General Terms and Conditions for parts supply and technical service

The following General Terms and Conditions are applicable to the sales of spare parts for the diesel engines (herein the “Spare Parts”) and related technical service work by the engineers, if applicable, unless otherwise expressly excluded in writing by Mitsui Engineering & Shipbuilding Co., Ltd., Technoservice Department or MES Technoservice Co., Ltd., Mitsuizosen Technoservice Taiwan Co., Ltd., Mitsuizosen Technoservice Hongkong Limited, Mitsui Engineering & Shipbuilding Asia Pte. Ltd. and MES Technoservice (Shanghai) Co., Ltd. (herein collectively “MES”).

1. Sales Contract
1.1 Acceptance of orders from customers shall be confirmed by means of order acknowledgement issued by MES. And if there are any discrepancies in the order acknowledgement and purchase order, it must be raised by the customer before delivery of the Spare Parts and/or commencement of technical service work, if any, by MES.
1.2 Orders from customers are only binding on MES after a written order acknowledgement has been issued and only on the conditions stated in the order acknowledgement.
1.3 Order acknowledgment and these General Terms and Conditions shall be deemed to mutually constitute an integral part of this contract, provided that should there be any conflict or discrepancy between the conditions in the order acknowledgement and these General Terms and Conditions, the conditions in the order acknowledgement shall prevail.

Notwithstanding the above, these General Terms and Conditions shall be applicable to the customer that MES newly deals with Spare Parts and related technical service work by the engineers. In case that MES and customer concludes any agreement or the written confirmation equal to the agreement, such agreement or confirmation shall prevail.

2. Prices
2.1 The prices of all sales of Spare Parts and technical service (herein the “Prices”) are those valid on the date of issue of order acknowledgement by MES.
2.2 Unless otherwise agreed upon in writing, any taxes and duties imposed outside Japan in connection with the delivery of the Spare Parts and/or rendering technical service work are not included in the price of MES and are borne by the customer.

3. Delivery
3.1 Delivery of the Spare Parts shall be on Ex-Works basis.
Provided MES and customer may agree other terms of delivery to be specified in the order-acknowledgement. The delivery terms, in any event, shall be in accordance with INCOTERMS 2010. It is expressly agreed that title to the Spare Parts shall transfer from MES to the customer only upon payment in full of the Price, and the customer shall, upon MES's request, take any and all necessary steps to protect MES's title until payment of the Price in full.

3.2 The time of delivery, in case of delivery of the Spare Parts at destination, or of completion of technical service stated by MES is approximate unless MES have expressly guaranteed delivery or completion at a definite time with reservation for delays due to unavoidable reasons beyond control by MES.

3.3 In case of delay of delivery of the Spare Parts, MES shall in no case have the responsibility to the customers for the payment of any liquidated damages for delay.

3.4 In the event that the contract is cancelled, no claim whatsoever, on account of a delay, can be accepted for compensation for loss of earnings or time or any other losses, irrespective whether the responsibility for the delay lies with MES.

4. Packing and Marking
Packing and marking of the Spare Parts shall be in accordance with MES's standard practice.

5. Terms of payment
5.1 Unless otherwise specified in the order acknowledgement, payment shall be effected as follows;
   i) 50% of the total amount of the Price shall be paid by T.T. remittance to the bank account designated by MES at the time of issue of order acknowledgement.
   ii) Remaining 50% of the total amount of the Price shall be paid by T.T. remittance to the same bank account within 15 days after delivery of the Spare Parts and/or the completion of technical service work, as applicable.

5.2 Upon MES's request, the customer shall furnish an appropriate security for payment, such as letter of credit issued by a reputable bank acceptable to MES.

5.3 The customer shall not be entitled to set-off payment against a demand, which the customer believes to be entitled against MES in connection with any other transactions.

5.4 In any case where some form of credit is granted to the customer, the ownership of the relevant Spare Parts remain with MES until full payment has been made. If the customer does not pay when due, MES are entitled to take back the Spare Parts without a court judgment in accordance with the valid rules of law on this point.

5.5 In case of delay of payment by the customer for any reason whatsoever, the customer shall be liable for the payment of delay penalty at the rate of fifteen percent(15%) per annum of the amount of payment delay.

6. Technical service
6.1 For the rendering of technical service work related to the supply of Spare Parts or of repair or maintenance work, the following conditions shall apply. Unless otherwise agreed in writing, the price of technical service work and of
repair or maintenance work shall be charged on an hourly rate basis then in effect at MES, which shall be applied to the time of actual work as well as to the travelling time and waiting time during the trip between Japan and the work site. Traveling expense of the engineer(s) to and from Japan and the work site, including business class round trip air fare shall be borne by the customer and shall be reimbursed by the customer against the presentation of the relevant invoice supported by vouchers or the like.

Expenses of lodging and the board for the engineer(s) shall be borne by the customer.

In addition, the customer shall provide the followings free of charge to MES or engineer(s):

i) Appropriate air-conditioned office at the site, equipped with proper furniture and instruments.
ii) Medical treatment
iii) Telephone, facsimile, copying machine and type writer
iv) Daily transportation between work site and the engineer's residence
   Automobile, general liability and workers compensation insurance in amounts and with carriers satisfactory to MES

6.2 Unless otherwise agreed, the working hours shall be eight(8) hours per day, five(5) days per week, Saturday, Sunday and other local holidays being omitted. The maximum continuous working days shall be limited to twelve(12) days and such engineer can take one(1) day holidays

6.3 Unless otherwise agreed in writing, the execution of an order is subject to manual assistance being rendered by the engine room staff and subject to the availability of standard repair facilities on board.

6.4 The customer/the master of the ship has a responsibility that the engine room staff or other manpower made available by the customer comply with instructions and/or advice given by representative of MES.

6.5 In the event that master, chief engineer or other person in charge on board the vessel certifies the completion of work by MES in writing, MES shall not be liable for any loss or damage for parts, arising out of work by MES.

6.6 MES shall not be liable for personal injury on board if it is proved that such injury was not caused by negligence on the work by MES or other for whom MES is liable.

7. Warranty

7.1 MES warrants the Spare Parts newly manufactured to be free from defects in material and workmanship for the period of twelve(12) months from the date of shipment. MES undertakes to carry out necessary rectification for the work performed which is proved to be defective due to negligence or lack of professional diligence on the part of MES, within six(6) months from the date of completion of a technical service and repair or maintenance work.

7.2 Should any defect or damage be found in the Spare Parts during the warranty period, excluding consumable parts and those parts having normal wear, tear, corrosion and erosion, the customer shall immediately and at the latest within a week inform MES in writing of its claim together with the detailed evidence (data log, maintenance and inspection record, etc.) in connection therewith.
7.3 MES will check the evidence at the customer’s claims to see whether or not MES’s omission or negligence caused such defects or damage and inform the customer of its conclusion as soon as possible after its receipt of such claims.

7.4 When it is confirmed by MES that such defects and damage are attributable to the MES’s omission, negligence or failure, MES shall repair or replace such defective or damaged Spare Parts. In case of replacement, the relevant parts shall be delivered on Ex-Works basis in accordance INCOTERMS 2010, the same trade terms as in the original Purchase Order.

7.5 Any repair or replacement of the Spare Parts which may have been carried out by the customer or any third party without prior acknowledgment and consent of MES shall be excluded from MES’s obligation of warranty under these General Terms and Conditions.

7.6 MES’s obligation of warranty shall be limited to the repair or replacement of the defective Spare Parts.

8. Industrial property rights

Nothing herein contained shall be construed as transferring to the customer any patent, utility model, design, trademark or copyright with respect to the Spare Parts.

MES shall not be held responsible for infringement on any industrial property right belonging to third parties which is caused by the customer’s instructions to MES and any dispute or claim arising out of, relating to or in connection with such infringement shall be settled solely by the customer.

9. Limitation of Liability-Disclaimer

Notwithstanding any other provisions in these General Terms and Conditions or the order acknowledgement to the contrary, it is expressly agreed that MES shall, in no event, be held liable for any kind of consequential or indirect damages whatsoever, such as, but not limited to loss of time, loss of production, earning or profits, directly or indirectly occasioned by reason of the defects of the Spare Parts or the technical service work.

MES’s liability for all guarantees, warranties indemnities, liabilities and representations or whatever, whether express or implied, shall in no event exceed 30% of the Prices in aggregate. Further, MES hereby expressly disclaim any liability or responsibility of whatsoever nature other than those expressly set forth herein, including without limitation the product liability.

10. Arbitration

In the event of any dispute, controversy or claim arising out of or relating to any contract for the Spare Parts or technical service, the parties shall exert their best efforts to consult with each other in good faith with the view to arriving at a mutually satisfactory agreement; however, in case of failure to reach an amicable settlement, any such dispute, controversy or claim shall be settled by arbitration held in Tokyo, Japan in accordance with the Rules of the Japan Commercial Arbitration Association, and the award made pursuant to such arbitration shall be final and binding upon both parties.

This article shall not be applicable in the event the law of the customer’s country does not recognize the validity and enforceability of an arbitral award rendered by the Japan Commercial Arbitration Association, in which event Tokyo District Court shall have exclusive jurisdiction.
11. Force Majeure
MES shall not be held liable for any loss, damage, delay or failure to perform its obligations under the contract resulting directly or indirectly from Force Majeure events, such as but not limited to acts of God, acts of government or civil or military authorities, strike or other labor difficulties, fires, accidents, floods, epidemics, war, riot, civil insurrection, delays in transportation, lack of or inability to obtain raw materials, components, labor fuel utilities, or supplies from usual sources or other causes or circumstances beyond the MES’s reasonable control.

12. Assignment
Neither party shall assign this Contract to a third party without prior written consent of the other party. This Contract shall inure to the benefit of and shall be binding upon the lawful successors or legitimate assigns of either party hereto. In case of assignment by the customer, the customer shall remain responsible for the performance of its obligations hereunder against MES jointly and severally with the assignee.

13. Amendment
Amendments of this Contract must be in writing and signed by the parties hereto in order to be binding.

14. Governing Law
These General Terms and Conditions and order acknowledgement shall be governed by the laws of Japan.

15. Termination
The contract for order based on these General Terms and Conditions may be terminated by MES in case any one of the events mentioned below arises in respect of customers by giving to the customer the written notice to the effect.
1) Breach of failure to comply with any of the terms of order acknowledgement or of these General Terms and Conditions.
2) Application for bankruptcy, composition, liquidation, reorganization or enforcement of attachment or provisional attachment or suspension of payment or of banking transaction or other events which would materially deteriorate creditworthiness.
3) Resolution of liquidation or merger with another company