

LPG Supply Agreement – Contract A

Contract NO: LGLL/LPG/001/ICB/2022/A

Dated: 30 June 2022

This Contract is made by and between,

BUYER

Litro Gas Lanka Limited

267, Union Place

Colombo 02, Sri Lanka.

Telephone + (94) 11 2 581 131

Fax Number + (94) 11 2 327 698

E-mail: Chairman@LITROGAS.com

SELLER

OQ Trading Limited

Level 7, Building 6 (Legatum Plaza),

DIFC P.O. Box 506515

Dubai UAE

Telephone: + (971) 4 4281888

Fax: + (971) 4 3637468

Litro Gas Lanka Limited is authorized to enter into this Contract by virtue of the Cabinet Ministers Approval No 22/0777/502/015 dated 14th June 2022.

WHEREAS:

- (A) The Seller has agreed to sell and the Buyer has agreed to buy a total quantity of 100,000mts of product (the "Agreed Quantity") during the Contract Period;
- (B) For financial purposes, the Parties have agreed to enter two separate contracts to cover the Agreed Quantity;



(C) The Parties agree that this contract shall cover the first USD70,000,000 (United States Dollars Seventy Million) of product delivered, equating to approximately 70,000mts +/-20% at Seller's option of the Agreed Quantity ("Contract A").

(D) The Parties have entered into a separate contract for the balance of the Agreed Quantity, equating to approximately 30,000mts +/-20% at Seller's option ("Contract B").

IT IS HEREBY AGREED in this Contract A as follows:

1. QUANTITIES AND PARCEL SIZE

1.1 Total quantity of approximately 70,000 MT (Seventy thousand Metric Tons) +/-20% at Seller's option or monthly nomination of 25,000 MT (Twenty-five thousand Metric Tons) +/- 5% at Seller's option. The actual total quantity to be delivered under this Contract A will be the quantity equating to the first USD70,000,000 (United States Dollars Seventy Million) of product delivered out of the Agreed Quantity. Herein after referred to as the "Contract Volume." Seller to ensure that sufficient number of dedicated vessels of minimum 2,500 to 5,500 MT (+/-5% operational tolerance) capacity in line with the LITRO requirements for Colombo and/or Hambantota operation.

1.2 Seller shall supply as per each month nomination quantity by Buyer. Buyer shall pay for the cost of seven berths per month. Seller shall bear the cost of berthing exceeding seven parcels per month. (Berthing cost will be around LKR 400,000.00 + taxes per berth.)

1.3 Each cargo delivered to BUYER will, on a complete cargo basis, meet the quality specification in **Annexure I – 'LPG specification'** to meet the SLSI 712/2021 Standard. The Seller must ensure that the cargo shall not be from a source which (a) as a matter of law or official regulations, the Borrower's country prohibits commercial relations with that country, provided that the Bank is satisfied that such exclusion does not preclude effective competition for the supply of goods or the contracting of works or services required; or (b) by an act of compliance with a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations, the Borrower's country prohibits any import of goods or contracting of works or services from that country, or any payments to any country, person, or entity in that country. The shipment size should not be less than 2,500 MT, unless otherwise agreed.

1.4 The Seller shall deliver the parcel in full quantity to Litro Gas Lanka Limited (LGLL) and the Seller is strictly prohibited to share or split such parcel with any of the competitors of the LGLL. Seller's obligation shall not apply in the event of force majeure, tank maintenance, any berthing restrictions in Sri Lanka or instances where such failure can attribute to an act or an omission by the Buyer.

2. DELIVERY PERIOD

Contract period shall commence from 30 June 2022 and shall continue for 04 months. (the "Contract Period").



3. DESTINATION

Litro Gas Terminal Lanka (Pvt.) Ltd, Conventional Buoy Mooring (CBM) - Kerawalapitiya, Sri Lanka or Ports of Colombo or Hambantota, Sri Lanka.

4. PRODUCT QUALITY

The product supplied under this Contract shall be stanch and pressurized. LPG mixture shall be 24% (+/- 4) Propane and the balance Butane by volume % and all other parameters shall be in accordance with specification sheet in **Annexure I** to meet the SLSI revised 712 :2021 standard hereof during the contract period, which is annexed hereto as **Annexure I**. The Buyer will specify the appropriate combination of Propane and Butane for any special requirements with the monthly nomination or otherwise and limitation to the product discharge temperature at ship's manifold is at minimum ten (+10) degrees Celsius for Colombo Port or Kerawalapitiya and twenty (+20) degree Celsius for Hambantota. Seller shall ensure that cargo is inspected for quality and quantity at load port in accordance with usual terminal regulation by first class, internationally recognized, accredited independent inspector. All load port quality certificates should be based on real sample testing after loading with volume percentage figures for all hydrocarbon elements & it is Seller's responsibility to get all detail related to sample taking up to testing to the buyer from load port inspection party at any request from Buyer within 2 days of time. All load port quality certificates should carry all the parameters requested by Buyer & should be able to accommodate any additional parameter testing or change of testing parameters at any time during the Contract Period. Appointment of the load port inspector should be done on mutually agreed basis & should agree to change upon the request of Buyer in case of any trust worthiness issues related to their service. All load port inspection charges to be borne by the Seller. Buyer shall have the right to draw samples from ship tanks for which Seller shall provide a sampling point acceptable to the Buyer.

5. BASIS OF OFFER / TYPE OF SALE

CIF one safe fully dedicated berth at the Conventional Buoy Mooring of Litro Gas Terminal Lanka (Pvt.) Ltd. in Kerawalapitiya, Sri Lanka or one safe berth in Colombo port or one safe Berth in Hambantota Port as per the Buyer's instructions. BUYER reserves the right to appoint shipping agents at discharge ports.

6. QUANTITY AND QUALITY DETERMINATION

6.1 Cargo to be inspected for quality and quantity in accordance with the standard regulations by first class, internationally recognized, accredited independent inspector, appointed by SELLER and mutually acceptable to BUYER and SELLER. Appointment of the load port inspector should be done on mutually agreed basis & should agree to change upon the request of Buyer in case of any trust worthiness issues related to their services. Inspector's charges at load port shall be for Seller's account. Inspector's charges at discharge port shall be for Buyer's account. Quality and quantity of each shipment should be final at vessel at discharge port & the result of such inspection, shall be final and binding on both parties, except for manifest error or fraud.

When load port quality and/or quantity inspection are not accepted by Buyer, the same shall be decided by a 1st Class internationally independent inspector, mutually appoint by both parties, and the decision of such party shall be final and binding. It is Seller's responsibility to load the product with correct specification & send those documents promptly to Buyer.

6.2 Buyer has the right to reject any deviated product against the specification as per discharge port quality testing report. In such event, it is Seller's responsibility to supply product to the correct specification ASAP.

6.3 The quantity and quality of the product shall be inspected at discharge port by an internationally recognized, independent inspector in accordance with this contract and who is acceptable to both BUYER and SELLER. BUYER will instruct the inspector and the charges of inspector shall be from BUYER's account. The measurement on board shall be corrected for trim and V.E.F applied. Independent inspectors finding for out-turn figures shall be final and binding save fraud or manifest error. In the event, test product quality is not accepted by Buyer, the cargo shall not be allowed to be discharged as per the Import Control Law of Sri Lanka and shall be treated as a rejected cargo. If title and risk to the cargo on board the vessel has already passed to the Buyer, such title and risk shall be deemed to have reverted to the Seller.

6.4 For each shipment at discharge port, SELLER shall provide a sampling point which is acceptable to the BUYER on board the delivery vessel, and shall allow BUYER to take samples of reasonable volume.. All time used for such sampling will be counted as lay time, or when the vessel is already on demurrage as demurrage, and shall be on Buyer's account.

6.5 Any difference between the Load Port Certificate and the Discharge Port Certificate shall be adjudicated by an internationally accepted 1st Class accredited inspector mutually agreed by both parties. The said Inspector shall be independent to that of both Load Port and discharge Port certificate issuing inspectors. Adjudication of quality will be carried out by re-testing a sample from vessel at discharge port. The decision of such adjudicator shall be final and conclusive. The charges of such inspection shall be borne by both parties in equal share.

7. PRICE / PAYMENT

(A) The CIF Colombo or Hambantota price is tied to Saudi Aramco Contract Price (CP) of the nominations month for Propane and Butane (**basis: actual % weight** of Butane & Propane as per Certificate of Quality at discharge port) plus \$129/Mt.

The CIF Colombo or Hambantota price US\$ per Metric Ton of LPG supplied shall be the following;

	Colombo & Hambantota
Product FOB	Saudi Aramco Contract Price (CP)+US\$65
Insurance	US\$1/Mt
Freight	US\$63/Mt

Total CIF

US\$129/Mt

Subject to sub-clause (AA) below, month "M" nominations to be delivered during the month "M" at Saudi Aramco CP of the nomination month "M".

Any additional charges compelled to impose on account of unforeseen situations to be mutually agreed. All charges (if any) are for account of the party who cause to be costing.

(AA) In the event that payment is not received by the Seller for at least 90% of the value of the nominated volume for month "M", the Seller shall have the right (but not the obligation) to:

- (a) cancel the volume which has not been paid for (the "Unpaid Volume");
- (b) deliver the Unpaid Volume during "M+1" but under the Saudi Aramco CP of month "M"; or
- (c) price and deliver the Unpaid Volume during month "M+1".

(B) Payments

7.B.1. Payment for each monthly volume of product supplied under this Contract shall be made for 100% of the cargo value in United States Dollars:

- (a) by way of a pre-payment in advance, in line with the payment schedule provided by the Seller;
- (b) by way of telegraphic transfer for value on the due date in immediately available funds to the Seller's bank account as stated on the Seller's provisional invoice (or as otherwise specified in writing by the Seller), free and clear of any taxes, duties, charges, withholdings, offset or deductions of any kind; and
- (c) against the Seller's provisional invoice.

7.B.2. In consideration of the Buyer paying for the product in advance of delivery, the Seller shall provide an Advance Payment Security Demand Guarantee ("APSDG") to the value of USD 4,000,000 (United States Dollars Four Million) issued by the bank on behalf of the Seller in favor of the Buyer, in the format attached at **Annexure-IV**. The APSDG shall be valid for the duration of the Contract Period.

7.B.3 Without prejudice to any other remedies the Seller may have under this Contract or at law, the Seller shall be under no obligation to discharge the cargo in the event that it has not received advance payment in full from the Buyer in accordance with the terms of this Contract.

7.B.4 Banking charges incurred at Buyer's bank shall be on Buyer's account. Banking charges incurred by the Seller shall be on Seller's account.



For invoicing purposes, all calculations shall be done using two decimal places, by rounding up the third decimal place if the third decimal place is five or greater.

Seller's bank account details for payment are as follows: -

Bank Name: JP MORGAN CHASE BANK N.A.

Account Name: OQ TRADING LIMITED

Account No.: GB82CHAS60924241288082

IBAN No.: GB82CHAS60924241288082

Swift: CHASGB2L

Correspondent Bank: JP MORGAN CHASE BANK NA, NW YORK

Correspondent Swift: CHASUS33

7.B.5 In the event that Buyer receives any request for payment to the Seller to be made to a bank account, which is different from that which is set out above, it has to be communicated to the Buyer in writing by authorized signatories of the Seller.

7.B.6 If the Buyer is late in making any payment (or part thereof) due under this Contract, then such unpaid amount shall accrue interest calculated at a rate equal to Citibank N.A. in New York, U.S.A. prime rate plus two per cent (2%) per annum from the due date until such payment is made in full. This provision shall not be construed as an indication of any willingness by the Seller to provide extended credit to the Buyer and is without prejudice to all other rights and remedies the Seller may have.

8. PREFERRED DISCHARGE FACILITY

The discharge facility is an offshore Conventional Buoy Mooring (CBM) comprising four mooring buoys and a 5.5km pipeline to the terminal at Kerawalap1itiya, 7 Km north of Colombo Port. The submarine pipeline is 10 inches in diameter terminating in a 6-inch diameter flexible rubber hose for connection to ship manifold. Buyer guarantees to the Seller that the receiving discharge facility will be fully dedicated to the Seller in order to enable the Seller to fulfill its delivery obligations hereunder and at all times the seller shall have the right to vet the facility of the suitability for berthing of vessels according to the International Marine Standards as set out in OCIMF Guidelines. Detailed CBM requirement are as per the **Annexure II**

9. LAY-TIME

1. Lay time up to 3000MT parcel size => 36 Hours SHINC



2. Lay time for 3001MT to 4500MT parcel size => 48 Hours SHINC
3. Lay time for 4501MT & above parcel size => 56 Hours SHINC

9.1 If the pumping rate is less than the expected average of 200Mt per hour due to vessel fault, the lay time should be extended accordingly.

9.2 BUYER states that the CBM berthing will take place during 06:00hrs to 18:00hrs, only if the vessel reaches to the pilot boarding ground, which is approximately 1.2 nm away from CBM within 06.00 to 16.00hrs of any day. However, based on the daylight condition, it can be extended or reduced at Master's and Pilot's discretion.

9.3 In case of any port berthing, it will take place only during 06.00hrs to 18.00hrs of any day. However, based on the harbor master's discretion, it can be extended for a night berthing.

9.4 24 Hrs. continues discharging of LPG is permitted until full completion of cargo. Restrictions on berthing Hours may be re-introduced based on the security conditions, in which case all excessive lay time including time for (UN) berthing, caused by/used during such conditions shall be for Buyer's account.

For all shipments during the contractual period, Saturday, Sundays and Holidays Included, when ship arrives within agreed lay can, lay-time shall commence Six hours from Master's tendering of the notice of readiness (NOR) on arrival to a designated Port (Colombo or Hambantota) or on arrival to the pilot boarding ground during 06.00hrs to 16.00hrs of any day. Or Six hours from 06.00hrs Whichever is later.

9.5 If Vessel arrives out of the agreed lay can, lay time will commence from the loading master's acceptance time of NOR upon the berthing of vessel at buyer's discretion.

9.6 NOR declaration is taken to be valid, only if vessel arrives to Pilot Boarding Grounds (approximately 1.2 nm West of CBM) at the time of declaration. All exclusions are taken as 06.00hrs of the following day.

9.7 Laytime count will commence from six hours after 06.00 on the following day, for all vessels arriving in Colombo after 1600 hours & will be berthed in the daylight of the following day.

9.8 In case, if pumping has to stop due to any flaw in ship or product, which is revealed or become apparent during discharge, lay time will be taken to be ceased & will start counting from the time of the re-start of pumping, once the necessary rectification is achieved.

9.9 Where lay time has commenced and delivery vessel(s) is/are unable to berth at the CBM due to security alerts or restrictions imposed by local authorities, lay time used during such conditions shall be on Buyer's account.



10. DEMURRAGE

10.1 Demurrage component applicable for following sizes of cargo parcels in US dollars shall be as follows,

USD17,500 PER DAY PER VESSEL OF SIZE 4,501 MT and above
USD 15,000 PER DAY PER VESSEL OF SIZE 3,001 MT – 4,500 MT
USD 12,500 PER DAY PER VESSEL OF SIZE up to 3,000 MT

10.2 Accounts of such calculations shall be maintained by both parties and shall mutually agree to accept the declaration as genuine and valid.

10.3 Any demurrage claim should be notified by the SELLER to the BUYER in writing within 60 (sixty) calendar days from the completion of discharge with supporting documentation. Should SELLER fail to give such notice within the said time limit, BUYER's liability for demurrage, if any, shall be extinguished in its totality and any claim made after this time bar shall not be valid. Buyer and Seller shall mutually agree to the demurrage amount by fifteen (15) days from Buyer's receipt of Seller's claim. Any dispute with this regard shall be referred to dispute resolution as provided hereinafter.

11. VESSEL ACCEPTANCE

11.1 SELLER shall guarantee to deploy a sufficient number of vessels conforming to the requirement SECTION 4 – 8 Vessel Declaration Form. Vessel Detail Summary Form and obtain written clearance for each such vessel from the Buyer, before the start of the delivery operation

11.2 If supplier's vessel does not meet any of the above requirements, Buyer or Buyer's receivers may refuse to berth or discharge the vessel with the scheduled unloading and all time lost or spent as a result thereof shall NOT count against the lay time or if the vessel is on demurrage, as demurrage.

11.3 In such cases, the buyer reserves the right to charge all expenses & relevant taxes incurred related to discharge arrangements from the Seller.

11.4 SELLER should guarantee that each vessel nominated and accepted will have on board a valid IMO certificate of fitness for the carriage of liquid hydrocarbons in bulk and shall comply with the conditions of carriage and in addition carry all papers and certificates required by any applicable law. Vessel shall be a tanker entered in the P and I Club, and will remain so during the current voyage including period of discharge. BUYER's representative shall be permitted to inspect vessel before commencement of discharge, using the latest published O.C.I.M.F. (Oil Companies International Marine Forum) checklist as a guideline. All nominated vessels shall meet the ISM (International Safety Management) and shall be acceptable to Litro Marine Vetting system. The SELLER shall forward a list of vessels available with details for the Buyer's operation along with copy of Vessel Owners acceptance to use the vessel for this project and the said vessels shall be acceptable to the Buyer (such acceptance not to be unreasonably withheld).



11.5 Vessel must, at all times, comply with BUYER's CBM and terminal requirements. Basic details are described in **Annex II CBM requirement** Seller must disclose names and details of the dedicated vessels to be provided with vessel owners' consent of availability. If Seller introduces new vessels, Seller shall provide written notice to Buyer and get Q88 acceptance before delivery at all times and the said vessels shall be acceptable to the Buyer (such acceptance not to be unreasonably withheld).

11.6 BUYER has the right to reject any vessel on reasonable safety grounds supported by evidence without compensation to SELLER. However, Buyer shall not unreasonably reject a vessel. The Buyer shall notify the Seller and shall allow the rectification of such short coming /error without risking any stock out situation.

11.7 Each vessel to have sufficient Insurance cover for Oil Spill and any other event leading to marine pollution and shall furnish copies of those certificates to the Buyer on demand.

11.8 All vessels should be ready to actively carry out the emergency drills planned in accordance with annual HSE plan requirement of LITRO Gas Terminal Lanka Pvt Limited.

11.9 The Seller shall adhere to Bimco Piracy Clause for Charter Parties 2013. In case of any time lost waiting for convoys, following recommended routing, timing or reducing speed or taking measures to minimize piracy risk, the delivery obligations of Seller hereunder shall be postponed by such time equal to delay caused by the foregoing. However, there shall be no cost or liability to the Buyer. This shall not cause a stock out situation.

12. NOMINATION & PROGRAMMING

12.1 No later than the 5th day of "M-1" ("M" being the month of delivery), Buyer or its appointed agent shall nominate their required volume for the next month. The nominated quantity should be in range of 25,000Mt +/- 5% (at Seller's option) per month.

12.2 The Seller to confirm its ability to supply the nominated quantity in writing within the specified period of the month within five working days after the receipt of nomination followed by tentative delivery schedule as per the tentative advance payment schedule for the period of whole month on or before 28th of current month unless otherwise mutually agreed between the Parties.

12.3 Seller shall inform Buyer on a weekly basis, on each Monday status of forward program (vessel, timing, cargo size) incorporating adjustments based on actual ullage availability & changes due to the effects of weather/sea conditions.

12.4 For cases where weather/sea conditions exceed weather parameters stated in **Annex II CBM Requirement**, BUYER has the right to decide & take the ship to the port for ship-to-lorry discharge operation at its discretion. All associated cost for this operation to be for Buyer's account and to be invoiced directly by ship agent to Buyer.

12.5 Should weather/sea conditions improve whilst vessel is discharging via ship-to-lorry, Buyer has the option to move the ship to the CBM. In such event, time shall continue to count until hose disconnection at the off shore hoses. All associated cost for this operation to be for Buyer's account and to be invoiced directly by ship agent to Buyer.

12.6 Buyer shall have the option of coordinating the nominations through an appointed agent.

12.7 Buyer shall have the right not to berth such nominated vessel at the discharge port and any demurrage resulting shall not be on the account of the Buyer.

12.8 Buyer AND Seller shall use their best endeavors to commercially negotiate and settle each and any possible dispute 7 working days prior to making any claims and/or resorting to any dispute resolution as provided herein.

13. CARGO DOCUMENTATION

13.1 Immediately after completion of loading, SELLER to provide BUYER copies of the documents described below prior to sailing from the load port, or minimum of two (2) working days (Sri Lankan Calendar) prior to the 1st date of agreed lay-can, whichever the lead time is more. Any berthing delay resulting of not sending the document in time will be on Sellers account & will not be taken in to lay time calculation or any demurrage claim. BUYER reserves the right to request copies of other usual shipping documents when necessary, including provisional commercial invoice.

SELLER shall be required to submit the original documents described below to the Buyer in Colombo for payment purposes.

- Full set original 3/3 clean on board Bills of Lading
- Commercial invoice/Tax Invoice
- Certificate of origin
- Quantity and quality certificate to be issued by an internationally recognized Independent Surveyor
- Packing List
- Insurance policy
- Any other original and supporting documents that may be needed for effective and efficient logistics on mutual agreement as acceptable to the Banks.

14. ASSIGNMENT

14.1 The BUYER shall have the right at any time to assign to another LITRO affiliate all or part of the rights and obligations to buy and receive the LPG in accordance with the terms of the Contract, by obtaining the Seller's written consent (such consent not to be unreasonably withheld). The assignor/assignee (as the case may be) shall remain responsible for the fulfillment of the terms and conditions of the Contract in accordance with paragraph (2) of this Clause.



14.2 Any such assignment shall be effected by notice in writing from the assignor countersigned by the assignee to signify its acceptance of the obligations under the Contract. Upon the making of any such assignment, the assignee shall be bound to perform or procure performance of the said obligations.

15. LAW AND ARBITRATION

15.1 If a dispute or difference shall arise between the parties arising out of or in connection with this Contract or the interpretation or construction thereof or any term or condition therein contained (a "Dispute"), one party may send to the other a notice specifying the matters in dispute or difference and the documents it would be relying on to establish its case. The parties also shall attempt to resolve the dispute by amicable discussions.

If the parties fail reach an amicable settlement, the Dispute shall be resolved by arbitration conducted in accordance with the Rules of the International Chamber of Commerce (ICC) in force at the time. The seat and place of arbitration shall be Sri Lanka The arbitration shall be conducted in English.

15.2 An arbitral award between the parties shall be a condition precedent to any action pertaining to or any matter arising out of this Contract unless for any interim relief to maintain status quo of parties until arbitral tribunal is constituted.

This contract shall be governed and construed in accordance with the Law of England. The Law applicable for the implementation of an Award shall be the laws of the country of residence of the party where the arbitration award is enforced against.

16. TITLES AND RISK

16.1 Title and risk to Product shall pass from Seller to BUYER when Product passes the flange connection between the delivery hose at the load port from the onshore terminal or the mother vessel and the vessel's permanent hose connection, at which point the Seller's responsibility shall cease and the Buyer shall assume all risk of loss, damage, deterioration or contamination to the Product delivered.

16.2 Seller shall be solely responsible for and shall undertake to insure each cargo of the Product with comprehensive all risks marine cargo insurance from an internationally accepted Insurance Company.

16.3 Notwithstanding the foregoing, in the event that Buyer has not established the financial security required under the Contract prior to the vessel loading, or in the event that Seller nominates a cargo to Buyer which has already loaded, title (but not risk which shall pass as provided above) in the cargo loaded under the Contract shall remain with Seller until such time as Seller has confirmed to Buyer in writing that the required financial security has been established in an acceptable format and with an acceptable bank.



Notwithstanding anything to the contrary herein, upon Seller providing such confirmation, title in the cargo loaded under the Contract will be deemed to have passed to Buyer at the time that Seller provides such confirmation or at the time specified in clause above, whichever is the later.

16.4 Buyer agrees that the vessel shall not enter the waters comprising the exclusive economic zone of the country in which the discharge port is located prior to Seller's receipt of the required financial security established in an acceptable format and with an acceptable bank. Seller shall not be liable, and Buyer shall indemnify Seller, for any direct or indirect costs, losses, damages or consequences whatsoever and howsoever arising from (i) any delay in the vessel's arrival at the discharge port as a result of Buyer's delay in furnishing the required financial security and/or (ii) the vessel's entry into the exclusive economic zone of the country in which the discharge port is located prior to Seller's receipt of the required financial security.

16.5 Should Seller exercise its right to terminate the Contract due to the lack of security, any costs (including but not limited to demurrage) incurred as a result of Buyer's failure to furnish the required financial security shall be for Buyer's account.

17. LIABILITY

17.1 Both parties under this contract shall discharge their liabilities and responsibilities in accordance with the provision of this Contract.

17.2 The Seller's liability under this Contract is limited to the difference between the contract price and the prevailing market price based on fully documented delivered price of replacement Cargo. The Seller shall issue a Performa invoice to Buyer, which should be paid in advance as per the payment term offered. Neither party shall be liable for any indirect, consequential or special losses, damages or expenses arising out of or in any way connected with the performance of this Contract, except as specifically provided for in this contract.

17.3 All claims shall be made within 15 working day period from the incident or recognition of loss by Buyer. Before submitting any claim to Seller's bank, Buyer shall notify the Seller of its claim in order to first commercially negotiate and settle each and any possible dispute/claim

18. TERMINATION

18.1 Notwithstanding anything to the contrary herein, Seller/Buyer (without prejudice to other rights or remedies available to it under this Contract, in law or otherwise) may terminate this Contract automatically upon written notice to Buyer/Seller in the event that Buyer/Seller:

a. Is or becomes subject to:

The passing of a resolution for its bankruptcy, insolvency, winding up, liquidation or is subject to a similar proceeding against or relating to it; and/or

- (i) The appointment of a trustee, liquidator, custodian or similar person in connection with any matter or proceeding referred to at above, where the appointment is not set aside or stayed within five (5) days of such appointment;
 - (ii) and/or A court having jurisdiction or a competent authority making an order to wind up or otherwise confirm its bankruptcy or insolvency, where the order is not set aside or stayed within five (5) days.
- b. Fails to make payment or provide any required security in strict compliance with the requirements of the Contract.
 - c. Fails to supply in compliance with the requirement of the contract.
 - d. Fails to perform or comply with any material provision of this Contract, and such failure is not remedied within ten (10) days following notice from the performing party that such breach has occurred.

Termination of this Contract shall be without prejudice to the rights and liabilities of either Buyer or Seller which have accrued prior to the date of termination.

19. INSURANCE

19.1 In respect of this CIF sale, SELLER shall procure insurance for the benefit of BUYER which shall cover the period from the time when the risk passes in accordance with the terms of the Contract until the gas passes the vessel's permanent hose connection at the port of loading and shall be covered by the same terms and conditions as a standard marine insurance policy MAR with Institute Cargo Clauses (A), Institute War Clauses (Cargo) and Institute Strikes Clauses (Cargo) attached. Claims for leakage and/or shortage shall be subject to a deductible of one half of one percent (0.5%) which figure shall be deemed to include ordinary loss.

19.2 If and so long as voyages to any of the ports of loading or discharge for the Contract, or any sea areas through which the vessel has to travel in performance of the Contract, incur any additional insurance or war risk insurance premiums for either product or vessel's hull & machinery or both in excess of those prevailing at the date of the Contract, the costs of such additional insurance and/or additional premiums, as well as crew war bonuses or any other bonuses relating to the delivery of oil/LPG will be paid by BUYER to SELLER in addition to the price stipulated in the agreement. BUYER shall be given 30 days to effect payment from date of invoice.

20. FORCE MAJEURE

20.1 If at any time during the existence of the contract either party is unable to perform in whole or in any part any obligation under the contract because of a Force Majeure Event, including without limitation, war, hostilities, civil commotion, sabotages, quarantine restrictions, acts of God, acts of Terrorism, acts of piracy and acts of Government (including but not restricted to prohibition of exports

or imports) fires, explosions, epidemics, strikes, embargoes, perils of the sea, closure of sea lanes, then the date of performance of the obligation(s) affected shall be postponed during the time when such circumstances are operative, up to a period of thirty (30) consecutive days. If any of these obligations shall be prevented, hindered or curtailed for more than thirty (30) days, either party may terminate this contract with respect to such delivery upon written notice to the other party.

20.2 Any waiver/extension of time in respect of supply of any of the installments or part of the cargo quantity ordered due to reasons above shall not be deemed to be a waiver/extension as time in respect of the remaining supplies.

20.3 The party who is unable to perform its obligations under the contract must within 48 hours of occurrence of any of the causes mentioned in this claim, inform the other party of the existence or termination of the circumstances preventing the performance of the contract. The party claiming force majeure must provide independent evidence of the above circumstances if they wish to rely on force majeure to suspend/postpone or terminate their performance under the contract. Any rights and liabilities which have accrued prior to a claim for force majeure, shall survive any suspension, postponement or termination of the parties' obligations under the contract.

20.4 For greater certainty, a lack of funds, the availability of a more attractive market or inefficiencies in operations do not constitute events of force majeure. In no event under this provision shall either Party suspend its obligations to make payments due under this Contract.

20.5 "Force Majeure Event" means an unforeseeable act or occurrence beyond the reasonable control of a party, which prevents, hinders or delays the ability of a party to perform any (or any part of) its material obligations under the contract.

21. BUSINESS INTEGRITY

21.1 The BUYER insists on honesty, integrity and fairness and best business practices in all aspects of their business and expects the same in their relationships with those with whom they do business. The direct or indirect offer, payment, soliciting and acceptance of bribes in any form are unacceptable practices. The Parties shall at all times act in good faith and take all steps necessary to maintain trust and confidence.

22. ENTIRE AGREEMENT

22.1 This Contract sets out the entire agreement between the parties and supersedes all previous negotiations, representations, agreements or commitments with regard to its subject matter. Each party acknowledges that in entering into this Contract it has not relied on any representations, warranties, statements or undertakings except those which are expressly set out herein.

22.2 Each party further acknowledges that it will only be entitled to remedies in respect of a breach of the express terms of this Contract and will not be liable in tort or under any collateral agreement



or warranty in respect of any representations, warranties, statements or undertakings which may have been made prior to this Contract being entered into.

23. WARRANTY

Seller warrants that the quality of the product shall conform to the specifications set in this contract. No other warranty or representation, express or implied, including without limitation to, warranties of merchantability or fitness for any particular purpose or in respect of the quality or condition of the product after the sampling for the purposes of the certificate final have been taken, is made by seller. In no event shall seller be liable for any indirect or consequential damages whatsoever.

24. OTHER TERMS

24.1 Nothing in this Contract (express or implied) is intended to confer on any other person who is not a party to this Contract, any other rights or remedies as a third party beneficiary by virtue of the Contracts (Rights of Third Parties) Act 1999.

24.2 The UN Convention on Contract for the International Sale of Goods (1980) shall not apply.

24.3 Other than those mutually agreed by Buyer and Seller, trade terms to have the meanings defined in ICC Incoterms 2010, as amended, for CIF sales, where not in contradiction with the terms of this Contract.

24.4 The Buyer hereby irrevocably and unconditionally waives whatever defense it may have of sovereign immunity for itself or its property (present or subsequently acquired) under any law and consents generally in respect of the enforcement of any judgment or arbitration award. The Buyer also acknowledges that this contract is a commercial transaction entered into for the supply of goods or services

24.5 Marine term in this contract shall be as per latest version of ASBATANKVOY.

25. AMENDMENTS

This Contract cannot be amended, modified, varied or supplemented except by an instrument in writing by Seller and Buyer on terms and conditions mutually acceptable to the parties.

26. WAIVER

The failure of any party at any time to require performance of any provision of this Contract shall not affect its right to require subsequent performance of such provision. Waiver by any party of any breach of any provision hereof shall not constitute the waiver of any subsequent breach of such provision. Performance of any condition or obligation to be performed hereunder shall not be deemed to have been waived or postponed except by an instrument in writing signed by the party who is claimed to have granted such waiver or postponement. Any partial exercise of a right or remedy hereunder shall not affect any greater or further exercise thereof.

27. SAVINGS (SEVERABILITY) CLAUSE-

If any provision of this Contract is held unenforceable, then such provision shall be modified to reflect the parties' intention. All remaining provisions of this Contract shall remain in full force and effect. Any such modification shall be in writing by way of an addendum.

28. TRADE CONTROLS

Notwithstanding anything to the contrary herein, nothing in this Contract is intended or shall be interpreted to require either party to the Contract to act in any manner which is inconsistent with, penalized or prohibited under any laws, regulations, rules or requirements applicable to such party which relate to foreign trade controls, export controls, embargoes, sanctions or international boycotts of any type.

29. ANTI-CORRUPTION

29.1 Inspection and Audit by the Bank: Pursuant to paragraph 2.2 e. of Annexure III Fraud and Corruption, the Contractor shall permit and shall cause its agents (where declared or not), subcontractors, sub consultants, service providers, suppliers, and personnel, to permit, the Bank and/or persons appointed by the Bank to inspect the site and/or the accounts, records and other documents relating to the procurement process, selection and/or contract execution, and to have such accounts, records and other documents audited by auditors appointed by the Bank. The Contractor's and its Subcontractors' and sub consultants' attention is drawn to Clause 2 (Fraud and Corruption) which provides, inter alia, that acts intended to materially impede the exercise of the Bank's inspection and audit rights constitute a prohibited practice subject to contract termination (as well as to a determination of ineligibility pursuant to the Bank's prevailing sanctions procedures).

29.2 Fraud and Corruption

29.2.1 The Bank requires compliance with the Bank's Anti-Corruption Guidelines and its prevailing sanctions, policies and procedures as set forth in the Bank's Sanctions Framework, as set forth in Annexure III - Fraud and Corruption.

29.2.2 The Employer requires the Contractor to disclose any commissions or fees that may have been paid or are to be paid to agents or any other party with respect to the bidding process or execution of the Contract. The information disclosed must include at least the name and address of the agent or other party, the amount and currency, and the purpose of the commission, gratuity or fee.

30. CHANGE IN CONTROL

(A) Each party shall be under an obligation to inform the other party immediately if there is a change in its control such that the direct or indirect control over it is no longer held by the same entity or entities as exercised such control as at the commencement date of this Contract (each a "Related Entity"). For avoidance of doubt, a change in control of a related entity shall be deemed to be a change in control of a party.

(B) Save in respect of an initial change in control, in the event of either party being subject to a change in control as set out in Sub-Para (A) above, the other party shall be entitled to terminate this Contract immediately by written notice.

(C) For the purpose of this Clause:

A "Change in control" of a party or a related entity ("the affected party") shall mean any of the following:

A change in Ownership of fifty (50) percent or more of the voting shares of the affected party; or

A change in the rights to appoint or remove a majority of the Board of Control Directors of the affected party; or

A change in the voting rights conferred by virtue of any agreement amongst Shareholders of the affected party; or

The admission of any part of the securities of the affected party to any investment change

The Seller shall comply with the above policy as attached in carrying out this contract.

31. RIGHT OF VESSEL REJECTION

Sellers undertake that the ships that they shall nominate under this Contract shall always be of an acceptable standard to LITRO and all terminals within the ports covered by this contract. Buyer shall have the absolute right to reject ships that do not comply with this clause.

32. CASUALTY REPORTING

In the event of a vessel carrying LPG cargo for Buyer, being involved in a collision, grounding, fire, explosion, spillage or any other incident which causes injury, loss of life, damage to ship or jetty or actual or potential pollution, and is likely to affect programming, cargo, third party and/or media interests, Buyer is to be advised at the EARLIEST OPPORTUNITY by telephone:

Buyer Tel +94-112-505808 (24 hours)

The text of the message should indicate:

- Ship name
- Date, time and time zone of incident
- Geographical position of incident
- Voyage details
- Cargo details
- Type of incident: collision, grounding, fire, hull failure, tank overflow, hose burst etc.
- Numbers dead and injured
- Estimate damage to ship(s)/jetty
- Whether able to transfer cargo
- Whether able to continue voyage and expected delay
- Whether any cargo / bunker split. If so:
- Type and grade split
- Estimated quantity to date, and whether outflow is continuing.
- If so estimate rate of outflow and likely eventual spill quantity
- Relevant weather, sea, tide and/or current information
- Owners contact name and number (24 hours)

- Actions being taken:
- Assistance that has been requested
- Assistance still required
- Time of origin of message (GMT)

The initial message must not be delayed if some of the above details are not readily available.

If the incident occurs in port, the ship agents should also be advised. The above requirements are additional to Owner's emergency reporting system.

The above format is consistent with IMO reporting requirements, and may be combined with reporting requirements of Owners and nearest coastal state

33. NOTICES

Notices given by either party under this Contract shall be in writing to the address of the recipient and shall be deemed to be given:

In the case of personal delivery - when delivered to the recipient at such address;

(b) In the case of a letter which is posted - three (3) Business Days after posting;

(c) In the case of a facsimile - when dispatched if successfully transmitted as evidenced by a report from the sender's facsimile machine; or

(d) In the case of an email, when sent, (provided that it was properly addressed and no delivery failure message is received),

However, if such delivery or receipt is later than 16.00 Hrs. (local time) on a day on which business is generally carried on in the place to which such communication is sent, it shall be deemed to have been duly given or made on the next Business Day.

SELLER
OQ TRADING LIMITED.

BUYER
LITRO GAS LANKA LIMITED

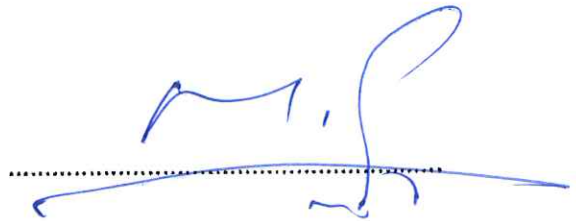


Samuel Naylor
Chief Financial Officer

Witness:

Signature: 

Name: Dinuk Hettiarachchi
198022502579



Witness:

Signature: 

Name: Tharaka Paliyakkenz
911580373v

Litro Gas Lanka Limited
267, Union Place,
Colombo - 02.

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ANNEXURE I

SPECIFICATION FOR LIQUEFIED PETROLEUM GAS LPG (AS PROPANE BUTANE MIXTURE)

Properties	Unit	Requirement	Test Method
Vapor Pressure, gauge @ 37.8 Deg.C	kPa	414 - 600(a)	SLS ASTM D1267 or SLS ASTM D2598 or SLS ASTM D6897
C2 hydrocarbons	% vol	0.5 Max	SLS ASTM D2163
C3 Propane, max.	% vol	24 (+/- 4)	
C4 Butane	% vol	76 (+/- 4)	
C5 and higher hydrocarbons	% vol	2 Max	
Dienes content, max.	% vol	0.5	
Alkynes content, max.	% vol	0.5	
Volatile residue, evaporated temperature, 95%max.	Deg. C	2.0	SLS ASTM D 2158
Residue on evaporation 100ml,max,	ml	0.05	
Oil stain observation	-	pass	
Relative Density at (15 Deg.C)	-	0.553 - 0.569	SLS ASTM D1657 or SLS ASTM D2598
Corrosion, Copper Strip, 2h at 37.8 deg C, max.	-	Class 1	SLS ASTM D 1838
Sulphur, max.	ppm	50	SLS ASTM D6667 or SLS ASTM D3246
Hydrogen sulphide	-	pass the test	SLS ASTM D2420
Free Water Content	-	None	Visual Inspection
Odour, min (vapor phase)	ppm	14 for ethanethiol (ethyl mercaptan)	SLS ASTM D5305
Olefin	% Mole	5 max	SLS ASTM D-2163
MON (Motor Octane Number)	-	89 min.	SLS ASTM D-2598
dimethyl ether (DME)	-	Nil	

(a) Calculated as per SLS ASTM D 2598




ANNEXURE II – CBM REQUIREMENT

1. General

The Kerawalapitiya Terminal is owned and operated by Litro Gas Terminal Lanka (Pvt) Limited, Sri Lanka. The Terminal consists of 4 x 2000 mt spherical tanks. The CBM is situated in position 0070 01' North 0790 50' East. Shore storage tanks are linked to the Conventional Buoy Mooring via a 10" subsea pipeline.

2. Description of the Berth

The berth is a conventional buoy mooring designed for the import of Liquefied Petroleum Gas (LPG) for vessels with a capacity of min. 5000 M3 up to 20,000 M3. The CBM is situated 3.5Km offshore within a restricted area, in which both fishing and anchoring are prohibited. The berth comprises of 4 mooring buoys. Due to the configuration of the CBM and required approach to the CBM, berthing shall be portside.

The discharge hose comprises 9 x 10 meter hoses of 6" diameter. The hose string is fitted with a quick release coupling, a hose end valve and a breakaway coupling on the seabed, as well as with support chains to assist connecting to the ship manifold. The subsea pipeline is positioned to the South East of the CBM. It is of 10" diameter and a total length of approximately 5.5 kms.

3. Pilotage

Pilotage is compulsory for all vessels arriving at the CBM. Litro appointed Marine agent will provide all marine offshore services including pilotage. The pilot and loading master together with the independent cargo inspector will board the vessels in position approximately 1-mile North West of the berth and all will remain on board throughout the vessel's stay at the berth.

4. Prohibited Area and off lying Dangers

The CBM and subsea pipeline are in a restricted area. This is marked on all navigational charts, and prohibits anchoring and bottom fishing within the area.

The berth is situated approximately 0.5 miles to seaward of a shallow reef. There is a further reef approximately 1 mile to the South of the berth with depths of approximately 7 meters. There is a submerged wreck marked with a buoy, approximately 1 mile to the North of the berth with a shallow patch of 8 meters depth approximately 0.5 miles inshore of the wreck.

5. Vapor Return

There is no vapor return between the shore and the Conventional Buoy Mooring.



6. Hose Clearance

On completion of cargo discharge, the vessel will be required to pump gas to clear the flexible hose of liquid LPG, prior to disconnection of the hose.

7. Weather

The principal weather patterns in Sri Lanka are the South West and the North East Monsoon periods.

The berth is exposed to the South West Monsoon - May to September - and during this period wind speed, swell and wave height in excess of the safe operating parameters of the berth can be expected.

The orientation of the buoy pattern is towards the South West.

During the period of the North East monsoon - November to December - the seas may be experienced on the beam, but excessive height is rarely experienced. The wind is from a Northerly direction and berthing may be delayed at times.

A 'Wave Staff' is located in the CBM. This serves as a visual indication of wave height. Please note that this will indicate the 'maximum' wave height. The following wave height parameters are the 'significant' wave height, which is approximately 60% of the maximum height.

8. Currents

The area is not subjected to strong currents. The predominant current is Northerly.

9. Vessel Agents

The agent may board the vessel before the discharge of LPG commences to offer standard agency services associated with customs, immigration, crew relief, stores and supplies and any other requirement the vessel may have.

10. Other Facilities

There are maintenance facilities in the port of Colombo. The vessel where necessary should make arrangements for repairs through the local agent. Please note main engine immobilization and boats alongside whilst discharging cargo is not permitted. Tank cleaning, purging, or inserting is not allowed at the CBM. There are no bilge water reception facilities on the berth. Fresh Water is not available in the berth. Emergency medical treatment can be arranged through the vessel agent.

11. Draft for Berthing /Un-berthing

For safety of navigation, all vessels are to maintain positive draft forward and propeller more than 90% immersed when berthing or un-berthing.

12. Vessel Size/Parameters



The Berth is designed to accommodate LPG vessels with the following parameters:

- Minimum LOA = 75 meters
- Maximum LOA = 140 meters
- Max. Breadth = 25 meters
- Maximum Salt Water Draft on Arrival = 7.0 meters
- Minimum vessel size = 5,000 M3
- Maximum vessel size = 20,000 M3
- Ship to present liquid manifold with 6 inch / ANSI 300 flange limited to single reducer connection; hose connection to be done by ship's crew under supervision of loading master or pilot.
- Minimum manifold discharge pressure of 16 bar (without vapor return) and minimum pumping capacity of 350 Cubic Meters of LPG.
- Minimum Safe Working Load of Port Side manifold crane at (Centre manifold)
- Hose Handling center crane SWL = 4 Mts.
- Minimum Height of center crane hook above liquid manifold = 8 meters.
- Minimum outreach from shipside abreast liquid manifold = 3 meters
- Number of Mooring winches Fwd. 02 & Aft 02 (Double drum type with min. of 22.5 MT break holding capacity)
- Number and length of Mooring ropes (floating type) - 16 x 220m
- Min. rope breaking strength for vessel up to 3900MT – 56 MT
- Min. rope breaking strength for vessel above 3900MT – 60 MT
- Shipside top rail diameter adjacent to liquid manifold - 10.3cm
- Ability to use both anchors for mooring operation
- Ability to maintain cargo / ballast equivalent to at least 25% summer dead weight throughout discharge consistent with safe seagoing condition.
- Port side berthing only.

13. Deck Watch

The vessel is to maintain a deck watch throughout the vessel's stay at the CBM. The crewmembers are to maintain a continuous watch on the hose connections, and on the mooring ropes. Grease may be required on the ropes to reduce chafing in the fairlead. The pilot is to be informed immediately of chafe to the mooring ropes or damage to the hoses

14. Fire Fighting Equipment

Firefighting equipment, fire hoses and extinguishers are to be positioned near the ship manifold. Fire main systems should be pressurized, or be capable of being pressurized at short notice.

15. Daylight Berthing

Berthing will only take place during the hours of daylight (0600 hrs. – 1600 hrs.)

16. Security

No unauthorized personnel are to be allowed on board the vessel. Clarification of the authority of personnel to board should be received from the Pilot or Loading Master. Those authorized by the terminal must comply with any restrictions imposed upon them.

A constant watch is to be maintained to ensure that small craft do not approach the vessel whilst in the berth. The pilot is to be advised of any boats coming close to the vessel. The mooring boat can be contacted to warn craft approaching the vessel.

16. Emergency / Contingency Plans

The approved vessel emergency contingency plans must be on board at all times. The terminal emergency contingency plan will be available with the terminal personnel.

17. Weather Parameters

The Berth is designed to operate in the following weather conditions.

Vessels from 5,000 CBM to 20,000 CBM

Wave Height 2- 2.5 meters

Wind Speed at berthing 20 knots

Wind Speed at Residence. 30 knots

However, the Pilot officers together with the ship's captain can decide to berth vessel if in their opinion the conditions at that moment is conducive to berth safely.

18. Mooring Operations

Berthing of vessels will be from a direction north to northwest of the CBM and the approach will avoid passing over the submerged pipeline and pipe end manifold. Prior to boarding the vessel, the pilot will check the CBM to ensure that the PLEM and hose end marker buoys are in place and that the release hooks on the mooring buoys are in working order. The berthing maneuver will require the use of the ship anchor in addition to the moorings to the buoys, and it is critical that the anchors are dropped well clear of the anchor chains for the mooring buoys. The pilot will be aware of the position. The approach and maneuver will depend on the weather and tidal conditions prevailing at the time and will be as advised by the pilot.

The ropes will be sent to appropriate buoys as advised by the pilot. The first stern line may be in excess of 200 meters and an additional rope may need to be lashed to this rope. Vessels must arrange

A handwritten signature in blue ink, followed by a small, stylized mark resembling a checkmark or a signature flourish.

the sequence of sending ropes to ensure that two ropes can be heaved at the same time on the stern, and that two ropes can be heaved at the same time on the forecastle.

The ropes are to be sent to the buoys by boat. Note that the boat should be clear of the propeller when using the engines, and must not approach the bow when the anchor is being slackened. Heaving lines should be used to pass ropes to the boat to ensure it is clear of the vessel when picking up ropes.

The vessel will be positioned in the berth such that the port side manifold is in line with the pipeline end (PLEM) marker buoy.

19. Hose Connection

The vessel is to prepare one 6 inch ANSI Class 300 manifold connection for the cargo hose. Where necessary only one Reducer should be used between the 6" hose and the Ship manifold. Cargo Hose connection and disconnection will be carried out by the ship crew under the supervision of the pilot and/or loading master. The ship crane will be used to lift the hose from the seabed.

The approximate weight of the hose is 2 tones, although this weight can increase due to the motion of the vessel. The equipment for securing the hose to the ship deck and manifold will be supplied by LTLL. This will be brought on board in a box. Vessels are to be equipped with manifold arrangement and crane in line with the recommendations of OCIMF.

20. Discharge Procedures

The loading master will remain on board the vessel throughout the discharge to advise on procedures and to liaise with the shore terminal.

The ship/shore safety checklist will apply through the ship's stay alongside. All procedures in respect of handling of cargo or of ballast, including precautions, should be established and agreed during the cargo discharge pre-planning discussion. Any proposed changes/deviations to operational procedure should be laid down in writing.

ANNEXURE III

Fraud and Corruption

1. Purpose

1.1 The World Bank's Anti-Corruption Guidelines and this annex apply with respect to procurement under Bank Investment Project Financing operations.

2. Requirements

2.1 The Bank requires that Borrowers (including beneficiaries of Bank financing); bidders, consultants, contractors and suppliers; any sub-contractors, sub-consultants, service providers or suppliers; any agents (whether declared or not); and any of their personnel, observe the highest standard of ethics during the procurement process, selection and contract execution of Bank-financed contracts, and refrain from Fraud and Corruption.

2.2 To this end, the Bank:

a. Defines, for the purposes of this provision, the terms set forth below as follows:

- i. "corrupt practice" is the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party;
- ii. "fraudulent practice" is any act or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain financial or other benefit or to avoid an obligation;
- iii. "collusive practice" is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;
- iv. "coercive practice" is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party;
- v. "obstructive practice" is:
 - (a) deliberately destroying, falsifying, altering, or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a Bank investigation into allegations of a corrupt, fraudulent, coercive, or collusive practice; and/or threatening, harass or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; or
 - (b) acts intended to materially impede the exercise of the Bank's inspection and audit rights provided for under paragraph 2.2 e. below.

- b. Rejects a proposal for award if the Bank determines that the firm or individual recommended for award, any of its personnel, or its agents, or its sub-consultants, sub-contractors, service providers, suppliers and/ or their employees, has, directly or indirectly, engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices in competing for the contract in question;
- c. In addition to the legal remedies set out in the relevant Legal Agreement, may take other appropriate actions, including declaring misprocurement, if the Bank determines at any time that representatives of the Borrower or of a recipient of any part of the proceeds of the loan engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices during the procurement process, selection and/or execution of the contract in question, without the Borrower having taken timely and appropriate action satisfactory to the Bank to address such practices when they occur, including by failing to inform the Bank in a timely manner at the time they knew of the practices;
- d. Pursuant to the Bank's Anti- Corruption Guidelines and in accordance with the Bank's prevailing sanctions policies and procedures, may sanction a firm or individual, either indefinitely or for a stated period of time, including by publicly declaring such firm or individual ineligible (i) to be awarded or otherwise benefit from a Bank-financed contract, financially or in any other manner¹; (ii) to be a nominated ² sub-contractor, consultant, manufacturer or supplier, or service provider of an otherwise eligible firm being awarded a Bank-financed contract; and (iii) to receive the proceeds of any loan made by the Bank or otherwise to participate further in the preparation or implementation of any Bank-financed project;
- e. Requires that a clause be included in bidding/request for proposals documents and in contracts financed by a Bank loan, requiring (i) bidders, consultants, contractors, and suppliers, and their sub-contractors, sub-consultants, service providers, suppliers, agents personnel, permit the Bank to inspect ³ all accounts, records and other documents relating to the submission of bids and contract performance, and to have them audited by auditors appointed by the Bank.

¹For the avoidance of doubt, a sanctioned party's ineligibility to be awarded a contract shall include, without limitation, (i) applying for pre-qualification, expressing interest in a consultancy, and bidding, either directly or as a nominated sub-contractor, nominated consultant, nominated manufacturer or supplier, or nominated service provider, in respect of such contract, and (ii) entering into an addendum or amendment introducing a material modification to any existing contract.

² A nominated sub-contractor, nominated consultant, nominated manufacturer or supplier, or nominated service provider (different names are used depending on the particular bidding document) is one which has been: (i) included by the bidder in its pre-qualification application or bid because it brings specific and critical experience and know-how that allow the bidder to meet the qualification requirements for the particular bid; or (ii) appointed by the Borrower.

³ Inspections in this context usually are investigative (i.e., forensic) in nature. They involve fact-finding activities undertaken by the Bank or persons appointed by the Bank to address specific matters related to investigations/audits, such as evaluating the veracity of an allegation of possible Fraud and Corruption, through the appropriate mechanisms. Such activity includes but is not limited to: accessing and examining a firm's or individual's financial records and information, and making copies thereof as relevant; accessing and examining any other documents, data and information (whether in hard copy or electronic format) deemed relevant for the investigation/audit, and making copies thereof as relevant; interviewing staff and other relevant individuals; performing physical inspections and site visits; and obtaining third party verification of information

ANNEXURE-IV

Advance Payment Security

Demand Guarantee

[Guarantor letterhead or SWIFT identifier code]

Beneficiary: *[Insert name and Address of Purchaser]*

Date: *[Insert date of issue]*

ADVANCE PAYMENT GUARANTEE No.: *[Insert guarantee reference number]*

Guarantor: *[Insert name and address of place of issue, unless indicated in the letterhead]*

We have been informed that *[insert name of Supplier, which in the case of a joint venture shall be the name of the joint venture]* (hereinafter called "the Applicant") has entered into Contract No. *[insert reference number of the contract]* dated *[insert date]* with the Beneficiary, for the execution of *[insert name of contract and brief description of Goods and related Services]* (hereinafter called "the Contract").

Furthermore, we understand that, according to the conditions of the Contract, an advance payment in the sum *[insert amount in figures]* () *[insert amount in words]* is to be made against an advance payment guarantee.

At the request of the Applicant, we as Guarantor, hereby irrevocably undertake to pay the Beneficiary any sum or sums not exceeding in total an amount of *[insert amount in figures]* () *[insert amount in words]*¹ upon receipt by us of the Beneficiary's complying demand supported by the Beneficiary's statement, whether in the demand itself or in a separate signed document accompanying or identifying the demand, stating either that the Applicant:

- (a) has used the advance payment for purposes other than toward delivery of Goods; or
- (b) has failed to repay the advance payment in accordance with the Contract conditions, specifying the amount which the Applicant has failed to repay.

A demand under this guarantee may be presented as from the presentation to the Guarantor of a certificate from the Beneficiary's bank stating that the advance payment referred to above has been

¹ The Guarantor shall insert an amount representing the amount of the advance payment and denominated either in the currency(ies) of the advance payment as specified in the Contract, or in a freely convertible currency acceptable to the Purchaser.

credited to the Applicant on its account number *[insert number]* at *[insert name and address of Applicant's bank]*.

The maximum amount of this guarantee shall be progressively reduced by the amount of the advance payment repaid by the Applicant as specified in copies of interim statements or payment certificates which shall be presented to us. This guarantee shall expire, at the latest, upon our receipt of a copy of the interim payment certificate indicating that ninety (90) percent of the Accepted Contract Amount, has been certified for payment, or on the *[insert day]* day of *[insert month]*, 2 *[insert year]*, whichever is earlier. Consequently, any demand for payment under this guarantee must be received by us at this office on or before that date.

This guarantee is subject to the Uniform Rules for Demand Guarantees (URDG) 2010 Revision, ICC Publication No.758, except that the supporting statement under Article 15(a) is hereby excluded.

[signature(s)]

Note: All italicized text (including footnotes) is for use in preparing this form and shall be deleted from the final product.

Handwritten signature and a checkmark-like mark in blue ink.