

SHIPBUILDING CONTRACT

FOR

CONSTRUCTION OF ONE (1) 211,000 DWT BULK CARRIER

(HULL NO. N1377)

BETWEEN

**HAINAN COSCO SHIPPING DEVELOPMENT
NAVIGATION COMPANY LIMITED**

as BUYER

and

COSCO SHIPPING HEAVY INDUSTRY (ZHOU SHAN) CO., LTD.

as SELLER



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SHIPBUILDING CONTRACT
FOR
CONSTRUCTION OF ONE (1) 211,000 DEADWEIGHT BULK CARRIER
(Hull No. N1377)

This CONTRACT, entered into this 29th day of July, 2025 by and between Hainan COSCO SHIPPING Development Navigation Company Limited, a corporation organized and existing under the laws of the People's Republic of China , having its registered office at Room A102-68, 4th Floor, Multi-functional Industrial Service Center Haikou Airport Comprehensive Protection Zone, Yanfeng Town, Meilan District, Haikou City, Hainan Province (hereinafter called the "BUYER") on one part; and COSCO SHIPPING HEAVY INDUSTRY (ZHOUZHAN) CO., LTD., a corporation organized and existing under the Laws of the People's Republic of China, having its registered office at Liuheng Town, Putuo, Zhoushan, Zhejiang Province, the People's Republic of China (hereinafter called the "SELLER") on the other part.

WITNESSETH

In consideration of the mutual covenants contained herein, the SELLER agrees to build, launch, equip and complete at the SELLER's Shipyard and to sell and deliver to the BUYER after completion and trial One (1) 211,000 DWT Bulk Carrier as more fully described in Article I hereof, to be registered under the flag of Hong Kong and the BUYER agrees to purchase and take delivery of the aforesaid VESSEL from the SELLER and to pay for the same in accordance with the terms and conditions hereinafter set forth.

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ARTICLE I – DESCRIPTION AND CLASS

1. DESCRIPTION

The VESSEL is a 210,850 metric tons deadweight bulk carrier, at Scantling Draft moulded of [REDACTED] meters in sea water of specific gravity of 1.025 t/m³ (hereinafter called the "VESSEL") of the class described below. The VESSEL shall have the SELLER's Hull No. N1377 and shall be constructed, equipped and completed in accordance with the following "Specifications":

- (1) Specifications 211kBC [REDACTED] with Drawing No. 010-02SM dated June 27, 2024;
- (2) General Arrangement with Drawing No.10-211 dated June 27, 2024;
- (3) Maker's List with Drawing No.010-03MX dated June 27, 2024;
- (4) Addendum to Specifications 211kBC with Drawing No. 02-014 dated September 24, 2024.
- (5) Addendum 2nd to Specifications for 211 DWT Bulk Carrier dated July 17th, 2025.

Attached hereto and signed by each of the parties to this CONTRACT (hereinafter collectively called the "Specifications"), making an integral part hereof.

The Specifications and the CONTRACT are intended to explain and complement each other. Should there be any inconsistencies or contradictions between the CONTRACT and the Specifications, this CONTRACT shall prevail.

The Specifications are identical to the specification, plans and drawings, addendum to the specification and maker's list for the shipbuilding contract dated 20th of December 2024 between COSCO SHIPPING HEAVY INDUSTRY (YANGZHOU) CO., LTD ("CHI YANGZHOU") and WAI FUNG SHIPPING LIMITED for the construction and sale of CHI YANGZHOU's Hull No. N1328(hereinafter called the "Reference Vessel").

Notwithstanding the Specifications, the Parties agree as an overriding principle that the VESSEL shall be identical to the Reference Vessel and that

- (i) all modifications, changes, adjustments, selections, and clarifications agreed for the Reference Vessel shall also apply to the VESSEL; and
- (ii) the SELLER shall use the same machinery, equipment, and other components for the items in the Maker's List for the VESSEL as used for the Reference Vessel (unless otherwise agreed by the Parties)

and the Specifications shall be deemed to be adjusted accordingly.

Shipbuilding Contract for Hull No. N1377

Any modifications, changes, adjustments, selections, and clarifications agreed after the signing of this CONTRACT for the Reference Vessel shall also apply for the VESSEL and the price increase or decrease attributable to them shall be handled in accordance with Article V.

2. CLASS AND RULES

The VESSEL, including hull, machinery, equipment and outfittings, shall be constructed and inspected in accordance with the rules and regulations issued and which are in force with compulsory up to and on the date of signing this Contract and applicable to the VESSEL of China Classification Society (hereinafter called the 'Classification Society') and shall be distinguished in register by symbol of:



and shall also comply with the rules, regulations and requirement of the Authorities as fully described in the Specifications, which are in force as of the date of the signing of the Contract together with all mandatory rules and regulations, which have already been adopted, ratified and to become effective and compulsory on or before the date of signing of the Contract.

The SELLER shall arrange with the Classification Society to assign a representative or representatives (hereinafter called the "Classification Surveyor") to the SELLER's Shipyard for supervision of the construction of the VESSEL.

All fees and charges incidental to Classification and to comply with the rules, regulations and requirements of this CONTRACT as described in the Specifications issued and having become effective and compulsory on or before the effectiveness of the CONTRACT, if any, payable on account of the construction of the VESSEL shall be for the account of the SELLER, except as otherwise provided and agreed herein. The key plans, materials and workmanship entering into the construction of the VESSEL shall at all times be subject to

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inspections and tests in accordance with the rules and regulations of the Classification Society.

Decisions of the Classification Society as to compliance or noncompliance with Classification rules and regulations shall be final and binding upon the parties hereto.

3. PRINCIPAL PARTICULARS AND DIMENSIONS OF THE VESSEL

(a) Hull:

Length overall	abt. 299.95 m
Length between perpendiculars	295.90 m
Breadth moulded	50.00 m
Depth moulded	25.20 m
Scantling Draft moulded	18.50 m

(b) Propelling Machinery:

The VESSEL shall be equipped, in accordance with the Specifications, with One (1) set of [REDACTED] with SPC.

4. GUARANTEED SPEED

The guaranteed speed of the VESSEL at the scantling draft of [REDACTED] on even keel shall be [REDACTED] knots with the main engine running at CSR with 15% sea margin. The above speed shall be based on the VESSEL with clean hull in deep and calm water (no wind, no wave) and without currents.

The speed performance of the VESSEL at the scantling draft shall be based on the model test result by applying the same correlation between the actual speed result from the sea trial at ballast draft condition with ISO 15016-2015 and the model test result at ballast draft.

5. GUARANTEED FUEL CONSUMPTION

Guaranteed fuel oil consumption rate in fuel oil

The guaranteed fuel oil consumption of the Main Engine shall be approx. [REDACTED] +6% (Tier II) at a test result measured at manufacturer's shop trial, with burning of marine diesel oil having the lower calorific value of 42,700 kJ/kg, at PCSR of the main engine under the ISO standard reference condition.

The actual fuel oil consumption at manufacturer's shop test shall be allowed to have the tolerance margin of Six Percent (6%).

6. GUARANTEED DEADWEIGHT

The SELLER guarantees that the VESSEL is to have a deadweight of not less than 210,850 metric tons at even keel draft of [REDACTED] meters in sea water of 1.025 T/M3 specific gravity.

The term, "Deadweight", as used in this CONTRACT, shall be as defined in the Specifications.

The actual deadweight of the VESSEL expressed in metric tons shall be based on calculations made by the SELLER and checked by the BUYER, and all measurements necessary for such calculations shall be performed in the presence of the BUYER's supervisor(s) or the party authorized by the BUYER, and the Classification Surveyor.

Should there be any dispute between the SELLER and the BUYER in such calculations and/or measurements, the decision of the Classification Society shall be final.

7. SUBCONTRACTING

The SELLER may, at its sole discretion and responsibility, subcontract any portion of the construction work of the VESSEL to subcontractors, but final assembly into the VESSEL of any such work subcontracted shall be at the SELLER's Shipyard. The SELLER shall remain responsible for such subcontracted work. The Buyer shall have the right to review the subcontractors selected by the Seller but shall not reject the subcontractors selected by the Seller without reason.

8. FLAG AND REGISTRATION

The VESSEL shall be built to fly the flag of Hong Kong and shall be registered by the BUYER at its own cost and expenses under the laws of Hong Kong at the time of delivery and acceptance thereof.

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ARTICLE II – CONTRACT PRICE & TERMS OF PAYMENT

1. CONTRACT PRICE

The purchase price of the VESSEL is Chinese Yuan Five Hundred Twenty Eight Million only (CNY528,000,000.00), net receivable by the SELLER (hereinafter called the "Contract Price"), which is exclusive of the cost for the BUYER's Supplies as provided in Article V hereof and shall be subject to upward or downward adjustment, if any, as hereinafter set forth in this CONTRACT.

2. CURRENCY

Any and all payments by the BUYER to the SELLER under this CONTRACT shall be made in cross- border Chinese Yuan.

3. TERMS OF PAYMENT

The Contract Price including any adjustment thereof shall be paid by the BUYER to the SELLER in installments as follows:

(a) 1st Installment

The sum of Chinese Yuan [REDACTED] only (CNY [REDACTED]) representing [REDACTED] of the Contract Price, shall become due and payable and be paid by the BUYER to the SELLER within [REDACTED] banking days after the CONTRACT becomes effective in according to the Article XVIII herein, and the BUYER's receipt of a demand for payment of this instalment. The SELLER shall send to the BUYER a facsimile or email demand for payment of this installment accompanied by a copy of the proforma invoice of this installment. The original of this invoice shall be couriered to the BUYER.

(b) 2nd Installment

The sum of Chinese Yuan [REDACTED] only (CNY [REDACTED]) representing [REDACTED] of the Contract Price, shall become due and payable and be paid by the BUYER to the SELLER within [REDACTED] banking days after steel-cutting of the VESSEL.

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The SELLER shall give at least Five (5) banking days prior notice of the scheduled date of steel-cutting of the VESSEL by facsimile or email to the BUYER stating that the steel-cutting of the VESSEL will be carried out. The SELLER shall send to the BUYER a facsimile or email demand for payment of this installment accompanied by a copy of the proforma invoice of this installment, a copy of the steel-cutting certificate issued by the Classification Society and the confirmation signed by the BUYER's supervisor and the SELLER. The original of this invoice shall be couriered to the BUYER.

(c) 3rd Installment

The sum of Chinese Yuan [REDACTED] only (CNY [REDACTED]) representing [REDACTED] of the Contract Price, shall become due and payable and be paid by the BUYER to the SELLER within [REDACTED] banking days after the first block of the VESSEL laid in the dock.

The SELLER shall give an at least Five (5) days prior notice of the scheduled date of the first block laid of the VESSEL in the dock by facsimile or email to the BUYER stating that the said first block of the VESSEL laid in the dock will be carried out. The SELLER shall send to the BUYER a facsimile or email demand for payment of this installment accompanied by a copy of the proforma invoice of this installment, a copy of the keel-laying certificate issued by the Classification Society and the confirmation signed by the BUYER's supervisor and the SELLER. The originals of this invoice shall be couriered to the BUYER.

(d) 4th Installment

The sum of Chinese Yuan [REDACTED] only (CNY [REDACTED]) representing [REDACTED] of the Contract Price, shall become due and payable and be paid by the BUYER to the SELLER within [REDACTED] banking days after launching of the VESSEL.

The SELLER shall give an at least Five (5) days prior notice of the scheduled launching date by facsimile or email to the BUYER stating that the said launching of the VESSEL will be carried out. The SELLER shall send to the BUYER a facsimile or email demand for payment of this installment accompanied by a copy of the proforma invoice of this installment, a copy of the launching certificate issued by the Classification Society and the confirmation signed by the BUYER's supervisor and the SELLER. The originals of this invoice shall be couriered to the BUYER.

(e) 5th Installment:

The sum of Chinese Yuan [REDACTED] only (CNY [REDACTED]) representing [REDACTED] of the Contract Price, plus any increase or minus any decrease due to the modifications and/or adjustments of the Contract Price in accordance with provisions of the relevant Articles hereof, shall become due and payable and be paid by the BUYER to the SELLER concurrently with delivery of the VESSEL.

The SELLER shall send to the BUYER a facsimile or email notice demand for this installment [REDACTED] prior to the scheduled date of delivery of the VESSEL.

4. METHOD OF PAYMENT

(a) 1st Installment

The BUYER shall remit the amount of this installment in accordance with Article II, Clause 3(a) by telegraphic transfer to the SELLER's bank, with the account to be nominated by the SELLER from time to time and such nomination shall be notified to the BUYER at least Five (5) Banking Days prior to the due date for payment.

(b) 2nd Installment

The BUYER shall remit the amount of this installment in accordance with Article II, Clause 3(b) by telegraphic transfer to the SELLER's bank, with the account to be nominated by the SELLER from time to time and such nomination shall be notified to the BUYER at least Five (5) Banking Days prior to the due date for payment.

(c) 3rd Installment

The BUYER shall remit the amount of this installment in accordance with Article II, Paragraph 3(c) by telegraphic transfer to the SELLER's bank, with the account to be nominated by the SELLER from time to time and such nomination shall be notified to the BUYER at least Five (5) Banking Days prior to the due date for payment.

(d) 4th Installment

The BUYER shall remit the amount of this instalment in accordance with Article II, Paragraph 3(d) by telegraphic transfer to the SELLER's bank, with the account to be nominated by the SELLER from time to time and such nomination shall be notified to the BUYER at least Five (5) Banking Days prior to the due date for payment.

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(e) 5th Installment (payable upon delivery of the VESSEL)

The BUYER shall, at least Three (3) Banking Days prior to the scheduled date of delivery of the VESSEL, make an irrevocable cash deposit in the name of the BUYER with the receiving bank to be nominated by the SELLER at least Seven (7) Banking Days prior to the scheduled date of delivery of the VESSEL, for a period of Twenty (20) days and covering the amount of this installment (as adjusted in accordance with the provisions of this CONTRACT), with an irrevocable instruction that the said amount shall be released to the SELLER against presentation by the SELLER to the said receiving bank of a copy of the Protocol of Delivery and Acceptance signed by the BUYER's authorized representative and the SELLER's authorized representative. Interest, if any, accrued from such deposit, shall be for the benefit of the BUYER.

If the delivery of the VESSEL is not effected on or before the expiry of the aforesaid Twenty (20) days deposit period, the BUYER shall have the right to withdraw the said deposit plus accrued interest (if any) upon the expiry date or extend the deposit period upon the expiry date. However when the newly scheduled delivery date is notified to the BUYER by the SELLER, the BUYER shall make the cash deposit in accordance with the same terms and conditions as set out above.

The SELLER shall give a facsimile or email confirmation to the BUYER within Five (5) days after the receipt of each installment.

5. PREPAYMENT

The BUYER shall have the right to make prepayment of any and all installments before delivery of the VESSEL, by giving to the SELLER at least Thirty (30) days prior written notice, without any price adjustment of the VESSEL for such prepayment.

6. SUBSIDY

In case the SELLER receives shipbuilding subsidies specifically applicable to the VESSEL from the government (the "Subsidy"), provided that: a) the policy or regulation granting such Subsidy shall be issued after the signing date of this CONTRACT but prior to the delivery of the VESSEL; and b) such Subsidy is granted under national policy or regulation explicitly promoting development of BUYER's fleets, then the SELLER and BUYER shall enter into an agreement on the allocation of such Subsidy.

7. REFUNDS

Shipbuilding Contract for Hull No. N1377

All payments made by the BUYER prior to delivery of the VESSEL shall be in the nature of advance to the SELLER, and in the event this CONTRACT is rescinded or cancelled by the BUYER, all in accordance with the specific terms of this CONTRACT permitting such rescission or cancellation, the SELLER shall refund to the BUYER in Chinese Yuan the full amount of all sums already paid by the BUYER to and received by the SELLER under this CONTRACT, together with interest (at the rate set out in respective provision thereof) from the respective payment date(s) to the date of remittance by telegraphic transfer of such refund to the account specified by the BUYER.



ARTICLE III - ADJUSTMENT OF THE CONTRACT PRICE

The Contract Price of the VESSEL shall be subject to adjustments as hereinafter set forth. It is hereby understood by both parties that any reduction of the Contract Price is by way of liquidated damages and not by way of penalty. The VESSEL should comply with the requirements of EEDI phase III on delivery.

1. DELIVERY

- (a) No adjustment shall be made and the Contract Price shall remain unchanged for the first [REDACTED] of delay in delivery of the VESSEL beyond the Delivery Date as defined in Article VII hereof ending as of twelve o'clock midnight of the [REDACTED] day of delay.

- (b) If the delivery of the VESSEL is delayed more than [REDACTED] days after the date as defined in Article VII hereof, then, in such event, beginning at twelve o'clock midnight of the [REDACTED] day after the date on which delivery is required under this CONTRACT, the Contract Price of the VESSEL shall be reduced by deducting there from for each full day of delay as follows:

From the [REDACTED] day up to and including the [REDACTED] day of delay beyond the Delivery Date Chinese Yuan [REDACTED] only (CNY [REDACTED]) per day

Unless the parties hereto agree otherwise, the total reduction in the Contract Price shall be deducted from the Fifth installment of the Contract Price and in any event (including the event that the BUYER consents to take the VESSEL at the later delivery date after the expiration of [REDACTED] days delay of delivery as described in Paragraph 1(c) of this Article or after the expiration of [REDACTED] days delay of delivery as described in Paragraph 3 of this Article VIII) shall not be more than [REDACTED] days at the above specified rate of reduction after the [REDACTED] days allowance, that is Chinese Yuan [REDACTED] only (CNY [REDACTED]) being the maximum.

- (c) If the delay in the delivery of the VESSEL continues for a period of [REDACTED] after the Delivery Date as defined in Article VII or [REDACTED] days as described in Paragraph 3 of Article VIII, then in such event, the BUYER may, at its option, rescind or cancel this CONTRACT in accordance with the provisions of Article X of this CONTRACT. The SELLER may at any time after the expiration of the aforementioned [REDACTED] days or [REDACTED] days as the case may be, if the BUYER has not served notice of

cancellation pursuant to Article X, notify the BUYER of the date upon which the SELLER estimates the VESSEL will be ready for delivery and demand in writing that the BUYER make an election, in which case the BUYER shall, within thirty (30) days after such demand is received by the BUYER, either notify the SELLER of its decision to cancel this CONTRACT, or consent to take delivery of the VESSEL at an agreed future date, it being understood and agreed by the parties hereto that, if the VESSEL is not delivered by such future date, the BUYER shall have the same right of cancellation upon the same terms, as hereinabove provided.

- (d) For the purpose of this Article, the delivery of the VESSEL shall not be deemed delayed and the Contract Price shall not be reduced when and if the Delivery Date of the VESSEL is extended by reason of causes and provisions of Articles V, VI, XI, XII and XIII hereof. The Contract Price shall not be adjusted or reduced if the delivery of the VESSEL is delayed by reason of permissible delays as defined in Article VIII hereof.

2. INSUFFICIENT SPEED

- (a) The Contract Price of the VESSEL shall not be affected nor changed by reason of the actual speed (as determined by the Trial Run after correction according to the Specifications) being below or equal to three tenths (3/10) of one knot below the guaranteed speed as specified in Clause 4 of Article I of this CONTRACT.
- (b) However, commencing with a deficiency of more than three tenths (3/10) of one knot in actual speed (as determined by the Trial Run after correction according to the Specifications) below the guaranteed speed as specified in Clause 4, Article I of this CONTRACT, the Contract Price shall be reduced as follows:

In case of deficiency of less than or equal to 0.30 knot	CNY
more than 0.30 but below or equal to 0.40 knot	CNY
more than 0.40 but below or equal to 0.50 knot	CNY
more than 0.50 but below or equal to 0.60 knot	CNY
more than 0.60 but below or equal to 0.70 knot	CNY
more than 0.70 but below or equal to 0.80 knot	CNY
more than 0.80 but below or equal to 0.90 knot	CNY
more than 0.90 but below or equal to 1.00 knot	CNY

- (c) If the deficiency in actual speed (as determined by the Trial Run after correction according to the Specifications) of the VESSEL upon the Trial Run, is more than 1.00 knot below the guaranteed speed of [REDACTED] knots, then the BUYER may at its option reject the VESSEL and rescind this CONTRACT in accordance with provisions of Article X of this CONTRACT, or may accept the VESSEL at a reduction in the Contract Price as above

provided, by Chinese Yuan [REDACTED] only (CNY [REDACTED]) being the maximum.

3. EXCESSIVE FUEL CONSUMPTION

- (a) The Contract Price of the VESSEL shall not be affected nor changed if the actual fuel oil consumption of the Main Engine, as determined by shop trial in manufacturer's works, as per the Specifications, is greater than the guaranteed fuel oil consumption as specified and required under the provisions of this CONTRACT and the Specifications if such actual excess is equal to or less than Six percent (6%).
- (b) However, if the actual fuel oil consumption as determined by shop trial is greater than Six percent (6%) above the guaranteed fuel oil consumption then, the Contract Price shall be reduced by Chinese Yuan [REDACTED] only (CNY [REDACTED]) for each full One percent (1%) increase in fuel oil consumption in excess of the above said Six percent (6%) (fractions of one percent to be prorated).
- (c) If as determined by shop trial such actual fuel oil consumption of the Main Engine is more than Eleven percent (11%) in excess of the guaranteed fuel oil consumption, the BUYER may, at its option, rescind this CONTRACT, in accordance with the provisions of Article X of this CONTRACT or may accept the VESSEL at a reduction in the Contract Price by Chinese Yuan [REDACTED] only (CNY [REDACTED]).

4. DEADWEIGHT

- (a) In the event that there is a deficiency in the actual deadweight of the VESSEL determined as provided in the Specifications, the Contract Price shall not be decreased if such deficiency is [REDACTED] metric tons or less below the Guaranteed Deadweight of 210,850 metric tons at Scantling Moulded Draft.
- (b) However, the Contract Price shall be decreased by the sum of Chinese Yuan [REDACTED] only (CNY [REDACTED]) for each full metric ton of such deficiency being more than [REDACTED] metric tons.
- (c) In the event that there should be a deficiency in the VESSEL's actual deadweight which exceeds [REDACTED] metric tons below the Guaranteed Deadweight, the BUYER may, at its option, reject the VESSEL and rescind this CONTRACT in accordance with the provisions of Article X of this CONTRACT, or may accept the VESSEL with reduction in the Contract Price in the maximum amount of Chinese Yuan [REDACTED] only (CNY [REDACTED]).

5. EFFECT OF RESCISSION

It is expressly understood and agreed by the parties hereto that in any case as stated herein, if the BUYER rescinds this CONTRACT pursuant to any provision under this Article, the BUYER, save its rights and remedy set out in Article X hereof, shall not be entitled to any liquidated damage or compensation whether described above or otherwise.



ARTICLE IV - SUPERVISION AND INSPECTION

1. APPOINTMENT OF THE BUYER'S SUPERVISOR

The BUYER shall send in good time to and maintain at the SELLER's Shipyard, at the BUYER's own cost and expense, one or more representative(s) who shall be duly accredited in writing by the BUYER (such representative(s) being hereinafter collectively and individually called the "Supervisor") to supervise and survey the construction by the SELLER of the VESSEL, including its hull, machinery, engines, equipment, outfitting and accessories.

The BUYER undertakes and assures that his appointed Supervisors shall not, whilst carrying out their inspection as specified in this CONTRACT, unreasonably obstruct the normal construction schedule of the VESSEL.

The Supervisors shall observe the work's rules prevailing at the SELLER's and the subcontractors' premises, provided that the SELLER and the subcontractors shall notify the BUYER the relevant work regulations in advance

2. COMMENTS TO PLANS AND DRAWINGS AND OTHER MATTERS

The parties hereto shall, within Thirty (30) days after signing of this Contract, mutually agree a list of all the plans and drawings, which are to be sent to the BUYER (hereinbelow called the "LIST") by the SELLER, and such LIST shall be identical to those of the Reference Vessel.

In consideration of the VESSEL being constructed as a full and complete identical sister vessel to the Reference Vessel, the SELLER shall submit to the BUYER all the plans and drawings of the VESSEL with remarks showing such plans and drawings are same or not to the Reference Vessel. In case such plans and drawings are identical to the Reference Vessel, the BUYER hereby agrees to accept such plans and drawings.

If there is any amendment to the plans and drawings (as compared with those of the Reference Vessel) during the construction of the VESSEL provided that BUYER is consent with the SELLER on such amendment, then the SELLER shall submit such plans and drawings with remark for the BUYER's approval, and the BUYER shall, within Fourteen(14) working Days after receipt thereof, or the Supervisor shall, within Seven(7) working Days after receipt thereof, return such amended plans and drawings with comments to the said amendment, if any.

The BUYER undertakes to maintain no more than Five (5) supervisors at the SELLER's Shipyard throughout the period of construction of the VESSEL so as to meet the SELLER's requirements for inspection, survey and attending tests and/or trials.

The SELLER shall cooperate with the BUYER to apply COSCO Shipping Group's ship supervision and management system, provide network and project-related data support required by the system.

3. SUPERVISION AND INSPECTION BY THE SUPERVISOR

The necessary tests and inspections of the VESSEL, its machinery, equipment and outfitting shall be carried out by the Classification Society and inspection team of the SELLER through the entire period of construction in order to ensure that the construction of the VESSEL is duly performed in accordance with the CONTRACT and Specifications.

The Supervisor shall have, at all times until delivery of the VESSEL, the right to attend tests according to the mutually agreed test list and inspect the VESSEL, her engines, accessories and materials at the SELLER's Shipyard, its subcontractors or any other place where work is done or materials stored in connection with the VESSEL. In the event that the Supervisor discovers any construction or material or workmanship which does not or will not conform to the requirements of this CONTRACT and the Specifications, the Supervisor shall promptly upon discovery give the SELLER a notice in writing as to such nonconformity, the SELLER shall respond to the notice within two (2) days after receipt of which and correct such nonconformity if the SELLER agrees with the BUYER. In any circumstances, the SELLER shall be entitled to proceed with the construction of the VESSEL even if there exists discrepancy in the opinion between the BUYER and the SELLER, without however prejudice to the BUYER's right for submitting the issue for determination by the Classification Society or arbitration in accordance with the provisions hereof. However the BUYER undertakes and assures the SELLER that the Supervisor shall carry out his inspections in accordance with the agreed inspection procedure and schedule and usual shipbuilding practice and in a way as to minimize affection in the construction of the VESSEL. Once a test has been witnessed and approved by the Supervisor, the same test should not have to be repeated, provided it has been carried out in compliance with the requirements of the Classification Society and Specifications.

The decision, approval or advice of the Supervisor shall be deemed to have been given by the BUYER and once given shall not be withdrawn, revoked or modified except with consent of the SELLER.

The SELLER shall give a notice to the Supervisor reasonably in advance of the date and place of such tests and inspections according to the SELLER's normal practice. Failure of

the Supervisor to be present at such tests and inspections after due notice to him as above provided shall be deemed to be a waiver of his right to be present. In such case, the Supervisor shall be obligated to accept the results of such test, on the basis of the SELLER's report(s) that the said results have conformed to the requirements of this CONTRACT and the Specifications, provided that such test and inspection shall be carried out with the attendance and/or approval of the Classification Surveyor as far as required by the Classification Society, and the SELLER shall be entitled to proceed with the construction of the VESSEL without further awaiting the particular inspection in question.

However, if the Supervisor fail to submit to the SELLER without delay any such demand concerning alterations with respect to the building, arrangement or outfit of the VESSEL, her engines or accessories, or any other items or matters in connection herewith, which the Supervisor have examined or inspected or attended at the tests thereof under this CONTRACT or the Specifications, the Supervisor shall be deemed to have approved the same.

The SELLER agrees to furnish free of charge the Supervisor with office space, and other reasonable facilities according to the SELLER's practice at, or in the immediate vicinity of the Shipyard. But the fees for the communication like telephone, facsimile, internet and etc. shall be borne by the SELLER. At all times, during the construction of the VESSEL until delivery thereof, the Supervisor shall be given free and ready access to the VESSEL, her engines and accessories, and to any other place where the work is being done, or the materials are being processed or stored, in connection with the construction of the VESSEL, including the yards, workshops, stores of the SELLER, and the premises of subcontractors of the SELLER, who are doing work, or storing materials in connection with the VESSEL's construction. The travel expenses for the said access to SELLER's subcontractors outside of Zhejiang province shall be at the BUYER's account. The transportation within Zhoushan shall be provided to the Supervisor by the SELLER.

The Supervisor shall observe the SELLER's safety rules and regulations during their stay in SELLER's working areas.

4. LIABILITY OF THE SELLER

The Supervisor engaged by the BUYER under this CONTRACT shall at all times be deemed to be in the employment of the BUYER. The SELLER shall be under no liability whatsoever to the BUYER, or to the Supervisor or the BUYER's employees or agents for personal injuries, including death, during the time when they, or any of them, are on the VESSEL, or within the premises of either the SELLER or its subcontractors, or are otherwise engaged in and about the construction of the VESSEL, unless, however, such

personal injuries, including death, were caused by gross negligence of the SELLER, or of any of the SELLER's employees or agents or subcontractors of the SELLER.

Nor shall the SELLER be under any liability whatsoever to the BUYER for damage to, or loss or destruction of property in China of the BUYER or of the Supervisor, or of the BUYER's employees or agents, unless such damage, loss or destruction was caused by gross negligence of the SELLER, or of any of the employees, or agents or subcontractors of the SELLER.

5. SALARIES AND EXPENSES

All salaries and expenses of the Supervisor, or any other employees employed by the BUYER under this Article, shall be for the BUYER's account.

6. REPLACEMENT OF SUPERVISOR

The SELLER has the right to request the BUYER in writing to replace any of the Supervisor who is deemed unsuitable and unsatisfactory for the proper progress of the VESSEL's construction together with reasons. The BUYER shall investigate the situation by sending its representative to the SELLER's Shipyard, if necessary, and if the BUYER considers that such SELLER's request is justified, the BUYER shall effect the replacement as soon as conveniently arrangeable.

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ARTICLE V - MODIFICATION, CHANGES AND EXTRAS

1. HOW EFFECTED

The Specifications and Plans in accordance with which the VESSEL is constructed, may be modified and/or changed at any time hereafter by written agreement of the parties hereto, provided that such modifications and/or changes or an accumulation thereof will not, in the SELLER's reasonable judgment, adversely affect the SELLER's other commitments and provided further that the BUYER shall assent to adjustment of the Contract Price, time of delivery of the VESSEL and other terms of this CONTRACT, if any, as hereinafter provided. Subject to the above, the SELLER hereby agree to exert their best efforts to accommodate such reasonable requests by the BUYER so that the said changes and/or modifications may be made at a reasonable cost and within the shortest period of time which is reasonable and possible. Any such agreement for modifications and/or changes shall include an agreement as to the increase or decrease, if any, in the Contract Price of the VESSEL together with an agreement as to any extension or reduction in the time of delivery, providing to the SELLER additional securities satisfactory to the SELLER, or any other alterations in this CONTRACT, or the Specifications occasioned by such modifications and/or changes. The aforementioned agreement to modify and/or to change the Specifications may be effected by an exchange of duly authenticated letters, or facsimile, or email, manifesting such agreement. The letters, facsimiles and email exchanged by the parties hereto pursuant to the foregoing shall constitute an amendment of the Specifications under which the VESSEL shall be built, and such letters, facsimiles and email shall be deemed to be incorporated into this CONTRACT and the Specifications by reference and made a part hereof. Upon consummation of the agreement to modify and/or to change the Specifications, the SELLER shall alter the construction of the VESSEL in accordance therewith, including any additions to, or deductions from, the work to be performed in connection with such construction. If due to whatever reasons, the parties hereto shall fail to agree on the adjustment of the Contract Price or extension of time of delivery or providing additional security to the SELLER or modification of any terms of this CONTRACT which are necessitated by such modifications and/or changes, then the SELLER shall have no obligation to comply with the BUYER's request for any modification and/or changes.

In the event that the SELLER proposes modifications and/or changes, the parties hereto shall reach agreement on the adjustment of the Contract Price of the VESSEL and/or extension or reduction in the time of delivery, if due to whatever reasons, the parties hereto shall fail to agree on the adjustment of the Contract Price or extension of time of delivery or providing additional security to the BUYER or modification of any terms of this CONTRACT which are necessitated by such modifications and/or changes, then the SELLER shall continue to construct according to the CONTRACT and the Specifications without making any modifications and/or changes.

2. CHANGES IN RULES AND REGULATIONS, ETC.

- (1) If, after the date of signing this Contract, any requirements as to the rules and regulations as specified in this CONTRACT and the Specifications to which the construction of the VESSEL is required to conform, are altered or changed by the Classification Society or the other regulatory bodies authorized to make such alterations or changes, the SELLER and/or the BUYER, upon receipt of the notice thereof, shall transmit such information in full to each other in writing, whereupon within Twenty One (21) days after receipt of the said notice by the BUYER from the SELLER or vice versa, the BUYER shall instruct the SELLER in writing as to the alterations or changes, if any, to be made in the VESSEL which the BUYER, in its sole discretion, shall decide. The SELLER shall promptly comply with such alterations or changes, if any in the construction of the VESSEL, provided that the BUYER shall first agree:
- (a) as to any increase or decrease in the Contract Price of the VESSEL that is occasioned by the cost for such compliance; and/or
 - (b) as to any extension in the time for delivery of the VESSEL that is necessary due to such compliance; and/or
 - (c) as to any increase or decrease in the guaranteed deadweight and/or speed of the VESSEL, if such compliance results in increased or reduced deadweight and/or speed; and/or
 - (d) as to any other alterations in the terms of this CONTRACT or of Specifications or both, if such compliance makes such alterations of the terms necessary; and/or
 - (e) if the price is to be increased, then, in addition, as to providing to the SELLER additional securities satisfactory to the SELLER.

Agreement as to such alterations or changes under this Clause shall be made in the same manner as provided above for modifications and/or changes of the Specifications and/or Plans.

- (2) If, due to whatever reasons, the parties shall fail to agree on the adjustment of the Contract Price or extension of the time for delivery or increase or decrease of the guaranteed speed and/or deadweight or any alternation of the terms of this CONTRACT, if any, then the SELLER shall be entitled to proceed with the construction of the VESSEL in accordance with, and the BUYER shall continue to be bound by the terms of this CONTRACT and Specifications without making any such alterations or changes.

If the alterations or changes are compulsorily required to be made by Classification Society or IMO or Flag authority's rules, then, notwithstanding any dispute between the parties relating to the adjustment of the Contract Price or extension of the time for delivery or decrease of the guaranteed speed and deadweight or any other respect, the SELLER shall promptly comply with such alterations or changes. The BUYER shall, in any event, bear the costs and expenses for such alterations or changes (with, in the absence of mutual agreement, the amount thereof and/or any other discrepancy such as but not limited to the extension of Delivery Date, etc. to be determined by arbitration in accordance with Article XIII of this CONTRACT).

3. SUBSTITUTION OF MATERIALS AND/OR EQUIPMENT

In the event that any of the materials and/or equipment required by the Specifications or otherwise under this CONTRACT for the construction of the VESSEL cannot be procured in time to effect delivery of the VESSEL, the SELLER may, provided the SELLER shall provide adequate evidence and the BUYER so agrees in writing, supply other materials and/or equipment of the equivalent quality, capable of meeting the requirements of the Classification Society and of the rules, regulations, requirements and recommendations with which the construction of the VESSEL must comply.

4. BUYER'S SUPPLIED ITEMS

The BUYER shall at its own risk, cost and expense, supply and deliver to the SELLER at warehouse or other storage of the items as specified in the Specifications which the BUYER shall supply on BUYER's account by the time designated by the SELLER (hereinafter called "BUYER's Supplies").

In order to facilitate installation by the SELLER of the BUYER's Supplies in or on the VESSEL, the BUYER shall furnish the SELLER with necessary specifications, plans, drawings, instruction books, manuals, test reports and certificates required by the rules and regulations. The BUYER, if so requested by the SELLER, shall, without any charge to the SELLER, cause the representatives of the manufacturers of the BUYER's Supplies to assist the SELLER in installation thereof in or on the VESSEL and/or to carry out installation thereof by themselves or to make necessary adjustments thereof at the SELLER's Shipyard.

Any and all of the BUYER's Supplies shall be subject to the SELLER's reasonable right of rejection, as and if they are found to be unsuitable or in improper condition for installation. However, if so requested by the BUYER, the SELLER shall repair or adjust the BUYER's Supplies without prejudice to the SELLER's other rights hereunder and without being responsible for any consequences therefrom. In such case, the BUYER shall reimburse the

SELLER for all reasonable costs and expenses incurred by the SELLER in such repair or adjustment and the Delivery Date shall be postponed for a period of time necessary for such repair or replacement, if the SELLER requests.

Should the BUYER fail to deliver to the SELLER such items within the time specified, the delivery of the VESSEL shall automatically be extended for a period of such delay, provided such delay in delivery of the BUYER's supplied items shall affect the delivery of the VESSEL. In such event, the BUYER shall pay to the SELLER all losses and damages sustained by the SELLER due to such delay in the delivery of the BUYER's supplied items and such payment shall be made upon delivery of the VESSEL.

Furthermore, if the delay in delivery of the BUYER's supplied items should exceed seven (7) days, the SELLER shall be entitled to proceed with construction of the VESSEL without installation of such items in or onto the VESSEL, without prejudice to the SELLER's right hereinabove provided, and the BUYER shall accept the VESSEL so completed.

The SELLER shall be responsible for storing and handling of the BUYER's supplies as specified in the Specifications after delivery to the SELLER and shall install them on board the VESSEL at the SELLER's expenses.

Upon arrival of such shipment of the BUYER's supplied items, both parties shall undertake a joint unpacking inspection. If any damages are found to be not suitable for installation, the SELLER shall be entitled to refuse to accept the BUYER's supplied items.

The SELLER shall not be responsible for the quality, performance or efficiency of any equipment supplied by the BUYER and is under no obligation with respect to the guarantee of such equipment against any defects caused by poor quality, performance or efficiency thereof provided that the SELLER or its subcontractor install such BUYER Supplied Items in accordance with the instruction of the BUYER and/or the supplier thereof.

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ARTICLE VI – TRIALS

1. NOTICE

The BUYER shall receive from the SELLER at least thirty (30) days prior notice and seven (7) days definite notice by fax or email in writing of the time and place of the trial run of the VESSEL (hereinafter referred to as "the Trial Run") and the BUYER shall promptly acknowledge receipt of such notice. The BUYER's representatives and/or Supervisor shall be on board the VESSEL to witness such Trial Run. Failure of the BUYER's representatives to be present at the Trial Run of the VESSEL, after due notice to the BUYER as provided above, shall have the effect to extend the date for delivery of the VESSEL by the period of the delay caused by such failure to be present. However, if the Trial Run is delayed more than three (3) days by reason of the failure of the BUYER's representatives to be present after receipt of due notice as provided above, then in such event, the BUYER shall be deemed to have waived its right to have its representatives on board the VESSEL during the Trial Run, and the SELLER and the Classification Surveyor may conduct the Trial Run without the BUYER's representatives and/or Supervisor being present, and in such case the BUYER shall be obliged to accept the VESSEL on the basis of a certificate with an approval from the Classification Society certifying that the VESSEL, upon trial run, is found to conform to this CONTRACT and the Specifications.

In the event of unfavorable weather on the date specified for the Trial Run, the same shall take place on the first available day thereafter that the weather conditions permit. The parties hereto recognize that the weather conditions in Chinese waters in which the Trial Run is to take place are such that great changes in weather may arise momentarily and without warning and, therefore, it is agreed that if during the Trial Run of the VESSEL, the weather should suddenly become unfavorable, as would have precluded the continuance of the Trial Run, the Trial Run of the VESSEL shall be discontinued and postponed until the first favorable day next following, unless the BUYER shall assent by facsimile or email and confirm in writing of its acceptance of the VESSEL on the basis of the Trial Run made prior to such sudden change in weather conditions. In the event that the Trial Run is postponed because of unfavorable weather conditions, such delay shall be regarded as a permissible delay, as specified in Article VIII hereof.

2. HOW CONDUCTED

- (a) All expenses in connection with Trial Run of the VESSEL are to be for the account of the SELLER, who, during the Trial Run and when subjecting the VESSEL to Trial Run, is to provide, at its own expense, the necessary crew to comply with conditions of safe navigation. The Trial Run shall be conducted in the manner prescribed in the

Specifications and shall prove fulfillment of the performance required for the Trial Run as set forth in the Specifications.

The course of Trial Run shall be determined by the SELLER and shall be conducted within the trial basin equipped with speed measuring facilities.

- (b) The SELLER shall provide the VESSEL with the required quantities of water and fuel oil sufficient for use during trial run only, lubrication oil, greases and hydraulic oil which shall be supplied by the BUYER for the conduct of the Trial Run or Trial Runs as prescribed in the Specifications. The fuel oil supplied by the SELLER, and lubricating oil, greases and hydraulic oil supplied by the BUYER shall be in accordance with the applicable engine specifications, and the cost of the quantities of water, fuel oil, lubricating oil, hydraulic oil and greases consumed during the Trial Run or Trial Runs shall be for the account of the SELLER.

3. TRIAL LOAD DRAFT

In addition to the supplies provided by the BUYER in accordance with paragraph (b) of the preceding Clause 2 hereof, the SELLER shall provide the VESSEL with the required quantity of fresh water and other stores necessary for the conduct of the Trial Run. The necessary ballast (fresh and sea water and such other ballast as may be required) to bring the VESSEL to the trial load draft as specified in the Specifications, shall be for the SELLER's account.

4. METHOD OF ACCEPTANCE OR REJECTION

- (a) Upon notification of the SELLER of the completion of the Trial Run of the VESSEL, the BUYER or the BUYER's Supervisor shall within three (3) business days thereafter, notify the SELLER by facsimile or email of its acceptance of the VESSEL or of its rejection of the VESSEL together with the reasons therefore.
- (b) However, should the result of the Trial Run indicate that the VESSEL or any part thereof including its equipment does not conform to the requirements of this CONTRACT and Specifications, then the SELLER shall investigate with the Supervisor the cause of failure and the proper steps shall be taken to remedy the same and shall make whatever corrections and alterations and/or re-Trial Run or Runs as may be necessary without extra cost to the BUYER, and upon notification by the SELLER of completion of such alterations or corrections and/or re-trial or re-trials, the BUYER shall, within three (3) business days thereafter, notify the SELLER by facsimile or email confirmed in writing of its acceptance of its VESSEL or of the rejection of the VESSEL together with the

reason therefore on the basis of the alterations and corrections and/or re-trial or re-trials by the SELLER.

- (c) In the event that the BUYER fails to notify the SELLER by facsimile or email confirmed in writing of its acceptance or rejection of the VESSEL together with the reason therefor within three (3) business days period as provided for in the above paragraphs (a) and (b), the BUYER shall be deemed to have accepted the VESSEL.
- (d) Any dispute arising among the parties hereto as to the result of any Trial Run or further tests or trials, as the case may be, of the VESSEL shall be solved by reference to arbitration as provided in Article XIII hereof.
- (e) Nothing herein shall preclude the BUYER from accepting the VESSEL with its qualifications and/or remarks following the Trial Run and/or further tests or trials as aforesaid and the SELLER shall be obliged to comply with and/or remove such qualifications and/or remarks (if such qualifications and/or remarks are acceptable to the SELLER) at the time before effecting delivery of the VESSEL to the BUYER under this CONTRACT.

5. DISPOSITION OF SURPLUS CONSUMABLE STORES

Should any amount of fuel oil, fresh water, or other unbroached consumable stores furnished by the SELLER for the Trial Run or Trial Runs remain on board the VESSEL at the time of acceptance thereof by the BUYER, the BUYER agrees to buy the same from the SELLER at the actual purchased price at the port of delivery thereof, and payment by the BUYER shall be effected as provided in Article II 3 (e) and 4 (e) of this CONTRACT.

The BUYER shall supply lubricating oil, greases and hydraulic oil for the purpose of Trial Runs at its own expenses and the SELLER will reimburse for the amount of lubricating oil, greases and hydraulic oil actually consumed prior to delivery of the VESSEL at the actual purchased price incurred by the BUYER and payment by the SELLER shall be effected as provided in Article II 3(e) and 4(e) of this CONTRACT.

6. EFFECT OF ACCEPTANCE

The BUYER's acceptance of the VESSEL by written letter or facsimile or email, notification sent to the SELLER, in accordance with the provisions set out above, shall be final and binding so far as conformity of the VESSEL to this CONTRACT and the Specifications is concerned, and shall preclude the BUYER from refusing formal delivery by the SELLER of



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the VESSEL, as hereinafter provided, if the SELLER complies with all other procedural requirements for delivery as hereinafter set forth.

If, at the time of delivery of the VESSEL, there are deficiencies in the VESSEL, such deficiencies should be resolved in such way that if the deficiencies are of minor importance, and do not in any way affect the safety or the operation of the VESSEL, its crew, passengers or cargo the SELLER shall be nevertheless entitled to tender the VESSEL for delivery and the BUYER shall be nevertheless obliged to take delivery of the VESSEL, provided that:

- (i) the SELLER shall for its own account remedy the deficiency and fulfill the requirements as soon as possible, or
- (ii) if elimination of such deficiencies will affect timely delivery of the VESSEL, then the SELLER shall indemnify the BUYER for any direct cost reimbursement in association with remedying these minor non-conformities elsewhere from China as a consequence thereof, excluding, however, loss of time and/or loss of profit and other consequential loss and/or damage.

ARTICLE VII – DELIVERY

1. TIME AND PLACE

The BUYER and the Supervisor shall receive from the SELLER at least Fifteen (15) days' approximate notice in advance and Seven (7) days definite notice in advance by facsimile or email, of the time and place of the VESSEL's delivery. The VESSEL shall be delivered safely afloat by the SELLER to the BUYER at a safe and accessible berth at the SELLER's shipyard, in accordance with the Specifications and with all Classification and Statutory Certificates and after completion of Trial Run (or, as the case may be, re Trial or re Trials) and acceptance by the BUYER in accordance with the provisions of Article VI hereof on or before [REDACTED] provided that, in the event of delays in the construction of the VESSEL or any performance required under this CONTRACT due to causes which under the terms of the CONTRACT permit extension of the time for delivery, the aforementioned time for delivery of the VESSEL shall be extended accordingly.

The aforementioned date or such later date to which delivery is extended pursuant to the terms of this CONTRACT is hereinafter called the "Delivery Date".

2. WHEN AND HOW EFFECTED

Provided that the BUYER and the SELLER shall each have fulfilled all of their respective obligations as stipulated in this CONTRACT, delivery of the VESSEL shall be effected forthwith by the concurrent delivery by each of the parties hereto, one to the other, of the Protocol of Delivery and Acceptance, acknowledging delivery of the VESSEL by the SELLER and acceptance thereof by the BUYER, which Protocol shall be prepared in duplicate and executed by each of the parties hereto.

3. DOCUMENTS TO BE DELIVERED TO THE BUYER

Upon acceptance of the VESSEL by the BUYER, the SELLER shall deliver to the BUYER the following documents (subject to the provision contained in Article VII 2 hereof) which shall accompany the aforementioned Protocol of Delivery and Acceptance:

- (a) PROTOCOL OF TRIALS of the VESSEL made by the SELLER pursuant to the Specifications.
- (b) PROTOCOL OF INVENTORY of the equipment of the VESSEL including spare part and the like, all as specified in the Specifications, made by the SELLER.

- (c) PROTOCOL OF STORES OF CONSUMABLE NATURE made by the SELLER referred to under Clause 5 of Article VI hereof.
- (d) FINISHED DRAWINGS, PLANS AND MANUALS pertaining to the VESSEL as stipulated in the Specifications, made by the SELLER.
- (e) PROTOCOL OF DEADWEIGHT AND INCLINING EXPERIMENT, made by the SELLER.
- (f) ALL CERTIFICATES required to be furnished upon delivery of the VESSEL pursuant to the Specifications.

Certificates shall be issued by relevant Authorities or Classification Society. The VESSEL shall comply with the above rules and regulations which are in force at the time of signing this CONTRACT. All the certificates shall be delivered in one (1) original to the VESSEL and two (2) copies to the BUYER.

If the full term certificate or certificates are unable to be issued at the time of delivery by the Classification Society or any third party other than the SELLER, then the provisional certificate or certificates as issued by the Classification Society or the third party other than the SELLER with the full term certificates to be furnished by the SELLER after delivery of the VESSEL and in any event before the expiry of the provisional certificates shall be acceptable to the BUYER.

- (g) DECLARATION OF WARRANTY issued by the SELLER that the VESSEL is delivered to the BUYER free and clear of any liens, charges, claims, mortgages or other encumbrances upon the BUYER's title thereto, and in particular, that the VESSEL is absolutely free of all burdens in the nature of imposts, taxes or charges imposed by the province or country of the port of delivery, as well as of all liabilities of the SELLER to its sub-contractors, employees and crews and/or all liabilities arising from the operation of the VESSEL in Trial Run or Trial Runs, or otherwise, prior to delivery.
- (h) COMMERCIAL INVOICE made by the SELLER.
- (i) BILL OF SALE made by the SELLER to be notarized by a local Notary Public Office in the People's Republic of China.
- (j) BUILDER's Certificate made by the SELLER to be notarized by a local Notary Public Office in the People's Republic of China.

- (k) The SELLER shall provide the BUYER with a POWER OF ATTORNEY of the SELLER authorizing the execution of the BUILDER'S CERTIFICATE and BILL OF SALE. This POWER OF ATTORNEY shall be duly notarized in a local Notary Public Office in the People's Republic of China.

4. TITLE AND RISK

Title to and risk of the VESSEL shall pass to the BUYER only upon delivery thereof. As stated above, it being expressly understood that, until such delivery is effected, title to the VESSEL, and her equipment, shall remain at all times with the SELLER and are at the entire risk of the SELLER.

5. REMOVAL OF VESSEL

The BUYER shall take possession of the VESSEL immediately upon delivery and acceptance thereof, and shall remove the VESSEL from the premises of the SELLER within Three (3) days after delivery and acceptance thereof is effected. If the BUYER shall not remove the VESSEL from the premises of the SELLER within the aforesaid Three (3) days, then, in such event, without prejudice to the SELLER's right to require the BUYER to remove the VESSEL immediately at any time thereafter, the BUYER shall pay to the SELLER the reasonable mooring charge of the VESSEL.

6. TENDER OF THE VESSEL

If the BUYER fails to take delivery of the VESSEL after completion thereof according to this CONTRACT and the Specifications without justified reason, the SELLER shall have the right to tender the VESSEL for delivery after compliance with all procedural requirements as above provided.

ARTICLE VIII - DELAYS & EXTENSION OF TIME FOR DELIVERY

1. CAUSE OF DELAY

If, at any time before actual delivery, either the construction of the VESSEL, or any performance required hereunder as a prerequisite of delivery of the VESSEL, is delayed due to war, blockade, revolution, insurrection, mobilisation, civil commotions, riots, strikes, sabotage, lockouts, government's requisition main facility for priority (major) project, local temperature lower than -10 degree centigrade or higher than 37 degree centigrade in working time of the SELLER, Acts of God or the public enemy, terrorism, plague or other epidemics, quarantines, prolonged failure or restriction of electric current from an outside source, freight embargoes, if any, earthquakes, tidal waves, typhoons, hurricanes, storms or other causes beyond the control of the SELLER or of its sub-contractors or its equipment supplier, as the case may be, or by force majeure of any description, whether of the nature indicated by the forgoing or not, or by destruction of the SELLER or SELLER's works or its subcontractors or its equipment supplier, or of the VESSEL or any part thereof, by fire, flood, or other causes beyond the control of the SELLER or its subcontractors or its equipment supplier as the case may be, or due to the bankruptcy of the equipment and/or material supplier or suppliers, or due to the delay caused by acts of God in the supply of parts essential to the construction of the VESSEL, or shortage of materials or equipment essential to the construction of the VESSEL, then, in the event of delay due to the happening of any of the aforementioned contingencies, the SELLER shall not be liable for such delay and the time for delivery of the VESSEL under this CONTRACT shall be extended without any reduction in the Contract Price for a period of time which shall not exceed the total accumulated time of all such delays, subject nevertheless to the BUYER's right of cancellation under Clause 3 of this Article and subject however to all relevant provisions of this CONTRACT which authorise and permit extension of the time of delivery of the VESSEL. In any such case, the SELLER shall take immediate steps to overcome any delay by any means within their control.

2. NOTICE OF DELAY

Within Seven (7) days from the date of commencement of any delay on account of which the SELLER claims that it is entitled under this CONTRACT to an extension of the time for delivery of the VESSEL, the SELLER shall advise the BUYER by facsimile or email confirmed in writing, of the date such delay commenced, and the reasons therefore.

Likewise within Seven (7) days after such delay ends, the SELLER shall advise the BUYER in writing or by facsimile or email confirmed in writing, of the date such delay ended, and

also shall specify the maximum period of the time by which the date for delivery of the VESSEL is extended by reason of such delay together with supporting evidence of the date such cause of delay occurred. Failure of the BUYER to acknowledge the SELLER's notification of any claim for extension of the Delivery Date within Fifteen (15) days after receipt by the BUYER of such notification, shall be deemed to be a waiver by the BUYER of its right to object to such extension.

3. RIGHT TO CANCEL FOR EXCESSIVE DELAY

If the total accumulated time of all delays on account of the causes specified in Clause 1 of this Article aggregate to [REDACTED] days or more, or if the total accumulated time of all delays on account of the causes specified in Clause 1 of this Article and non-permissible delays as described in Clause 1 of Article III aggregate to [REDACTED] or more, in any circumstances, excluding delays due to arbitration as provided for in Article XIII hereof or due to default in performance by the BUYER, or due to delays in delivery of the BUYER's supplied items, and excluding delays due to causes which, under Article V, VI, XI and XII hereof, permit extension or postponement of the time for delivery of the VESSEL, then in such event, the BUYER may in accordance with the provisions set out herein cancel this CONTRACT by serving upon the SELLER facsimiled or email notice of cancellation which shall be confirmed in writing and the provisions of Article X of this CONTRACT shall apply. The SELLER may, at any time, after the accumulated time of the aforementioned delays justifying cancellation by the BUYER as above provided for, demand in writing that the BUYER shall make an election, in which case the BUYER shall, within Thirty (30) days after such demand is received by the BUYER either notify the SELLER of its intention to cancel, or consent to an extension of the time for delivery to an agreed future date, it being understood and agreed by the parties hereto that, if any further delay occurs on account of causes justifying cancellation as specified in this CONTRACT, the BUYER shall have the same right of cancellation upon the same terms as hereinabove provided.

4. DEFINITION OF PERMISSIBLE DELAY

Delays on account of such causes as provided for in Clause 1 of this Article excluding any other extensions of a nature which under the terms of this CONTRACT permit postponement or extension of the Delivery Date, shall be understood to be (and are herein referred to as) permissible delays, and are to be distinguished from non-permissible delays on account of which the Contract Price of the VESSEL is subject to adjustment as provided for in Article III hereof.

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In force majeure circumstances the SELLER shall have the right to require an extension of the delivery date of the VESSEL by as many days as the SELLER proves that the delivery of the VESSEL has been delayed on account of such circumstances, subject nevertheless to the BUYER's right of rescission under Clause 3 of this Article.

ARTICLE IX - WARRANTY OF QUALITY

1. GUARANTEE OF MATERIAL AND WORKMANSHIP

The SELLER, for a period of twelve (12) months following delivery to the BUYER of the VESSEL, guarantees the VESSEL, her hull and machinery and all parts and equipment thereof that are manufactured or furnished or supplied by the SELLER and/or its sub-contractors under this CONTRACT including material, equipment (however excluding any parts for the VESSEL which have been supplied by or on behalf of the BUYER) against all defects which are due to defective materials, and/or poor workmanship.

2. NOTICE OF DEFECTS

The BUYER shall notify the SELLER in writing, or by facsimile or emails, as promptly as possible, after discovery of any defect or deviations for which a claim is made under this guarantee. The BUYER's written notice shall describe the nature of the defect and the extent of the damage caused thereby. The SELLER shall have no obligation under this guarantee for any defects discovered prior to the expiry date of the guarantee, unless notice of such defects, is received by the SELLER not later than Seven (7) days after such expiry date facsimiled advice with brief details explaining the nature of such defect and extent of damage within Seven (7) days after such expiry date and that a claim is forthcoming will be sufficient compliance with the requirements as to time.

3. REMEDY OF DEFECTS

- (a) The SELLER shall remedy, at its expense, any defects, against which the VESSEL or any part of the equipment thereof is guaranteed under this Article, by making all necessary repairs or replacements.
- (b) However, if it is impractical to make the repair by the SELLER, and if forwarding by the SELLER of replacement parts, and materials cannot be accomplished without impairing or delaying the operation or working of the VESSEL, then, in any such event, subject to the SELLER's consent in writing, the BUYER shall cause the necessary repairs or replacements to be made elsewhere at the discretion of the BUYER provided that the BUYER shall first and in all events, will, as soon as possible, give the SELLER notice in writing, or by facsimile or email confirmed in writing of the time and place such repairs will be made and, if the VESSEL is not thereby delayed, or her operation or working is not thereby impaired, the SELLER shall have the right to verify by its

own representative(s) or that of Classification Society the nature and extent of the defects complained of.

The SELLER shall, in such case, promptly advise the BUYER by facsimile after such examination has been completed, of its acceptance or rejection of defects as being covered by the guarantee hereby provided. Upon the SELLER's acceptance of the defects as justifying remedy under this Article, or upon the award of an arbitration so determining, the SELLER shall reimburse the BUYER the documented expenses incurred by the BUYER, at the end of the Warranty Period or at the time of award of an arbitration, as the case may be, but such a reimbursement shall not exceed the average costs for making such repairs or replacements including forwarding charges as quoted by a shipyard each in China, South Korean and Singapore.

- (c) If all the defects for which the SELLER is responsible under this Article are discovered, notified but not repaired before the expiration of the guarantee period, then these defects shall be agreed in writing between the SELLER and the BUYER hereto as being guaranteed items by the end of guarantee period and shall be repaired or replace in the manner provided hereinabove in principle within Five (5) months after such expiration of the guarantee period or at a later date to be mutually agreed upon.
- (d) If the said defects are not repaired or replaced within the said Five (5) months period, or on or before said later date to be mutually agreed upon, due to inconvenience at the SELLER, the BUYER has the right to cause the repairs or replacement to be made at the discretion of the BUYER at any shipyards other than appointed by the SELLER, and the SELLER shall pay to the BUYER for such repairs or replacement at the price level under Clause 3.(b) of this Article.
- (e) In any case, the VESSEL shall be taken at the BUYER's risk and expenses to the place chosen, ready in all respects for such repairs or replacements and the SELLER shall be responsible for the actual direct cost for such repairs and replacements.
- (f) The SELLER shall have the option to retrieve any of the replaced equipment and parts in case the defects are remedied in accordance with the provisions of Article IX.
- (g) In the event that it is necessary for the SELLER to forward a replacement for a defective part under this guarantee, replacement parts shall be supplied to the BUYER by ocean freight on a freight prepaid basis to the port of place designated by the BUYER. In the event that the replacement parts are urgently required and that the BUYER therefore asks for airfreight of the replacement parts, the BUYER and the SELLER shall share the freight costs half-and-half.

- (h) Any dispute under this Article shall be referred to arbitration in accordance with the provisions of Article XIII hereof.

4. EXTENT OF THE SELLER'S LIABILITY

The SELLER shall have no obligation and/or liabilities with respect to defects discovered after the expiration of the period of guarantee specified above.

The SELLER shall not be obligated to repair, and/or be liable for damages to the VESSEL, or to any part of the equipment thereof, due to ordinary wear and tear or caused by defects other than those specified in Clause 1 above, nor shall there be any SELLER's liability hereunder for defects in VESSEL, or any part of the equipment thereof, caused by fire or accidents or mismanagement, negligence or willful neglect on the part of the BUYER, its employees or agents including the VESSEL's officers, crew and passengers, or any person on or doing work on the VESSEL other than the SELLER, its employees, agents or subcontractors. Likewise, the SELLER shall not be liable for defects in the VESSEL, or the equipment or any part thereof, due to repairs or replacement which were made by persons other than the SELLER and/or their subcontractors and/or their agents and/or their servants.

The SELLER shall not be responsible or liable for any consequential damages, loss of time, loss of profit or earning or demurrage occasioned to the BUYER by reason of the defects specified in Clause 1 hereof or due to repairs or other works done to the VESSEL to remedy such defects.

The SELLER shall not be responsible for remedying defects in any part of the VESSEL which may, subsequent to the delivery of the VESSEL, have been replaced or in any way repaired by any other contractor (excluding SELLER's subcontractors, agents or servants), or for remedying any defects which have been caused by acts, omissions or neglect on the part of the BUYER, its servants or agents or by ordinary wear and tear or by any other circumstances beyond the control of the SELLER.

Upon delivery of the VESSEL to the BUYER, in accordance with the terms of the CONTRACT, the SELLER shall thereby and thereupon be released of all responsibility and liability whatsoever and howsoever arising under or by virtue of this CONTRACT (save in respect of those obligations to the BUYER expressly provided for in this Article IX) including without limitation, any responsibility or liability for defective workmanship, materials or equipment, design or in respect of any other defects whatsoever and any loss or damage resulting from any act, omission or default of the SELLER. The SELLER shall not, in any circumstances, be liable for any consequential loss or special loss, or expenses arising from any cause whatsoever including, without limitation, loss of time, loss of profit or

earnings or demurrage directly from any commitments of the BUYER in connection with the VESSEL.

The Guarantee provided in this Article and the obligations and the liabilities of the SELLER hereunder are exclusive and in lieu of and the BUYER hereby waives all other remedies, warranties, guarantees or liabilities, express or implied, arising by law or otherwise (including without limitation any obligations of the SELLER with respect to fitness, merchantability and consequential damages) or whether or not occasioned by the SELLER's negligence. This Guarantee shall not be extended, altered or varied except by a written instrument signed by the duly authorized representatives of the SELLER, and the BUYER.



ARTICLE X - CANCELLATION, REJECTION AND RESCISSION BY THE BUYER

1. All payments made by the BUYER prior to the delivery of the VESSEL shall be in the nature of advance to the SELLER. In the event the BUYER shall exercise its right of cancellation and/or rescission of this CONTRACT under and pursuant to any of the provisions of this CONTRACT specifically permitting the BUYER to do so, then the BUYER shall notify the SELLER in writing or by facsimile or email confirmed in writing, and such cancellation and/or rescission shall be effective as of the date the notice thereof is received by the SELLER.
2. Thereupon the SELLER shall refund in Chinese Yuan within Fifteen (15) working days to the BUYER the full amount of all sums paid by the BUYER to the SELLER on account of the VESSEL, unless the SELLER disputes the BUYER's cancellation and/or rescission by instituting arbitration in accordance with Article XIII. If the BUYER's cancellation or rescission of this CONTRACT is disputed by the SELLER by instituting arbitration as aforesaid, then no refund shall be made by the SELLER until the arbitration award between the BUYER and the SELLER which shall be in favour of the BUYER, declaring the BUYER's cancellation and/or rescission justified, is made and delivered to the SELLER by the arbitration tribunal. In the event of the SELLER is obligated to make refundment, the SELLER shall pay the BUYER interest in Chinese Yuan at the rate of [REDACTED] if the cancellation or rescission of the CONTRACT is exercised by the BUYER in accordance with the provision of Article III 1(c), 2(c), 3(c) or 4(c), on the amount required herein to be refunded to the BUYER, computed from the respective dates when such sums were received by the bank account as nominated by the SELLER pursuant to Article II 4(a), 4(b), 4(c) or 4(d) from the BUYER to the date of remittance by telegraphic transfer of such refund to the BUYER by the SELLER, provided, however, that if the said rescission by the BUYER is made under the provisions of Clause 3 of Article VIII or Clause 2 (b) of Article XII, then in such event the SELLER shall not be required to pay any interest.
In the event of cancellation by the BUYER according to Article X, the SELLER shall return the Buyer's Supplies to the BUYER. In the event that the Buyer's Supplies have been installed on the vessel, the SELLER shall reimburse the BUYER for documented expenses of the Buyer's Supplies.
3. Upon such refund by the SELLER to the BUYER, all obligations, duties and liabilities of each of the parties hereto to the other under this CONTRACT shall be forthwith completely discharged.

ARTICLE XI - BUYER'S DEFAULT

1. DEFINITION OF DEFAULT

The BUYER shall be deemed in default of its obligation under the CONTRACT if any of the following events occurs:

- (a) The BUYER fails to pay the 1st or 2nd or 3rd or 4th installment to the SELLER when any such installment becomes due and payable under the provisions of Article II hereof and provided the BUYER shall have received the SELLER's demand for payment accompanied by the certificate issued by the Classification Society and the certificate signed by the BUYER's supervisor and the SELLER in accordance with Article II hereof; or
- (b) The BUYER fails to pay the 5th installment to the SELLER in accordance with Clause 3(e) and 4(e) of Article II hereof provided the BUYER shall have received the SELLER's demand for payment in accordance with Article II hereof; or
- (c) The BUYER fails to take delivery of the VESSEL, when the VESSEL is duly tendered for delivery by the SELLER under the provisions of Article VII hereof within Five (5) business days from the tendered date; or
- (d) The BUYER fails to perform any of its obligations set forth hereof before delivery of the VESSEL; or
- (e) If an order is made by any competent court or resolutions are passed by the Board of Directors and/or shareholders of the BUYER for the appointment of a liquidator, receiver or trustee, or similar officer, of the BUYER or any of its assets provided that there shall be no default under this paragraph (d) hereof if in any such case the BUYER is engaged in a bona fide reconstruction of its business which does not prejudice its creditors.

2. NOTICE OF DEFAULT

If the BUYER is in default of payment Installment or in performance of its obligations as provided hereinabove, the SELLER shall notify the BUYER to that effect by facsimile or by email after the date of occurrence of the default as per Clause 1 of this Article and the BUYER shall forthwith acknowledge by facsimile or email to the SELLER that such notification has been received. In case the BUYER does not give the aforesaid facsimile or

email acknowledgment to the SELLER within Three (3) days it shall be deemed that such notification has been duly received by the BUYER.

3. INTEREST AND CHARGE

- (a) If the BUYER is in default of payment as to any installment as provided in Clause 1 (a) of this Article, the BUYER shall pay interest on such Installment at the rate of [REDACTED] per annum until the date of the payment of the full amount, including all aforesaid interest. If the BUYER is in default of payment as to the installment as provided in Clause 1 (b) of this Article, the BUYER shall pay interest on such Installment at the rate of [REDACTED] per annum until the date of the payment of the full amount, including all aforesaid interest. In case the BUYER shall fail to take delivery of the VESSEL when required to as provided in Clause 1 (c) of this Article, the BUYER shall be deemed in default of payment of the Fifth Installment and shall pay interest thereon at the rate of [REDACTED] per annum from and including the day on which the VESSEL is tendered for delivery by the SELLER, as provided in Article VII Clause 6 hereof.
- (b) In any event of default by the BUYER under 1 (a) or 1 (b) or 1 (c) or 1 (d) or 1 (e) above, the BUYER shall also pay all costs, charges and expenses incurred by the SELLER in consequence of such default.

4. DEFAULT BEFORE DELIVERY OF THE VESSEL

- (a) If any default by the BUYER occurs as defined in Clause 1 of this Article, the Delivery Date shall, at the SELLER's option, be postponed for a period of continuance of such default by the BUYER.
- (b) If any such default as defined in Clause 1 of this Article committed by the BUYER continues for a period of Twenty (20) days, then, the SELLER shall have all following rights and remedies:
- (i) The SELLER may, at its option, cancel or rescind this CONTRACT, provided the SELLER has notified the BUYER of such default pursuant to Clause 2 of this Article, by giving notice of such effect to the BUYER by facsimile or email confirmed in writing. Upon receipt by the BUYER of such facsimile or email notice of cancellation or rescission, all of the BUYER's Supplies shall forthwith become the sole property of the SELLER, and the VESSEL and all its equipment and machinery shall be at the sole disposal of the SELLER for sale or otherwise; and

- (ii) In the event of such cancellation or rescission of this CONTRACT, the SELLER shall also be entitled to retain any Installment or installments of the Contract Price paid by the BUYER to the SELLER on account of this CONTRACT; and
- (iii) (Applicable to any BUYER's default defined in 1(a) or 1(b) or 1(e) of this Article)
The SELLER shall, without prejudice to the SELLER's right to retain any installment or installments as aforesaid and recover from the BUYER the unpaid installments including the 5th installment, interest, costs and/or expenses by applying the proceeds to be obtained by sale of the VESSEL in accordance with the provisions set out in this CONTRACT, have the right to declare all unpaid 1st, 2nd, 3rd and 4th installments to be forthwith due and payable.

5. SALE OF THE VESSEL

- (a) In the event of cancellation or rescission of this CONTRACT as above provided, the SELLER shall have full right and power either to complete or not to complete the VESSEL as it deems fit, and to sell the VESSEL at a public or private sale on such terms and conditions as the SELLER thinks fit without being answerable for any loss or damage occasioned to the BUYER thereby.

In the case of sale of the VESSEL, the SELLER shall give 30 days prior facsimile or email or written notice to the BUYER.

- (b) In the event of the sale of the VESSEL in its completed state, the proceeds of sale received by the SELLER shall be applied firstly to payment of all expenses attending such sale and otherwise incurred by the SELLER as a result of the BUYER's default, and then to payment of all unpaid installments and/or unpaid balance of the Contract Price and interest on such installment at the interest rate as specified in the relevant provisions set out above from the respective due dates thereof to the date of application.
- (c) In the event of the sale of the VESSEL in its incomplete state, the proceeds of sale received by the SELLER shall be applied firstly to all expenses attending such sale and otherwise incurred by the SELLER as a result of the BUYER's default, and then to payment of all costs of construction of the VESSEL (such costs of construction, as herein mentioned, shall include but are not limited to all costs of labour and/or prices paid or to be paid by the SELLER for the equipment and/or technical design and/or materials purchased or to be purchased, installed and/or to be installed on the VESSEL) and/or any fees, charges, expenses and/or royalties incurred and/or to be incurred for the VESSEL less the installments so retained by the SELLER, and compensation to the SELLER for a reasonable sum of loss of profit due to the cancellation or rescission of this CONTRACT.

- (d) In either of the above events of sale, if the proceed of sale exceeds the total of the amounts to which such proceeds are to be applied as aforesaid, the SELLER shall promptly pay the excesses to the BUYER without interest, provided, however, that the amount of each payment to the BUYER shall in no event exceed the total amount of installments already paid by the BUYER and the cost of the BUYER's supplies, if any.
- (e) If the proceed of sale are insufficient to pay such total amounts payable as aforesaid, the BUYER shall promptly pay the deficiency to the SELLER upon request.

ARTICLE XII - INSURANCE

1. EXTENT OF INSURANCE COVERAGE

From the time of the first block of the VESSEL laid in dock until the same is completed, delivered to and accepted by the BUYER, the SELLER shall, at its own cost and expense, keep the VESSEL and all machinery, materials, equipment, appurtenances and outfit, delivered to the SELLER for the VESSEL or built into, or installed in or upon the VESSEL, including the BUYER's Supplies, fully insured with first class insurance companies in China for SELLER's Risks.

The amount of such insurance coverage shall, up to the date of delivery of the VESSEL, be in an amount at least equal to, but not limited to, the aggregate of the payments made by the BUYER to the SELLER including the value of maximum amount of United States Dollars One Hundred Thousand (US\$100,000.-) of the BUYER's Supplies. The policy referred to hereinabove shall be taken out in the name of the SELLER and all losses under such policy shall be payable to the SELLER. However the losses of the BUYER'S Supplies under such policy shall be payable to the BUYER by the SELLER.

One copy of the SELLER's RISK INSURANCE POLICY shall be delivered to the BUYER.

2. APPLICATION OF RECOVERED AMOUNT

(a) Partial Loss:

In the event the VESSEL shall be damaged by any insured cause whatsoever prior to acceptance and delivery thereof by the BUYER and in the further event that such damage shall not constitute an actual or a constructive total loss of the VESSEL, the SELLER shall apply the amount recovered under the insurance policy referred to in Clause 1 of this Article to the repair of such damage satisfactory to the Classification Society and other institutions or authorities as described in the Specifications without additional expenses to the BUYER, and the BUYER shall accept the VESSEL under this CONTRACT if completed in accordance with this CONTRACT and Specifications, and not make any claim for any consequential loss or depreciation.

(b) Total Loss:

However, in the event that the VESSEL is determined to be an actual or constructive total loss, the SELLER shall either:



- (i) By the mutual agreement between the parties hereto, proceed in accordance with terms of this CONTRACT, in which case the amount recovered under said insurance policy shall be applied to the reconstruction and/or repair of the VESSEL's damages and/or reinstallation of the BUYER's supplies, provided the parties hereto shall have first agreed in writing as to such reasonable extension of the Delivery Date and adjustment of other terms of this CONTRACT including the Contract Price as may be necessary for the completion of such reconstruction; or
- (ii) If due to whatever reasons the parties fail to agree on the above within sixty (60) days after an actual or constructive total loss occurs, then refund immediately to the BUYER the amount of all installments paid to the SELLER under this CONTRACT without interest, whereupon this CONTRACT shall be deemed to be cancelled and all rights, duties, liabilities and obligations of each of the parties to the other shall terminate forthwith.

Within Thirty (30) days after receiving facsimile or email notice of any damage to the VESSEL constituting an actual or a constructive total loss, the BUYER shall notify the SELLER in writing or by facsimile or email of its agreement or disagreement under this paragraph. In the event the BUYER fails to so notify the SELLER, then such failure shall be construed as a disagreement on the part of the BUYER. This CONTRACT shall be deemed as rescinded and cancelled and the BUYER receives the refund as hereinabove provided and the provisions hereof shall apply.

3. TERMINATION OF THE SELLER'S OBLIGATION TO INSURE

The SELLER's obligation to insure the VESSEL hereunder shall cease and terminate forthwith upon delivery thereof to and acceptance by the BUYER.

ARTICLE XIII - DISPUTES AND ARBITRATION

1. PROCEEDINGS

Any dispute arising out of or in connection with this CONTRACT shall be referred exclusively to arbitration in Hong Kong in accordance with the Arbitration Ordinance (Cap.609) or any statutory modification or re-enactment thereof save to the extent necessary to give effect to the provisions of this clause. The seat of arbitration shall be Hong Kong even where any hearing takes place in another jurisdiction. The arbitration shall be conducted in accordance with the Hong Kong Maritime Arbitration Group Terms at the time when the arbitration proceedings are commenced. The reference shall be to three arbitrators unless the parties agree otherwise.

In cases where neither the claim nor any counterclaim exceeds the sum of USD 100,000 (or such other sum as the parties may agree) the arbitration shall be conducted in accordance with the Hong Kong Maritime Arbitration Group Small Claims Procedure current at the time when the arbitration proceedings are commenced.

2. ALTERNATIVE ARBITRATION BY AGREEMENT

Notwithstanding the preceding provisions of this Article, it is recognized that in the event of any dispute or difference of opinion arising in regard to the construction of the VESSEL, her machinery and equipment, or concerning the quality of materials or workmanship thereof or thereon, such dispute may be referred to the Classification Society upon mutual agreement of the parties hereto. In such case, the opinion of the Classification Society shall be final and binding on the parties hereto.

3. NOTICE OF AWARD

Notice of any award shall immediately be given in writing or by facsimile or email confirmed in writing to the SELLER and the BUYER.

4. EXPENSES

The arbitrator(s) shall determine which party shall bear the expenses of the arbitration or the proportion of such expenses which each party shall bear.

5. AWARD OF ARBITRATION



Award of arbitration, shall be final and binding upon the parties concerned.

6. ENTRY IN COURT

Judgement on any award may be entered in any court of competent jurisdiction.

7. ALTERATION OF DELIVERY TIME

In the event of reference to arbitration of any dispute arising out of matters occurring prior to delivery of the VESSEL, the SELLER shall not be entitled to extend the Delivery Date as defined in Article VII hereof and the BUYER shall not be entitled to postpone its acceptance of the VESSEL on the Delivery Date or on such newly planned time of delivery of the VESSEL as declared by the SELLER. However, if the construction of the VESSEL is affected by any arbitration, the SELLER shall then be permitted to extend the Delivery Date as defined in Article VII and the decision or the award shall include a finding as to what extent the SELLER shall be permitted to extend the Delivery Date.



ARTICLE XIV - RIGHTS OF ASSIGNMENT

Neither of the parties hereto shall assign this CONTRACT to any other individual, firm, company or corporation unless prior consent of the other party is given in writing. However, the BUYER may novate this CONTRACT to a special purpose company wholly owned by the BUYER with prior notice to the SELLER and consent by the SELLER (such consent shall not be unreasonably withheld).

The BUYER may assign the benefit of this CONTRACT to the bank which is financing the BUYER's purchase of the VESSEL provided that such assignment is approved and acknowledged by the SELLER and the SELLER's bank, such consent not to be unreasonably withheld or delayed by the SELLER.



ARTICLE XV - TAXES AND DUTIES

1. TAXES AND DUTIES INCURRED IN CHINA

The SELLER shall bear and pay all taxes, duties, stamps, dues levies and fees of whatsoever nature incurred or imposed in China in connection with the execution and/or performance of this CONTRACT by the SELLER and its sub-contractors, and any payments to be made hereunder by the BUYER.

The BUYER's representatives shall pay their individual income tax in accordance with the People's Republic of China laws if P.R. China laws are applicable when they stay in China.

Any tax or duty other than those described hereinabove, if any, shall be borne by the BUYER.

2. TAXES AND DUTIES INCURRED OUTSIDE CHINA

The BUYER shall bear and pay all taxes, duties, stamps and fees incurred outside China in connection with execution and/or performance of this CONTRACT by the BUYER, except for taxes, duties, stamps, dues, levies and fees imposed upon those items which are to be procured by the SELLER for the construction of the VESSEL in accordance with the terms of this CONTRACT and the Specifications.



ARTICLE XVI - PATENTS, TRADEMARKS AND COPYRIGHTS

1. PATENTS, TRADEMARKS AND COPYRIGHT

The machinery and equipment of the VESSEL may bear the patent number, trademarks or trade names of the manufacturers. The SELLER shall defend and save harmless the BUYER from patent liability or claims of patent infringement of any nature of kind, including costs and expenses for, or on account of any patented or patentable invention made or used in the performance of this CONTRACT and also including cost and expense of litigation, if any.

Nothing contained herein shall be construed as transferring any patent or trademark rights or copyright in equipment covered by this CONTRACT, and all such rights are hereby expressly reserved to the true and lawful owners thereof. Notwithstanding any provisions contained herein to the contrary, the SELLER's obligation under this Article, should not be terminated by the passage of any specified period of time.

The SELLER's indemnity hereunder does not extend to equipment or parts supplied by the BUYER to the SELLER if any.

2. GENERAL PLANS, SPECIFICATION AND WORKING DRAWINGS

The SELLER retains all rights with respect to the Specifications, and plans and working drawings, technical descriptions, calculations, test results and other data, information and documents concerning the design and construction of the VESSEL and the BUYER undertakes therefore not to disclose the same or divulge any information contained therein to any third parties, without the prior written consent of the SELLER, excepting where it is necessary for usual operation, repair and maintenance, sale or charter of the VESSEL.



ARTICLE XVII - NOTICE

Any and all notices and communications in connection with this CONTRACT shall be addressed as follows:

To the BUYER:

HAINAN COSCO SHIPPING Development Navigation Company Limited

Address: 4TH Floor, NO.2Building, No.1318, Shangcheng road, Pudong district, Shanghai, 200120, P.R. China

Telephone No. [REDACTED]

Email: [REDACTED]
[REDACTED]

C/C: COSCO SHIPPING BULK CO., LTD.

Address: Guangzhou International Shipping Tower, 8 Yuanhai Street, Haizhu District, Guangzhou, P.R.C.

Telephone No.: [REDACTED]

Email: [REDACTED]
[REDACTED]

C/C: BEIJING COSCO SHIPPING SHIP TRADING COMPANY LIMITED

Address: Rm. 1108, Lucky Tower A, No.3, Dong San Huan Bei Road, Chaoyang District, Beijing 100027, China

Telephone No.: [REDACTED]

Email: [REDACTED]

To the SELLER:

COSCO SHIPPING HEAVY INDUSTRY (ZHOUZHAN) CO., LTD.

Address: Liuheng Town, Putuo, Zhoushan, Zhejiang Province, China

Telephone No. [REDACTED]

Email: [REDACTED]

Any change of address shall be communicated in writing by registered airmail or express courier or facsimile or email by the party making such change to the other party and in the event of failure to give such notice of change, communications addressed to the party at their last known address shall be deemed sufficient.

Any and all notices, requests, demands, instructions, advice and communications in connection with this CONTRACT shall be deemed to be given at, and shall become effective from, the time when the same is delivered to the address of the party to be served, provided, however, that registered airmail shall be deemed to be delivered Ten (10) days after the date of dispatch,

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express courier service shall be deemed to be delivered Five (5) days after the date of dispatch, and facsimile acknowledged by the answerbacks or email shall be deemed to be delivered upon dispatch.

Any and all notices, communications, Specifications and drawings in connection with this CONTRACT shall be written in the English language and each party hereto shall have no obligation to translate them into any other language.



ARTICLE XVIII - EFFECTIVE DATE OF CONTRACT

This CONTRACT shall become effective on the date of fulfilment of all the following conditions:

- (1) due execution of this CONTRACT and the Specifications by the parties hereto;
- (2) written approval from the BUYER's shareholder's meeting confirming the effectiveness of this CONTRACT;



ARTICLE XIX - ANTI-BRIBERY

The Parties shall strictly comply with applicable laws, regulations and provisions relevant to anti-corruption and anti-bribery. The Parties shall not: give or offer to give cash or gifts that is not agreed upon in this agreement or any other kind of unjust benefit to the employees or Associated Persons of the other party; or violate the applicable anti-bribery and fairtrade laws and regulations in any other respects in order to seek unjust benefit. The Parties guarantee that there are no situations involving improper equity investments, improper related-party transactions or any other interest relationships conflicting with the performance of this contract by employees at any level of China COSCO Shipping Corporation Limited, their spouses, children, and other persons of special relationship. If any kind of transfer of unjust benefit is verified or the Counterparty is named in the prohibited category of the Special Affiliated Enterprises List by China COSCO Shipping Corporation Limited, the non-defaulting party shall have the right to terminate this CONTRACT and demand that the breaching party assume all the legal consequences and liabilities arising therefrom, including returning all Unjust Benefits obtained, paying liquidated damages which is 20% of the transaction amount and compensating all the losses



ARTICLE XX – INTERPRETATION

1. LAW APPLICABLE

The parties hereto agree that the validity and interpretation of this CONTRACT and of each Article and part hereof be governed by and interpreted in accordance with the laws of Hong Kong.

2. DISCREPANCIES

All general language or requirements embodied in the Specifications are intended to amplify, explain and implement the requirements of this CONTRACT. However, in the event that any language or requirements so embodied in the Specifications permit an interpretation inconsistent with any provision of this CONTRACT, then in each and every such event the applicable provisions of this CONTRACT shall govern. The Specifications and plans are also intended to explain each other, and anything shown on the plans and not stipulated in the Specifications or stipulated in the Specifications and not shown on the plans, shall be deemed and considered as if embodied in both. In the event of conflict between the Specifications and plans, the Specifications shall govern.

However, with regard to such inconsistency or contradiction between this CONTRACT and the Specifications as may later occur by any change or changes in the Specifications agreed upon by and among the parties hereto after execution of this CONTRACT, then such change or changes shall govern.

3. DEFINITION

In absence of stipulation of "banking day(s)" or "business day(s)", the "day" or "days" shall be taken as "calendar day" or "calendar days".

"banking day(s)" means a day upon which banks in New York, Beijing and Hong Kong are opened for business.

"SELLER" and "OWNER" used in the Specifications shall correspond to "SELLER" and "BUYER" respectively used in this CONTRACT.



ARTICLE XXI – DESIGNATED ENTITIES

1. For the purpose of this Article XXI:

“Related Parties” means, the Parties’ officers, the Parties’ agents, the Parties’ intermediaries, the Parties’ subcontractors, the Parties’ suppliers or any person or entity acting on behalf of either Party in relation to this Contract.

“Sanctioned Person” means a person or an entity that is (i) listed on any Sanctions List, (ii) specifically a target of Sanctions, whether designated by name or by reason of being included in a class of persons, or (iii) owned or controlled by any of the foregoing.

“Sanctions” means any economic, financial or trade sanctions, laws, regulations, embargoes, freezing provisions, prohibitions or restrictive measures relating to trading, doing business, investment, exporting, financing or making assets available (or other activities similar to or connected with any of the foregoing) administered, enacted, enforced or imposed by (i) United Kingdom, (ii) the European Union (and/or any of its member states), (iii) the People’s Republic of China, (iv) the United States, and (v) those enacted, enforced, or imposed by other countries or territories applicable to the SELLER, the BUYER and the VESSEL.

“Sanctions Authorities” means (including but not limited to) the United Nations Security Council, the U.S. Department of Treasury’s Office of Foreign Assets Control, the Council of the European Union, any EU member state, the HM Treasury of the United Kingdom and the State Council (国务院), the Ministry of Foreign Affairs (外交部) and/or any other relevant authority of the People’s Republic of China.

“Sanctions Event” means the SELLER, the BUYER, or the VESSEL becoming a Sanctioned Person or otherwise breaches any Sanctions.

“Sanctions List” means (including but not limited to) the Specially Designated Nationals and Blocked Persons List of the U.S. Department of Treasury’s Office of Foreign Assets Control, the Consolidated List of Financial Sanctions Targets maintained by the European Union, or any similar list maintained by any of the Sanctions Authorities.

2. The BUYER and the SELLER each warrant that at the date of entering into this CONTRACT and continuing until the BUYER has paid the purchase price in full and taken possession of the Vessel on delivery by the SELLER:

- (a) Neither Party is a Sanctioned Party or subject to Sanctions;
- (b) the SELLER sells and the BUYER purchases the Vessel as principals and not as agent, trustee or nominee of any person that is or will become a Sanctioned Person or otherwise breach any Sanctions;
- (c) The SELLER further warrants that the Vessel is not and will not become a Sanctioned Person or otherwise breach any Sanctions.

3. Either Party shall notify the other Party in writing immediately upon the occurrence of a Sanctions Event (the "Sanctions Notice"), upon which the SELLER and the BUYER shall, to the extent permitted by Sanctions, laws and regulations, from the date of the Sanctions Notice, work together in good faith for 90 days or any longer period as mutually agreed by the Parties to find a mutually acceptable solution (the "Standstill Period"). During the Standstill Period, neither Party shall be entitled to cancel/rescind this Contract by reason of the Sanctions Event giving rise to such Standstill Period. Neither Party shall be entitled to suspend the performance of the Contract during the Standstill Period, unless such performance is deemed illegal.

4. If, on the last day of the Standstill Period:

- (a) the Parties fail to reach a mutually acceptable solution despite their best endeavor:
 - (i) (in the event that the Sanctioned Event was caused by the SELLER or the VESSEL) the BUYER shall have the right to terminate this Contract in accordance with Article X and all the money which has been paid to the SELLER by the BUYER shall be refunded to the BUYER forthwith together with the interest upon BUYER's first demand;
 - (ii) (in the event that the Sanctioned Event was caused by the BUYER) the SELLER shall have the right to terminate this Contract in accordance with Article XI; or
 - (iii) In the event that the occurrence of Sanction Event were not resulted from or attributable to either party (including such affiliates as to which either party own or being owned, individually or in the aggregate, a fifty percent (50%) or a greater interest)'s activities, all of the obligations of the parties under or in connection with this Contract may be suspended for the Standstill Period. If no solutions being come up with within the Standstill Period, the Sanction event shall be deemed to be a permissible delay pursuant to Article VIII), either party may terminate the Contract in which circumstance Article VIII shall apply accordingly.
- (b) the Parties have reached a mutually acceptable solution and the Parties confirms to reactivate this Contract, the total number of days elapsed during the Standstill Period shall be accounted as a permissible delay pursuant to Article VIII.

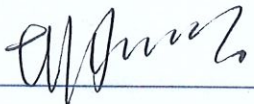
The defaulting Party shall be liable to indemnify the innocent Party against any and all claims, losses, damage, costs and fines suffered by the innocent Party resulting from any breach of warranty as aforesaid and in accordance with the CONTRACT. Consequential losses shall not be considered into..

In WITNESS WHEREOF, the parties hereto have caused this CONTRACT to be duly executed on the day and year first above written.

Shipbuilding Contract for Hull No. N1377

THE BUYER :

**HAINAN COSCO SHIPPING DEVELOPMENT NAVIGATION COMPANY
LIMITED**

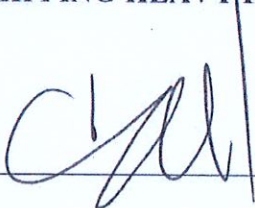
By :  _____

Name : Hu Buwei

Title : Attorney-in-Fact

THE SELLER:

COSCO SHIPPING HEAVY INDUSTRY (ZHOUSHAN) CO., LTD.

By :  _____

Name : Ma Chuan

Title : Attorney-in-Fact