

STANDARD TERMS AND CONDITIONS OF SALE

These terms and conditions (the "Sale Conditions") govern the sale of Product by Azoteq (Pty) Ltd and its affiliates ("Azoteq"). These Sale Conditions take precedence over the Customer's supplemental or conflicting terms and conditions to which notice of objection is hereby given. Neither Azoteq's commencement of performance or delivery shall be deemed or construed as acceptance of the Customer's supplemental or conflicting terms and conditions. Azoteq's failure to object to conflicting or additional terms will not change or add to the terms of the agreement. Placement of an order constitutes acceptance by the Customer of the Sale Conditions. Azoteq's acceptance of the Order will accordingly result in the individual Sale Agreement subject to the herein contained Sale Conditions.

1. DEFINITIONS

1.1 In these Sale Conditions:-

"Customer" means the person/entity who places an order for the purchase of Product;

"Custom Product" means a Product designed and manufactured exclusively for a Customer. This definition further includes a Standard Component that carries Customer specific firmware and/or marking;

"Overarching Agreement" means the agreement concluded in and between the Parties at the commencement of their relationship as such regulating the ongoing relationship and individual Sale Agreements in and between them;

"Product" means the electronic equipment, components or complete products set out on the relevant Purchase Order reflecting the required/agreed to Specifications which includes both Custom and Standard Product;

"Purchase Order" means the purchase order for the Product placed by the Customer as such reflecting the required/agreed to Specifications;

"Purchase Price" means the purchase price for the Product payable in respect to an individual Sale Agreement following acceptance of a Purchase Order by Azoteq;

"Sale Agreement" means the agreement for the sale of Product/s following acceptance by Azoteq of each individual Purchase Order as read with the Overarching Agreement;

"Sale Conditions" means the standard terms and conditions of sale set out in this document together, to the extent applicable, with any such special terms and conditions agreed in writing

between the Customer and Azoteq in the Overarching Agreement;

"Specifications" means Azoteq's officially published specifications and/or data sheets in respect of the Product/s or customer specific specifications as may be agreed upon;

"Standard Product" means a Product designed and manufactured by Azoteq as a standard product without use of any Customer intellectual property or confidential information and made available by Azoteq to any third party buyer;

"Warranty Period" means thirty (30) days after delivery of the Product or, in the event that non-conformity cannot reasonably be discovered within such thirty (30) day period, within ten (10) days of discovery of such non-conformity, but in no event later than six (6) months after delivery of the Product.

2. ORDERS

All orders placed by Customer are subject to written acceptance by Azoteq. All orders must identify the Product, required quantity, timing of delivery and price and any such further special product specific requests as may be required in respect to the Purchase Order.

3. DELIVERY AND ACCEPTANCE

3.1 Deliveries of the Product will be according to Incoterms 2010 FCA Hong Kong Azoteq Warehouse, or such other delivery terms and address as may be agreed to in writing between the parties from time to time.

3.2 Delivery shall be effected and deemed completed when the Product is handed over and signed for in acceptance of delivery to the Customer or his duly authorised agent at the clause 3.1 specified place.

3.3 The signature of any employee or agent of the Customer which appears on Azoteq's official delivery note, waybill or invoice, or the delivery note or waybill of any authorised independent carrier, will constitute conclusive evidence of delivery of Product purchased.

3.4 Any estimated date of delivery set out and contained in the Purchase Order is an estimate only and Azoteq will accordingly not be liable for any damages flowing from any deliveries taking place beyond such date.

4. ADDITIONAL CHARGES

With the exception of export clearance and delivery to the specified place of Delivery all prices quoted are exclusive of duties, and all taxes

including but not limited to, federal, state and local sales, excise and value added, goods, withholding, services taxes and penalties or interest thereon. The Customer shall accordingly, in addition to the charges provided for in terms of each Sale Agreement, pay all taxes, rates, or Governmental levies imposed in respect of the Product/s resulting from each Sale Agreement.

5. PRICES, PAYMENT TERMS AND CREDIT FACILITIES

- 5.1 The Purchase Price for the Product are those prices as set out in the accepted Purchase Order which shall be payable at such place as Azoteq may advise the Customer from time to time.
- 5.2 Unless agreed otherwise, subject to successful credit application, the full Purchase Price is payable on a cash on delivery basis (COD), as supported by electronic commercial documents shared.
- 5.3 Such payment shall be made in full in United States Dollars, without any deduction or set-off, and free of bank exchange or other charges or commission.
- 5.4 If any amount is not paid in full on the due date then Azoteq may, without prejudice to any rights it may have, immediately suspend the carrying out of its obligations in terms of any Sale Agreement existing between the Customer and Azoteq at the time until such time at which any default has been cured.
- 5.5 The Customer shall be liable for interest at the 1-month USD LIBOR rate plus 2% calculated daily in arrears on all overdue amounts.
- 5.6 Notwithstanding the granting of credit facilities, Azoteq shall be entitled at any time, without prior written notice, to in their sole discretion withdraw the credit facilities and demand payment of any amount owing to Azoteq by the Customer and Azoteq accordingly reserves the right to review the extent, nature and duration of any credit facilities granted to the Customer at all times.
- 5.7 The Customer undertakes to notify Azoteq within a period of seven (7) days of any change of address or any changes in the Customer specific information set out in the application for credit/schedule of customer's particulars signed by or on behalf of the Customer.
- 5.8 All credits shall be handled as separate financial transactions from the original invoice. There shall be no reduced payment by Customer for anticipated credits to be received, either at the time of the payment of original invoice or at the time of providing the credit request.

6. Reschedule and Cancellation

6.1. Reschedule

- 6.1.1. For Standard Products, Customer may reschedule deliveries without charge by providing Azoteq with written notice at least seven (7) days before the then-current delivery date, provided the cumulative total of any rescheduled dates does not exceed ninety (90) days from the original delivery date.
- 6.1.2. Custom Products may be rescheduled up to two (2) times from the original delivery date without charge if Customer provides Azoteq with written notice at least thirty (30) days prior to the then-current delivery date, and provided the cumulative total of any rescheduled dates does not exceed ninety (90) days from the original delivery date.

6.2. Cancellation

- 6.2.1. For Standard Product, Customer may cancel a Purchase Order by providing Azoteq with written notice at least thirty (30) days before the then-current delivery date and paying a 50% cancellation penalty on the cancelled Products.
- 6.2.2. For Custom Product, Customer may cancel a Purchase Order by providing Azoteq with written notice at least forty-five (45) days before the then-current delivery date and paying a 80% cancellation penalty on the cancelled Products.

7. OWNERSHIP

- 7.1 Ownership in the Product shall remain with Azoteq until the Purchase Price and any applicable taxes have been paid in full by the Customer to Azoteq.
- 7.2 Azoteq shall have a creditor's lien over the Product and as such the Product will at all times whilst any amount is outstanding in terms of this Agreement be subject to the general lien of Azoteq for all sums due and payable and becoming due under the Agreement and for other monies due to Azoteq from the Customer, regardless as to whether such monies are owed in respect of this Agreement or any other Agreement entered into and between Azoteq and the Customer.
- 7.3 All Intellectual property rights associated with the Product vest in Azoteq.

8. RISK ON DELIVERY

Risk of loss or damage to the Product shall pass to the Customer upon delivery of the Product in question.

9. WARRANTIES

9.1 Azoteq warrants that, when delivered, the Product will be free from defects in material and workmanship and will conform to the Specifications (the Warranty). The warranty does not extend to any Product that has been subjected to:

- 9.1.1 Improper installation or storage.
 - 9.1.2 Improper maintenance.
 - 9.1.3 Use for any purpose other than that for which it was designed.
 - 9.1.4 Repairs or alterations not authorised by Azoteq.
 - 9.1.5 Accidents, damage, abuse or misuse.
 - 9.1.6 Abnormal or unusual operating conditions or applications.
 - 9.1.7 Operating conditions or applications above the rated capacity or specifications of the Product.
- 9.2 In compliance with the Warranty Azoteq undertakes to provide free of charge corrections to, or replacements for, any part which does not so comply and conform as is warranted in Clause 9.1 hereof, on condition that non-compliance or non-conformity is notified in writing to Azoteq within 30 days of the event giving rise to the warranty claim, together with the relevant details surrounding the events that gave rise to the claim.
- 9.3 All defective Product are to be returned at the Customer's expense to Azoteq whose obligations under the Warranty shall be limited to correction or replacement (at Azoteq's option) of defective or non-conforming parts of Product.
- 9.4 The Warranty is in lieu of all other warranties expressed or implied, and accordingly Azoteq does not give any warranty or guarantee or make any representation in respect of the Product or the fitness of the Product or any part thereof of any particular purpose, whether or not that purpose is known to Azoteq or not. **IT IS ACCORDINGLY RECORDED THAT SAVE AS EXPRESSLY PROVIDED IN THESE TERMS AND CONDITIONS, ALL IMPLIED WARRANTIES, TERMS AND CONDITIONS (WHETHER STATUTORY OR OTHERWISE) ARE EXCLUDED TO THE FULLEST EXTENT PERMITTED BY LAW. IN PARTICULAR, AZOTEQ MAKES NO WARRANTY RESPECTING THE MERCHANTABILITY OF THE PRODUCTS OR THEIR SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, NON-**

INFRINGEMENT OF THIRD PARTY RIGHTS AND WARRANTIES AGAINST LATENT DEFECTS.

10. INDEMNITY AND EXCLUSIONS

- 10.1 The Customer shall not be entitled to claim, and Azoteq shall not be liable for, loss of profits or revenue, promotional or manufacturing expenses, overheads, business interruption cost, loss of data, removal or reinstallation costs, injury to reputation or loss of buyers, punitive damages, IP infringement, loss of contracts or orders or any indirect, special, incidental or consequential damages of any nature. The Customer's recovery from Azoteq for any claim shall not exceed the purchase price paid for the affected products irrespective of the nature of the claim whether in contract, tort, warranty, or otherwise. The Customer will indemnify, defend and hold Azoteq harmless from any claims based on (a) Azoteq's compliance with Customer's designs, specifications, or instructions, (b) modification of any products by anyone other than Azoteq, or (c) use in combination with other products. Azoteq shall be exempt from and shall not under any circumstances be liable for any indirect, special or consequential damages of any nature or any loss of profit or other special damages of any nature for any breach by Azoteq of its obligations under these Sale Conditions and each Agreement to which these Sale Conditions apply.
- 10.2 Insofar as any of the services to be rendered by Azoteq in terms of each Agreement are rendered by any of its employees, agents or subcontractors, the provisions of 10.1 is stipulated for their benefit as well as that of Azoteq and they shall each be exempted accordingly.
- 10.3 The Customer shall not have any claim of any nature whatever against Azoteq for any failure by Azoteq to carry out any of its obligations under the individual Sale Agreement to which these Sale Conditions apply where such failure is as a result of vis major, including but without being limited to any strike, lock-out, shortage of labour or materials, delays in transport, accidents of any kind, any default or delay by a sub-contractor or supplier of Azoteq, riot, political or civil disturbances, the elements, or any other act of God, any act of any State or Government or any other authority, or any other cause whatever beyond Azoteq's control.

11. SUB SYSTEMS

It is the responsibility of the Customer to ensure that the Specifications be agreed upon by a third party(s) if the Product forms part of or is integrated into a system supplied to the Customer by the third party(s).

12. INTERPRETATION

12.1 The headings in this document shall not be taken into account in the interpretation thereof having been included for purposes of convenience and unless the context otherwise requires, terms used herein shall bear the meanings normally ascribed to them in the electronics industry.

12.2 Unless inconsistent with the context words relating to any gender shall include the other genders, words relating to the singular shall include the plural and vice versa and words relating to natural persons shall include associations of persons having corporate status by statute or common law.

12.3 No indulgence, concession or waiver granted by Azoteq to the Customer will in any way affect or limit Azoteq's rights in terms hereof.

13. SEVERABILITY

If any term, condition, provision or performance, or any part of a term, condition, provision or performance of the Sale is Agreement is determined to be invalid, illegal, unlawful or unenforceable to any extent, that term, condition, provision or performance or the relevant part thereof shall be severed from the remaining terms, conditions, provisions and performance of the Sale Agreement, or amended to make it valid, legal, lawful and enforceable, in such a manner as to leave the amended Sale Agreement substantially the same in essence, and the Sale Agreement so amended shall remain in force and effect.

14. ASSIGNMENT

Neither party shall be entitled to cede its rights or delegate its obligations in respect of any Agreement to which these Sale Conditions apply without the prior written consent of the other party, such consent not to be unreasonably withheld.

15. BREACH

15.1 In addition to the other rights available to it Azoteq may, without notice to the Customer, cancel the Sale Agreement to which these Sale Conditions apply as well as any other Sale Agreement in place at the time if the Customer:

15.1.1 fails to pay any amount due to Azoteq on due date for payment thereof and fails to remedy that breach within ten days of receipt of written notice by Azoteq; or

15.1.2 commits any other material breach of any of these Sale Conditions and fails to remedy that breach within thirty days of receipt of written notice by Azoteq to remedy that breach; or

15.1.3 is placed under a provisional or final winding-up or sequestration or judicial management order or in any way attempts to compromise with its creditors.

15.2 The Customer may cancel each individual Sale Agreement to which these Sale Conditions apply if Azoteq commits any material breach of these Sale Conditions and fails to remedy that breach within thirty days of receipt of written notice from the Customer to remedy that breach.

15.3 Upon termination in terms of 15.1 or 15.2 above for any reason whatsoever:

15.3.1 all amounts then owed by the Customer to Azoteq from whatsoever cause shall immediately become due and payable; and

15.3.2 Azoteq may retake possession of any Product in respect of which ownership has not passed to the Customer

15.4 Either party's rights in terms of this clause shall not be exhaustive and shall be in addition to its common law rights.

16. APPLICABLE LAW AND JURISDICTION

16.1. The Sale Agreement constitutes the whole of the agreement between the Parties hereto relating to the matters dealt with herein and, save to the extent otherwise provided herein, no undertaking, representation, term or condition relating to the subject matter of each individual Sale Agreement not incorporated in such agreement, shall be binding on any of the Parties.

16.2. No variation, addition, deletion, or agreed cancellation will be of any force or effect unless in writing and signed by or on behalf of the Parties thereto. Failure or delay on the part of any Party in exercising any right, power or privilege thereunder will constitute or be deemed to be a waiver thereof, nor will any single or partial exercise of any right, power or privilege preclude any other or further exercise

thereof or the exercise of any other right, power or privilege.

- 16.3. Any consent or approval required to be given by any Party will, unless specifically otherwise stated, not be unreasonably withheld.
- 16.4. Each Party agrees that, in its respective dealings with the other Party under or in connection with the Sale Agreement, it shall act in good faith.
- 16.5. The Overarching Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same agreement as at the date of signature of the Party last signing one of the counterparts.
- 16.6. The Sale Agreement shall be governed, construed, interpreted and take effect in accordance with the laws of the Republic of South Africa. If any provision hereof shall be held to be invalid, illegal or unenforceable the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. The Parties hereby consent and submit to the exclusive jurisdiction of the Western Cape High Court of the Republic of South Africa in any dispute arising from or in connection with this Agreement.

17. DOMICILIA AND NOTICE

For all purposes under the Agreement or any amendment thereof, or with regard to any matter arising there out or in connection therewith, the parties choose as their domicilium citandi et executandi the address specified on the Overarching Agreement, provided that either party shall be entitled to nominate a substitute address as that party's domicilium citandi et executandi, by written notice to that effect given to the other party. Any notice required or permitted to be given by either party to another in terms of the Agreement shall be in writing addressed in the name or the latter (and in the case of Azoteq marked for the attention of its Managing Director), and shall be delivered to the addressee at the addressee's domicilium citandi et executandi established for the time being in terms thereof

18. CERTIFICATE OF INDEBTEDNESS

The Customer confirms that a certificate signed by a credit manager of Azoteq setting out the amount owing by the Customer to Azoteq shall constitute prima facie proof that the said amount is due, owing and unpaid, and sufficient for the purposes of obtaining summary judgment or provisional sentence. Where the quantum of

Azoteq's claim is thereafter disputed by the Customer, the Customer shall bear the onus of disproving that the said amount is due, owing and payable.