

SPECIAL TERMS FOR LPD PROJECT

Rev. 2018 May

【for bidding】

1. Bidders are required to quote itemized FOB vessel sea (air) port cost, ocean (air) freight and CFR Kaohsiung or Keelung price separately. All bids shall be compared on CFR 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 enclosed “Letter of Confirmation of Specification” and “Specification and Price Deviations Sheet” shall be filled by manufacturer with signature and submitted together with bidding documents to CSBC. If manufacturer fails to do so, the bid will not be considered.
3. In case that the export license is required, the concerned documents which are issued by authority for bidder to participate this bidding shall be one of the bidding documents. If they are missing, the bidding object to be treated as export license is not necessary, and bidder shall take all the responsibility to get export license after award this bidding.

【for contract】

1. 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.
2. Contract cargo shall deliver to CSBC on schedule specified in contract, and this schedule can't be changed by any revision of POS. If revision of POS will really affect fabrication schedule, Seller shall inform CSBC once the revision received and modified deliver schedule to be discussed and mutual agreed.
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. Seller does not inform Buyer (design & material department) timely if there is any delay from drawing approval resulted by owner/maker/shipyard, cargo delay penalty is still deducted from payment.
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. If classification cert. can't be presented while negotiation, CSBC will accept only 95% of negotiated amount and then automatically release the balance 5% upon receipt of the cert.
5. If there is any document CSBC shall provide for Seller to apply export license, Seller shall inform CSBC within two (2) weeks after signing contract. Seller has to show the evidences to confirm the application of export license had been submitted to authority within two (2) weeks after CSBC (or ROCN) issue the said of document such as EUC, unless otherwise agreed. If Seller fails to show the evidences on the above time, 0.05% of contract amount will be charged as delay penalty by CSBC.
6. The seller who provide parts/components to be installed on Engine Control Console, Main Engine Switch Board, Ballast Control Console etc. should deliver them to CSBC's console maker for assembly and bear all related expenses (DDP term)
7. All material/equipment shall be manufactured and supplied in accordance with the approved drawing of CSBC.
8. Drawings (included approval drawing, working drawing & finished drawing) as requested in General Notes of POS shall be submitted directly to CSBC as below address. 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: #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.2500, Fax:886-7-803-3135

For the vessels to be built in CSBC Keelung Shipyard:

Approval/working drawings to be addressed to: #.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.2500, Fax:886-7-803-3135

Finished drawings to be addressed to: # 224, Ho-E Road, Ho Ping Island, Keelung, Taiwan, R.O.C.

Attn: Manager of Engineering & Design Section.

E-mail: 101757@csbcnet.com.tw, Tel:886-2-2463-1021 ext.2441, Fax:886-2-2462-2824

9. Seller shall submit drawings to CSBC design department for approval and for working on schedule as specified in POS after receiving order/contract from CSBC, If there is any information which CSBC shall provide for Seller to prepare drawings, Seller shall inform CSBC design department actively, and this will not be excuse for any delay.

If Seller/Manufacturer fails to follow the submitting schedule of drawings, 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 drawings has occurred more than thirty (30) days.

10. 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.

11. Guarantee:

Seller and Manufacturer shall guarantee for at least two (2) years 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 any damage or failure might occurred during this period (Claim advice within 30 days after guarantee is still valid), 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 24 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 resulted from such transactions.

12. 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 shop test, Seller/Manufacturer shall be responsible for all consequences thus incurred and pay the compensate for all losses claimed by

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

13. 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 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 right to terminate the contract.
14. For a Contract signed on FOB basis, Seller/Manufacturer is requested to contact CSBC's designated shipping company for shipment arrangement of the contracted supplies at least 30 days prior to the date when cargo is ready. In any case supplies are not ready for loading on schedule, any charges claimed by the shipping company shall be borne by Seller/Manufacturer.
15. 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.
16. 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 losses thus incurred without recourse.
17. 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 trouble-shooting.
18. In case of service engineer is stipulated or listed as an option item in contract, CSBC will declare the commission schedule at least ten (10) days before and Seller/Manufacturer shall dispatch experienced service engineer to fulfill CSBC's requirement. If Seller/Manufacturer fails to dispatch service engineer according to CSBC's request and without CSBC's agreement, penalty will be deducted from payment at twice of service rate per day per man or USD 4,000 per day per man which is maximum for delay days.
19. 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.
20. 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.

21. 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/equipment/materials etc..
- (6) If cargo is shipped by container vessel and container was caused dirty or damage, seller shall burden the container cleaning or repaired fee.

22. Special statement of shipping documents

In case the destination is Keelung yard of CSBC, please note that

***Consignee: CSBC Corporation, Taiwan * Notify: CSBC Corporation, Taiwan Keelung yard**

so seller should forward the shipping document to:

Coordination & Management Section of CSBC Corporation, Taiwan Keelung yard

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

- 23. The Seller represents and warrants the goods provided will not infringe on any patent, trademark, trade secret, copyright, or other proprietary right of any party. Any breach of said representation and warranties occur, the Seller shall be liable for civil claim or criminal charges. Where the Seller breaches said representation and warranties, and causes that the Buyer shall bear liability for damage to the third party accordingly, the Buyer may claim against the Seller for damages, loss, and expense.**
- 24. Proper line vessel shall be considered to delivery equipment to avoid unnecessary problems arose from PROC.**

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