deliveries must be accompanied by a delivery note in duplicate containing the reference of the order, the order line number and liberation number, the item part number and issue as well as the description of the product.

The quantities indicated in the orders must be strictly respected (unless particular tolerances are expressly mentioned in the order). Where appropriate, any excess items will be made available to the Supplier or shipped back to the Supplier at its exclusive expense and risk, and the invoices concerned will remain blocked until the Purchaser has received the corresponding credit note, although an agreement on a commercial compromise may, however, be reached between the Purchaser and the Supplier in order to settle the claim in question.

Unless expressly agreed by the Purchaser, all deliveries must be made to the delivery site specified in the order, and take place during the normal working hours set out below, to the exclusion of Saturdays, Sundays and public holidays. Should the Supplier send the goods to the wrong delivery site, the costs incurred due to the transfer of the products to the designated site specified in the order will be invoiced to the Supplier (transport costs and logistics handling costs).

Opening hours of the incoming goods department at the Hong Kong site:
Monday to Friday: 8.30am-12.00 pm / 1.00pm-5.30 pm

5. TRANSFER OF OWNERSHIP AND RISK

The risks relating to the products delivered in accordance with the order are transferred at the time of delivery.

The ownership of the goods is transferred on placing the order for specific goods and when they are individualised for non-specific goods.

6. MODIFICATIONS

The Supplier must accept all the modifications that the Purchaser may legitimately request regarding the object of the order, the specifications, the quantity or the delivery. The price will be adjusted to take account of the modification according to the rates and prices in the contract or, if they cannot be applied, on a fair and reasonable basis.

Any modification will only be binding on the parties if the Purchaser confirms it by an official amendment to the order.

7. PRICE – PAYMENT

The prices indicated in the order are firm and final for the term of the contract.

Unless stipulated otherwise in the order, the contractual price includes the delivery costs FOB or FCA (as defined in the Incoterms 2010) to the place specified in the order.

Invoices will be paid within 45 days of the end of the month after receipt of the invoice, by bank transfer, unless specified otherwise in special clauses in the contract or the order. Invoices shall be sent to the address of delivery of the products notified on the order.

8. EQUIPMENT AND TOOLS

Ownership of any tool manufactured or acquired by the Supplier especially for the needs of the contract (including the models, dies, moulds, templates, test benches, accessories and equivalent equipment) will be transferred to the Purchaser at the time of the individualisation or acquisition of that tool. The Supplier must provide the Purchaser with this tool when the latter requests it.

When the Purchaser provides the Supplier free of charge with equipment for the needs of the contract (including equipment, components, tools, models, dies, moulds, templates, test benches and equivalent equipment), this equipment is and remains the property of the Purchaser.

Any tool remaining the property of the Purchaser must be identified as property of Leach International Asia Pacific Ltd. with a plate stating "exclusive and unseizable property of Leach International Asia Pacific Ltd."

The Supplier shall maintain this equipment in good working order, subject in the case of tools, models and equivalent equipment, to normal wear. The Supplier will refrain from using this equipment for purposes other than this contract, and any surplus equipment will be sold, at the Purchaser's discretion.

Any damage or deterioration incurred by this equipment due to its incorrect use or negligence on the part of the Supplier will be repaired or replaced at the latter's expense. Without prejudice to the Purchaser's other rights, the Supplier must return this equipment at its request, whether or not it is still being used by the Supplier.

9. CONFORMITY AND WARRANTY

Without prejudice to any other warranty specified herein or/and by law, the Supplier warrants that all of the products supplied, including its material and its components, shall be conform in all respects to the terms and specifications of the order, even if the Purchaser has approved/agreed the drawings.

The goods and services must comply with the contractual requirements, be specific to the use for which they are intended and free of design, material and manufacturing faults. The length of the warranty is fixed in the order or contract. Failing that, it shall be twelve months as from delivery of the goods to the agreed place.

During this time, any part deemed defective must, at the Purchaser's discretion, be repaired or replaced by the Supplier, which will bear all the costs and prejudices of any nature caused by the defect in the product.

The Supplier shall promptly notify the Purchaser of any problem and/or recurrent defect arising out of a raw materials embedded/incorporated into the product delivered to the Purchaser. Any of the following shall be considered as a problem and/or recurrent defect identified/found out in a raw material: any problem and/or defect in a raw material that occurs twice (2 times) within an interval of one (1) year as of the first problem and/or defect.

After the goods concerned have been brought up to standard or replaced, they will be guaranteed in the same conditions for a further period of one year. After the expiry of the contractual warranty, any part deemed defective must at the Purchaser's discretion, be repaired or replaced by the Supplier at the Purchaser's request, after agreement by the parties on the commercial conditions of the repair or replacement.

10. COUNTERFEIT PARTS PREVENTION

The Supplier shall establish and maintain procedures to prevent the purchase and the use of counterfeit materials, components or devices for the performance of the order. The Supplier guarantees the Purchaser that the products are free from any counterfeit to pre-existing IP rights of a third party and undertakes to hold it harmless against any legal action for infringement/counterfeit and/or third party claim relating to IP rights in connection with the execution of the order or use of the product. The Supplier commits to indemnify the Purchaser for all costs and damages that could be charged to it.

The Supplier shall not deliver a product containing raw materials that are counterfeit and/or suspected to be "non-approved" and/or stolen. The Supplier shall only procure raw materials from the original supplier or supplier franchised by the distributors. Should and intermediary be necessary and only with the prior written agreement of the Purchaser, the Supplier shall obtain a certificate from the intermediary stating that the raw materials are authentic, unused (to wit, not reconditioned or reworked).

In particular for purpose of electronic components, the Supplier (supplying products for aerospace / avionics industry) shall comply with the provision of aerospace standard AS5553 and must be registered with the ERAI (Electronic Retailers Association International).

11. SUSPENSION – TERMINATION – CANCELLATION OF THE ORDER

The Purchaser reserves the right to suspend the execution of the order at any time. In this case, an agreement must be reached on the compensation of the Supplier, it being understood that such compensation will be limited to the justified expenses directly incurred as a result of this suspension, to the exclusion of any indirect losses or loss of profit.

The Purchaser reserves the right to pronounce as of right, and without prejudice to any damages, the cancellation or termination of all or part of the order should the Supplier fail to fulfil its contractual obligations, after a formal warning left without remedy eight days after its receipt, the requirement for the Purchaser to send such a formal warning being, however, waived in the case of the failure to meet delivery dates.

In this eventuality, the Supplier will grant to the Purchaser a non-exclusive, free and transferable licence to all the intellectual property rights necessary to the execution of the said order and allowing the manufacturing of the products by the Purchaser itself or any Supplier considered as able to carry out the manufacturing and delivery of the said products.

Should the Supplier fail to meet its contractual obligations, it will remain liable for the costs and expenses incurred by the Purchaser to set up a new source of supply.

In a case of force majeure, the Purchaser reserves the right to pronounce the termination of the order as of right without the Supplier being able to claim any form of compensation.

Further, the Purchaser reserves the right to pronounce the termination of the order as of right for its own reasons. In that case the Supplier will be awarded compensation, at the most equal to the amount of the expenses incurred specifically for this order by the Supplier at the time of its termination, minus any advance payments already made. The Purchaser will then be the owner of the materials procured and/or the equipment produced or in the course of being produced.

12. ASSIGNMENT

The whole contract may not be assigned or subcontracted by the Supplier. The Supplier shall not assign or subcontract parts of the work without the prior written agreement of the Purchaser. However, the above-mentioned restriction will not apply in the case of the subcontracting of materials, minor elements or parts of the work for which the subcontractor is designated in the contract. The Supplier remains liable for all the services provided and goods supplied by all its subcontractors.

13. PROVISION OF SERVICES

The Supplier is solely liable for any accident or bodily injury or material damage resulting from its supply, the presence of its personnel or its equipment in its workshops or elsewhere, in the Purchaser factories, or on its assembly sites with the Purchaser being free from all concern or responsibility in this respect.

14. INTELLECTUAL PROPERTY

The Supplier is under an obligation of secrecy. It undertakes to prevent the disclosure by its employees, subcontractors or Suppliers of any information received for the execution of the order. The Purchaser remains the exclusive owner of the drawings, documents, models or tools communicated to the Supplier, which will refrain from assigning them or using them for other purposes.

15. CIVIL LIABILITY AND DAMAGE TO PROPERTY

The Supplier shall compensate the Purchaser, whether during or after the execution of the contract, for:

- Any material loss or damage (including orders to pay costs following a court case) resulting from acts or omissions of the Supplier, its subcontractors, employees and agents up to a maximum of Thirteen million US dollars per act or event giving rise to a claim.

- The liability incurred in the event of death or bodily injury (including orders to pay costs following a court case) caused by the Supplier, its subcontractors, employees and agents up to a maximum of Thirteen million US dollars per act or event giving rise to a claim. Except for the payment of the fixed damages provided for in the contract, neither party will be liable towards the other for any loss of profit, production, turnover or income resulting from an infringement of the contract, negligence, failure to comply with statutory or regulatory provisions or any other circumstance.

The Supplier shall take out and maintain in force insurance covering its defective products liability under this clause and must be able to provide proof of such insurance at any time at the Purchaser's request. Should the amount covered by the Supplier's insurance be different to that specified in this clause, the Supplier must provide, prior to any contractual commitment between the parties, a copy of its insurance certificate for the Purchaser's approval.

16. HAZARDOUS PRODUCTS

If certain products to be supplied under the order contain hazardous substances or require the taking of special safety precautions in the case of handling, transport, storage or use, the Supplier must, before delivering them, provide the Purchaser in writing with the information required by the nature of these substances and on the precautions to be taken. The Supplier will ensure, prior to shipping, that the appropriate instructions and warnings are highlighted and clearly indicated on the products or solidly affixed to the latter and to the packaging in which they are placed.

The Supplier must, if it is concerned (importers, distributors, downstream users in all the countries of the EU), comply with the European Reach Directive in force since June 2007, and thus have pre-registered the substances concerned (produced or imported into the European Union in quantities of more than one tonne) with the European Agency. Users of chemical substances must dialogue with their Suppliers in order to ensure that their uses are covered by the manufacturers and importers' registration files.

In particular, (but without this provision being limitative) the Supplier will communicate to the Purchaser in writing all the indications, instructions and warnings necessary to comply with the statutory or regulatory provisions applicable in health and safety matters and will compensate the Purchaser for all the consequences, claims and expenses that may result from the Supplier's failure to fulfill this obligation.

17. APPLICABLE LAW AND JURISDICTION

Generally, Seller shall comply with all United States and foreign laws, regulations and other governmental requirements applicable to the exportation, importation, sale and use of the products, in particular, without limitation, the U.S. Foreign Corrupt Practices Act as well as the UK Bribery Act.

This contract will be subject to the laws of Hong Kong Special Administrative Region and disputes arising out of it will be subject to the jurisdiction of the courts of Hong Kong Special Administrative Region, with the Purchaser being able to refer to any competent jurisdiction in the seller's country if the latter is based abroad.

Unless Seller notifies Buyer otherwise, Seller represents that the Ordered Items are classified as EAR99 under the Export Administration Regulations or are not otherwise subject to export regulation under U.S. law.

The application of the United Nations Convention on Contracts for the International Sale of Goods, signed in Vienna in 1980, is excluded.

18. OTHER PROVISIONS

If any one of the provisions of the general terms of purchase is found to be null and void or non-applicable, only that provision will be deemed not to have been written.

The Supplier is authorized to refer to its commercial relations with Leach International only with the latter's express prior agreement. The Supplier guarantees the right of access of the Purchaser, its client and the regulatory authorities to the applicable areas of all facilities & production sites at any level of the supply chain, concerned by the order and to applicable records.

This contract may be part of a programme under the surveillance of the National authorities (such as Civil Aviation Department of Hong Kong, Civil Aviation Administration of China); if a surveillance action is triggered by these authorities or on their behalf, the Supplier must inform Leach International without delay. Any technical information relating to this order must be made available to them and access to the zones necessary to their surveillance action must be able to be authorised.