

## Quality Assurance Agreement

**Party A(Buyer):** \_\_\_\_\_

**Party B(Supplier):** Qingdao Richmat Electronic Technology Co., Ltd.

In order to ensure that the products provided by Party B to Party A meet the expected quality requirements and promote the stability and continuous improvement of the product quality of both parties, the two parties have reached a consensus through friendly negotiation based on the business philosophy of win-win cooperation and common development, and promise to be responsible for all the terms of this agreement. This agreement mainly focuses on the product quality to clarify the rights and responsibilities of both parties, and other agreements such as the "Purchase and Sales Contract", "Confidentiality Agreement", and "Supplementary Agreement" constitute a procurement agreement system that both parties abide by.

### 1. Definition and Classification

#### 1.1 Product non-conforming (defect) definition

The quality characteristics of the product do not meet the conditions specified in the Product Specification and Datasheet.

#### 1.2 Product non-conforming (defect) classification:

- Class A non-conforming (defect): refers to a defect that may endanger the life safety of the user or carrier, or the product quality does not meet the relevant national safety standards.
- Class B non-conforming (defect): refers to a defect that the product performance does not meet the national standard and significantly reduces its practical performance.
- Class C non-conforming (defect): refers to a defect that does not affect the safety and the purpose of use.

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### 2. Rights and Obligations

#### 2.1 Rights of Party A(Buyer)

- 2.1.1 When Party A has requirements on Party B for the parts or raw materials used, Party B shall not use parts or raw materials that have not been confirmed by Party A or do not meet the requirements of Party A, to produce Party A's products.
- 2.1.2 When Party A has requirements on Party B's manufacturing process, Party B must produce Party A's products according to the manufacturing process confirmed by both Parties.
- 2.1.3 When Party A has requirements on Party B's inspection, Party B must implement the inspection according to the inspection process confirmed by Party A, and ensure the accuracy of the inspection results.
- 2.1.4 Party A has the right to inspect Party B's production factory, accessing relevant quality and production data and materials (except Party B's supplier information), and Party B shall accept and cooperate, and shall not conceal or evade

#### 2.2 Rights of Party B(Supplier)

- 2.2.1 When Party A receives Party B's application for confirmation of samples and product specifications, Party A shall promptly organize the relevant technical crew to confirm.
- 2.2.2 When the products produced by Party B do not meet the requirements due to technical requirements changes of Party A. Party A shall conduct inspection according to the original inspection standards, and acceptance according to the quantity agreed in the purchase contract.
- 2.2.3 When Party B has doubts about Party A's acceptance results of quality inspection, Party B has the right to raise an objection and both parties need to jointly conduct a second inspection and appraisal. When the two parties fail to reach an agreement, Party B has the right to request to hire a globally recognized authoritative third-party laboratory for the third time of inspection and appraisal, and all expenses arising therefrom shall be borne by the losing party.
- 2.2.4 Party A shall ensure that the description of the fact that Party B's violation of this Agreement is accurate, including the authenticity and accuracy of statistical data; ensure that the communication channel with Party B is smooth during the whole cooperation period; Involving important information notifications, Party A shall notify Party B in a formal letter, including rectification requirements, performance assessment rules, punishment content, etc.

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### 2.3 Obligations of Party A

- 2.3.1 Party A assists Party B in quality improvement and could put forward suggestions for improvement.
- 2.3.2 For the products produced by Party B in accordance with the specifications and sample requirements signed by Party A, Party A must pick-up products on time and shall not delay or refuse to receive the products.
- 2.3.3 After receiving the product from Party B, Party A must complete the quality inspection process within 3 days, and those who have not raised any objections within the time limit are deemed to have passed the inspection.

### 2.4 Obligations of Party B

- 2.4.1 Party B shall be responsible for the quality of the products within the warranty period, and bear the relevant responsibilities and expenses arising from product quality problems.
- 2.4.2 Party B shall bear the repairment or replacement cost caused by the non-conforming product. When the product cannot be repaired or the user requests to return the product, Party B shall bear the scrap loss and transportation cost caused by it.
- 2.4.3 Party B shall actively and continuously improve product quality. Cooperate with Party A in quality improvement, and continuously improve the product quality control management system.

## 3. Quality Assurance Implementation Basis

### 3.1 Standard requirements

- 3.1.1 The products produced by Party B must meet the requirements of corresponding international standards. If there is no corresponding international standard or Party A has special requirements, the standards agreed by both parties shall be followed.
- 3.1.2 The products provided by Party B must meet the standard requirements of the "Product Specifications and datasheet" signed by both parties.

### 3.2 Standard changes

When the international standard changes, Party B shall update the product in real time to ensure that the product complies with the new international standard.

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### 3.3 Inspection process

The inspection process of the products produced by Party B for Party A shall be based on the inspection contents contained in the "Product Specifications and Datasheet" and other common inspection processes of Party B. Party B shall inspect each batch of products according to the inspection standards signed by both parties and attach the shipment inspection report. If Party A needs it, Party B can also provide the test report of the batch of products, and Party A needs to confirm that the content of the report is qualified before receiving the products.

### 3.4 Sample acceptance

- 3.4.1 Party B shall make the "product specification and datasheet" of the sample in strict accordance with Party A's requirements, and shall be confirmed by Party A. Then produce and deliver samples to Party A according to the contents of this document.
- 3.4.2 The sample is only used as a reference basis for product size and structure. If it is inconsistent with the design drawing, the content of the design drawing shall be the final standard.
- 3.4.3 "Product specifications and datasheets" are part of the cooperation agreement. If Party A's product requirements change (including design, raw materials, key components changes, process changes, etc.), the following steps must be followed:
  - 1) Submit an application to Party B;
  - 2) After being evaluated by Party B, changes are allowed;
  - 3) Party A reconfirms and signs the new "product specification and datasheet";
  - 4) Party A confirms the new sample;then finally Party B can implement the change. If Party A violates this agreement, so the losses incurred shall be borne by Party A.

### 3.5 Material and structure changes

For the finished products delivered by Party B to Party A, if there is any change in the structure, materials and components, Party B shall notify Party A in advance and obtain Party A's written confirmation.

### 3.6 Quality goals

The quality goal promised by Party B to Party A: product defect rate  $\leq 3\%$

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### **4. Dealing with non-conforming products**

#### **4.1 Concession acceptance**

The product is judged as a non-conforming product in Party A's incoming inspection. If the non-conforming product does not affect the performance and use, Party A can choose to agree to accept it with concessions out of comprehensive consideration. If Party A chooses to make concessions acceptance, after Party A agrees to receive the non-conforming product and signs for confirmation, Party A may notify Party B by submitting a discount application in writing. Party B shall confirm the discount within 1 working day after receiving the notification from Party A. After the non-conforming product has been received at a discounted price, Party A can no longer punish Party B according to the non-conforming product.

#### **4.2 Handling of non-conforming products**

The products provided by Party B contain Class A or B non-conforming(defective) products, and Party B may mix some of the non-conforming products with other conforming products. When the batch of products is delivered to Party A, Party A has the right to make non-conforming marks on the non-conforming products. After Party B receives the non-conforming products (including products judged as non-conforming batches) to be repaired and conforming, Party B must notify Party A in advance and obtain consent before re-delivery, and at the same time, Party B should mark the products as repaired.

#### **4.3 After-sales service for non-conforming products**

Since Party A adopts a random inspection method for incoming inspection, some non-conforming products may directly enter the market or be assembled. Once this situation is found, Party A shall notify Party B in time, and Party B shall give a written feedback within 3 working days. After Party B's feedback is approved by Party A, Party B shall provide Party A with accessories, products, crew, or technical support for handling non-conforming products free of charge within the specified time.

### **5. Product Liability**

#### **5.1 Liability of Class A non-conformity (defect)product or Serious product quality accident**

If due to Party B's mistakes, Party A has Class A non-conformity (defect) products or serious

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product quality accident during product sales or use by users (including sales customers and consumers). Party B shall bear all the losses of Party A.

### 5.2 Warranty period product liability

During the warranty period, the products delivered by Party B to Party A shall not be liable for any damage caused by force majeure, man-made damage, or violation of the conditions of use defined in Party B's "product specification and datasheet" (refer to the specific contract). The warranty period starts from the date the product leaves the factory. If the product itself has quality problems during the warranty period, Party A will send the defective product back to Party B, and Party B needs to repair or provide the same quantity of qualified products to send back to Party A. Party B guarantees that the cumulative defect rate during the warranty period will not exceed 1%/year, and for the part exceeding 1%/year, in addition to repairing and replacing defective products, Party B needs to bear the Party A's maintenance costs.

Defective rate = number of defective products/number of LED Driver products of the same specification in the same batch.

### 5.3 End-user compensation claims

The end user claims damages from Party A due to product quality problems. After Party A compensates for the losses, if there is evidence that the claim is caused by the quality problems of the products provided by Party B, Party A's direct economic losses shall be borne by Party B. If Party B has any objection to this, it can submit to the statutory inspection department for inspection within 15 days after receiving the written notice from Party A, and the final processing result will be based on the conclusion of the statutory inspection department

### 5.4 Rectification

After Party A confirms that the quality problem is indeed caused by Party B's responsibility, Party B shall immediately carry out rectification according to Party A's requirements to improve the quality of subsequent products; when serious product quality accidents occur, or consumers' personal or property damage is caused by product quality defects, Party A has the right to stop placing orders or cancel Party B's supply qualification as appropriate, and has the right to terminate this contract and related contracts.

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### 6. Validity period

This agreement will take effect after being stamped by both parties, and the validity period will be valid within 5 years from the date of signing.

### 7. Miscellaneous

7.1 Any dispute arising from this agreement shall be resolved through friendly negotiation between the two parties. If the negotiation fails, a lawsuit shall be brought to the court where Party B is located.

7.2 This agreement is in triplicate, Party A holds one copy, and Party B holds two copies, which have the same legal effect.

Party A(Buyer) Company, stamp: \_\_\_\_\_

Title(Position): \_\_\_\_\_

Print name (in BLOCK CAPITALS): \_\_\_\_\_

Signature (legally binding): \_\_\_\_\_

Date: \_\_\_\_\_

Party B(Supplier) Company name, stamp: Qingdao Richmat Electronic Technology Co., Ltd.

Title(Position): \_\_\_\_\_

Print name (in BLOCK CAPITALS): \_\_\_\_\_

Signature (legally binding): \_\_\_\_\_

Date: \_\_\_\_\_