

## **SPECIAL TERMS**

Rev. 2010.Jan.

### **【 for bidding 】**

1. Bidders are required to quote itemized FOB vessel sea(air) port cost, ocean(air) freight and C&F Kaohsiung or Keelung price separately. All bids shall be compared on C&F basis. Unless otherwise specified, price shall be quoted in US Dollars or NT Dollars (only for domestic supplier) or in other foreign currencies of which the exchange rates are published by the Bank of Taiwan and shall be calculated by the closing rate of spot foreign exchange selling by the Bank of Taiwan, R.O.C. on the first working day prior to date of open bid for comparison.
2. The letter of Confirmation of Specification, Specification & Price Deviations Sheet and Submitting schedule for approval drawing as attached sheets which shall be filled by manufacturer with signature to be submitted together with bidding documents to CSBC. If manufacturer fails to do so, the bid will not be considered. Materials for the CSBC'S inquiry shall be asbestos free.
3. If manufacturer's service engineer is required as mentioned in CSBC P.O.S., bidders shall quote the expense of dispatching service engineer separately but in total price for comparison. Any income taxes on the service fee levied by the R. O. C.'s Government shall be seller's account. The Seller/Manufacturer's dispatching personnel shall be insured by themselves at their own account.

### **【 for contract 】**

1. A letter written by Seller/Manufacturer confirming that all kinds of drawings and documents including drawings for approval, working drawings, finished drawings, instruction books, mill sheet, test record and Class inspection certificate, etc., as mentioned in P.O.S. have been sent to CSBC on schedule shall be a part of shipping documents for L/C negotiation or T/T remittance payment.
2. If payment is made by Letter of Credit, and the L/C will be issued by CSBC 30 to 60 days prior each contracted shipment date.
3. Contract cargo delay penalty will be deducted from payment at 0.1% per day for delay value. In addition to the penalty for delay in shipment, Seller/Manufacturer has to compensate CSBC for any losses thus incurred. Compensation for such losses shall be based on evidences and calculations provided by CSBC.
4. If Classification Society Certificate is required, the survey fee shall be included in total price and said certificate issued by the Classification Society shall be a part of shipping document for L/C negotiation or T/T remittance.
5. Delivery: AS CONTRACT COVER.  
In the POS of Engine Control Console, Main Engine Switch Board, Ballast Control Console etc., there are some parts/components to be specified "Shipyard Supply", the seller of offering the parts/components of "Shipyard Supply" for the above consoles should deliver them to the console maker for assembly and should bear the freight and insurance. The console maker should absorb import-related charges.
6. All material/equipment shall be manufactured and supplied in accordance with the requirements of the attached CSBC P.O.S. & materials for the CSBC'S contract shall be asbestos free.
7. Drawings (included approval drawing, working drawing & finished drawing) as requested in General Description of Purchase Order Specification shall be submitted directly to Design Department of CSBC. The Drawings/ Documents for approval and for working shall be mailed by courier service (Fax or E-Mail can be sent concurrently in order to shorten approval time).

**For the vessels to be built in CSBC Kaohsiung Shipyard**

**ALL Drawings to be addressed to:**

**No.3, Jhonggang Rd, Siaogang District, Kaohsiung, Taiwan, R.O.C.**

**Attn: Director of Design Department.**

**E-mail:1250@csbcnet.com.tw, Tel:886-7-8010111 ext.2400, Fax:886-7-803-3135**

**For the vessels to be built in CSBC Keelung Shipyard**

**APPROVAL/WORKING Drawings to be addressed to:**

**No.3, Jhonggang Rd, Siaogang District, Kaohsiung, Taiwan, R.O.C.**

**Attn: Director of Design Department.**

**E-mail:1250@csbcnet.com.tw, Tel:886-7-8010111 ext.2400, Fax:886-7-803-3135**

**FINISHED Drawings to be addressed to:**

**No 224, Ho-E Road, Ho Ping Island, Keelung, Taiwan, R.O.C.**

**Attn: Keelung Design Section, Design Department (in Keelung Shipyard)**

8. Seller shall submit drawings for approval to CSBC design department (Fax:886-7-8033135) on schedule after receiving the order/contract from CSBC. If Seller/Manufacturer fails to follow the submitting schedule of drawings for approval, a penalty payment must be made by Seller to CSBC on the basis of 0.1% of contract value per ship for each day's delay, but not to exceed total 5% of contract value per ship. Delay penalty, if any, shall be deducted from the amount of contract. Meanwhile, CSBC reserves the right to terminate the Contract, if such delay of submitting drawing for approval occurred for exceeding by thirty (30) days unless such delay is accepted by CSBC design department, the delay penalty to be waived accordingly.
9. Each of CSBC's Hull No. shall be clearly marked or labeled on equipment. Each separate package, if any, must be marked or labeled on the outside packing indicating the name of supplies, CSBC Hull Number, Invitation No. and Contract No. for CSBC identification.
10. Guarantee:  
Seller and Manufacturer shall guarantee for at least one year or as ship contract's stipulation after CSBC's delivery of the ship to the ship's owner that the supplies they delivered under this Invitation/Contract shall be free from any defects in design, material and workmanship. In case damage or failure occurred within that period, the Seller and Manufacturer are obliged to replace or repair the defective parts free of charge, and effect replacement shipment to the port(s) nominated by CSBC, all expenses thus incurred for such repair or replacement including meal, Accommodation (lodging), traffic fee(air ticket etc.)& labor fee etc. shall be paid by Seller. And extend the guarantee period up to 12 months from the date such replacement and/or repair are effected, but this period shall in no case exceed 18 months from the date of delivery of the ship. The seller shall indemnify and hold the buyer free and harmless against and from any and all liabilities, losses, costs, damages, fees of attorney and other expenses (the "Damages") which the buyer may sustain or incur in consequence of the transactions contemplated herein. The seller shall upon demand pay the buyer the damages sustained by the buyer unless the seller may provide sufficient evidences to prove the damages sustained by the buyer are not resulting from such transactions.
11. One month prior to fabricating start, Seller/Manufacturer shall prepare the mile stone of manufacturing process including Material allocation, assembly and shop test, and inform Q.A. Department (Fax:886-7-8031320), (Kaohsiung) of CSBC in writing, copy of which to Material Department (Kaohsiung) of CSBC, for attending the inspection/test, the test procedure shall also be submitted one month prior to shop test, WHILE THE TEST SCHEDULE TO BE NOTIFIED 15 DAYS PRIOR TO SHOP TEST, If Seller/Manufacturer fails to do so or fails to do shop test, they shall be responsible for all consequences thus incurred and pay the compensation for losses claimed by CSBC and Ship-owner.

Besides, if Seller/Manufacturer provide inconsistent or counterfeit shop test record, CSBC shall have the right to terminate the contract and eliminate his right for future bid.

12. CSBC has the right to appoint independent surveyor to inspect the supplies covered by the contract during the process of manufacturing and/or prior to delivery. The scope of inspection is to be stated in the specification or in CSBC's letter of appointment. If the supplies are found not in conformity with specifications & requirements of the contract, CSBC shall have the option to terminate the contract.
13. For a Contract signed on FOB vessel sea port basis, Seller/Manufacturer are requested to contact shipping company designated by CSBC for arrangement of vessel to carry the contracted supplies at least 30 days prior to the date when the supplies are ready for shipment. In case the supplies are not ready for loading on schedule, any charges claimed by the shipping company shall be borne by Seller/Manufacturer.
14. Within two weeks after receiving CSBC's notice of defect(s), non-conformity or shortage, the Seller shall at its own expenses, dispatch replacement(s) with new supplies or make up the shortage by airlift. Seller shall also bear all expenses, fees and charges as specified in Part two "Article 20" of General Terms and Conditions of Contract.
15. In case the first shipment has been found non-conformity to contract requirements. CSBC may have the right to terminate the Contract for remaining shipments unconditionally and the Seller has to compensate CSBC all the losses thus incurred without recourse.
16. Should any defects in design / workmanship be found out during sea trial or on-board test, seller / maker should dispatch engineers free of charge for the trouble-shooting.
17. All other terms and conditions are in accordance with CSBC General Terms and Conditions as per attachment. CSBC has the right to award the contract of this inquiry under the stipulation of building contract between OWNER & CSBC.
18. If there is any contradiction among Special Terms and General Terms and Conditions, the priority shall be: (1) Special Terms. (2) General Terms and Conditions.
19. Notice for package requirement:  
All loading charge (if any) shall be on seller's account, i.e. FI & ST term to be performed by seller. Supplies covered by this contract shall be packed in such a manner as will be adequate for sea-borne or air-borne export shipment. The packing for sea-borne shipment must be sufficient to secure safe arrival at destination fully covering such overseas shipping hazards as rough handling and possible corrosion due to exposure to salt atmosphere, sea water spray or open storage. For any loss or damage in transit attributable to improper packing, compensation shall be paid to CSBC by Seller.  
Special package requirement:
  - (1) the interior surface of package for equipment/material shall be water proof and put the desiccant in the interior of package.
  - (2) to seal the plate/waterproof tape on the opening joint of piping of junction box.
  - (3) please note that for fragile cargo, it is necessary to pack with strength cushion for protection.
  - (4) the anti-corrosion treatment to be applied on the easy corrosion portion/components (no painting portion)
  - (5) the professional protection treatment to be applied for special instruments/equipments/materials etc..
20. Special statement of shipping documents  
In case the destination is Keelung Shipyard of CSBC, please note that consignee is Engineering Section of Keelung Shipyard, so seller should forward the shipping document to :  
No 224, Ho-E Road, Ho Ping Island, Keelung, Taiwan, R.O.C.  
Fax No: 886-2-2462-0937/6162 Tel: 886-2-2463-1021  
For releasing payment, please send each one bill of lading, invoice and packing list, necessary certificate/mill sheet by fax to: Material Department of CSBC (Kaohsiung) Fax No.: 886-7-803-2310