

Materials Purchase Agreement

Buyer: _____

Seller: _____

Registered Address: _____

Registered Address: _____

Service Address: _____

Service Address: _____

Contact Person: _____

Contact Person: _____

Tel/Fax/Email: _____

Tel/Fax/Email: _____

Buyer and Seller may be referenced in this Materials Purchase Agreement (the “Agreement”) jointly as the “Parties”, or the “Party” individually.

Article 1 Definitions

Unless otherwise agree to between the Parties, the terms used herein shall have the meanings as set forth in this Article 1.

- 1.1 “Product(s)” shall mean any goods ordered by Buyer and provided by Seller pursuant to this Agreement.
- 1.2 “Delivery Notice” shall mean any written instruction in addition to P/O whereby Buyer designates delivery date, quantity, delivery site and/or any other delivery details of a transaction.
- 1.3 “P/O” shall mean any written instruction issued by Buyer to Seller representing Buyer’s intention to purchase the Products. P/O under this Agreement may include blanket order and standard order. Where Buyer elects to designate certain delivery details through issuing a Delivery Notice, the term “P/O” shall incorporate such Delivery Notice, which shall together constitute the Parties’ consensus regarding the sales terms for such transaction.
- 1.4 “Forecast” shall mean a discretionary, written estimate of Buyer’s requirement of Product at a designated future term and provided by Buyer to Seller from time to time.
- 1.5 “Specification” shall mean any requirements related to Product standards, production processes or testing procedures designated by Buyer or Buyer’s customer(s), or designated by Seller with Buyer’s approval.

Article 2 Forecast, P/O and Delivery Notice

- 2.1 Buyer may provide non-binding Forecasts to Seller for Seller’s planning purposes in managing production, supply chain and buffer stock level. Such Forecasts shall not be binding on either Party.
- 2.2 Seller shall acknowledge in writing of its receipt of a Forecast and confirm whether Seller can meet such Forecast within 2 working days of receipt. If Seller is unable to meet a Forecast, Seller shall notify Buyer in writing within such 2 working days period of why Seller cannot support and suggestions for adjustments. Unless Buyer receives Seller’s such notification, otherwise, Seller shall prepare for

production according to Forecast.

- 2.3 Seller shall accept all P/O placed within the scope of confirmed Forecasts.
- 2.4 Seller shall acknowledge receipt of and confirm P/O within 2 working days of receipt, which acknowledgment and confirmation shall be via facsimile, email or other written form. If Seller fails to respond within such 2 working days period, such P/O, including the terms and conditions therein, shall be deemed accepted by Seller.
- 2.5 When necessary and within reasonable scope, Buyer may change the Products delivery date and/or any other terms in issued P/O. Such change will be effective upon Seller's receipt of Buyer's notice and Seller will provide Products pursuant to the changed P/O terms. In the event that Buyer changes P/O terms as above mentioned, Buyer will not be held responsible for any reduction or cancellation of the quantity of Products or postponement of delivery date.
- 2.6 Seller shall use best commercial effort to support urgent P/O within the scope of confirmed Forecast.
- 2.7 Parties acknowledge that Buyer's entire and exclusive obligation to purchase shall be limited to any accepted P/O. The execution of this Agreement or any Forecast shall not be considered as Buyer's obligation to place P/O or commitment to purchase.
- 2.8 Where Seller delivers Products using a Hub model and such Hub handles import and/or clear customs matters, any information of either Party provided to such Hub may be used for customs declaration purposes only. Parties will discuss and determine buffer stock level and delivery cycles for each Hub model transaction. In any event, Seller shall maintain sufficient stock levels in the Hub in order that Buyer may take delivery within 24 hours of issuing Delivery Notice.

Article 3 Delivery

- 3.1 Seller recognizes that time is of the essence and commits to timely deliver and perform in accordance with this Agreement and any relevant P/O.
- 3.2 Seller shall package and ship Products with the appropriate delivery papers and in accordance with any other related delivery terms pursuant to the relevant P/O or as otherwise instructed by Buyer. If Seller fails to comply with the foregoing, Buyer reserves the right to reject shipments in part or in whole without liability.
- 3.3 Unless otherwise mutually agreed to by the Parties in writing, Products' risks and liabilities shall be allocated in accordance with the delivery term as designated under the relevant P/O. Where Parties utilizes a Hub model for delivery, title and risks shall transfer to Buyer upon Buyer's taking possession of such Products ex-Hub. Buyer shall have no payment obligation and Seller shall not raise any claims against Buyer for any damage, loss or other liabilities occurring prior to Buyer taking such possession ex-Hub.
- 3.4 Buyer may adjust Products delivery date by giving prior written notice to Seller at least 7 days before the adjusted delivery date.
- 3.5 Upon any potential delay or insufficient stock levels, Seller shall immediately notify Buyer in writing and take all means to remedy the delay or insufficiency at Seller's expense, including without limitation, expedited transportation and overtime labor costs. For delays due to Seller's fault or insufficiency resulted in failing to allow Buyer to take delivery within 24 hours of issuing Delivery Notice, Seller shall at Buyer's discretion: (1) pay Buyer a penalty equal to 0.5% of the total invoice price of the affected Product for each day of delay; (2) if Buyer terminates the Agreement, pay Buyer a penalty equal to 0.5% of the total invoice price of the affected Product for each day from the originally

scheduled delivery date to the Agreement termination date; and/or (3) compensate Buyer for all its losses and expenses incurred.

- 3.6 Seller shall be liable to Buyer for all losses and damages arising from customs clearance related issues owing to Seller's fault.

Article 4 Price and Payment

- 4.1 Seller shall offer reasonable and competitive pricing to Buyer at all times. In the event Seller provides a more competitive price to any third party, Seller shall offer to Buyer such more competitive price, or any other re-negotiated price mutually agreed to between the Parties. Unless otherwise agreed to by the Parties in writing, such adjusted price shall apply to all unpaid and/or undelivered P/O.
- 4.2 Upon prior notice for a reasonable period of time, Buyer may audit Seller's records and data on parts and materials purchasing, and Parties may jointly determine Seller's costs of parts and materials for the Products.
- 4.3 Price and payment terms of the Products shall be as provided in this Agreement and relevant P/O. Unless otherwise agreed to by the Parties in writing, the price specified in the P/O includes any and all costs and expenses in connection with the sale and usage of Products, including any governmental taxes and charges, transportation fees, insurance fees, license fees, packaging and other expenses incurred during production. Except to the price specified in the relevant P/O, Seller is not entitled to any additional payment from Buyer in relation to such Products.
- 4.4 Except for income taxes payable by Buyer as required by law or otherwise agreed to by the Parties in writing, all taxes and duties incurred from the sales of Products shall be borne by Seller.
- 4.5 Buyer may offset any undue account receivables owed by Buyer to Seller upon the Parties' mutual agreement.

Article 5 Warranties

- 5.1 Seller warrants to Buyer that: (1) the Products will conform strictly to this Agreement, the P/O and relevant specifications, drawings, and other requirements; (2) the Products will be free from defects in design, material and workmanship, or any other defects which may detract from Products' value, usability, or functionality as pursuant to this Agreement; (3) the Products will be free of all liens, encumbrances and other claims against title; (4) Seller has obtained all certifications, permits and/or licenses required in the production and supply of Products to Buyer; (5) Seller's factory management, production processes, and Products are compliant with all laws and regulations; and (6) the production, packaging, transportation and delivery of Products are compliant with Parties' agreement and all safety and environmental standards effective internationally and in the country of Buyer's residence.
- 5.2 Seller warrants that all Products and production processes are compliant with Buyer's "Controlled Substances Operating Standard" (Ref. 13QM000020 and all subsequent editions). Upon 3 days advance notice, Buyer may enter Seller's production site to inspect all related equipments and processes, and to sample Products.
- 5.3 Sellers warrants to conform to the following environmental requirements: (1) Seller shall execute and retain copies of environmental protection guarantee agreements with Seller's suppliers; (2) Seller shall adopt effective measures to prevent contamination by harmful restricted substances during the Products' production, packaging and transportation processes; and (3) within 24 hours of any abnormal incidences on environmental protection occurs, the highest level manager in Seller's environmental protection

department and/or quality control department shall notify Buyer.

Article 6 Inspection and Warranty

- 6.1 Where applicable and upon Buyer's request, Seller shall provide Buyer with adequate written evidence to prove that Seller's suppliers are ISO-9000 certified or has obtained other equivalent quality and/or processes certification.
- 6.2 With 7 days prior notice and upon Seller's consent, Buyer may audit Seller's production processes and perform reasonable quality inspections. Seller shall cooperate and provide necessary assistance with Buyer to carry out such audit/inspection. Nevertheless, whether Buyer carries out such audit/inspection will not affect Buyer's rights to perform final inspection of Products as according to Parties' agreed upon specifications and other inspection procedures, or any other rights that Buyer entitles to under this Agreement. And, upon Buyer's notice, Seller shall remain liable for any defects discovered after receipt of Products.
- 6.3 Seller shall provide free maintenance services for two years from Buyer's acceptance of Products, any other warranty period designated in the relevant P/O, or Buyer customer's required warranty period, whichever is the longest ("Warranty Period"). Such maintenance services shall not mitigate or relieve any Seller's obligations under the laws.
- 6.4 In the event of any Products dead on arrival, Seller shall exchange such Products in whole or in part within 7 days upon Buyer's request.
- 6.5 In the event where the recurring defect rate exceeds 3% within 1 month, or exceeds 5% within 3 consecutive months, Buyer may require Seller to recall all or part of such Products at Seller's cost. Seller shall be liable for any costs and expenses arising therefrom, and compensate Buyer for all damages so incurred.
- 6.6 If, while within the Warranty Period, Seller breaches any warranties specified in this Agreement, or the Product is not in conformity with the requirements of this Agreement or otherwise defective ("Non-complying Product"), Buyer may at its sole discretion and in addition to any other remedies provide by law or under this Agreement: (1) return the Non-complying Product for reworking, or replacement with a functionally equivalent product at Seller's expense (including but not limited to freight, customs and insurance premium) and risk, within such time as designated by Buyer; (2) reject such Products in part or in whole and entitle to an appropriate price reduction. Buyer only needs to pay the price as adjusted. In the event that Buyer already paid the price with the original amount, Seller shall refund the overpaid portion to Buyer; or (3) implement any other solution or compensation as mutually agreed by Parties.
- 6.7 Seller agrees that the period of time to replace or repair defective Products as provided in the Article 6.6 shall be excluded from the calculation of Warranty Period.
- 6.8 Seller shall remove Buyer's and/or Buyer's customers' company name, trademark, nameplate, part number, symbol and/or any descriptive designs on all returned or rejected Product (including packing), regardless of whether such Products were ordered and/or customized by Buyer.

Article 7 Product Specification Change; Continual Supply Obligation

- 7.1 Except with Buyer's prior written consent, Seller shall not make any change to Products specification or design ("Product Specification Change") during the term of this Agreement. Seller shall be liable for all damages incur to Buyer arising from any unauthorized Product Specification Change. Where

Buyer gives prior written consent for such changes, Seller shall ensure that any subsequently changed Products shall meet all quality requirements provided herein.

- 7.2 Buyer may request for a Product Specification Change with written notice to Seller. Within 10 days of receiving such notice, Seller shall provide to Buyer a sample incorporating such noticed change for Buyer's verification. If Seller finds Buyer's Product Specification Change to be impracticable or contains other error, Seller shall notify Buyer in writing immediately.
- 7.3 During the term of this Agreement, if a Product End of Life (EOL) is to occur or Seller anticipates an EOL event or other production termination, Seller shall duly notify Buyer of same at least 6 months prior to such termination or any other longer period of time as required by Buyer's customers, and obtain Buyer's approval prior to termination. Seller shall be liable to assist Buyer in securing replacement Products.
- 7.4 Seller shall provide Buyer with Product parts or replacement parts for at least 5 years after the last delivery of such Product.

Article 8 Intellectual Property Rights

- 8.1 "Intellectual Property Rights" shall mean any patents, trademarks, copyrights, trade secrets, IC layout rights, know-how or other intellectual property rights.
- 8.2 Seller warrants that the Products, including the use, sale, and combination of Products, do not infringe any Intellectual Property Rights of any third parties, and further warrants that Buyer will not be implicated in any third party's Intellectual Property Rights infringement claims arising from the Products.
- 8.3 Seller shall indemnify, defend and hold Buyer, its affiliates, contractors, directors, officers, employees, agents and customers, harmless from and against any and all damages suffered and costs and expenses (including reasonable attorneys' fees) incurred as a result of any alleged claim, suit or proceeding based on the allegation that the use, sale, distribution or other disposal of any Products furnished by Seller under this Agreement constitutes an infringement of any Intellectual Property Rights (the "Claim").
- 8.4 Buyer will give Seller written notice when a Claim occurs, and give Seller the authority and assistance necessary to defend or settle such Claim, provided that Seller shall keep Buyer fully informed during such defense and settlement. Any settlement must be subject to Buyer's written approval. During the defense or settlement process, Seller shall not make any statements or compromise on any claims that unfavorable to Buyer. Buyer may participate in all such actions or negotiations at Buyer's own discretion. All costs and expenses arising herein shall be borne by Seller.
- 8.5 In the event Products are implicated in any Intellectual Property Rights infringement claims such that continual use of such Products is impracticable, Buyer may return all affected Products or require Seller to otherwise remedy the situation. If Buyer returns affected Products to Seller, Seller shall compensate Buyer for the Price of such returned Products, all related expenses arising therefrom, and shall be liable for any damages so incurred to Buyer.

Article 9 Ownership of Properties

Any tools, equipments materials or other properties provided by Seller to Buyer, purchased by Buyer or paid by Buyer under this Agreement ("Buyer's Property") shall be owned by Buyer. Seller shall only use Buyer's Property for fulfilling its obligations under this Agreement. Seller shall not copy, decompile, modify, reverse engineer, decode or create derivative works out of the Buyer's Property without Buyer's

prior written consent. Seller shall not dispose any of Buyer's Property until it receives Buyer's prior written consent.

Article 10 Legal Compliance

- 10.1 Seller agrees that it now and in future will comply with applicable laws and regulations concerning anti-corruption (including but not limited to the Foreign Corrupt Practices Act of the United States and the UK Bribery Act 2010), monopolies, unfair competition and restraints of trade and competition. Seller's breach of this section shall be deemed a material breach of this Agreement entitling Buyer to (i) cancel any purchase order, without further obligation or liability to Seller and (ii) any other remedies available at law or in equity. In addition, Seller shall be responsible for and indemnify Buyer for any damages, claims, penalties or other losses (including attorneys' fees) that may be asserted against or incurred by Buyer as a result of Seller's breach of this section.
- 10.2 For the purpose of antitrust compliance, Seller shall not (i) discuss or exchange any information with Buyer related to other models or products that are not under business negotiation, including but not limited to past, current or future profits, prices, pricing policies, pricing mechanism, discount policy, capacity, capacity plan, utilization, market share, production, costs or any other information that could affect prices; (ii) discuss or exchange any matters with Buyer relating to other customers or other competitors, including but not limited to customer information or transactional terms with any third party; (iii) have any cartel arrangements with Buyer that will refrain competitions, including but not limited to price fixing for other models or products that are not under business negotiation or for prices sold to other third parties, adjust/allocate capacity or utilization, bid-rigging and/or allocation of customers or markets.
- 10.3 Seller represents and warrants that the prices for Products either offered directly or indirectly to Buyer (collectively the "Offered Prices"), have been arrived at independently by the Seller, without, any consultation, communication, or agreement relating to the Products with any of Seller's competitors or potential competitors. For purposes of this provision, an agreement with Seller's competitors or potential competitors shall not require any agreement in writing or any formal agreement and shall be interpreted to mean any arrangement that would constitute a contract, combination, or conspiracy. Seller agrees that this representation and warranty applies to all Offered Prices, regardless of the specific antitrust or competition laws, if any, of the jurisdiction where the Products are offered or purchased.
- 10.4 In the event that Seller submits a tender to Buyer, Seller warrants that it will use fair and proper means and never use fraudulent or other illegal means to make other supplier unable to tender or cause the opening of tender s to have an incorrect result, or use any other means to make other supplier not to tender or not to proceed with price competition. And in the event that Seller is the unsuccessful tenderer after award of contract, it cannot participate in any work or construction work related to said bid, unless obtaining written approval from Buyer. If Buyer finds any violation of abovementioned warranties, Buyer may announce this fact, and may cancel or terminate Seller's qualification as a Counter-party.

Article 11 Confidentiality

- 11.1 "Confidential Information" shall mean information, data or materials (tangible or intangible) provided, disclosed, or otherwise made available between the Parties, which may include without limitation, the terms of this Agreement, trade secrets, technical know-hows, inventions, technologies, production

processes, code or analysis code, charts, designs, specifications, costs, pricing, purchase orders, delivery notices, forecasts, sales, marketing (including plan and strategy), business opportunities, personnel information, research and development information, customer information and financial information, which is subject to a duty of confidentiality. Either Party is liable for the confidentiality of the Confidential Information it has learned or received from the other Party, which breach shall subject the breaching Party to bear all the damages and losses so incurred by the other Party. Notwithstanding the above, Buyer may disclose Seller's Confidential Information to Buyer's contractor or customer under similar conditions of confidentiality as in this Agreement.

11.2 Neither Party shall be liable for disclosing any Confidential Information if:

- (1) It was public knowledge at the time of disclosure or thereafter becomes public knowledge through no fault of the recipient Party;
- (2) It is independently developed by the recipient Party through its own verifiable activities without the use of disclosing Party's Confidential Information;
- (3) It is rightfully obtained from a third party having no obligations of confidentiality to the disclosing Party; or
- (4) Disclosure is required by applicable law or regulation and (i) the disclosing Party is informed by the receiving Party prior to disclosure; and (ii) is given the possibility to seek an injunction or other protective order regarding the Confidential Information disclosed.

11.3 The receiving Party shall be liable for and ensure that its employees undertake the same obligations of confidentiality as set forth above.

11.4 The receiving Party's confidentiality obligations herein shall survive the termination or expiry of this Agreement.

Article 12 Term and Termination

12.1 This Agreement shall be effective from the date that both Parties execute this Agreement, and shall remain in effect unless is terminated according to the terms provided in this Agreement.

12.2 Either Party may terminate this Agreement and/or any issued P/O immediately with written notice upon the occurrence of any of the following:

- (1) the other Party has breached any terms to this Agreement and/or any P/O, which breach remains uncured after a reasonable time has passed from the non-breaching party's written notice of such breach;
- (2) an order or adjudication has mandated the other Party's dissolution or surrender of its business license; or the other Party files application (or has an application against it) for dissolution, reorganization, bankruptcy, cessation of business, or be acquired by or merged into other legal entity;
- (3) the other Party makes a resolution to assign or have assigned a substantial portion of its business or assets to third party, the local clearing-house has refused to conduct business with such Party or such Party has a record of a bounced payment, or the other Party's major assets be attached by government order; or
- (4) any other event occurs to the other Party that the terminating Party considers as affecting the other

Party's ability to perform pursuant to the terms of this Agreement.

- 12.3 Except as otherwise agreed to by both Parties, any P/O entered into prior to the termination of this Agreement shall remain binding on the Parties, regardless of whether the Products delivery date falls before or after the termination date.
- 12.4 Provisions contained in this Agreement that are expressed or by their sense and context are intended to survive the expiration or termination of this Agreement shall so survive the expiration or termination.

Article 13 Remedies

Seller shall be liable for all damages and loss incurred to Buyer arising from Seller's breach of this Agreement. Such damages and loss shall include without limitation attorneys fees, interests, costs, governmental charges, and any and all damages and costs arising therefrom. In the event of an intentional breach by Seller, in addition to the above-mentioned remedies, Seller shall also be liable to Buyer for a penalty equal to the total sales amount between the Parties for the preceding 12 months prior to such breach or NTD 10,000,000.00, whichever is higher.

Article 14 Miscellaneous

- 14.1 This Agreement shall become effective upon the executions by both Parties.
- 14.2 Seller warrants to comply strictly with any and all Buyer's integrity policies, and agrees to execute the "Supplier's Undertaking" form.
- 14.3 All notices (including but not limited to P/O and Delivery Notice) required to be given under this Agreement shall be made in writing by e-mail, fax, registered letter, courier, Parties' agreed-upon EDI or any other customs and practices between the Parties, and, to the Contact Person and Service Address specified herein.
- 14.4 This Agreement (including P/O) constitutes the entire understanding of the Parties and supersedes all prior communications or agreements between the Parties.
- 14.5 If any provision of this Agreement shall be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of this Agreement or of any other term or provision hereof.
- 14.6 Any amendment or modification to this Agreement shall become effective only when made in writing and signed by duly authorized representatives of both Parties.
- 14.7 Neither Party may assign this Agreement and/or any of its rights or obligations hereof without written approval of the other.
- 14.8 No failure or delay on the part of any Party hereto in exercising any right, power or remedy hereunder or pursuant hereto shall operate as a waiver thereof. The rights, remedies and benefits of the Parties herein expressly specified are cumulative and not exclusive of any other rights, remedies or benefits which either may have at law, in equity, by statute or otherwise.
- 14.9 Neither Party will be liable for failure or delay of performance if caused by earthquake, fire, flood, hurricane, typhoon, tsunami, mass epidemic, war, embargoes, strike, riot, embargoes, legal restrictions, or any other causes beyond the reasonable control of a Party ("Force Majeure"). If a Party's performance under this Agreement is delayed because of a Force Majeure event, such Party shall promptly notify the other Party and use best commercial effort to minimize the impact.

- 14.10 Any inconsistency in any documents relating to the purchase of the Product shall be resolved by giving precedence in the following order: (i) the P/O, (ii) the terms and conditions of this Agreement, (iii) the attachments of this Agreement, and (iv) other documents agreed by both Parties.
- 14.11 This Agreement shall be governed by the laws of the country in which Buyer is registered, without regard to its principle of conflict of laws.
- 14.12 Parties shall resolve all disputes arising under this Agreement by good faith negotiation, failing which, Parties agree to submit any and all disputes to the competent Court in which Buyer is registered as the court of first instance.
- 14.13 This Agreement is executed in _____ counterparts, which together shall constitute a single agreement.

Each party fully understood the terms and conditions of this Agreement regarding the limitation and the relief of the other party's liability, and confirmed that the other party had fully explained its obligations pertaining to such limitation to or relief of liability.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives, on the final date set forth below.

Buyer:
InnoLux Corporation

Seller:

By: _____
Name:
Title:
Date:

By: _____
Name:
Title:
Date: