

GENERAL CONDITIONS

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(July/2002 Rev.)

GENERAL CONDITIONS

PART 1 – INTERPRETATION

1. (1) In these conditions, unless the context otherwise requires – Interpretation
- "authorised officer" means any public officer authorised by the Director for the purposes of this contract by name or by rank or by designation;
- "Contractor" means the tenderer whose tender is accepted by the Government;
- "Government" means the Government of the Hong Kong Special Administrative Region of the People's Republic of China;
- "Director" means the Director of Marine and means also any Deputy Director of Marine or Assistant Director of Marine;
- "tender" means the offer made by the tenderer in accordance with the terms set out in the tender form;
- "vessel" means the vessel required to be constructed and supplied under the terms of this contract.
- (2) This contract shall consist of the terms set out in –
- (a) the Agreement to which this Appendix is annexed; and
- (b) this Appendix (including all Schedules referred to herein and annexed hereto).
- (3) Except where express provision is made under the terms of this contract, no statement, term or condition other than the statements, terms and conditions set out in the said Agreement and in this Appendix shall form, or be deemed to form, any part of this contract.
- (4) There shall be a binding contract between the parties upon the date stated in the letter of acceptance.
- (5) The contract shall be governed by and construed in accordance with the Laws of the Hong Kong Special Administrative Region of the People's Republic of China.
- (6) A marginal note to any provision of this contract shall not form, or be deemed to form, any part of this contract.
- (7) (a) Words and expressions used in this contract importing the masculine gender shall include the feminine gender;
- (b) If the Contractor is a corporate body every reference in this contract to the Contractor as a person shall be construed as a reference to the corporate body.

PART 2 - CONSTRUCTION OF VESSEL

2. (1) Subject to the terms of this contract, the Contractor shall construct the vessel in accordance with the specifications set out in the First Schedule to this Appendix. Construction of the vessel
- (2) (a) The vessel shall be constructed of such materials as may be approved in principle by the Director,

- (b) The vessel shall be fitted with such equipment as may be approved in principle by the Director,
 - (c) The standard of workmanship employed in the construction of the vessel shall be such as may be required by the Director.
- (3) All plans, drawings and particulars relating to the construction of each part of the vessel shall be submitted to the Director for examination and shall be approved by the Director or an authorised officer before the Contractor commences work on the construction of that part of the vessel to which the plans, drawings or particulars are related.
 - (4) The vessel shall be constructed in accordance with such plans, drawings and particulars as shall be approved by the Director or an authorised officer under subclause (3).
 - (5) The Contractor shall be responsible for any discrepancies, errors, or omissions in the plans, drawings and particulars supplied by him, whether they have been approved by the Director or any authorised officer or not.
 - (6) The Contractor shall at his own expense carry out any alterations or remedial work necessitated by reason of such discrepancies, errors, or omissions and modify the plans, drawings and particulars accordingly, or if the same be done by or on behalf of the Government shall bear all costs reasonably incurred therein. The performance of his obligations under this sub-clause shall be in full satisfaction of the Contractor's liability under sub-clause (5) of this clause, but shall not relieve him of his liability under clause 20 in so far as that liability arises as a result of such discrepancies errors or omissions.
 - (7) In so far as the copyright or other intellectual property rights in any plans, drawings, documents, materials, know-how and other information relating to the vessel shall be vested in the Contractor, the Contractor grants to the Government a royalty free, non-exclusive and irrevocable licence (carrying the right to grant sub-licences) to use and reproduce any of the works, designs or inventions incorporated and referred to in such documents or materials and any such know-how and information for all purposes relating to the vessel (including without limitation the design, construction, completion, maintenance, reinstatement, modification, extension and repair of the vessel). To the extent beneficial ownership of any such copyright or other intellectual property rights is vested in anyone other than the Contractor, the Contractor shall procure that the beneficial owner thereof shall grant a like licence to the Government. For the avoidance of doubt, any such licence granted shall not be determined if the Contractor shall for any reason cease to be engaged in connection with the construction of the vessel.

2A. Notwithstanding the above provisions, it is hereby agreed that the Contractor is exclusively responsible for the design and construction of the vessel and that the Government relies on the skill and judgment of the Contractor in respect of the same.

Design responsibility

3. (1) The Director or any authorised officer may at any time during the construction of the vessel –
 - (a) examine and check the vessel or any part thereof; and
 - (b) examine and check any materials used, or intended to be used, in the construction of the vessel; and
 - (c) examine and check any equipment fitted, or intended to be fitted, in the vessel,

Examination of vessel while under construction

regardless of where the vessel or any part thereof or any such materials or equipment may be situated, stored or placed at any time.

4. (1) The Director may at any time during the construction of the vessel, reject the vessel or any part thereof or any materials used, or intended to be used, in the construction of the vessel or any equipment fitted, or intended to be fitted, in the vessel if he has reasonable grounds for believing -
- Rejection of materials and equipment
- (a) that the vessel or any part thereof has not been constructed in accordance with plans, drawings or particulars approved by the Director or an authorised officer under clause 2(3); or
 - (b) that any materials used, or intended to be used, in the construction of the vessel have not been approved in principle by the Director or are defective; or
 - (c) that any equipment fitted, or intended to be fitted, in the vessel has not been approved in principle by the Director or is defective; or
 - (d) that the standard of workmanship employed in the construction of the vessel does not meet the Director's requirements.
- (2) The Director shall, by notice in writing served on the Contractor, state -
- (a) the reasons for his rejection under subclause (1) of the vessel or any part thereof or any of its materials or equipment; and
 - (b) the action which he shall require the Contractor to take in order to remedy the specified defect or fault in the construction of the vessel.
- (3) (a) On receipt of a notice under subclause (2), the Contractor shall take such action as may be required by the Director in the notice.
- (b) The Government shall not be responsible or liable for any expense incurred by the Contractor in taking such action as may be required in any such notice.
5. (1) With effect from the date of payment of the first instalment of the purchase price under clause 14 –
- Vessel under construction to be the property of the Government
- (a) the vessel (including all parts thereof while it is under construction); and
 - (b) all materials used, or intended to be used, in the construction of the vessel; and
 - (c) all equipment fitted, or intended to be fitted, in the vessel,
- shall, subject to the terms of this contract, become the property of the Government.
- (2) Subclause (1) shall not prejudice any claim by the Contractor to a builder's lien over the vessel and its materials and equipment for the payment of any due and unpaid balance of the purchase price.
- (3) Subclause (1) shall not affect –
- (a) any materials which are not used in the construction of the vessel; or
 - (a) any equipment which is not fitted in the vessel or
 - (c) any materials or equipment which are rejected by the Director under clause 4.
- (4) If he is so required by the Director or an authorised officer, the Contractor shall clearly mark –

- (a) the vessel (including all parts thereof while it is under construction); and
 - (b) all materials used, or intended to be used, in the construction of the vessel; and
 - (c) all equipment fitted, or intended to be fitted, in the vessel,
- as property belonging to the Government.

6. Until the vessel is delivered to, and accepted by, the Government under the terms of this contract –

Vessel under construction to be at the risk of the Contractor

- (a) the vessel (including all parts thereof while it is under construction); and
- (b) all materials used, or intended to be used, in the construction of the vessel; and
- (c) all equipment fitted, or intended to be fitted, in the vessel,

shall be deemed to be at the Contractor's risk.

7. (1) The Contractor shall insure, and keep insured, for an amount not less than the purchase price of the vessel, until the vessel is delivered to, and accepted by, the Government under the terms of the contract -

Vessel under construction to be kept insured

- (a) the vessel (including all parts thereof while it is under construction); and
- (b) all materials used, or intended to be used, in the construction of the vessel; and
- (c) all equipment fitted, or intended to be fitted, in the vessel,

under the terms of an insurance contract with an insurance company approved by the Director.

(2) The insurance contract required under subclause (1) shall -

- (a) be entered into by the Contractor at his own expense; and
- (b) contain such provision for insurance against builders' risks as may be approved by the Director.

(3) The Contractor shall furnish to the Director a certificate of insurance relating to the insurance contract required under subclause (1), and the evidence of premium being paid.

8. (1) Subject to subclause (2), in the event of any damage being sustained to

Damage to vessel while under construction

- (a) the vessel or any part thereof while it is under construction; or
- (b) any materials used, or intended to be used, in the construction of the vessel; or
- (c) any equipment fitted, or intended to be fitted in the vessel,

the Contractor shall apply the money payable under the insurance contract required under clause 7 in making good the damage sustained to the vessel or its materials or equipment.

- (2) If the damage sustained to the vessel or its materials or equipment is so extensive as to make it impracticable in the circumstances for the Contractor to make good the damage, the Director and the Contractor may agree in writing –
- (a) to terminate this contract; or
 - (b) to vary the terms of this contract.
- (3) (a) If this contract is terminated under Subclause (2)(a), without prejudice to any other rights and remedies Government may have against the Contractor, the Contractor shall repay the Government the full amount of all sums paid by the Government to the Contractor on account of the vessels together with interest calculated at the rate of 10% per annum from the time of payment to the Contractor to the time of full repayment to the Government.
- (b) If the terms of this contract are varied by agreement under subclause (2)(b) the terms of the agreement shall be read and construed together with the terms of this contract.
9. (1) The Director may, by notice in writing served on the Contractor at any time during the construction of the vessel, vary or add to any of the specifications of the vessel set out in the First Schedule to this Appendix. Variation of, or addition to, specifications of the vessel
- (2) Subject to subclause (3), the Contractor shall make or incorporate in the construction of the vessel any variation of or addition to the specifications of the vessel set out in a notice served on him under subclause (1).
- (3) (a) The Director and the Contractor shall agree in writing upon any variation of the terms of this contract which shall be necessary in order for the Contractor to comply with subclause (2).
- (b) The terms of any agreement under paragraph (a) shall be read and construed together with the terms of this contract.

PART 3 - SUPPLY OF THE VESSEL

10. (1) The vessel shall be required to undergo acceptance trials to the satisfaction of the Director in accordance with the provisions of the First Schedule to this Appendix. Acceptance trials of the vessel
- (2) The Contractor shall deliver the vessel to the Director for the purpose of undergoing acceptance trials at such time and at such place as may be agreed between the Director and the Contractor.
- (3) Both the Director or an authorised officer and the Contractor or his authorised representative shall be present and on board the vessel when it undergoes any acceptance trial.
- (4) Without prejudice to subclause (1), if the Director is not satisfied with the results of any acceptance trial he may, by notice in writing served on the Contractor, require the vessel to undergo such further acceptance trials as may be specified in the notice.
- (5) If, after the vessel has undergone all the acceptance trials required under this section, the Director is satisfied that the vessel has been properly constructed in accordance with the terms of this contract, he shall issue forthwith to the Contractor an unqualified certificate of acceptance of the vessel.

- (6) (a) If, after the vessel has undergone all the acceptance trials required under this section, the Director is not satisfied that the vessel has been properly constructed and achieves the performance required in accordance with the terms of this contract, he may -
- (i) refuse to issue any certificate of acceptance of the vessel; or
 - (ii) issue a qualified certificate of acceptance of the vessel; or
 - (iii) reject the vessel and terminate this contract.
- (b) If the Director refuses under paragraph (a) to issue any certificate of acceptance of the vessel, he shall notify the Contractor in writing the grounds for his refusal.
- (c) If the Director issues under paragraph (a) a qualified certificate of acceptance he shall state in the certificate particulars of the vessel that have not been properly constructed in accordance with the terms of the contract. The date, for issuing the certificate, should be the same date of receipt of the undertaking for rectifying the said items.
- (7) (a) In the event of the Director issuing a qualified certificate of acceptance under subclause(6)(a)(ii), the Contractor shall, at his expense, take such action as may be necessary, in the opinion of the Director, to remedy the defect of the vessel specified in the qualified certificate of acceptance.
- (b) In the event of the Contractor failing to complying with paragraph (a) -
- (i) the Director may take such action as may be necessary to remedy the defect of the vessel; and
 - (ii) the cost of any action so taken by the Director shall be notified in writing to the Contractor and shall be deemed to be liquidated damages for breach of this contract for the purposes of clause 20(b).
- (c) Paragraph (b) shall apply notwithstanding that the cost of any action so taken by the Director is not specified in Part C of the Fourth Schedule to this Appendix.
11. (1) The Contractor shall supply the completed vessel to the Government by effecting delivery of the vessel under clause 12 on or before the delivery date specified for the purposes of this contract. Supply of the vessel
- (2) The Contractor shall supply the completed documents to the Government by effecting delivery of the documents under Clause 12A on or before the document delivery date specified for the purposes of this contract.
- (3) (a) Subject to paragraph (b), the delivery date specified for the purposes of this contract shall be the date specified in the Agreement to which this Appendix is annexed.
- (b) The Director and the Contractor may, at any time prior to the delivery date specified for the purposes of this contract, agree in writing to vary paragraph (a) by substituting another date as the delivery date specified for the purposes of this contract, subject to such terms and conditions as may be specified in that Agreement.
12. The vessel shall be deemed to have been delivered to the Government when – Delivery of the vessel to the Government
- (a) the Director has issued to the Contractor a certificate of acceptance of the vessel under clause 10(5) or 10(6); and

- (b) the Contractor has delivered possession of the vessel to the Director or an authorised officer or a public officer nominated in writing by the Director.

12A. The documents shall be deemed to have been delivered to the Government when the Contractor has delivered possession of the documents to the Director, and the Director has issued a certificate of acceptance of the documents.

Supply of the documents

- 13. (1) The Contractor shall arrange to have the vessel slipped and all its materials and equipment fully inspected and checked at a date and place to be agreed between the Director and the Contractor on or about twelve months after the vessel is delivered to the Government under clause 12.
- (2) Both the Director or an authorised officer and the Contractor or his authorised representative shall be present when the vessel is inspected and checked in accordance with subclause (1).
- (3) The cost of the inspection and check of the vessel under subclause (1) shall be borne by the Contractor.

Vessel to be slipped and inspected within 12 months after delivery

PART 4 - PAYMENT TO CONTRACTOR

- 14. (1) Subject to the terms of this contract, the Government shall pay the Contractor the sum of money specified in the Agreement to which this Appendix is annexed as the purchase price of the vessel.
- (2) Subject to subclauses (6) & (7) the Government shall pay the purchase price to the Contractor by instalments in accordance with the provisions set out in Part A of the Second Schedule to this Appendix.
- (3) (a) No instalment of the purchase price shall be paid until the Director has certified in writing that the construction of the vessel has reached the stage of development relevant to the payment of the instalment under the terms of the said Schedule.
- (b) The Contractor shall notify the Director in writing when the construction of the vessel has reached the relevant stage of development for the purposes of an inspection of the vessel by an authorised officer.
- (4) Except the first and the last instalments, each instalment of the purchase price shall be paid within 30 days after certification under subclause (3).
- (5) If the Contractor is served with a notice under clause 4(2), the Director may -
 - (a) refuse to issue a certificate under subclause (3) of this clause until he is satisfied that the action required in the notice has been taken by the Contractor; or
 - (b) issue such a certificate subject to the condition that the action required in the notice shall be taken by the Contractor within a time specified by the Director.
- (6) The Government shall retain and withhold out of each instalment of the purchase price payable to the Contractor under subclause (3) a sum of money in accordance with the provisions set out in Part B of the Second Schedule to this Appendix.
- (7) The total amount of all sums of money retained and withheld by the Government under subclause (6) shall be paid to the Contractor after the due and proper performance by the Contractor of his duties and obligations under the terms of this contract, including the Contractor's warranty obligations under clause 16.

Payment of purchase price by instalments

PART 5 – OBLIGATIONS OF CONTRACTOR

15. (a) The Contractor shall, within 21 days after being notified that his tender has been accepted by the Government, furnish to the Director a duly executed irrevocable guarantee (hereinafter referred to as “the Irrevocable Guarantee”) in favour of the Government for the due performance by the Contractor of clauses 8(3) and 23A of the General Conditions. Irrevocable Guarantee
- (b) The Irrevocable Guarantee shall –
- (i) be in such form as may be determined and specified by the Director;
 - (ii) be given by such bank licensed in the Hong Kong Special Administrative Region of the People’s Republic of China and as may be approved by the Director;
 - (iii) be given such amount as may be specified by the Director but shall not exceed the amount agreed to be repaid by the Contractor under clause 8(3) and 23A of the General conditions; and
 - (iv) be governed by and construed in accordance with the Laws of the Hong Kong Special Administrative Region of the People’s Republic of China.
- (c) the Irrevocable Guarantee shall be discharged and shall be null and void with effect from the delivery date of the completed vessel to the Government under clause 12.
16. (1) If, within twelve months after the vessel is delivered to the Government under clause 12, it is found Warranty period of twelve months after delivery of the vessel
- (a) that the vessel or any part thereof has not been constructed in accordance with plans, drawings or particulars approved by the Director or an authorised officer under clause 2(3); or
 - (b) that any materials used in the construction of the vessel have not been approved in principle by the Director or are defective; or
 - (c) that any equipment fitted in the vessel has not been approved in principle by the Director or is defective; or
 - (d) that the standard of workmanship employed in the construction of the vessel does not meet the Director's requirements; or
 - (e) that there is any claim in respect of the copyright or other intellectual property rights in any plans, drawings, documents, materials, know-how and other information relating to the vessel under clause 2(7),
- the Director may require the Contractor by notice in writing to modify the vessel or its materials or equipment or to deal with such claim in such manner as shall be specified in the notice.
- (2) (a) The Contractor shall, at his own expense, modify the vessel or its materials or equipment in such manner as may be specified in a notice given to him under subclause (1).
- (b) The Contractor shall guarantee the serviceability and suitability of any materials or equipment used in or fitted to the vessel in accordance with paragraph (a) for a period of twelve months after acceptance of the vessel.
- (c) The Contractor shall pay the cost of any such modification of the vessel or its materials or equipment which shall be carried out under paragraph (a).

(d) The Contractor shall deal with such claim under clause 16(1)(e) in accordance with its warranty given under clause 2(7).

17. (1) The Contractor shall not, without the written consent of the Director, assign or otherwise transfer this contract or any part thereof or any share or interest therein to any other person or company.
- (2) The performance of this contract by the Contractor shall be deemed to be personal to him.

Contract is personal to the Contractor and may not be assigned without the Director's consent

PART 6 - RIGHTS OF GOVERNMENT

18. (1) The Government shall not be liable for or in respect of any claim for damages of compensation under the Fatal Accidents Ordinance (Chapter 22), the Employee's Compensation Ordinance (Chapter 282) or the Occupiers' Liability Ordinance (Chapter 314) or at common law by or in consequence of any accident or injury to any workman or other person whether or not he is in the employment of the Contractor or any subcontractor; and the Contractor shall indemnify and keep indemnified the Government against all such claims, demands, proceedings, costs charges and expenses whatsoever in respect of or in relation thereto.
- (2) In the event of any workman or other person employed on any work in pursuance of this contract (whether in the employment of the Contractor or any subcontractor) suffering from any personal injury (whether or not there be any claim for compensation) the Contractor shall, within seven days after the injury occurs, give written notice thereof to the Director.

Government not liable for claims for workmen's compensation, etc.

19. (1) The Government shall not be liable for or in respect of any claim for damages which may be brought by any person in respect of any alleged infringement of any intellectual property rights (including ownership of copyright, patent and industrial design) which may exist at any time in the vessel or its materials or equipment or in any plans, drawings, documents, know-how or particulars pertaining thereto.
- (2) Without prejudice to the provisions of clauses 14(7) & 15, the Contractor shall indemnify and keep indemnified the Government from and against all claims, damages, costs, losses, expenses and proceedings for or on account of infringement of any patent rights, copyright, design, trademark, name or other intellectual property rights which may be brought under subclause (1) against the Government, the Director or any public officer.
- (3) The provisions of this clause 19 shall survive the expiration or termination of this contract.

Government not liable for claims for infringement of rights in the vessel

20. Without prejudice to the right to reject the vessel as contained elsewhere in this contract or any other right or claim for damages which may vest in or be made by the Government under the terms of this contract or under the provisions of any law for the time being in force in the Hong Kong Special Administrative Region of the People's Republic of China -
- (a) if the Contractor shall fail to deliver the vessel or the documents to the Government under clause 12 or clause 12A on or before the delivery date specified for the purposes of this contract, the Contractor shall pay to the Government as liquidated damages for breach of contract the sum of money specified in Part A or Part B of the Fourth Schedule to this Appendix for each day or part thereof after the said delivery date, during which the Contractor shall fail to deliver the vessel or the documents to the Government under clause 12 or 12A, and

Liquidated damages for breach of contract

(b) if the Director shall issue to the Contractor under clause 10(6) a qualified certificate of acceptance of the vessel, the Contractor shall pay to the Government as liquidated damages for breach of contract a sum of money calculated in accordance with the provisions set out in Part C of the Fourth Schedule to this Appendix.

21. Where, under the terms of this contract, any sum of money is payable by the Contractor to the Government, such sum of money may -

- (a) be recovered from the Contractor by civil proceedings as a debt due to the Government; or
- (b) be deducted from any sum of money which may be payable by the Government to the Contractor under the terms of this contract or under the terms of any other contract.

Recovery of money owing by the Contractor to the Government

PART 7 - TERMINATION

22. (1) If at any time the Government shall default in the payment of the purchase price of the vessel in accordance with clause 14, the Contractor may, by notice in writing served on the Director, terminate this contract.

(2) If the Contractor terminates this contract under subclause (1) all proprietary rights in -

- (a) the vessel (including all parts thereof while it is under construction); and
 - (b) all materials used, or intended to be used, in the construction of the vessel; and
 - (c) all equipment fitted, or intended to be fitted, in the vessel,
- shall vest immediately in the Contractor.

(3) If the Contractor terminates this contract under subclause (1), an assessment shall be undertaken jointly by or on behalf of the Director and the Contractor, at the Government's expense -

- (a) to ascertain -
 - (i) the possibility of selling or otherwise disposing of the vessel or any part thereof, the materials used or intended to be used in the vessel, and the equipment fitted or intended to be fitted in the vessel, and the estimated proceeds from any such sale or disposal; and
 - (ii) the extent of administration, labour and other related charges incurred by the Contractor in connexion with the performance of this contract up to the date of its termination under subclause (1); and
 - (iii) any possible monetary loss which the Contractor is likely to sustain due to obstruction of the construction site or other cause related to the termination of this contract; and
- (b) to confirm -
 - (i) the payment of instalments of the purchase price made by the Government to the Contractor under clause 14; and

Termination of contract on default of payment by the Government

(ii) such security deposits as may have been made by the Contractor to the Government.

(4) Following completion of an assessment made under subclause (3), the Director and the Contractor shall agree upon the amounts of such sums of money as shall either -

(a) be paid by the Government to the Contractor for breach of this contract; or

(b) be refunded by the Contractor to the Government from the total amount of instalments of the purchase price of the vessel paid by the Government to the Contractor under clause 14.

(5) If the Director and the Contractor fail to come to an agreement under subclause (4) the matter shall be dealt with by arbitration in accordance with clause 25.

23. (1) If at any time -

(a) the Contractor shall notify the Director (in writing or otherwise) that he is either unwilling or unable to complete the construction and supply of the vessel under the terms of this contract; or

(b) the Contractor shall fail, without reasonable excuse, to proceed with dispatch with the construction and supply of the vessel under the terms of this contract; or

(c) (i) a bankruptcy petition shall be presented in respect of the Contractor; or

(ii) a court order shall be made, or a resolution be passed, for the winding up of the Contractor; or

(iii) the Contractor shall become insolvent or suspend payment of his debts or make or enter into any assignment, conveyance or arrangement of his assets for the benefit of his creditors,

the Director may, by notice in writing served on the Contractor, terminate this contract.

(2) If the Director terminates this contract under subclause (1) at any time after payment of the first instalment of the purchase price under clause 14, he may cause -

(a) the vessel (including all parts thereof while it is under construction); and

(b) all materials used, or intended to be used, in the construction of the vessel; and

(c) all equipment fitted, or intended to be fitted, in the vessel,

to be seized and removed, regardless of where the vessel or any part thereof or its materials or equipment may be stored, placed or situated at the time.

(3) The Contractor shall permit or authorise the Director or any authorised officer to enter any premises or place for the purpose of seizing and removing the vessel or any part thereof or any part of its materials or equipment under subclause (2).

(4) If it is not practicable to remove the vessel or any part thereof or its materials or equipment from any such premises or place, the Director may take such action as may be necessary to complete the construction of the vessel in situ to a stage of development when it shall be practicable to remove it from the said premises or place.

Termination of contract on default or bankruptcy of the Contractor

- (5) The Contractor shall permit or authorise the Director or any authorised officer to make use of any equipment or facilities at any such premises or place in order to enable the Director to exercise his rights under subclause (4).
- 23A. (1) If the Director rescinds the contract under Clause 23(1), he may demand the Contractor to repay the Government, on the expiry of the notice of rescission, the full amount of all sums paid by the Government to the Contractor on account of the vessels together with interest calculated at the rate of 10% per annum on each of the payments from the time of payment to the Contractor to the time of full repayment to the Government
- (2) If the Contractor disputes the Government's right to repayment and has referred the dispute to arbitration pursuant to Clause 25 of the General Conditions, then no repayment shall be made until the arbitration award is made.
- (3) Upon repayment in full by the Contractor to the Government, all obligations, duties and liabilities of each party to the other shall be deemed discharged.
24. (1) Without prejudice to any other term of this contract, if the Contractor or any employee or agent of the Contractor shall be found to have committed an offence under the Prevention of Bribery Ordinance (Chapter 201) or any subsidiary legislation made thereunder or under any law of a similar nature and effect for the time being in force in the Hong Kong Special Administrative Region of the People's Republic of China in relation to this contract or any other Government contract, the Director may, on behalf of the Government, summarily terminate this contract by giving written notice thereof to the Contractor.
- (2) If the Director terminates this contract under subclause (1) -
- (a) the Contractor shall not be entitled to any compensation for termination of the contract; and
- (b) the Contractor shall be liable and responsible for all necessary expenses of the Government due to, or arising out of, the termination of the contract.

The amount of Contractor's repayment to the Government

Government may terminate contract if corruption offence committed

PART 8 – MISCELLANEOUS

25. (1) Any dispute arising out of or in connection with this contract shall be referred to arbitration by a single arbitrator to be agreed upon by the parties [or in default of agreement within 14 days to be nominated by the President for the time being of the Chartered Institute of Arbitrators, Hong Kong Branch] in accordance with and subject to the provisions of the Arbitration Ordinance, Cap 341 or any re-enactment or modification of the Ordinance for the time being in force. The arbitration shall take place in Hong Kong. The decision of the arbitrator shall be final and binding on the parties.
- (2) The costs of such reference shall be awarded at the discretion of the arbitrator.
- (3) Any notice or other communication whatsoever which one of the parties required or authorised by the contract to give or make to the other shall, without prejudice to any other agreed method of giving or making it, be sufficiently given or made if it is sent by ordinary post in a prepaid letter addressed to the other party by name at its address given in the contract.

Arbitration proceedings