

**CHUANG XIN (CHINA) GROUP LIMITED  
TERMS AND CONDITIONS FOR PETROLEUM PRODUCTS SALES AGREEMENT**

**1. APPLICATION OF TERMS AND CONDITIONS FOR SALE OF MARINE FUEL**

- (a) These General Terms and Conditions (“these General Terms and Conditions”) are deemed incorporated in each Confirmation Note, Invoice, Bunker Delivery Note, Tank Measurement Form, Bunker Requisition Form and together with these General Terms and Conditions constitute a complete and exclusive Agreement of Sale of Marine Fuel (“the Agreement of Sale of Marine Fuel”) between CHUANG XIN (CHINA) GROUP LIMITED (“the Seller”) and the party as defined in the Confirmation Note (“the Buyer”) whether it is made as principals, agents, brokers, authorized representative or otherwise.
- (b) Unless expressly accepted in writing by the Seller, terms and conditions by the Buyer and/or any other parties will not be binding on the Seller and that these General Terms and Conditions, including any revisions, shall prevail and be binding on the Buyer.

**2. OFFERS AND QUOTATIONS**

- (a) An Agreement of Sale of Marine Fuel shall only be binding on the Seller upon the issuance of the Confirmation Note and not otherwise.
- (b) If the Buyer is not the Owner of the Vessel, the Seller shall have the right to insist as a precondition of sale that a payment guarantee is provided by the Owner of the Vessel. The Seller shall have the right to cancel any agreement with the Buyer at any time, if such payment guarantee is not received upon request thereof from the Seller to the Owner.

**3. PRICE**

- (a) The price set forth in the Confirmation Note shall be conclusive. Unless otherwise stated in the Confirmation Note, all prices quoted are in United States Dollars and exclude any duties, any taxes and any charges.
- (b) The Seller has the right to re-adjust the price, to negotiate a new price or to revoke the Agreement of Sale of Marine Fuel if the Buyer changes the quantity required more than ten percent (10%) or, if there is a change to the quality or specification or when the receiving vessel’s anticipated arrival date is delayed beyond seven (7) calendar days.

**4. DELIVERY**

- (a) The Buyer shall give the Seller notices of the delivery required and provide:
  - i. The exact location of the receiving vessel designated by the Buyer at least seventy-two (72) hours before,
  - ii. The approximate time of tendering at least forty-eight(48)hours before,
  - iii. Any other necessary information as per the Seller requests.
- (b) The master of the receiving vessel shall ensure that the vessel has a free side clear of obstructions to allow safe and proper mooring of the bunker tanker to deliver the marine fuel, and render all necessary assistance which may reasonably be required to moor and unmoor the bunker tanker.

The receiving vessel shall moor, unmoor, hoist bunkering hose(s) from the barge(s), free of expenses, and in any way requested to assist barge equipment to a smooth supply. The Buyer shall be responsible for all connections and disconnections between the delivery hose(s) and the receiving vessel's bunker intake manifold/pipe and ensure that the hose(s) are properly secured to the receiving vessel's manifold prior to commencement of delivery.

- (c) Before commencement of the delivery, authorized personnel of the receiving vessel shall sign on the bunker requisition form, tank measurement form, and any other related document upon gauging before pumping. Upon completion of delivery and prior to disconnecting the transfer hose, authorized personnel shall sign on the tank measurement form and bunker delivery note.
- (d) Once the Confirmation Note has been issued, any changes or cancellation to delivery by the Buyer would entitle the Seller to charge including but not limited to barging and storage costs, and price difference. If the Buyer for whatever reason is unable to receive the full quantity of marine fuel ordered and rendered, the Seller shall have the right to invoice the Buyer for loss incurred by having to transport the bunker back to the storage or by having to sell the bunkers in a degraded form at a lower price than that applicable to the grade originally nominated by the Buyer.

## **5. QUANTITIES AND MEASUREMENTS**

- (a) The quantities of marine fuel deliver shall be determined from the official gauge or meter of the delivery bunker tanker (barge) at the Seller's election or the shore-meter in the case of ex-wharf delivery, measured and calculated according to the ISO-ASTM-API-IP petroleum measurement tables. Quantity measured on bunker tanker (barge) is therefore considered as conclusive and binding to both the Buyer and the Seller.
- (b) The Buyer shall be responsible to ensure that the bunker manifold of the Vessel into which the Marine Fuel is to be deposited is suitable in all respects and complies with all relevant regulations and is capable of accommodating the full quantity of Marine Fuel ordered by the Buyer.
- (c) The Buyer must notify the Seller of any dispute in relation to the quantity delivered at the time of delivery in an appropriate Note of Protest, any remarks on the Bunker Delivery Note and Tank Measurement Form are deemed to be invalid. If the Buyer fails to present the Note of Protest any such claim shall be deemed to be waived and barred.
- (d) Any claim as to short delivery shall be presented by the Buyer in writing within (15) days from the date of delivery, failing which any such claim shall be deemed to be waived and barred.

## **6. SAMPLING**

- (a) The Seller shall arrange for four (4) representative samples of each grade of marine fuel, to be drawn throughout the transfer of such grade of marine fuel. The sampling shall where possible be performed in presence of both the Seller and the Buyer or their respective representatives.
- (b) The four (4) samples of marine fuel drawn shall be sealed and labeled indicating the vessel's name, delivery facility, product name and date of sampling and signed by the Seller's representative and the master of the receiving vessel or its authorized representative. The samples with seal number marked on BDR are considered as the only valid trading samples.
- (c) Two of the samples shall be retained by the Seller after delivery of the marine fuel to the receiving vessel for approximately sixty (60) days. The other two samples shall be retained by the receiving vessel.

- (d) If the marine fuel is delivered by more than one bunker tanker, the sampling procedure shall be repeated.

## **7. PAYMENT**

- (a) Unless otherwise stated in the Confirmation Note, the Buyer shall fully pay the Seller for the marine fuel delivered in accordance with the seller's invoice within thirty (30) calendar days after the commenced pumping date (the commenced pumping date should be counted as day one), notwithstanding any disputes or claims.
- (b) Payment shall be made in full, without any discount, withholding, deduction, set-off or counterclaim and free of bank charges.
- (c) If the payment due date falls on Saturday or non-Monday bank holiday in New York, payment shall be made on or before the preceding banking day. If payment due date falls on Sunday or Monday bank holiday in New York, payment shall be made on or before the following banking day.
- (d) The Buyer shall pay interest on any overdue payment at the rate of EIGHTEEN percent (18%) per annum, from the payment due date to the actual payment date.
- (e) Notwithstanding any agreement to the contrary, payment will be due immediately in case of bankruptcy, liquidation or suspension of payment or comparable situation of the Buyer, or in case of any other situation, which in the sole discretion of the Seller, is deemed to adversely affect the financial position of the Buyer.

## **8. QUALITY AND CLAIMS**

- (a) The Seller warrants that the marine fuel delivered under the Agreement of Sale of Marine Fuel meets the specifications for the product as set forth in the Confirmation Note and/or Term Contract, subject to variance.
- (b) In the event that the Buyer is not satisfied with the quality of the marine fuel delivered, he shall make appropriate note of protest and formally confirm such claims to the Seller within twenty-one (21) days from the date of delivery. Otherwise it will be deemed to be waived by the Buyer and that the Buyer's right to such claims would be extinguished.
- (c) Notwithstanding the foregoing, no claims shall be admitted in respect of any deficiency of density when the difference between the delivered and sample inspection by independent surveyor is not more than 0.0020g/cm

## **9. POLLUTION PREVENTION AND RESPONSIBILITY**

- (a) In the event that the marine fuel is spilled or otherwise escaped during the loading or discharging of any receiving vessel in the performance of Agreement of Sale of Marine Fuel, the Buyer shall take such measures as are necessary to protect against or mitigate any resulting pollution damage or as required by any governmental authorities.
- (b) In the event such incident is the result of any defect in the receiving vessel or its equipment or any fault or act of neglect of the master, crew, agent or representative, the party owning or chartering the receiving vessel agrees to cause the receiving vessel to assume any and all responsibility for penalties, cleanup expenses, and cost that may be incurred as a result of such incident.

## 10. FORCE MAJEURE

- (a) Neither the Buyer nor the Seller nor its Supplier shall be responsible for damages caused by delays, failure to perform in whole or in part any obligation hereunder (other than the payment of money), or non-compliance with any of the terms hereof when such delay, failure or non-compliance is due to or results from causes beyond the reasonable control of the affected party, including, without limitation, acts of God, fires, floods, perils of the sea, war (declared or undeclared), embargoes, accidents, strikes, labor disputes, failure or shortage of vessel or barge service normally available to the Seller or its Supplier, to breakdown of or damage to, or shortage in facilities used for production, refining or transportation of Product, acts in compliance with requests of any governmental authority or person purporting to act therefore, or any other similar causes. The expression "or any other similar causes" is deemed to include, without limitation, the failure, cessation, termination or curtailment of any of the existing or contemplated sources of Product of the Seller. Neither Party shall be required to settle any labor dispute against its will.
- (b) The Seller shall not be required to make up any deliveries and the Buyer shall not be liable to accept any deliveries of the Product excused due to occurrence of any event of force majeure.

## 11. INSURANCE

The Buyer is responsible for effecting and maintaining in forth adequate insurance which will fully protect the Buyer, the Seller, their agents, brokers and authorized personnel and all third parties from all risks, hazards and perils associated with or arising from the Agreement of Sale of Marine Fuel and the actual delivery of the marine fuel.

## 12. GOVERNING LAW

This General Terms and Conditions and the Agreement shall be governed by and construed in accordance with the laws of Hong Kong Special Administrative Region (Hong Kong) and the parties hereby agree to submit to the exclusive jurisdiction of the Hong Kong Courts.

## 13. DECLARATION

Should there be any conflict between the English and Chinese versions of the terms in this "General Terms and Conditions for Sales Agreement of Marine Fuel", the English version shall prevail.