

Purchase Order

Purchase Order – Terms and Conditions for Vendors

Attached please find a copy of the "Purchase Order Terms and Conditions for Vendors" (this “**Agreement**”) for your kind reference and information. These terms and conditions set out the procurement practices of Classic Advantage Sdn Bhd (“**Buyer**”) which shall govern the Buyer's purchases from its vendors. Upon acceptance of the Buyer's purchase order by the vendor (“**Vendor**”), the Vendor shall supply and the Buyer shall purchase goods or services (“**Products**”) from the Vendor in accordance with these terms and conditions.

1. Sample Submission

The participating Vendor shall submit samples (each cavity if applicable) as specified by the Buyer for the Vendor's incoming Quality Assurance approval. The First Article package shall comprise information provided by the Buyer on a separate email.

2. Product Specifications

All Products supplied by the Vendor shall meet such requirements (including but not limited to drawings, designs, documents) as specified by the Buyer and/or the Buyer's customers in the purchase order.

3. Purchase Order

- 3.1 Each purchase order issued by the Buyer shall specify the details of the Products to be delivered to the Buyer and the timing of such delivery. Upon receipt of any purchase order, the Vendor shall confirm its acceptance through a written notice in a form that may be prescribed by the Buyer in writing within two (2) working days upon receipt of the purchase order from the Buyer, failing which the purchase order shall be deemed to have been accepted by the Vendor.

- 3.2 The Buyer may issue blanket orders (i.e. without specific details of the delivery timings) to the Vendor in writing. In such cases, the Vendor shall deliver the Products to the Buyer in accordance with the delivery plan notified to the Vendor in advance.
- 3.3 In the event the Buyer requires any changes to the purchase order, the Buyer shall notify the Vendor of such changes in writing, and the Vendor shall use best efforts to accommodate such changes. Upon confirmation by the Vendor, the Buyer shall issue a revised copy of the purchase order reflecting such changes.

4. Delivery

- 4.1 Each delivery of the Products shall be accompanied by a Certificate of Compliance or such other forms as prescribed by the Buyer and a delivery note containing the Buyer's purchase order number, the part number, quantity of Products delivered and drawing (if any).
- 4.2 For overseas Vendors, the Vendor's invoice, packing list, Bill of Lading or Air Way Bill shall be faxed or sent by electronic means to the Buyer prior to delivery of the Products, with the original copies mailed to the Buyer within one (1) week thereafter.
- 4.3 The Vendor shall ensure there is proper and robust packaging to protect the Products against damage from transportation, handling, and/or storage, and shall comply with all applicable laws, enactments, orders, regulations and other instruments relating to the manufacture, packing, packaging, marking, storage, handling, and delivery of the Product. Unless otherwise agreed in writing by the Buyer, all packaging costs shall be borne by the Vendor. The Vendor shall ensure that pallets, if used in any delivery, shall conform to such size specifications stipulated by the Buyer, failing which the Products may not be accepted.
- 4.4 The Vendor shall deliver the Product to the Buyer's warehouse or such other address as may be indicated in the "*Ship to Address*" section of the Buyer's purchase order. The Vendor shall ensure and procure its delivery personnel abide by the Buyer's health, safety and security policies during delivery of the Products.
- 4.5 Unless specified by the Buyer, the Buyer will accept deliveries during its warehouse operating hours.

- 4.6 The Vendor shall deliver the Products in accordance with the delivery instructions in the purchase order. In the event the Vendor delivers any Products in excess of the quantity stated in the purchase order, the Buyer shall be entitled to reject delivery of the excess and return such excess to the Vendor at the Vendor's risk and expenses.
- 4.7 In the event the Vendor for any reason anticipates any difficulty in complying with the required delivery date or in meeting any other requirements of the purchase order, the Vendor shall promptly notify the Buyer of the reason of such situation and propose a revised delivery schedule in writing, such delivery shall be by the fastest delivery means available (including premium air shipment) at the Vendor's cost.
- 4.8 If the Vendor fails to complete the supply of Products by the date(s) specified in the purchase order, the Buyer shall have the right to cancel all or any part of such Products from the purchase order without compensation to the Vendor and to obtain the same (including similar or equivalent Products in the case where the exact Products are not available) from other sources and all increased costs incurred shall be deducted from any moneys due or to become due to the Vendor under this Agreement or shall be recoverable as damages.
- 4.9 Time shall be of the essence in this Agreement and the Vendor shall supply the Products within the timelines/deadlines set out in the purchase order(s) or as otherwise agreed in writing between the Buyer and the Vendor.

5. Payment

- 5.1 All invoices issued by the Vendor shall provide the applicable purchase order and attach the applicable delivery note duly signed and stamped by the Buyer as acknowledgement of delivery of the Products.
- 5.2 Unless otherwise stated in the purchase order, payment term shall be 60 days end of month.
- 5.3 The Buyer shall have the right to withhold payment of any invoiced amounts that are disputed in good faith until the parties reach an agreement with respect to such disputed amounts and such withholding of disputed amounts shall not be deemed a breach of this Agreement nor shall any interest be charged on such amounts. Notwithstanding the foregoing, Buyer agrees to pay the undisputed amounts on any invoice that is the subject of any dispute within the time periods specified in Clause 5.2 above. The Vendor's obligation to supply the Products shall not be affected by any dispute.
- 5.4 Payments made to the Vendor shall not:

- (a) be considered evidence of the quality of any Products to which such payments relate.
- (b) prejudice any of the Buyer's rights under this Agreement to reject Nonconforming Products (as defined below) and the corresponding rights to obtain replacement of Products either by the Vendor or otherwise.

6. Quality

6.1 The Buyer shall have the right, but not the obligation, to inspect all Products furnished. In the event that any of the Products is found to be nonconforming, defective, of inferior quality or workmanship, not as warranted or guaranteed, or fails to meet any other requirements of the purchase order ("**Nonconforming Products**"), the Buyer shall notify the Vendor in writing details of the Nonconforming Products. The Vendor shall at its own costs and without prejudice to the timelines/deadlines to be met under the purchase order and/or this Agreement:

- (a) re-perform or correct any deficiencies in the Products that are rejected; and/or
- (b) remove and replace the Products that are damaged, defective or in any way inferior to approved samples or is otherwise not in accordance with this Agreement; and
- (c) provide the Buyer with a "Corrective Action Report" in the Buyer's prescribed form upon the Buyer's request.

6.2 In the event that the Vendor is unable, or fails to rectify the deficiencies in the Nonconforming Products in accordance with Clause 6.1, the Buyer shall be entitled to cancel all or any part of such Products from the purchase order without compensation to the Vendor and to obtain the same (including similar or equivalent Products in the case where the exact Products are not available) from other sources and all increased costs incurred shall be deducted from any moneys due or to become due to the Vendor under this Agreement or shall be recoverable as damages.

6.3 The Vendor shall, if required, work closely with the Buyer's customers to rectify or replace any Nonconforming Products. In the event the Vendor is unable to rectify or replace the Nonconforming Products as requested by the Buyer or the Buyer's customers, the Buyer shall conduct such rectification or replacement and the applicable costs shall be at the Vendor's cost and expense.

- 6.4 Any removal of Nonconforming Products shall be undertaken by the Vendor immediately or as soon as practicable from the date of the Buyer's notice as specified in Clause 6.1, failing which, the Buyer shall be entitled to dispose of such Nonconforming Products at the Vendor's cost and expense.
- 6.5 The Vendor shall permit the Buyer to enter the Vendor's premises at reasonable times to determine the Vendor's compliance with the purchase order. This provision shall include the right to inspect and test all Products, quality control system manufacturing process, tooling workmanship and condition of storage. Failure to test or inspect will neither relieve the Vendor of any liability for defects nor create any liability on the part of the Buyer for non-inspection.
- 6.6 All quality system records in connection with the Products supplied to the Buyer shall be retained for at least three (3) years unless otherwise specified by the Buyer.

7. Flexibility

Vendor agrees that any sales forecasts, quantity purchase estimates or similar projections received from the Buyer are for planning purposes only and do not represent any commitment by the Buyer to make any purchases from the Vendor. The Buyer has no obligation to make any purchases from, or otherwise compensate, the Vendor for any of the Vendor's products or unfinished raw materials that are not covered in any purchase order.

8. Representations and Warranties

- 8.1 The Vendor hereby represents, warrants and undertakes to the Buyer that:
- (a) all Products supplied by the Vendor shall meet such requirements and specifications (including but not limited to drawings, designs, documents) as specified by the Buyer;
 - (b) all Products will be fit for the purpose of being marketed and sold by the Buyer as part of its business, and for the purpose of being utilised by the Buyer's customer(s); and
 - (c) the Products will be manufactured and supplied in accordance with all applicable laws, regulations and safety standards (including without limitation the laws, regulations and safety standards of Malaysia and the European Union). The Vendor shall,

upon request, to provide material composition information in relation to the implementation of the European Union's Restriction on Hazardous Substances (RoHS) Directive and other environmental declarations.

8.2 The Vendor hereby undertakes to indemnify and hold harmless the Buyer from and against all losses, liabilities, obligations, damages, judgments, deficiencies, claims, demands, suits, proceedings, arbitration, assessments, costs and expenses (including without limitation, expenses of investigation and enforcement of this indemnity and reasonable legal fees and expenses), suffered or paid by the Buyer, directly or indirectly, as a result of or arising out of any breach of the warranties, undertakings and covenants given by the Vendor in this Agreement or any misrepresentation by the Vendor under the terms of this Agreement or for any breach of any term or condition hereof.

9. Changes to the purchase order

9.1 The Buyer reserves the right, at any time, to make changes to the purchase order (including any change of material, price or modifications to the order) by providing reasonable notice in writing to the Vendor in advance.

9.2 No changes to a purchase order may be made without the Buyer's prior written consent.

10. Insurance

The Vendor shall maintain in force, with a reputable insurance company, work injury compensation insurance and public liability insurance in an amount not less than the amount prescribed by any applicable laws or regulations, and shall, on the Buyer's request, produce both the insurance certificate giving details of cover and the receipt for the current year's premium.

11. Cancellation

11.1 The Buyer may at any time, cancel any purchase order and/or terminate this Agreement by giving oral or written notice to the Vendor, upon the occurrence of any of the following:

- (a) a breach of any of the terms or conditions of this Agreement by the Vendor (including but not limited to failure by the Vendor to fulfil any of its obligations with respect to delivery or quality of the Products), and in the case of a breach capable of remedy, any failure to remedy the same within the fourteen (14) days of receipt of a written notice from the Buyer setting out the particulars of the breach and requiring such breach to be remedied;

- (b) any proceedings are commenced for the liquidation, dissolution or bankruptcy of the Vendor and the same is not discharged or discontinued within 1 month of its commencement, or if the Vendor becomes bankrupt or goes into liquidation either voluntarily or compulsorily except for the bona fide purpose of amalgamation, merger or re-construction;
 - (c) the Vendor compounds with any of its creditors or has a receiver appointed in respect of the whole or any part of its assets;
 - (d) a writ of distress or execution or other process of any court is levied or issued against any property of the Vendor and is not withdrawn within 1 month of its commencement; or
 - (e) the Vendor ceases to carry on business except for the bona fide purpose of amalgamation, merger or reconstruction.
- 11.2 The termination or cancellation shall take effect from the date of receipt by the Vendor of the written notice. In the event the Buyer provides the Vendor with oral notice of termination, the Buyer shall provide confirmation in writing to the Vendor within twenty-four (24) hours of such the oral notice, following which termination of this Agreement shall be deemed to have taken place as at the date of the oral notice.
- 11.3 Subject to Clause 5.3 and 5.4, neither party shall be liable to the other by reason of such termination save that the Buyer shall pay the Vendor the price of the Products that have been supplied and accepted by the Buyer. The Vendor shall refund the balance of any payments or deposits (if any) made after deducting any outstanding sums owing by the Buyer to the Vendor by reason of this Clause.

12. Sub-contracting and Assigning

The Vendor shall not sub-contract or assign the whole or any part of this Agreement without the written consent of the Buyer. The Vendor shall be fully responsible for all acts or omissions of any sub-Vendors or assignees and the acts or omissions of any such third parties shall be deemed to be the acts or omissions of the Vendor.

13. Confidentiality

- 13.1 Except with the written consent of the Buyer, the Vendor shall not disclose this Agreement or any of its provisions, or any purchases made under this Agreement or any information issued or furnished by or on behalf of the Buyer in connection with this Agreement to any person.

- 13.2 In addition, the Vendor shall not make use of any information obtained directly or indirectly from the Buyer or compiled or generated by the Vendor in the course of this Agreement which pertains to or is derived from such information, other than use for the purposes of this Agreement, without the prior written consent of the Buyer.
- 13.3 The Vendor shall not publish or release, nor shall it allow or suffer the publication or release of, any news item, article, publication, advertisement, prepared speech or any other information or material pertaining to any part of the obligations to be performed under this Agreement in any media without the prior written consent of the Buyer. For the avoidance of doubt, this restriction includes any citation that the Buyer is or was a customer of the Vendor.

14. Force Majeure

- 14.1 If either party is unable to perform its obligations hereunder by force majeure or any circumstance which is beyond its reasonable control it, shall promptly notify the other party of the nature and extent of the circumstances in question.
- 14.2 Circumstances amounting to force majeure include events of any strike, lock-out, enemy action, hostilities, riot, civil commotion, or any circumstances, whether or not of a similar nature to the foregoing, as long as it causes the cessation or disruption of or substantial interference with the performance of the purchase order(s) by the Vendor under this Agreement.
- 14.3 Notwithstanding any other provision of this Agreement, neither Party shall be deemed to be in breach of this Agreement, or otherwise be liable to the other, for any delay in performance or the non-performance of any of its obligations under this Agreement, to the extent that the delay or non-performance is due to any force majeure or any circumstance which is beyond its reasonable control, of which it has notified the other Party.
- 14.4 In the event there is a delay or non-performance of the purchase order due to any force majeure or any circumstance which is beyond the reasonable control of the Vendor, parties shall discuss in good faith on the performance of the purchase order, including the Vendor using its best efforts to procure delivery of the Product(s) by the fastest delivery means available (including premium air shipment) at the Vendor's cost. For the avoidance of doubt, notwithstanding any discussions, the Buyer shall be entitled to cancel all or any part of such Products from the purchase order without compensation to the Vendor and to obtain the same from other sources.

15. Ethics and Social Responsibilities

- 15.1 The Vendor acknowledges the Buyer conducts its business activities in accordance with a set of values and guidelines that governs its corporate social responsibilities. The Vendor shall abide by and adhere to such values, codes of conduct and guidelines, as made available via the Buyer's website, <http://www.lcthcorp.com>, and such other policies that may be laid down by the Buyer from time to time.
- 15.2 The Vendor further acknowledges the Buyer's commitment to integrity and ethical conduct. The Vendor shall not engage in any corrupt act or practice (or similar conduct) or any act which would violate any applicable anti-bribery or anti-corruption law, including but without limitation to, fraud, false declaration, impersonation, offer of bribes or other improper payments to the Buyer or third parties with the intention of obtaining or retaining any business or an improper advantage.

16. Miscellaneous

- 16.1 This Agreement constitutes the entire agreement between the parties with regard to the subject matter hereof and supersedes any and all prior oral or written understandings between the parties. No amendments, modifications or supplements to this Agreement shall be enforceable or binding upon the parties unless agreed in writing.
- 16.2 If any provision of this Agreement shall be held to be illegal, invalid or unenforceable, in whole or in part, the legality, validity and enforceability of the remainder of this Agreement shall not be affected.
- 16.3 A person who is not a party to this Agreement shall not have any rights under or in connection with it.
- 16.4 Nothing in this Agreement is intended to, or shall be deemed to, establish any partnership or joint venture between any of the parties, constitute any party the agent of another party, or authorise any party to make or enter into any commitments for or on behalf of any other party.
- 16.5 Any notice given to a party under or in connection with this Agreement shall be in writing and shall be delivered by hand, by courier or prepaid post, or by electronic mail or facsimile transmission to the other party's address or electronic mail address, or otherwise notified to each other. Any notice shall be deemed to have been received:
- (a) in the case of delivery by hand or by courier, when delivered;
 - (b) in the case of fax or electronic mail, at the time of transmission if transmitted error-free; and

(c) in the case of post, on the second working day after the date of posting (if sent by local mail) and on the seventh working day after the date of posting (if sent by air mail).

16.6 This Agreement shall be construed, interpreted and enforced in accordance with the laws of Malaysia.

16.7 In case of any controversy, dispute, claim or difference between the Buyer and the Vendor arising out of this Agreement (including, without limitation, its interpretation, validity, performance, enforceability and termination), or the transactions contemplated hereby (hereinafter referred to as "Dispute"), the Buyer and the Vendor shall use their best endeavours to resolve the Dispute between them. If any Dispute is not solved amicably within a 30-day period, the Buyer and the Vendor may submit the Dispute to be resolved by arbitration in accordance with the Arbitration Rules of the Asia International Arbitration Centre (Malaysia) (AIAC) as presently in force. The arbitral tribunal shall consist of one (1) arbitrator to be appointed by the mutual agreement of the Buyer and the Vendor, failing which the appointment shall be made by the president of the AIAC. The seat of Arbitration shall be Malaysia. The proceedings of arbitration shall be conducted in English. The decision or award so given by the arbitrator shall be final and binding on the Buyer and the Vendor.