

**SECOND SCHEDULE
PAYMENT AND RETENTION MONEY
(MANDATORY REQUIREMENT)**

PART A

PAYMENT OF THE PURCHASE PRICE

1. The purchase price which is the total contract value at time of signing contract agreement shall be paid to the contractor by instalment in accordance with the General Conditions.
2. Each instalment shall be of the percentage of the purchase price set out below.
3. Invoice for instalment payment shall be sent to Marine Department of the Hong Kong Special Administrative Region of the People's Republic of China by Contractor after Marine Department officers have inspected the work completion to their satisfaction. **Payment will be made in accordance with the terms and conditions stipulated in General Conditions (Clause 14 (3)(a)).**
4. If, at the Contractor's request, payment is to be made to the Contractor's overseas bank account, the overseas bank charges would be borne by the Contractor.

Instalment	Percentage of Purchase Price
First instalment shall be payable within 30 days after the signing of the agreement, or after the receipt of invoice, the Irrevocable Guarantee and certificate of insurance stated in Clause 7(3) of the General Conditions, whichever is the later.	10
Second instalment shall be payable on completion of hull structures including the deckhouse, and upon receipt of invoice and the Irrevocable Guarantee (if applicable).	25
Third instalment shall be payable on completed installation of main engines, shafting and auxiliary engines, and upon receipt of invoice and the Irrevocable Guarantee (if applicable).	25
Fourth instalment shall be payable on delivery of Vessel to the Government Dockyard after successful completion of acceptance trials in the HKSAR in accordance with Clause 10 of the General Conditions, or after the receipt of invoice, whichever is the later.	35
Fifth instalment payable within 30 days after delivery of all documents as required in the contract to the GNC Section in accordance with Clause 11(2) of the General Conditions, or after the receipt of invoice, whichever is the later.	5

PART B

RETENTION OF MONEY WITHHELD BY GOVERNMENT

The total retention money withheld by the Government shall be 5% of the purchase price. In accordance with Clause 14(6) of the General Conditions, the Government shall retain and withhold from each instalment the sum of money specified in the table below.

Instalment	Money retained by Government (% of total retention money)
First	10
Second	25
Third	25
Fourth	35
Fifth	5

THIRD SCHEDULE
IRREVOCABLE GUARANTEE
(MANDATORY REQUIREMENT)

IRREVOCABLE GUARANTEE

The value of the Irrevocable Guarantee required under Clause 15 of the General Conditions shall be equivalent to the total amount of instalments paid prior to delivery of Vessel plus interest at a rate of 10% per annum from the time of payment to the Contractor to the time of full repayment to the Government. The value in dollars shall be rounded up to the next highest complete thousand dollars.

However, the Irrevocable Guarantee value may be required to be increased or decreased, depending on the actual financial capability of the successful tenderer, without tender price adjustment. The financial capacity of the tenderer shall be judged on the basis both of that tenderer's global business activity as well as its activity in the territory of the Hong Kong Special Administrative Region of the People's Republic of China.

FOURTH SCHEDULE
LIQUIDATED DAMAGES FOR BREACH OF CONTRACT
(MANDATORY REQUIREMENT)

PART A

The Contractor shall pay to the Government of the Hong Kong Special Administrative Region of the People's Republic of China **Hong Kong Dollars Twenty Thousand (HK\$20,000)** for each day or part thereof if the Contractor fails to deliver the Vessel on or before the delivery date specified in the Agreement to the Government under Clause 12 of the General Conditions.

If the delay is more than 120 calendar days and without any valid reason which is acceptable to the Director, the Government of the Hong Kong Special Administrative Region of the People's Republic of China shall be entitled to terminate the contract in accordance with the terms of the General Conditions.

PART B

The Contractor shall pay to the Government of the Hong Kong Special Administrative Region of the People's Republic of China **Hong Kong Dollars One Thousand (HK\$1,000)** for each day or part thereof if the Contractor fails to deliver the documents on or before the delivery date specified in the Agreement to the Government under Clause 12A of the General Conditions.

PART C

If, after the Vessel has completed all such acceptance trials as may be required by the Director under Clause 10 of the General Conditions to which this Schedule is annexed, the **Vessel has failed to achieve the guaranteed speed of 25 knots at 95% maximum power** in a speed trial verified by the DGPS as provided by MD, the Contractor shall pay to the Government as liquidated damages for breach of contract a sum of money calculated as per the next paragraph.

The liquidated damages shall be a sum of money equal to the percentage of the purchase price (the total contract value as signed and agreed in the agreement) as shown in the following table:-

Speed Deficiency (from the Guaranteed Speed)	Liquidated Damages (as Percentage of the Purchase Price)
0.25 knot	3
> 0.25 knot but 0.50 knot	6
> 0.50 knot but 0.75 knot	9
> 0.75 knot but 1.00 knot	12

For the purpose of the above table, the Guaranteed Speed is that defined in Chapter 1.

The liability to pay and the actual payment of the liquidated damages shall be in addition and without prejudice to the rights of the Government to terminate the Contract or otherwise in the event that the Vessel has failed to achieve the guaranteed speed of 25 knots as aforesaid.