

## STANDARD TERMS AND CONDITIONS OF SALE AND ONE-YEAR LIMITED WARRANTY

Orders submitted on Buyer's own purchase order forms, which forms may contain statements, clauses or conditions modifying, adding to, or inconsistent with the terms and provisions of the Seller herein contained will be accepted by the Seller only upon condition and with the express understanding that notwithstanding any such statements, clauses, or conditions contained in any other forms of the Buyer the liabilities of the Seller shall be determined solely by its own terms and conditions of sale, and in accepting and consummating any such order the Seller shall be deemed not to have in any way changed, enlarged or modified its liabilities or obligations as fixed by such terms and conditions of sale as stated by the Seller herein. The terms and conditions as stated herein constitute the entire agreement between the parties. Neither this document, nor any provision hereof shall be amended, modified or changed unless such amendment, modification or change is set forth in writing and executed by Seller and Buyer.

### 1. Terms

- a. Buyer shall make payments by Letters of Credit, Wire Transfers or Approved Line of Credit with net 30 days. All orders conducted via a letter of credit are subject to a HKD500.00 or equivalent transaction-processing fee. This fee will be waived on orders exceeding net HKD20,000.00 or its currency equivalent.
- b. Minimum order is HKD5,000.00 or its currency equivalent.

### 2. Prices

- a. Quotations and prices stated contemplate immediate acceptance of goods and are subject to change without notice.
- b. Prices quoted are F.O.B. seller's warehouse or shipping point in Hong Kong.
- c. Clerical errors in quotations are subject to correction without notice.
- d. All prices specified herein are exclusive of all taxes imposed on production, sale, use or transportation of goods sold, import /export duties and similar taxes, now in effect or hereafter levied. Such taxes, if any, will be added to the invoice as a separate charge to Buyer.

### 3. Freight Charges

- a. Freight charges are for Buyer's account and are payable to carrier on delivery or on open account if Buyer has arranged such direct with carrier.
- b. If Seller elects to prepay freight for Buyer's convenience, the same together with applicable tax will be added to invoice.
- c. Buyer agrees to make all claims for goods damaged against carrier.
- d. Order is accepted subject to any change in freight rates.
- e. Title to Goods and Risk of Loss passes to Buyer when carrier receives goods.

### 4. Orders

- a. The authority of Agents of the Seller is limited to solicitation of orders. All orders obtained by and all adjustments made by such agents are subject to review, approval and acceptance by Seller.
- b. All orders are accepted on condition that goods will be paid for at prices in effect at time of shipment.
- c. Shipment in whole or in part signifies acceptance to the extent of shipment only, at the prices stated on the invoice.
- d. Contracts of Sale and Goods shall be interpreted, construed and governed by the laws of the Hong Kong Special Administrative Region.
- e. All orders are subject to the approval of Seller's Credit Department.
- f. Buyer shall make remittance to Seller at address shown on invoice.

5. Returns

- a. Current unopened select items may be returned only with approved RGA (Returned Goods Authorization) number, and non-standard item may not be returned.
- b. A minimum 20% handling charge will apply to all returns deemed acceptable for return by the Seller and are subject to inspection. Credit will be issued at invoice less charge.
- c. Goods must be returned freight prepaid. Seller will not accept collect shipments. No returns will be accepted 1 year after shipment.

6. Obligation of Seller

The Seller's liability in respect of warranty obligations is expressly set forth on the sales literature and appropriate product price lists, which the Buyer hereby acknowledges that it has received and read. Seller's sales agents are not authorized to make other warranties on behalf of Seller and their statements, opinions and representations do not create warranty liability in Seller.

Aside from Seller's express warranties, there are no other warranties, either express or implied, and specifically excluded are the implied warranties of merchantability and fitness for a particular purpose, application or use. Buyer shall determine the suitability of the product for its intended use, and Buyer assumes all risks and liabilities thereof. The Seller's express warranty also sets forth the exclusive remedy of the Buyer. The Seller's liability shall in no event exceed the purchase price of the product. Seller shall not be liable in any event for indirect, special, incidental, or consequential damages, including without limitation any damages for lost profits, lost sales, lost time or injury to person or property, resulting from the late or non-delivery, from use, sale, handling or possession of the product, or from any other cause whatsoever.

7. Limited Warranty

The Seller's products are manufactured from high specification materials and subject to strict quality control. In this respect, the Seller warrants its products to be free of defects due to workmanship or materials, under normal use and service but not under abnormal wear and tear, for one year from date of shipment. Any attempt of field repair by unauthorized personnel shall void the warranty. If defective due to workmanship or materials within this one-year period, the Seller will, at its option, repair or replace the product in accordance with the procedure described below. This warranty extends only to persons or organizations that purchase the Seller's products for resale or for their own use.

The express warranty above constitutes the entire warranty with respect to the Seller's products and IS IN LIEU OF ALL OTHERS, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY AND WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, AND IN NO EVENT IS THE SELLER RESPONSIBLE FOR ANY CONSEQUENTIAL DAMAGE OF ANY NATURE WHATSOEVER.

The Seller does not assume any responsibility for any expenses (including labor and travel expenses) incurred by the buyer or final user in the field or on the jobsite, incidental to the repair or the replacement of its products.

The seller shall have the right to request the defective goods to be returned to its factory for examination and/or repair before sending out the replacements. Defective goods must only be returned freight prepaid with an approved RGA (Returned Goods Authorization) number. The Seller shall also have the right to request the Buyer to pay for the freight charges of the repaired or replacement goods when sending out to the Buyer.

The Seller's failure to object to provisions contained in a customer's purchase order or other communications shall not be deemed a waiver of the terms and conditions hereof or acceptance of such provisions. No representations or guarantees other than those contained herein shall be binding upon the Seller unless made in writing and signed by an Officer of Mega Controls Limited.

March 1, 2007