

Excel Cell Electronic (USA) Corp./ DISTRIBUTORSHIP AGREEMENT

This agreement, made and entered into this day of July 25, 2019 by and between Excel Cell Electronic (USA) Corp., having its principal of business in East Hanover, NJ (hereinafter referred to as "ECE"), and SILICO SYSTEMS, LLC having its principal place to do business 1312 PALM HARBOR BOULEVARD, PALM HARBOR FL, 34683 (hereinafter offered to as "DISTRIBUTOR").

It is hereby mutually agreed that ECE will sell to the DISTRIBUTOR, and the DISTRIBUTOR will distribute the ECE product lines specified below in accordance with provisions of the ECE DISTRIBUTOR POLICY attached to this agreement.

DISTRIBUTOR agreements based on this policy will be governed by the provisions of the laws of New Jersey.

AUTHORIZED PRODUCT LINES

ECE part numbers listed on initial purchase order and/or other ECE products as mutually agreed upon.

ECE reserves the right to change provisions of the DISTRIBUTOR POLICY as deemed necessary, such changes to become part of this agreement upon written notification to the DISTRIBUTOR.

IN WITNESS HEREOF, this agreement is hereby executed in duplication on the date and year indicated.

<u>SILICO SYSTEMS, LLC</u> DISTRIBUTOR	ECE	Excel Cell Electronic (USA), Corp.
BY: <u><i>Matthew Richards</i></u>	BY: <u><i>Jean Lin</i></u>	
TITLE: <u>CEO</u>	TITLE: <u>Marketing Director</u>	
DATE: <u>07/25/19</u>	DATE: <u><i>7/25/19</i></u>	

DISTRIBUTOR POLICY

I. SCOPE

This policy states the conditions under which products marketed by Excel Cell Electronic (USA), Corporation(ECE) are sold through a group of authorized distributors.

II. APPOINTMENT

- A. Appointments, though selective, are not to be considered exclusive.
- B. Each branch of a DISTRIBUTOR organization is considered for appointment on the basis of its individual merit. Authorization of one branch does not imply authorization of another.

III. PRODUCTS

- A. DISTRIBUTOR may sell ECE product lines listed in their distributor agreements: and in special cases, other lines with authorization of ECE.

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IV. PRICING

- A. DISTRIBUTOR will purchase ECE products at prices conforming with current confidential distributor cost sheets provided by ECE and under conditions stipulated thereon. Suggested resale price lists will also be provided. ITEMS and quantities which do not appear on the confidential DISTRIBUTOR cost sheet may be quoted by ECE at its discretion.
- B. ECE will give 30 (thirty) days notice of any price change.
 - B.1. Price Increases
 - B.1.a. New prices will apply to orders received on and after the effective date, and to unshipped balance of orders scheduled for future shipment by the DISTRIBUTOR. In the latter case, the DISTRIBUTOR may accept shipment of the total balance within 60 (sixty) days at the original price.
 - B.1.b. Quotations made by DISTRIBUTOR to a customer will be considered firm for a 30 (thirty) day period and will be so honored by ECE not with standing price increase.
 - B.2. Price Decrease
 - B.2.a. New prices will apply to orders received on and after the effective date.
 - B.2.b. Unshipped balances of open orders will be billed at reduced prices.
 - B.2.c. Credit will be issued compensating for the difference between invoiced price and new DISTRIBUTOR cost for all items in DISTRIBUTOR stock received within 120 (one hundred twenty) days of the effective date of price decrease. Authorized ECE representatives will verify inventory figures.

V. INVENTORY

- A. DISTRIBUTOR will maintain inventories of sufficient depth and breadth to adequately serve their markets.
- B. The nature of a DISTRIBUTOR'S initial stocking inventory will be mutually determined by the DISTRIBUTOR and ECE.
- C. DISTRIBUTOR shall furnish ECE with a monthly point of sale report by ECE territorial designations, which must include customer name, address, ECE part number, quantity sold, and resale price.
- D. DISTRIBUTOR will submit a list of ECE inventory on hand on a quarterly basis.

VI. ORDERING

- A. A minimum billing requirement of \$500.00 per invoice applied to DISTRIBUTOR orders.
- B. DISTRIBUTOR orders must meet the minimum quantity requirements indicated on the confidential cost sheets.
- C. Orders for scheduled shipment:
 - 1. Delivery schedules may not extend beyond a 6 (six) month period, with a maximum of 6 (six) shipments permitted.
 - 2. Each shipment must meet a minimum billing requirement of \$200.00 per invoice.
 - 3. Unshipped balances are subject to price increases and decreases.
 - 4. A firm shipping schedule must be specified.

VII. CANCELLATIONS

All cancellations are subject to possible charges up to 100%, depending upon the extent of processing undergone.

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VIII. WARRANTY

ECE products are warranted for a period of 1 (one) year from the date of shipment by the DISTRIBUTOR to his/her customers provided that this period does not exceed 2 (two) years from the date of shipment by ECE to the DISTRIBUTOR.

IX. INVENTORY ADJUSTMENT

- A. Up to 50% rotation of the initial stocking order will be allowed at the end of six(6) months, after initial stocking order is placed with ECE: such stock rotation will be accompanied with an offsetting order of equal value.
- B. Twice within each calendar year, a DISTRIBUTOR may request inventory adjustment or rotation.
- C. Adjustments will be made on February 1st and August 1st each year.
- D. Material must be of current design, in resalable condition, and in original packaging if applicable.
- E. All stock adjustments will be accompanied with a replacement order for ECE products of equal dollar amount.
- F. DISTRIBUTOR shall submit a written request containing line item listing on P/N, quantity, lot # , P.O.# , date items were received from ECE, and purchase price of the intended merchandise for return. ECE will issue a Return Material Authorization (RMA) number which needs to be stated on the shipping box and shipping paper.
- G. The value of the adjusted inventory may not exceed 5% (five) of the DISTRIBUTOR'S previous 6 (six) months purchases.
- H. Transportation costs of returned material will be prepaid by DISTRIBUTOR.
- I. All merchandise returns are subject to inspection and acceptance by ECE. All returns are to be packaged in original undisturbed packaging with original labeling intact. In the case of tape and reel product, there will be no credit issued for "broken quantity" reels. All returns are limited to product shipped within the last 12 months from the stock adjustment request date.

X. DROP SHIPMENTS

Drop shipments to a DISTRIBUTOR'S customer will be made on a limited basis and are subject to ECE management approval.

XI. OBSOLESCENCE

- A. The DISTRIBUTOR will be informed in writing on any obsolete items.
- B. Returns of obsolete items with offsetting order will be acceptable within 120 (one hundred twenty) days of the date of notice. Items must be in original packaging and in saleable condition.

XII. SALES AIDES

- A. ECE will supply at no charge reasonable quantities of:
 - 1. Confidential cost sheet and resale price.
 - 2. Catalogues, and reprints, technical bulletins, specifications, etc.
 - 3. Material for use in the preparation of DISTRIBUTOR advertising, catalogues, and trade show displays.
- B. DISTRIBUTOR will avail themselves of these sales aides, and will allocate a fair share of their advertising and promotional efforts to ECE products.
- C. DISTRIBUTOR will have permission to extract all information from the ECE Website, to be used to promote ECE product lines.

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XIII. TERMINATION

- A. An ECE distributorship may be terminated at the initiation of either ECE or the DISTRIBUTOR with/without a cause upon 30 (thirty) days of written notification.
- B. Upon termination, the DISTRIBUTOR will surrender all confidential ECE pricing, policy, and product information, and will cease to represent himself as an ECE DISTRIBUTOR.
- C. Upon termination by ECE, ECE will repurchase a terminated DISTRIBUTOR'S inventory under the following conditions:
 - 1. Material must not be more than 18 (eighteen) months old.
 - 2. Parts must be of current design, in resalable condition, and in original packaging where applicable.
 - 3. Material will be repurchased at a price representing the actual DISTRIBUTOR cost minus a 10%(ten) restocking charge.
- D. Upon termination by the DISTRIBUTOR. ECE at its option, may negotiate for purchase of a DISTRIBUTOR'S inventory, but is under no obligation to do so.

XIV. CONFIDENTIAL INFORMATION

DISTRIBUTOR agrees that it will not disclose to any other party any confidential information of ECE, including but not limited to unannounced products, quantity of product shipped, products pricing, product returns, and in general such information which it disclosed to others would be detrimental to the best interests of ECE, to the extent that such information is acquired by DISTRIBUTOR in the course of activities performed under this Agreement.

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