

Sabrecraft Marine Sdn Bhd

Terms and Conditions

AGREEMENT AND SPECIFICATION OF THE VESSEL

Sabrecraft Marine Sdn Bhd (The Builder/s) agrees to construct the vessel and the Purchaser agrees to buy the Vessel described in the Specification or Quotation

The Builders shall be under no contractual or other obligation to accept any variation or order from the Purchaser

Plans supplied to the Builder by the Purchaser or their representative must be to Industry Standard. Any delays arising from plans being late or sub-standard to cause delays, the Purchaser will be liable for fees charged by the Builders as set out in Schedule 1

Unless otherwise agreed to with a Construction Agreement these Terms and Conditions as set out below will be legally binding by all parties

MODIFICATIONS AND CHANGES TO THE SPECIFICATION

All modifications will be charged at the rates set out in Schedule 1

CONTRACT PRICE – PAYMENT – LATE PAYMENT

The Contract Price of the Vessel is the amount as set out in the quotation together with the cost of any modifications or changes to the Specification

The Builder shall give the Purchaser 2 day's notice of the anticipated date when a payment is due. On expiry of such notice, the relevant Payment will become due within 5 days

If the Contract Price is varied The Builder shall be entitled to require payment of any increase of the Contract Price by reason of any modification or change in full prior to works started

The Purchaser will be liable for fees charged by the Builders as set out in Schedule 1 for any variations

If for any reason payment is not received within 7 days, the Builders shall be entitled to stop construction of the Vessel until all outstanding payments have been paid in full and the Delivery Date shall be extended. The Builder will notify the Purchaser the time for the extended period and for re-scheduling construction of the Vessel and the Purchaser will be liable for fees charged by the Builders as set out in Schedule 1

After a further period of 7 days' delay the Builders shall, without prejudice to any other rights, be entitled:

- Charge interest at 24% Per annum of the outstanding amount compounding daily from the date upon which such payment became due and payable
- Require payment from the Purchaser forthwith the balance of the Contract Price outstanding to complete the construction of the Vessel or terminate The

Contract/Agreement and sell the Vessel. All costs arising from the sale of the vessel will be charged to The Purchaser. The Builder will receive all outstanding amounts owed from the proceeds of the sale. Any remaining monies will be payable to The Buyer. Any shortfall from the sale of the vessel of the amount of money owed to the Builder will be payable to the Builder by the Purchaser

- If for any reason any tax, levy, charge or any other sum required to be paid by law shall be omitted from the amount of the Contract Price or shall be varied or introduced after the date of this Agreement and shall be required to be paid by the Purchaser the Purchaser shall pay such additional sum forthwith on demand

DELAYS AND EXTENSIONS OF TIME (FORCE MAJEURE)

If construction of the Vessel is delayed directly or indirectly due to any cause beyond The Builders' reasonable control the Delivery Date shall be extended

The Builders shall give the Purchaser written notice of any event in respect of which the Builders claim to be entitled to an extension of time:

- Within 28 days of its commencement, stating the date on which the delay commenced, the cause of it and its estimated duration; and
- Within 28 days of its end, stating the date on which it ended and the total period of the extension sought

If the Builders' premises, plant, machinery or equipment shall be so damaged by the operation of a delaying event for which The Builders are not responsible so as to make it impracticable for the Builders to complete the construction of the Vessel, the Builders may, at their option (to be exercised within 21 days after the delaying event), cancel this Agreement by notice in writing to the Purchaser, whereupon the Purchaser shall be entitled by written election to take over and complete the Vessel without further liability on the Builders whereupon the Purchaser shall pay to the Builders all sums then due, whether by way of Payments or otherwise

ACCESS TO VESSEL AND TO BUILDERS' PREMISES

The Purchaser shall have the right to inspect the progress of construction of the Vessel from time to time. The Purchaser must give written notice to the Builder. Inspections are to take place during the Builders' normal business hours with the prior written consent of the Builders, such consent not to be unreasonably withheld provided always that the Builders shall be entitled to appoint a representative to accompany the Purchaser or Purchaser's agent and that access shall extend only to those parts of the Builders' premises necessary for the inspection of the Vessel and/or the materials and equipment appropriated thereto

The Purchaser shall observe all current rules and regulations applied by and to the Builders, and to their premises.

WARRANTIES

In addition to the Purchaser's statutory rights the following warranties shall apply:

Subject to the conditions set out below and otherwise expressly set out herein the Builders warrant to the Purchaser that the Vessel will be of satisfactory quality and reasonably fit for the purpose(s) made known to the Builders in writing prior to the date of the Agreement whether or not such purpose is one for which the Vessel is commonly supplied and will correspond with the Specification and any variation, addition or modification thereto. The Builders further warrant that the Vessel will be free from defects in materials and workmanship for a period of 12 months from the time of delivery.

The Builders warrant to the Purchaser that on delivery the Vessel will comply with any other requirements or regulations which may be agreed in writing between the Parties

The Builders shall repair or replace any defect in the workmanship, materials or equipment or their failure to correspond with the Specification. Such repair or replacement shall be carried out by the Builders at their premises or, where that is not convenient to the Parties, the Builders shall pay the reasonable cost of having the work carried out elsewhere

The Builders shall only be liable for any defects or failures which were not apparent on reasonable inspection during the Acceptance Trial or within a reasonable time thereafter

The Purchaser shall notify The Builder in writing immediately on discovery of any alleged defect and the Builders or their agent shall have the right to inspect the Vessel including the right to carry out sea trials to enable the Builders or their agent to examine or assess the extent of the alleged defect. The expense of any such trials shall be borne by the Builders if the defect is shown to be one of workmanship or materials

Motors supplied with the vessel that have been fitted outside of Australia will be warrantied by the Builder with the same warranty as given by Australian suppliers. Motors must be serviced as per the normal warranty set out as per an Australian supplier. Any claim must be approved by Sabrecraft Marine prior to works being carried out by the Buyer

OWNERSHIP OF THE VESSEL

The Vessel and/or all materials and equipment purchased or appropriated from time to time by the Builders specifically for its construction (whether in their premises, upon the water or elsewhere) shall become the property of the Purchaser upon Payment of all monies owed to The Builder are paid in full

The Purchaser shall not without the prior written consent of the Builders which consent shall not be unreasonably withheld sell, assign, pledge or otherwise put a charge on the Vessel by way of security for any indebtedness prior to delivery except for the sole purpose of obtaining a loan to finance the construction of the Vessel. If the Purchaser charges the Vessel in breach of the terms of this Clause, the balance of the Contract Price shall forthwith become due and payable without prejudice to any other rights or remedies of The Builders. The Purchaser shall not have the right to assign or transfer the Agreement or any of his rights and obligations hereunder without the prior written consent of The Builders

COPYRIGHT

Any copyright or similar protection in manuals, drawings, plans, specifications, including the Specification prepared by the Builders or their employees or agents, shall remain the property of the Builders

DISPUTE RESOLUTION - LAW AND JURISDICTION

Any notice required to be given hereunder shall be in writing to the registered Company address and either (i) given by hand with proof of delivery or (ii) by courier with proof of delivery

If during the construction of the Vessel any dispute arises either as to an adjustment of the Contract Price or as to when a Payment is due and payable or as to the operation or duration of a delaying event or whether for the purposes of the policy of insurance the Vessel has suffered substantial damage, then, and without prejudice to the Parties' rights to litigate such dispute with Malaysian Law

SCHEDULE 1

1. Storage Fees – Must be added: 1 m2 around the perimeter of the vessel
 - Under Cover: AUD26.00 per M2 per day
 - External Yard: AUD16.00 per M2 per day
2. Hourly Rates
 - Welding: AUD148.00 per hour
 - General Labour: AUD125.00 per hour
 - Specialised Labour: At cost + 35%
3. Relocation Fees
 - At Cost + 35%
4. Materials: At cost + 35%