

2018 Edition

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PART ONE
In respect of FOB Deliveries

Section 1: Delivery, property and risk

1.1 Unless otherwise specifically agreed in the Special Terms, the Product shall be delivered to the Buyer in bulk in one full or part cargo lot at the Loading Terminal onto the Vessel.

1.2 Notwithstanding any right of the Seller to retain the documents until payment, property and risk in the Product shall pass to the Buyer as the Product passes the Vessel's permanent hose connection at the Loading Terminal.

1.3 Without limiting any other Terms of the Agreement, any loss of, or damage to, the Product occurring before, during or after the loading operations, which is caused by the Vessel or its owner or the Buyer or any of their respective employees, contractors or agents, shall be for the account of the Buyer.

1.4 Any claim made against the Seller by the Seller's Supplier or by the Loading Terminal Operator in respect of damage to any property of the Seller's Supplier or any facilities at the Loading Terminal, which is caused by the Vessel or its owner or the Buyer or their respective employees, contractors, or agents, shall be borne by the Buyer.

Section 2: Quantity and quality determination and inspection

2.1 Quantity and quality determination

(a) The quantity and quality of the Product delivered under the Agreement shall be:

(i) determined in accordance with the standard practice in use at the Loading Terminal at the time of loading; or

(ii) if Section 2.1(a)(i) is not applicable, based on shoretank measurements taken prior to and after loading of the Vessel according to the latest ASTM/API standards. Quality is to be based on shoretank composite samples taken prior to loading. If the shoretanks are active, in the critical zone, the roof is not in floatation or unable to measure manually or through meters, at loading, the quantity shall be determined by Vessel figures (i.e., closing ullages less remaining on board (ROB) adjusted by Vessel experience factor (VEF). Such VEF will be determined in accordance with the current API Chapter 17.9 – EI HM 49; or

(iii) if Section 2.1(a)(i) or 2.1(a)(ii) is not applicable, by metering or in-line sampler between the shoretank and the Vessel or on board the Vessel, at the Seller's option.

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(b) The quantity of Product determined pursuant to Section 2.1(a) (or, where applicable, the Special Terms) shall be recorded in the certificate of quantity and bill of lading for the cargo as per the standard practice in use at the Loading Terminal at the time of loading and that quantity shall be used to calculate the Seller's invoice except in cases of fraud and/or manifest error.

2.2 Inspection

(a) The Buyer and the Seller may choose to appoint a mutually agreed independent inspector to witness the measurement of quantity and the drawing and testing of samples and to ensure that these are conducted in accordance with the standard practice at the Loading Terminal at the time of loading. Such inspector's charges shall be borne equally by the Buyer and the Seller.

(b) The quantity and quality of the Product as ascertained by the independent inspector for the purposes of the quantity and quality certificates and shall be conclusive and binding on the Parties except in cases of fraud and/or manifest error.

(c) The inspector's report shall be made available to both Parties.

(d) Each Party shall be entitled to have its representative present during all tests and measurements conducted by the independent inspector subject to any limitations imposed by the Loading Terminal.

Section 3: Laydays

3.1 The Laydays shall be the day or range of days in which the Buyer's nominated Vessel must tender NOR at the Loading Terminal pursuant to Section 5.1.

3.2 The Laydays shall be either:

(a) as specified in the Special Terms; or

(b) established in accordance with the procedure(s) specified in the Special Terms; or

(c) where such Laydays cannot be ascertained by reference to Sections 3.2 (a) or 3.2 (b), or where the Agreement is for the delivery of more than one cargo, as notified by the Seller to the Buyer by not later than either:

(i) the date 12 days prior to the first day of the Laydays so notified; or

(ii) the 20th day of the month preceding the first month in which the Laydays fall, whichever is the later.

3.3 The Laydays established in accordance with Sections 3.2 (b) or 3.2 (c) shall, unless otherwise specifically agreed between the Parties, fall entirely within any delivery period specified in the Special Terms.

3.4 Where the Laydays are to be established in accordance with Section 3.2 (c), the Buyer may notify the Seller of its preferred Laydays at any time prior to the date of the Seller's notice given pursuant to such Section. The Seller shall notify its supplier of such preferred Laydays provided always that the Seller shall not be under any obligation whatsoever to provide such Laydays.

Section 4: Vessel nominations

4.1 Nomination of Vessel

(a) The Buyer shall give to the Seller a notice of nomination ("nomination") for each Vessel that is to load Product under the Agreement. The nomination shall include:

(i) the name of the Vessel, IMO number, date built, summer deadweight and cargo tank capacity excluding slop tanks and flag;

(ii) the grade and approximate quantity of Product to be loaded;

(iii) the ETA of the Vessel;

(iv) the destination of the Vessel

(v) such other information as may be required by the Loading Terminal Operator from time to time;

(vi) full written instructions regarding the particulars and destination of the bills of lading and such other customary Loading Terminal documentation which may be required. The Buyer shall be liable for all costs resulting from any delays in loading the Product due to failure by the Buyer to supply such information in a timely manner, and any such delays shall not count as used Laytime or, if the Vessel is on demurrage, as time on demurrage.

(vii) details of any cargo on board or to be laden on board if loading a part cargo;

(viii) the demurrage rate of the Vessel; and

(b) The nomination shall not be effective unless it is received by the Seller not later than 5 Business Days prior to the first day of the Laydays. Notwithstanding the foregoing, if the nomination is received by the Seller less than 5 Business Days prior to the first day of the Laydays and is accepted by the Seller, the

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nomination shall be effective but, subject to the provisions of Section 5.2(a), running hours allowed to the Seller for the loading of the Product in accordance with Section 7.1 shall not commence until such time as the Vessel has actually commenced loading. In the event that the Agreement is entered into 5 Business Days or less prior to the first day of the Laydays then the nomination must be received by the Seller no less than 3 Business Days prior to the first day of the Laydays.

4.2 Substitution of Vessels

In respect of any Vessel named in the nomination, the Buyer may, or if necessary to perform its obligations under the Agreement must, substitute therefore another Vessel provided always that:

- (a) the size of the substitute Vessel and the quantity to be loaded shall not, without the prior written consent of the Seller, differ materially from the size of the Vessel previously named and the quantity specified in the nomination;
- (b) the Laydays which would have applied in respect of the Vessel originally nominated shall apply to the substitute Vessel; and
- (c) any such substitution shall be made in writing at least 48 hours before the first day of the Laydays and all substitute Vessels shall subject to Seller's and Terminal's regulations and acceptance which shall not be unreasonably withheld. If such substitution is proposed less than 48 hours before the first day of the Laydays, the Seller shall use reasonable endeavors basis to accept such substitute Vessel and Seller shall not be responsible for any delays in berthing.

4.3 ETA

The Buyer or its representative shall notify the Seller or its representative of any change in the ETA notified pursuant to Sections 4.1 or 4.2, but the Laydays shall be revised only with the Seller's specific written agreement, which shall be given or withheld at the absolute discretion of the Seller.

4.4 Rejection of nominations and Vessels

Notwithstanding anything to the contrary express or implied elsewhere herein, the Seller shall have the right, on any reasonable ground (including the Vessel's failure to comply with the requirements specified in Section 6):

- (a) to reject any nomination made by the Buyer pursuant to Sections 4.1 or 4.2; and/or
- (b) to refuse to accept for loading any Vessel named pursuant to Sections 4.1 or 4.2; and/or
- (c) to reject the Vessel, notwithstanding any prior acceptance of such Vessel (whether named in the Special Terms or nominated or substituted pursuant to Sections 4.1 or 4.2), if such Vessel is involved in

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any incident or more recent information regarding such Vessel becomes available to the Seller at any time after such prior acceptance.

4.5 Regulations at the Loading Terminal

(a) The Vessel shall comply with:

(i) all Applicable Law(s) at the Loading Terminal; and

(ii) the applicable requirements pursuant to Section 6.

(b) Notwithstanding anything to the contrary express or implied in Sections 4 or 5, if any Vessel nominated by the Buyer does not comply with the foregoing provisions in this Section or any of them, the Seller may:

(i) reject the Vessel when nominated or subsequently; and

(ii) refuse to berth or load the Vessel in question.

4.6 Consequences of rejection

In the event of a rejection or a delay or the Vessel or other restriction suffered in respect of the Vessel by virtue of the applicable of any regulations or other applicable requirements of Sections 4 and 6:

(a) the Seller shall not be liable for the consequences of rejection, delay or restriction of the Vessel, including demurrage;

(b) the Buyer shall be liable for any costs or damages incurred by the Seller arising out of any such rejection of, delay to or restriction of the Vessel; and

(c) the Buyer's obligations under the Agreement to nominate a suitable Vessel and to ensure that it tenders NOR at the Loading Terminal in accordance with Section 5.1 shall be unaffected.

4.7 Liability

The Seller shall not be liable for the consequences of rejection or delay (including but not limited to demurrage) of the Vessel or other restriction suffered in respect of the Vessel by virtue of the application of any regulations or other requirements of this Section and/or of Section 6, and the Buyer shall be liable for any costs or damages incurred by the Seller arising out of any such rejection of, delay to or restriction of the Vessel.

4.8 PPC Vessel clearance

- (a) Each Vessel to be nominated hereunder shall always be of an acceptable standard and each Party involved in the commercial transaction, including the terminals, reserves the right to inspect (or not to inspect) and accept the Vessel nominated. The Vessel nominated must be accepted in all respects and by **PPC Vetting** before officially tendering its valid Notice of Readiness. The acceptance or rejection of the Vessel will not be unreasonably withheld and shall be communicated to the other Party within 1 Business Day after the receipt of the nomination with all required vetting data. The acceptance of a Vessel will not constitute a continuing acceptance of the Vessel for any subsequent loading or discharging operations. Further, PPC reserves the right to rescind a Vessel acceptance on any reasonable ground if such Vessel is involved in any incident or if more recent information regarding the Vessel becomes available at any time after a Vessel is accepted but prior to tender of the Notice of Readiness.
- (b) The Seller, the Buyer and/or the Terminal Party reserves the right, but not the duty, to have a representative attend on board the Vessel at any loading and/or discharging location at its expense and the master, owners, operators, managers and/or agents shall cooperate to facilitate such attendance. For these purposes, "Terminal Party" shall mean the Party taking delivery from, or making delivery to, a Vessel.
- (c) All Vessels being considered for PPC's service or calling to a PPC's marine terminal or lighterage Vessel, must comply with the **PPC** criteria per the PPC Vetting and Audit Summary document that is accessible through a link at www.SIS3NG.com.

Section 5: Vessel arrival, berth and loading

5.1 Notices of arrival and Notice of Readiness

- (a) The Buyer shall arrange for the Vessel to report to the Seller or the Seller's representative at the Loading Terminal each of 72, 48, 24 and 12 hours prior to the first day of the 3-day Laydays as specified in the Special Terms and otherwise in accordance with the standard reporting procedure applicable from time to time at the Loading Terminal in question (this includes the time when Vessel is in port or cargo working at the Loading Terminal at the time of notification and where applicable any changes of 3 hours), stating the expected date and hour of arrival of the Vessel. If the Vessel fails, for any reason, to give at least 12 hours' prior notice of arrival at the Loading Terminal, the time allowed to the Seller for loading pursuant to Section 7.1 shall be extended by a period equal to the delay in giving such 12 hours' notice, but in any case not exceeding an additional 12 hours. Any delays resulting from a failure to give each or any of the above notices shall not count against laytime, or if Vessel is on demurrage, as time on demurrage. Laytime shall commence when Vessel is all fast.
- (b) The Buyer shall ensure that by such time as specified in the terminal regulations, on the last day of the Laydays the Vessel shall: (i) arrive at the Loading Terminal (or the usual waiting place), complete all requisite formalities and in all respects be ready to commence loading the Product deliverable hereunder; and (ii) tender the Notice of Readiness.

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5.2 Loading

(a) The Seller shall not be under any obligation to commence loading hereunder prior to 0600 hours (local time) on the first day of the Laydays or such other time as specified in the terminal regulations.

(b) The Seller shall have the option to load the Vessel via a ship-to-ship transfer, subject always to the Buyer's right to vet the offloading Vessel, and the cost of such ship-to-ship transfer (together with any additional expense reasonably incurred by the Vessel in respect thereof) shall be for the Seller's account. Any ship-to-ship transfer operations shall be carried out in accordance with the procedures set out in the ICS/OCIMF Ship-to-Ship transfer guides. The Seller shall be obliged to notify the place of ship-to-ship transfer to the Buyer. The place of the ship-to-ship transfer so notified shall be deemed the berth for the purposes of this Section and Section 7 and all references therein to the berth shall be construed accordingly. Approval of STS operations are subjected to STS service provider and STS location being pre-approved by **PPC Vetting**.

5.3 Berth

(a) Subject to compliance by the Buyer and the Vessel with all other requirements of the Loading Terminal at the time in question, the Seller shall provide or cause to be provided to the Buyer (subject to the provisions of Section 8) a berth to be indicated by the Seller or its representative at which the Vessel can safely reach and leave and where it can always lie safely afloat.

(b) The Seller shall have the right to shift the Vessel from one berth to another. All costs including, but not limited to, damages for delay, shall be for the Seller's account if such shifting is for the Seller's purposes and otherwise shall be for the Buyer's account.

5.4 Vacation of berth

The Vessel shall vacate the berth as soon as the loading hoses have been disconnected after completion of loading. If the Vessel fails to vacate the berth, unless for reasons attributable to the Seller, the Seller's Supplier or the Loading Terminal Operator, the Buyer shall pay the Seller for any resultant demurrage, losses, damages, costs and/or expenses which the Seller may incur including, without limitation, any demurrage incurred by the Seller or the Seller's Supplier due to any resulting delay to other Vessels awaiting their turn to load and any excess berth utilization charge imposed on the Seller in accordance with the Loading Terminal regulations or a contractually agreed or otherwise established scale for any hours of berth utilization in excess of a specified period of hours (as such scale may be advised by the Seller to the Buyer from time to time). For the avoidance of doubt, it is agreed that for the purposes of this Section any technical failure or breakdown on the part of the Vessel shall be a cause within the control of the Vessel and the Buyer.

Section 6: Vessel requirements

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6.1 ISPS code

(a) The Buyer shall procure that the Vessel shall comply with the requirements of the International Ship and Port Facility Security Code and the relevant amendments to Chapter XI of SOLAS (“**ISPS Code**”) and, where the Loading Terminal is within the United States or United States territories or waters, with the United States Maritime Transportation Security Act 2002 (“**MTSA**”).

(b) The Vessel shall when required submit a Declaration of Security (“**DOS**”) to the appropriate authorities prior to arrival at the Loading Terminal.

(c) Notwithstanding any prior acceptance of the Vessel by the Seller, if at any time prior to the passing of property and risk in the Product, the Vessel ceases to comply with the requirements of the ISPS Code or the MTSA:

- (i) the Seller shall have the right not to berth such nominated Vessel and any resulting
- (ii) the Buyer shall be obliged to substitute such nominated Vessel with a Vessel complying with the requirements of the ISPS Code and the MTSA.

(d) The Seller shall procure that the Loading Terminal shall comply with the requirements of the ISPS Code and, if located within the United States or United States territories or waters, with the MTSA.

(e) Any costs or expenses in respect of the Vessel including demurrage or any additional charge, fee or duty levied on the Vessel at the Loading Terminal and actually incurred by the Buyer resulting directly from the failure of the Loading Terminal to comply with the ISPS Code and, if located within the United States or United States territories or waters, with the MTSA, shall be for the account of the Seller including, but not limited to, the time required or costs incurred by the Vessel in taking any action or any special or additional security measures required by the ISPS Code or the MTSA.

(f) Except where the Vessel has failed to comply with the requirements of the ISPS Code and, within the United States or United States territories or waters, with the MTSA, the Seller shall be responsible for any demurrage actually incurred by the Buyer arising from delay to the Vessel at the Loading Terminal resulting directly from the Vessel being required by the port facility or any relevant authority to take any action or any special or additional security measures or undergo additional inspections.

(g) The Seller’s liability to the Buyer under the Agreement for any demurrage, costs, losses or expenses incurred by the Vessel, the charterers or the Vessel owners resulting from the failure of the Loading Terminal to comply with the ISPS Code or the MTSA shall be limited to the payment of demurrage, costs, losses or expenses actually incurred by the Buyer.

6.2 Other requirements

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(a) The Vessel shall be owned by or demise chartered to a member of the International Tanker Owners Pollution Federation Ltd (“**ITOPF**”).

(b) The Vessel shall carry on board certificates as required pursuant to the 1992 Civil Liability Convention for Oil Pollution Damage or any Protocols thereto.

(c) The Vessel shall have in place insurance cover for oil pollution no less in scope and amounts than available under the rules of P & I Clubs entered into the International Group of P & I Clubs (currently standard oil pollution cover of US\$ 1,000 million).

(d) The Vessel shall have on board at all times a valid International Management Code for the Safe Operations of Ships and for Pollution Prevention (“**ISM Code**”) certificate and the owners, before and during the voyage, shall comply with the requirements of the ISM Code.

(e) The Vessel shall be manned, operated and maintained so as to fully comply with (i) the standards set out in the International Safety Guide for Oil Tankers and Terminals, (ii) appropriate International Maritime Organisation recommendations, and (iii) the OCIMF Guidelines for the Control of Drugs and Alcohol On-board Ship (1990), each as amended from time to time.

(f) If the Vessel is fitted with an inert gas system (“**IGS**”), it will not be permitted to berth or to load or discharge Product unless the IGS is in good order, operative and the cargo tanks inerted. If an IGS-equipped Vessel arrives with the IGS inoperative, the Vessel will not be berthed until the IGS is operative and the cargo tanks inerted and until that time the Notice of Readiness shall not be given, or if given shall not be effective, and Laytime shall not commence until commencement of loading or discharge, as the case may be.

Section 7: Laytime and demurrage

7.1 Laytime

The Seller shall be allowed 36 running hours (or such other time as provided in the Special Terms) for the loading of the quantity of the Product deliverable hereunder to each Vessel (“**Laytime**”), all days and holidays included unless loading on the day or holiday in question is prohibited by Applicable Law(s) or regulation at the Loading Terminal.

7.2 Commencement and cessation of Laytime

Subject to Section 4.5 and 4.6 and the strict compliance by the Buyer and the Vessel with all other provisions of the Agreement, Laytime shall commence in accordance with the following provisions of this sub-section.

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(a) If the Notice of Readiness is tendered within the Laydays, Laytime shall commence:

(i) 6 hours after the Notice of Readiness is tendered; or

(ii) when the Vessel is all fast at berth,
whichever is the earlier; provided always that the Buyer has complied with Section 5.1(a) and the Notice of Readiness is given in accordance with the provisions of Section 5.1(b).

(b) If the Notice of Readiness is tendered before the first day of the Laydays, Laytime shall commence on the earlier of:

(i) 0600 hours on the first day of the Laydays; or

(ii) when the Vessel is all fast at berth.

(c) If the Notice of Readiness is tendered after the last day of the Laydays and is accepted for loading by the Seller, in its sole and absolute discretion, then, without prejudice to any of the Seller's other rights, Laytime shall commence only on commencement of loading.

(d) For the purposes of calculating Laytime, loading shall be deemed to be completed upon disconnection of the loading hoses.

(e) Any delay arising out of or in connection with any of the following situations shall not be counted or included in calculating used Laytime or the time in respect of which the Seller is liable for demurrage (whether or not the Vessel is already on demurrage):

(i) awaiting free pratique, tugs, tides, pilot or daylight;

(ii) inward passage until the Vessel is securely moored at the berth and its gangway, if it is to be used, is in place;

(iii) adverse weather or sea state;

(iv) preparing for and handling or shifting of ballast, bilges, slops or other substances or bunkering unless concurrent with cargo operations;

(v) restrictions imposed by the Vessel's owner, charterer or master of the Vessel;

(vi) any breakdown of the Vessel's equipment or failure to comply with the requirements of the Loading Terminal with respect to equipment aboard or any other matter causing delay or restriction to loading operations;

(vii) cleaning and inspection of the Vessel's cargo tanks;

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(viii) time spent complying with any of the regulations and other requirements referred to in Section 4.5;

(ix) any other delay attributable to the Vessel, the Buyer or the Buyer's representative;

(x) any onboard strike by members of the crew;

(xi) the Seller is prevented from, or delayed in delivering all or part of the Product by any event as provided for in Section 35; or

(xii) the Seller has the right or option under any other provision of the Agreement not to load or to cease or suspend loading the Vessel.

(f) Notwithstanding the provisions of Section 35 below, any delay in loading by reason of a strike, labour dispute or lock out of any shoreside workmen essential to loading shall count as one half laytime or, if the Vessel is on demurrage, at one half of the demurrage rate provided always that the cause of the delay was not within the reasonable control of the Seller.

7.3 Demurrage

(a) Except as otherwise provided herein, for all time that used Laytime exceeds the allowed Laytime (including delays arising from the scheduling or change in scheduling of the Vessel's turn to load, the provision of a berth for the Vessel, or berthing or loading of the Vessel), the Seller shall pay demurrage to the Buyer upon the Seller's verification of the Buyer's claim therefore.

(b) The demurrage rate per day or prorata thereof shall be determined as follows:

(i) for all voyage chartered Vessels, demurrage shall be computed at the demurrage rate specified in the charterparty; or

(ii) for all Vessels owned or time chartered by the Buyer or its Affiliates, demurrage shall be computed on an hourly basis in accordance with Worldscale, or such generally accepted scale as may replace Worldscale, for the size Vessel in question, adjusted to the level of the AFRA in force on the day the Notice of Readiness was tendered.

(c) The Buyer shall only be entitled to recover demurrage from the Seller to the extent that the Seller is able to recover such demurrage from the Seller's Supplier or the Loading Terminal Operator. The Seller shall not be obligated to pay any amounts in excess of the amount that it so recovers. The above shall apply only to the extent that The Seller's acquisition terms with Seller's Supplier include laytime and

demurrage provisions so as to allow the recovery of demurrage on terms that are no worse than the Loading Terminal's usual terms.

The Seller shall, however, use reasonable endeavors to recover from the Seller's Supplier or the Loading Terminal Operator any demurrage for which the Buyer has presented a demurrage claim in accordance with this sub-section.

(d) Save when the Loading Terminal has no Laytime and Demurrage terms applicable to the supply of the Product when Sections 7.1, 7.2 and 7.3 shall apply, any demurrage shall be recoverable only in accordance with the usual terms applicable to the supply of the Product from such Loading Terminal, whether the Seller is the operator of the Loading Terminal or otherwise.

(e) If the Seller shall become liable to the Buyer for demurrage hereunder, payment of the demurrage shall be the sole remedy of the Buyer and the Seller shall not be liable for any other damages, direct or indirect, arising out of the occurrence which created the demurrage liability.

(f) In no event shall the Seller be liable for demurrage unless the demurrage claim has been received by the Seller in writing within 60 days of the date of disconnection of the loading hoses, stating in reasonable detail the specific facts upon which the claim is based. If the Buyer fails to give such notice or fails to provide such documentation within the aforesaid limit, then the claim shall be deemed to have been waived and forever barred and any liability of the Seller for demurrage shall be extinguished.

Section 8: Taxes, duties and fees

8.1 The Seller shall pay any and all taxes, duties, imposts, fees or other charges, with the exception of those noted in sub-section 8.3, imposed or assessed by governmental or regulatory bodies, with respect to the Product delivered hereunder, the taxable incidence of which occurs before the transfer of property in the Product to the Buyer.

8.2 The Buyer shall pay any and all taxes, duties, imposts, fees or other charges imposed or assessed by governmental or regulatory bodies with respect to the Product delivered hereunder, the taxable incidence of which occurs after transfer of property in the Product to the Buyer.

8.3 Any and all taxes, duties, imposts, fees or other charges imposed or assessed by governmental or regulatory bodies, the taxable incidence of which is the transfer of property in or the delivery of the Product hereunder, or the receipt of payment therefore, regardless of character, method of calculation, or measure of the levy or assessment, shall be paid by the Party upon whom the tax, fee, or charge is imposed by law.

8.4 All taxes, duties, imposts, fees, charges (including without limitation, pilotage, mooring and towage expenses) and dues (including without limitation, quay dues) in respect of the Vessel incurred at the Loading Terminal shall be for the Buyer's account.

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PART TWO

In respect of CFR and CIF Deliveries

Section 9: Delivery, property and risk

9.1 The Product shall be delivered to the Buyer aboard the Vessel at the Loading Terminal and discharged in bulk in one full or part cargo lot at the Discharge Terminal.

9.2 Notwithstanding any right of the Seller to retain documents until payment, property and risk in the Product shall pass to the Buyer as the Product passes the Vessel's permanent hose connection at the Loading Terminal.

9.3 Subject to the Seller's rights under Section 34, and notwithstanding any other provision of the Agreement and without affecting the passing of risk, where the Agreement relates to the Product that has already been loaded onto a Vessel and provided that the Buyer has to provide Payment Security, then property in the Product shall not pass to the Buyer before an acceptable Payment Security has been received by the Seller in accordance with the Special Terms.

Section 10: Quantity and quality determination and inspection

10.1 Quantity and quality determination

(a) The quantity and quality of the Product delivered under the Agreement shall be determined in accordance with the standard practice in use at the Loading Terminal at the time of loading.

(b) The quantity of Product determined pursuant to Section 10.1(a) (or, where applicable, the Special Terms) shall be recorded in the certificate of quantity and bill of lading for the cargo as per the standard practice in use at the Loading Terminal at the time of loading.

10.2 Inspection

(a) The Buyer and the Seller may choose to appoint a mutually agreed independent inspector to witness the measurement of quantity and the drawing and testing of samples and to ensure that these are conducted in accordance with the standard practice at the Loading Terminal at the time of loading. Such inspector's charges shall be borne equally by the Buyer and the Seller.

(b) The inspector's report shall be made available to both Parties.

(c) The quantity and quality of the Product as ascertained by the inspector shall be the quantity and quality for the purposes of the quantity and quality certificates and shall be conclusive and binding on the Parties,

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except in cases of fraud and/or manifest error, for invoicing purposes but without prejudice to the rights of either Party to make quantity or quality claims pursuant to Section 33.

(d) Each Party shall be entitled to have its representative present during all tests and measurements conducted by the independent inspector subject to any limitations imposed by the Loading Terminal.

Section 11: Laydays and Indicative Discharge Dates

11.1 Where Laydays are specified in the Special Terms, they shall be the day or range of days in which the Seller's nominated Vessel must tender NOR at the Loading Terminal and loading shall commence and complete as soon as reasonably practicable thereafter, even if this means loading is effected or completed outside the Laydays.

11.2 Where Laydays are specified in the Special Terms and the Seller provides the Buyer with a date or range of dates either expressly or impliedly indicating the date or range of dates within which the Vessel shall arrive at the Discharge Terminal (the "Indicative Discharge Date"), this shall be indicative only. The Seller shall not assume any responsibility for the delivery of the Product at the Discharge Terminal and, save as regards the calculation of Laytime and Demurrage as set out in Section 16, the rights and obligations of the Parties shall be the same in all respects as for CFR and CIF deliveries.

11.3 Where no Laydays are specified in the Special Terms and the Seller provides the Buyer with the Indicative Discharge Date, this shall be indicative only (provided that the Seller has ensured that the Vessel has tendered NOR at the Loading Terminal at a time consistent with arrival at the Discharge Terminal within the Indicative Discharge Date, given a reasonable assessment of the customary loading and voyage time). The Seller shall not assume any responsibility for the delivery of the Product at the Discharge Terminal and, save as regards the calculation of Laytime and Demurrage as set out in Section 16 below, the rights and obligations of the Parties shall be the same in all respects as for CFR and CIF deliveries.

Section 12: Insurance

12.1 CFR deliveries

Neither party shall have any obligation to the other party to secure cargo insurance, whether against marine or other risks.

12.2 CIF deliveries

(a) The Seller undertakes to procure and pay for insurance against marine risks to the full value of the Product hereunder plus 10%. Such insurance, which shall operate from the time the Product passes the Vessel's permanent hose connection at the Loading Terminal until the time the Product passes the Vessel's permanent hose connection at the Discharge Terminal, shall be in accordance with the provisions of a Marine Cargo Insurance Policy subject to Bulk Oil Clauses SP 13C, or, at the Seller's option, Institute Cargo

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Clauses (A), and the benefit thereof shall accrue to the Buyer upon the passing of risk in the Product as provided for in the Agreement.

(b) The Seller does not undertake to procure insurance against war, strikes, riots and civil commotions risks in respect of the delivery of the Product hereunder save where the Seller shall, by written notice actually received by it at least 2 Business Days prior to the commencement of loading, have been requested by the Buyer to procure such insurance. Where, upon request as aforesaid, the Seller procures such insurance, it shall be subject to Institute War Clauses (Cargo) and Institute Strikes Clauses (Cargo) current on the date of sailing of the Vessel and the actual premium payable at the current London Market rate for the voyage to be performed ruling on the said date shall be charged to and be recoverable from the Buyer by the Seller as an addition to the price in the Agreement under the Special Terms and such addition shall then form part of such price in the Agreement.

(c) If requested by the Buyer, the Seller shall provide the Buyer with the original certificate of insurance or broker's cover note.

12.3 Additional Vessel insurance, etc

In all cases and notwithstanding Section 12.1, if and for so long as the voyage to the Discharge Terminal, or any seas through which the Vessel has to travel in performance of the Agreement, the Seller shall pursuant to the terms of the relevant charterparty incur additional insurance or war risk insurance premia whether at the date of the Agreement or subsequently for the Vessel's hull and machinery, protection and indemnity or cargo insurances, crew bonuses and the provision of security services for the Vessel, or any or all of them, the cost of such additional insurance and/or additional premia shall be paid by the Buyer to the Seller in addition to the price payable pursuant to the Agreement.

Section 13: Vessel nominations

13.1 Nomination of Vessels

(a) The Seller shall give to the Buyer a notice of nomination ("**nomination**") either: (i) on or about the time the Agreement is entered into between the Parties, or (ii) at least 5 Business Days prior to the first day of the Loading Terminal Laydays of the Vessel so nominated, whichever is the later. Such nomination shall specify:

(i) the name of the Vessel, IMO number, date built, summer deadweight and cargo tank capacity excluding slop tanks and flag;

(ii) the grade and approximate quantity of Product to be loaded;

(iii) the ETA at the Discharge Terminal;

(iv) the estimated (or actual, if known) arrival draught of the Vessel at the Discharge Terminal;

(v) the Vessel/charterer's agent at the Discharge Terminal; and

(b) The Buyer shall provide the Seller with the Discharge Terminal regulations prior to the acceptance of the Vessel.

(c) The Seller shall inform the Buyer of any changes to the ETA advised pursuant to Section 13.1(a)(iii) as soon as practicable after receipt thereof from Seller's Supplier or the Vessel's owner or agent and, where applicable, such information as shall be necessary so as to establish the time and place of the passing of property pursuant to Section 9.2.

13.2 Substitution of Vessels

The Seller shall be entitled to substitute another Vessel in respect of any Vessel named in the Seller's nomination, provided always that:

(a) the size of the substitute Vessel and the quantity to be loaded shall not, without the prior written consent of the Buyer, differ materially from the size of the Vessel previously named and the quantity specified in the nomination; and

(b) any such substitution shall be made in writing at least 48 hours before the first day of the Loading Terminal Laydays and if such substitution is proposed less than 48 hours before the first day of the Loading Terminal Laydays the Buyer shall use reasonable endeavors to accept such substitute Vessel, which acceptance shall not be unreasonably withheld.

13.3 Rejection of nominations and Vessels

Notwithstanding any prior acceptance of a Vessel (whether named in the Special Terms or nominated or substituted pursuant to Section 13.1 or 13.2), the Buyer shall have the right (which right may only be exercised prior to the passing of property in the Product hereunder) to reject the Vessel in question on any reasonable grounds if such Vessel becomes available to the Buyer at any time after such prior acceptance.

13.4 Regulations at the Loading Terminal and/or Discharge Terminal

(a) The Vessel shall comply with:

(i) all Applicable Law(s) at the Loading Terminal and at the Discharge Terminal (including any alternative or substituted Discharge Terminal in accordance with the Special Terms; and

(ii) the applicable requirements pursuant to Section 15.

(b) Notwithstanding anything to the contrary express or implied in Sections 14 or 16 or in this sub-section, if any Vessel nominated by the Seller does not comply with the foregoing provisions in this Section or any of them, the Buyer may:

(i) reject the Vessel when nominated or subsequently;

(ii) refuse to berth or discharge the Vessel in question; and

(c) the Buyer shall not be liable for the consequences of rejection or delay of the Vessel or other restriction suffered in respect of the Vessel by virtue of the application of such regulations or other requirements and the Seller shall be liable for any costs or damages incurred by the Buyer arising out of and such rejection of or delay to the Vessel at the Loading Terminal.

(d) the Seller's obligations under the Agreement to nominate a suitable Vessel and to ensure that it tenders NOR at the Loading Terminal in accordance with Section 11 shall be unaffected.

Section 14: Vessel Arrival, berth and discharge

14.1 Notices of arrival and Notice of Readiness

The Seller shall arrange for the Vessel to report to the Buyer or the Buyer's representative at the Discharge Terminal each of 72, 48, 24 and 12 hours in advance of the expected arrival at the Discharge Terminal or otherwise in accordance with the standard reporting procedure applicable from time to time at the Discharge Terminal, provided that time of completion of loading permits such notices. Upon the Vessel's arrival at the customary anchorage for the Discharge Terminal, the master or his representative shall tender the Notice of Readiness.

14.2 Berth

For the discharge of each Shipment, the Buyer shall provide or cause to be provided free of charge to the Seller (subject to the provisions of Section 17) a berth to be indicated by the Buyer or the Buyer's representative at which the Vessel can when fully laden safely reach and leave and where it can always lie safely afloat.

14.3 Shifting

Except as provided in Section 17, the Buyer shall have the right to shift the Vessel from one berth to another. Subject to Section 16.3(a), all costs including, but not limited to, damages for delay, shall be for the Buyer's account; provided, however, if shifting is due to reasons within the control of the Seller and/or the Vessel, all such costs shall be for the Seller's account.

14.4 Ship-to-Ship transfer

(a) Except in relation to any ship-to-ship transfer carried out at the request of and for the purposes of the Seller, any ship-to-ship transfer operation shall only be carried out with the Seller's express consent and

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shall only be carried out at the designated ship to-ship transfer location acceptable to, and vide STS service provider acceptable to the Seller and at the Buyer's sole risk and the Buyer shall be liable to the Seller in respect of all time spent in excess of permitted running hours calculated at the relevant demurrage rate and for all and any losses, costs, damages and proceedings arising therefrom and shall indemnify the Seller in respect thereof. This Section shall not be included in the scope of Section 16.3.

(b) Any ship-to-ship transfer shall be carried out in accordance with the procedures set out in the ICS/OCIMF Ship-to-Ship transfer guides. The receiving Vessel shall be subject to the Seller's prior acceptance.

(c) In relation to any dispute as to quantity when ship-to-ship transfers have been undertaken, the Vessel's quantity figures shall prevail.

14.5 Dues on Vessels at the Discharge Terminal

All dues and other charges on the Vessel at the Discharge Terminal, other than those defined by Worldscale as being for the Vessel owner's account, shall be borne by the Buyer.

Section 15: Vessel requirements

15.1 ISPS Code

(a) The Seller shall procure that the Vessel shall comply with the requirements of the International Ship and Port Facility Security Code and the relevant amendments to Chapter XI of SOLAS ("**ISPS Code**") and, if the Discharge Terminal is located within the United States or United States territories or waters, with the United States Maritime Transportation Security Act 2002 ("**MTSA**").

(b) The Vessel shall when required submit a Declaration of Security ("**DOS**") to the appropriate authorities prior to arrival at the Discharge Terminal.

(c) Notwithstanding any prior acceptance of the Vessel by the Buyer, if at any time prior to the arrival of the Vessel at the Discharge Terminal the Vessel ceases to comply with the requirements of the ISPS code or the MTSA:

(i) the Buyer shall have the right not to berth such nominated Vessel at the Discharge Terminal and any resulting demurrage shall not be for the account of the Buyer; and

(ii) the Seller shall be obliged to substitute such nominated Vessel with a Vessel complying with the requirements of the ISPS Code and the MTSA. If property and risk in the cargo on board the Vessel subsequently substituted pursuant to this sub-section (c) have already passed to the Buyer, such property and risk shall be deemed to have reverted to the Seller.

(d) The Buyer shall procure that the Discharge Terminal shall comply with the requirements of the ISPS Code and, if located within the United States or United States territories or waters, with the MTSA.

(e) Any costs or expenses in respect of the Vessel including demurrage or any additional charge, fee or duty levied on the Vessel at the Discharge Terminal and actually incurred by the Seller resulting directly from the failure of the Discharge Terminal to comply with the ISPS Code and, if located within the United States or United States territories or waters, with the MTSA shall be for the account of the Buyer including, but not limited to, the time required or costs incurred by the Vessel in taking any action or any special or additional security measures required by the ISPS Code or the MTSA.

(f) Except where the Vessel has failed to comply with the requirements of the ISPS Code and, within the United States or United States territories or waters, with the MTSA, the Buyer shall be responsible for any demurrage actually incurred by the Seller arising from delay to the Vessel at the Discharge Terminal resulting directly from the Vessel being required by the port facility or any relevant authority to take any action or any special or additional security measures or undergo additional inspections.

(g) The Buyer's liability to the Seller under the Agreement for any costs, losses or expenses incurred by the Vessel, the charterers or the Vessel owners resulting from the failure of the Discharge Terminal to comply with the ISPS Code or the MTSA shall include, but not be limited, to the payment of costs, losses or expenses actually incurred by the Seller.

15.2 Other requirements

(a) The Vessel shall be owned by or demise chartered to a member of the International Tanker Owners Pollution Federation Ltd ("**ITOPF**").

(b) The Vessel shall carry on board certificates as required pursuant to the 1992 Civil Liability Convention for Oil Pollution Damage or any Protocols thereto.

(c) The Vessel shall have in place insurance cover for oil pollution no less in scope and amounts than available under the rules of P & I Clubs entered into the International Group of P & I Clubs (currently standard oil pollution cover of US\$ 1,000 million).

(d) The Vessel shall have on board at all times a valid International Management Code for the Safe Operations of Ships and for Pollution Prevention ("**ISM Code**") certificate and the owners, before and during the voyage, shall comply with the requirements of the ISM Code.

(e) The Vessel shall be manned, operated and maintained so as to fully comply with (i) the standards set out in the International Safety Guide for Oil Tankers and Terminals, (ii) appropriate International Maritime Organisation recommendations, and (iii) the OCIMF Guidelines for the Control of Drugs and Alcohol On-board Ship (1990), each as amended from time to time.

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(f) If the Vessel is fitted with an inert gas system (“IGS”), it will not be permitted to berth or to load or discharge Product unless the IGS is in good order, operative and the cargo tanks inerted. If an IGS-equipped Vessel arrives with the IGS inoperative, the Vessel will not be berthed until the IGS is operative and the cargo tanks inerted and until that time the Notice of Readiness shall not be given, or if given shall not be effective, and Laytime shall not commence until commencement of loading or discharge, as the case may be.

15.3 War and ice

(a) The Seller may, at any time, refuse to direct the Vessel:

(i) to transit or proceed to or remain in waters if such direction would involve a breach of any Institute Warranties (if applicable) or, if in the Seller’s opinion, a risk to the Vessel’s safety (including but not limited to risks arising out of war, war-like operations, hostilities, civil strife, terrorism or other politically or religiously motivated activities or piracy) or a risk of ice damage to the Vessel; or

(ii) to transit or proceed to or remain in waters proximately located to a place in which a war (which shall include but not be limited to states of war, war-like operation or hostilities, civil strife, terrorism or other politically or religiously motivated activities or piracy) is present or imminent; or

(iii) to any place to which the owners of the Vessel reasonably refuse to allow the Vessel to proceed or remain pursuant to the terms of the relevant charterparty.

(b) The Seller may, at any time, refuse to do or cause to be done anything in furtherance of the voyage which in the reasonable opinion of the Vessel’s master could expose the Vessel, the Product, any other cargo on board the Vessel or the Vessel’s crew to danger or risk of loss or harm.

(c) Notwithstanding and without prejudice to the provisions of Sections 15.3(a) and 15.3(b), if the Seller directs the Vessel to undertake or complete a voyage as referred to in the foregoing sections, the Buyer shall nonetheless reimburse the Seller, upon receipt of the Seller’s invoice supported by proof of payment by the Seller, any costs incurred by the Seller in respect of any additional insurance premium payable, including but not limited to:

(i) any and all costs in respects of war risk insurance for the Vessel’s hull and machinery in respect of the voyages to any of the ports of loading or discharge or any war through which the Vessel has to travel in the performance of the Agreement, including any additional insurance or war risk insurance premium, as well as crew war bonuses or any other bonuses relating to the shipment; and

(ii) any other sums that the Seller may be required to pay to the Vessel's owner including but not limited to any sums in respect of any deductible amounts under such owner's insurance and any other costs and/or expenses incurred by the Seller.

Section 16: Laytime and demurrage

16.1 Laytime

The Buyer shall be allowed 36 running hours (or such other time as provided in the Special Terms) for the discharge of the quantity of the Product deliverable hereunder by each Vessel ("**Laytime**"), all days and holidays included unless discharging on the day or holiday in question is prohibited by law or regulation at the Discharge Terminal.

16.2 Commencement and cessation of Laytime

(a) Laytime shall commence the earlier of:

(i) 6 hours after the Notice of Readiness is tendered; or

(ii) when the Vessel is all fast at berth.

(b) For the purposes of calculating Laytime, discharge shall be deemed to be completed upon disconnection of the discharging hoses.

(c) Any delay arising out of or in connection with any of the following situations shall not be counted or included in calculating used Laytime or the time in respect of which the Buyer is liable for demurrage (whether or not the Vessel is already on demurrage):

(i) awaiting free pratique, tugs, tides, pilot or daylight;

(ii) inward passage until the Vessel is securely moored at the berth and its gangway, if it is to be used, is in place;

(iii) preparing for and handling or shifting of ballast, bilges, slops or other substances or bunkering unless concurrent with cargo operations;

(iv) restrictions imposed by the Vessel's owner, charterer or master of the Vessel;

(v) any breakdown of the Vessel's equipment or failure to comply with the requirements of the Discharge Terminal with respect to equipment aboard or any other matter causing delay or restriction to discharge operations;

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(vi) time spent complying with any of the regulations and other requirements referred to in

Section 13.4;

(vii) any other delay attributable to the Vessel, the Seller or the Seller's representative;

(viii) any onboard strike by members of the crew.

(d) Any delay in discharge of the Shipment by reason of (i) a strike, labour dispute or lock out of any shoreside workmen essential to the discharge or (ii) adverse weather or sea state conditions shall count as one half Laytime or, if the Vessel is on demurrage, at 50% of the demurrage rate, provided always that the cause of the delay was not within the reasonable control of the Buyer.

16.3 Demurrage

(a) Except as otherwise provided herein, for all time that used Laytime exceeds the allowed Laytime, the Buyer shall pay demurrage to the Seller upon the Buyer's verification of the Seller's claim therefore.

(b) Unless the demurrage rate is specified in the Special Terms:

(i) for all Vessels owned or time chartered by the Seller or its Affiliates, demurrage shall be computed on an hourly basis or prorata thereof in accordance with Worldscale, or such generally accepted scale as may replace Worldscale, for the size Vessel in question, adjusted to the level of the AFRA in force on the day the Notice of Readiness was tendered; or

(ii) for all voyage chartered Vessels, demurrage shall be computed at the demurrage rate specified in the charterparty.

(c) Any demurrage incurred by reason of conditions falling within the provisions of Section 35 shall be calculated at 50% of the rate determined in accordance with this sub-section.

(d) In no event shall the Buyer be liable for demurrage unless the demurrage claim has been received by the Buyer in writing within 90 days of the date of disconnection of the discharging hoses, stating in reasonable detail the specific facts upon which the claim is based. If the Seller fails to give such notice or fails to provide such documentation within the aforesaid limit, then the claim shall be deemed to have been waived and forever barred and any liability of the Buyer for demurrage shall be extinguished.

16.4 Time allowed and damages for delay under CFR and CIF Indicative Discharge Date Contracts

(a) Should the Vessel tender NOR at the Discharge Terminal within the Indicative Discharge Date given by the Seller then Laytime shall be calculated in accordance with Section 16.2 (a).

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(b) Should the Vessel tender NOR at the Discharge Terminal prior to the Indicative Discharge Date given by the Seller, then Laytime shall commence 0600 hours on the first day of the Indicative Discharge Date range or when the Vessel is all fast at berth, whichever is earlier.

(c) Should the Vessel tender NOR at the Discharge Terminal after the Indicative Discharge Date given by the Seller, then Laytime shall commence only on commencement of discharge.

Section 17: Taxes, duties and fees

17.1 The Seller shall pay any and all taxes, duties, imposts, fees or other charges, with the exception of those noted in sub-section 17.3, imposed or assessed by governmental or regulatory bodies, with respect to the Product delivered hereunder, the taxable incidence of which occurs before the transfer of property in the Product to the Buyer.

17.2 The Buyer shall pay any and all taxes, duties, imposts, fees or other charges imposed or assessed by governmental or regulatory bodies with respect to the Product delivered hereunder, the taxable incidence of which occurs after transfer of property in the Product to Buyer.

17.3 Any and all taxes, duties, imposts, fees or other charges imposed or assessed by governmental or regulatory bodies, the taxable incidence of which is the transfer of property in or the delivery of the Product hereunder, or the receipt of payment therefore, regardless of character, method of calculation, or measure of the levy or assessment, shall be paid by the Party upon whom the tax, fee, or charge is imposed by law.

17.4 All taxes, duties, imposts, fees, charges (including without limitation, pilotage, mooring and towage expenses) and dues (including without limitation, quay dues) in respect of the Vessel

incurred at the Discharge Terminal shall be for the Buyer's account, except for those specified in Worldscales as being for the Vessel owners' account.

PART THREE

In respect of DES Deliveries

Section 18: Delivery, property and risk

18.1 The Product shall be delivered to the Buyer in bulk in one full or part cargo lot at the Discharge Terminal from the Vessel.

18.2 Notwithstanding any right of the Seller to retain documents until payment, property and risk in the Product shall pass to the Buyer as the Product passes the Vessel's permanent hose connection at the Discharge Terminal.

Section 19: Quantity and quality determination and inspection

19.1 Quantity and quality determination

The quantity and quality of the Product delivered under the Agreement shall be determined as follows:

- (a) The quantity shall be based on shore tank upgauge measurements taken prior to and after discharge of the Vessel according to the latest ASTM. The quantity shall be determined by measurements of inactive shore tanks. Such quantity shall be adjusted for any voids in the pipeline between the Vessel and the shore tanks. The quantity shall not be determined by shore tank measurements when the tanks are active, the product in the tank is non-liquid, or other factors as stated in the API standards impact the accuracy of tank measurements. In such cases, the quantity shall be determined by Vessel figures (i.e., arrival quantity less remaining on board (ROB) adjusted by the Vessel experience factor (VEF) which will be determined in accordance with current API Chapter 17.9 – EI HM 49.
- (b) The quality shall be based upon Vessel composite samples from the nominated Vessel tanks taken immediately prior to commencement of discharge at the Discharge Terminal.
- (c) Temperature corrections shall be made in accordance with the latest API/ASTM tables and samples shall be tested using methods listed in ASTM/API/ISO standards. If automatic sampling is used, such samples must be taken by equipment meeting the requirements set forth in API's latest standards.
- (d) The quantity of Product determined pursuant to Section 19.1 (or, where applicable, the Special Terms) shall be recorded in the certificate of quantity as per the standard practice in use at the Discharge Terminal at the time of discharge and that quantity shall be used to calculate the Seller's invoice except in cases of fraud and/or manifest error.

19.2 Inspection

A mutually agreed inspector shall be appointed by the Buyer and the Seller to witness the measurement of quantity and the drawing and testing of samples and to ensure that these are conducted in accordance with the standard practice at the Discharge Terminal at the time of discharge. The inspector's report shall be made available to both Parties. The cost of each inspection shall be borne equally by the Parties. The quantity and quality of the Product as ascertained by the inspector shall be the quantity and quality for the purposes of the quantity and quality certificates and shall be conclusive and binding on the Parties, except in cases of fraud and/or manifest error, for invoicing purposes but without prejudice to the rights of either Party to make quantity or quality claims pursuant to Section 33.

Section 20: Laydays

20.1 The Laydays shall be the day or a range of days in which the Seller's nominated Vessel must tender NOR at the Discharge Terminal pursuant to Section 22.

20.2 The Laydays shall be either:

- (a) as specified in the Special Terms; or
- (b) established in accordance with the procedure(s) specified in the Special Terms.

Section 21: Vessel nominations

21.1 Nomination of Vessels

(a) The Seller shall give to the Buyer a notice of nomination ("nomination") either: (i) on or about the time the Agreement is entered into between the Parties, or (ii) at least 5 Business Days prior to the first day of the Laydays, whichever is the later. Such nomination shall specify:

- (i) the name of the Vessel, IMO number, date built, summer deadweight and cargo tank capacity excluding slop tanks and flag;
- (ii) the grade and approximate quantity of Product to be discharged;
- (iii) the ETA at the Discharge Terminal;
- (iv) the estimated (or actual, if known) arrival draught of the Vessel at the Discharge Terminal;
- (v) the Vessel/charterer's agent at the Discharge Terminal; and

(b) The Buyer shall provide the Seller with the Discharge Terminal regulations prior to the acceptance of the Vessel.

(c) The Seller shall inform the Buyer of any changes to the ETA advised pursuant to Section 21.1(a)(iii) as soon as practicable after receipt thereof from Seller's Supplier or the Vessel's owner or agent and, where applicable, such information as shall be necessary so as to establish the time and place of the passing of property pursuant to Section 18.2.

21.2 Substitution of Vessels

The Seller shall be entitled to substitute another Vessel in respect of any Vessel named in the Seller's nomination, provided always that:

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(a) the size of the substitute Vessel and the quantity to be loaded shall not, without the prior written consent of the Buyer, differ materially from the size of the Vessel previously named and the quantity specified in the nomination; and

(b) any such substitution shall be made in writing at least 48 hours before the first day of the Loading Terminal Laydays and if such substitution is proposed less than 48 hours before the first day of the Loading Terminal Laydays the Seller shall use reasonable endeavors to accept such substitute Vessel, which acceptance shall not be unreasonably withheld.

21.3 Rejection of nominations and Vessels

Notwithstanding anything to the contrary express or implied elsewhere herein, the Buyer shall have the right (which right may only be exercised prior to the passing of property and risk in the Product in accordance with the Agreement), on any reasonable ground (including the Vessel's failure to comply with the requirements specified in Section 23), to reject any Vessel named pursuant to Section 21.1 even though such Vessel is not the performing Vessel under the Agreement or Section 21.2.

21.4 Regulations at the Loading Terminal and/or Discharge Terminal

(a) The Vessel shall comply with:

(i) all Applicable Law(s) at the Discharge Terminal (including any alternative or substituted Discharge Terminal in accordance with the Special Terms; and

(ii) the applicable requirements pursuant to Section 23.

(b) Notwithstanding anything to the contrary express or implied in Sections 22 or 24 or in this Section, if any Vessel nominated by the Seller does not comply with the foregoing provisions in this Section or any of them, the Buyer may:

(i) reject the Vessel when nominated or subsequently;

(ii) refuse to berth or discharge the Vessel in question; and

(c) the Buyer shall not be liable for the consequences of rejection or delay of the Vessel or other restriction suffered in respect of the Vessel by virtue of the application of such regulations or other requirements and the Seller shall be liable for any costs or damages incurred by the Buyer arising out of and such rejection of or delay to the Vessel at the Discharge Terminal.

(d) the Seller's obligations under the Agreement to nominate a suitable Vessel and to ensure that it tenders NOR at the Discharge Terminal in accordance with Section 22 shall be unaffected.

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Section 22: Vessel arrival, berth and discharge

22.1 Notices of arrival and Notice of Readiness

The Seller shall arrange for the Vessel to report to the Buyer or the Buyer's representative at the Discharge Terminal each of 72, 48, 24 and 12 hours in advance of the expected arrival at the Discharge Terminal or otherwise in accordance with the standard reporting procedure applicable from time to time at the Discharge Terminal, provided that time of completion of loading permits such notices. Upon the Vessel's arrival at the customary anchorage for the Discharge Terminal, the master or his representative shall tender the Notice of Readiness.

22.2 Berth

For the discharge of each Shipment, the Buyer shall provide or cause to be provided free of charge to the Seller (subject to the provisions of Section 25) a berth to be indicated by the Buyer or the Buyer's representative at which the Vessel can when fully laden safely reach and leave and where it can always lie safely afloat.

22.3 Shifting

Except as provided in Section 25, the Buyer shall have the right to shift the Vessel from one berth to another. Subject to Section 24.3(a), all costs including, but not limited to, damages for delay, shall be for the Buyer's account; provided, however, if shifting is due to reasons within the control of the Seller and/or the Vessel, all such costs shall be for the Seller's account.

22.4 Ship-to-Ship transfer

(a) Except in relation to any ship-to-ship transfer carried out at the request of and for the purposes of the Seller, any ship-to-ship transfer operation shall only be carried out with the Seller's express consent and shall only be carried out at the designated ship-to-ship transfer location agreeable to the Seller and at the Buyer's sole risk and the Buyer shall be liable to the Seller in respect of all time spent in excess of permitted running hours calculated at the relevant demurrage rate and for all and any losses, costs, damages and proceedings arising therefrom and shall indemnify the Seller in respect thereof. This Section shall not be included in the scope of Section 24.3.

(b) Any ship-to-ship transfer shall be carried out in accordance with the procedures set out in the ICS/OCIMF Ship-to-Ship transfer guides. The receiving Vessel shall be subject to the Seller's prior acceptance.

(c) In relation to any dispute as to quantity when ship-to-ship transfers have been undertaken, the Vessel's quantity figures shall prevail.

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Section 23: Vessel requirements

23.1 ISPS Code

(a) The Seller shall procure that the Vessel shall comply with the requirements of the International Ship and Port Facility Security Code and the relevant amendments to Chapter XI of SOLAS ("ISPS Code") and, if the Discharge Terminal is located within the United States or United States territories or waters, with the United States Maritime Transportation Security Act 2002 ("MTSA").

(b) The Vessel shall when required submit a Declaration of Security ("DOS") to the appropriate authorities prior to arrival at the Discharge Terminal.

(c) Notwithstanding any prior acceptance of the Vessel by the Buyer, if at any time prior to the arrival of the Vessel at the Discharge Terminal the Vessel ceases to comply with the requirements of the ISPS code or the MTSA:

(i) the Buyer shall have the right not to berth such nominated Vessel at the Discharge Terminal and any resulting demurrage shall not be for the account of the Buyer; and

(ii) the Seller shall be obliged to substitute such nominated Vessel with a Vessel complying with the requirements of the ISPS Code and the MTSA. If property and risk in the cargo on board the Vessel subsequently substituted pursuant to this sub-section (c) have already passed to the Buyer, such property and risk shall be deemed to have reverted to the Seller.

(d) The Buyer shall procure that the Discharge Terminal shall comply with the requirements of the ISPS Code and, if located within the United States or United States territories or waters, with the MTSA.

(e) Any costs or expenses in respect of the Vessel including demurrage or any additional charge, fee or duty levied on the Vessel at the Discharge Terminal and actually incurred by the Seller resulting directly from the failure of the Discharge Terminal to comply with the ISPS Code and, if located within the United States or United States territories or waters, with the MTSA shall be for the account of the Buyer including, but not limited to, the time required or costs incurred by the Vessel in taking any action or any special or additional security measures required by the ISPS Code or the MTSA.

(f) Except where the Vessel has failed to comply with the requirements of the ISPS Code and, within the United States or United States territories or waters, with the MTSA, the Buyer shall be responsible for any demurrage actually incurred by the Seller arising from delay to the Vessel at the Discharge Terminal resulting directly from the Vessel being required by the port facility or any relevant authority to take any action or any special or additional security measures or undergo additional inspections.

(g) The Buyer's liability to the Seller under the Agreement for any costs, losses or expenses incurred by the Vessel, the charterers or the Vessel owners resulting from the failure of the Discharge Terminal to

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comply with the ISPS Code or the MTSA shall include, but not be limited to, the payment of costs, losses or expenses actually incurred by the Seller.

23.2 Other requirements

(a) The Vessel shall be owned by or demise chartered to a member of the International Tanker Owners Pollution Federation Ltd ("ITOPF").

(b) The Vessel shall carry on board certificates as required pursuant to the 1992 Civil Liability Convention for Oil Pollution Damage or any Protocols thereto.

(c) The Vessel shall have in place insurance cover for oil pollution no less in scope and amounts than available under the rules of P & I Clubs entered into the International Group of P & I Clubs (currently standard oil pollution cover of US\$ 1,000 million).

(d) The Vessel shall have on board at all times a valid International Management Code for the Safe Operations of Ships and for Pollution Prevention ("ISM Code") certificate and the owners, before and during the voyage, shall comply with the requirements of the ISM Code.

(e) The Vessel shall be manned, operated and maintained so as to fully comply with (i) the standards set out in the International Safety Guide for Oil Tankers and Terminals, (ii) appropriate International Maritime Organisation recommendations, and (iii) the OCIMF Guidelines for the Control of Drugs and Alcohol On-board Ship (1990), each as amended from time to time.

(f) If the Vessel is fitted with an inert gas system ("IGS"), it will not be permitted to berth or to load or discharge Product unless the IGS is in good order, operative and the cargo tanks inerted. If an IGS-equipped Vessel arrives with the IGS inoperative, the Vessel will not be berthed until the IGS is operative and the cargo tanks inerted and until that time the Notice of Readiness shall not be given, or if given shall not be effective, and Laytime shall not commence until commencement of loading or discharge, as the case may be.

23.3 War and ice

(a) The Seller may, at any time, refuse to direct the Vessel:

(i) to transit or proceed to or remain in waters if such direction would involve a breach of any Institute Warranties (if applicable) or, if in the Seller's opinion, a risk to the Vessel's safety (including but not limited to risks arising out of war, war-like operations, hostilities, civil strife, terrorism or other politically or religiously motivated activities or piracy) or a risk of ice damage to the Vessel; or

(ii) to transit or proceed to or remain in waters proximately located to a place in which a war (which shall include but not be limited to states of war, war-like operation or hostilities, civil strife,

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terrorism or other politically or religiously motivated activities or piracy) is present or imminent;
or

(iii) to any place to which the owners of the Vessel reasonably refuse to allow the Vessel to proceed or remain pursuant to the terms of the relevant charterparty.

(b) The Seller may, at any time, refuse to do or cause to be done anything in furtherance of the voyage which in the reasonable opinion of the Vessel's master could expose the Vessel, the Product, any other cargo on board the Vessel or the Vessel's crew to danger or risk of loss or harm.

(c) Notwithstanding and without prejudice to the provisions of Sections 23.3(a) and 23.3(b), if the Seller directs the Vessel to undertake or complete a voyage as referred to in the foregoing sections, the Buyer shall nonetheless reimburse the Seller, upon receipt of the Seller's invoice supported by proof of payment by the Seller, any costs incurred by the Seller in respect of any additional insurance premium payable, including but not limited to:

(i) any and all costs in respects of war risk insurance for the Vessel's hull and machinery in respect of the voyages to any of the ports of loading or discharge or any war through which the Vessel has to travel in the performance of the Agreement, including any additional insurance or war risk insurance premium, as well as crew war bonuses or any other bonuses relating to the shipment; and

(ii) any other sums that the Seller may be required to pay to the Vessel's owner including but not limited to any sums in respect of any deductible amounts under such owner's insurance and any other costs and/or expenses incurred by the Seller.

Section 24: Laytime and demurrage

24.1 Laytime

The Buyer shall be allowed 36 running hours (or such other time as provided in the Special Terms) for the discharge of the quantity of the Product deliverable hereunder by each Vessel ("Laytime"), all days and holidays included unless discharging on the day or holiday in question is prohibited by law or regulation at the Discharge Terminal.

24.2 Commencement and cessation of Laytime

(a) Laytime shall commence the earlier of:

(i) 6 hours after the Notice of Readiness is tendered; or

(ii) when the Vessel is all fast at berth.

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(b) For the purposes of calculating Laytime, discharge shall be deemed to be completed upon disconnection of the discharging hoses.

(c) Any delay arising out of or in connection with any of the following situations shall not be counted or included in calculating used Laytime or the time in respect of which the Buyer is liable for demurrage (whether or not the Vessel is already on demurrage):

(i) awaiting free pratique, tugs, tides, pilot or daylight;

(ii) inward passage until the Vessel is securely moored at the berth and its gangway, if it is to be used, is in place;

(iii) preparing for and handling or shifting of ballast, bilges, slops or other substances or bunkering unless concurrent with cargo operations;

(iv) restrictions imposed by the Vessel's owner, charterer or master of the Vessel;

(v) any breakdown of the Vessel's equipment or failure to comply with the requirements of the Discharge Terminal with respect to equipment aboard or any other matter causing delay or restriction to discharge operations;

(vi) time spent complying with any of the regulations and other requirements referred to in Section 21.4;

(vii) any other delay attributable to the Vessel, the Seller or the Seller's representative;

(viii) any onboard strike by members of the crew.

(d) Any delay in discharge of the Product by reason of (i) a strike, labour dispute or lock out of any shoreside workmen essential to the discharge or (ii) adverse weather or sea state conditions shall count as one half Laytime or, if the Vessel is on demurrage, at 50% of the demurrage rate, provided always that the cause of the delay was not within the reasonable control of the Buyer.

24.3 Demurrage

(a) Except as otherwise provided herein, for all time that used Laytime exceeds the allowed Laytime, the Buyer shall pay demurrage to the Seller upon the Buyer's verification of the Seller's claim therefore.

(b) Unless the demurrage rate is specified in the Special Terms:

(i) for all Vessels owned or time chartered by the Seller or its Affiliates, demurrage shall be computed on an hourly basis or prorata thereof in accordance with Worldscale, or such generally accepted scale as may replace Worldscale, for the size Vessel in question, adjusted to the level of the AFRA in force on the day the Notice of Readiness was tendered; or

(ii) for all voyage chartered Vessels, demurrage shall be computed at the demurrage rate specified in the charterparty.

(c) Any demurrage incurred by reason of conditions falling within the provisions of Section 35 shall be calculated at 50% of the rate determined in accordance with this Section.

(d) In no event shall the Buyer be liable for demurrage unless the demurrage claim has been received by the Buyer in writing within 90 days of the date of disconnection of the discharging hoses, stating in reasonable detail the specific facts upon which the claim is based. If the Seller fails to give such notice or fails to provide such documentation within the aforesaid limit, then the claim shall be deemed to have been waived and forever barred and any liability of the Buyer for demurrage shall be extinguished.

Section 25: Taxes, duties and fees

25.1 The Seller shall pay any and all taxes, duties, imposts, fees or other charges, with the exception of those noted in sub-section 25.3, imposed or assessed by governmental or regulatory bodies, with respect to the Product delivered hereunder, the taxable incidence of which occurs before the transfer of property in the Product to the Buyer.

25.2 The Buyer shall pay any and all taxes, duties, imposts, fees or other charges imposed or assessed by governmental or regulatory bodies with respect to the Product delivered hereunder, the taxable incidence of which occurs after transfer of property in the Product to the Buyer.

25.3 Any and all taxes, duties, imposts, fees or other charges imposed or assessed by governmental or regulatory bodies, the taxable incidence of which is the transfer of property in or the delivery of the Product hereunder, or the receipt of payment therefore, regardless of character, method of calculation, or measure of the levy or assessment, shall be paid by the Party upon whom the tax, fee, or charge is imposed by law.

25.4 All taxes, duties, imposts, fees, charges (including without limitation, pilotage, mooring and towage expenses) and dues (including without limitation, quay dues) in respect of the Vessel incurred at the Discharge Terminal shall be for the Seller's account.

PART FOUR In respect of ITT Deliveries

Section 26: Nominations, delivery and property and risk

Nominations shall be made in accordance with the standard operating procedure of the relevant storage company(ies).

26.1 Delivery into tank

(a) The Product shall be delivered to the Buyer in bulk in one lot into the storage tank designated by the Buyer in the Special Terms.

(b) Notwithstanding any right of the Seller to retain documents until payment, property and risk in the Product shall pass to the Buyer as the Product passes the permanent discharge flange of the discharging tank.

26.2 Stock transfer

(a) The Product shall be delivered to the Buyer in bulk in one lot by way of stock transfer in the storage tank specified in the Special Terms.

(b) Notwithstanding any right of the Seller to retain documents until payment, property to and risk in the Product shall pass to the Buyer at such time and day in such tank as specified in the Special Terms and, if applicable, confirmed by the owner or operator of such tank by completion by such operator of a product transfer order or equivalent document.

Section 27: Quantity and quality determination and inspection

27.1 Quantity and quality determination

(a) If the delivery of the Product will be made into the Buyer's tank, the quantity and quality of the Product delivered under the Agreement shall be determined as follows:

(i) the quality shall be based on individual shoretank taken at Seller's tank; and

(ii) the quantity shall be determined by Seller's tank transferred quantity.

(b) If the delivery of the Product will be made via stock transfer, the quantity of the Product delivered under the Agreement shall be based on the inspection document or certificate of transfer (where applicable) of the storage tank facility.

(c) The quantity of Product determined pursuant to Sections 27.1(a) or 27.1(b) (or, where applicable, the Special Terms) shall be used to calculate the Seller's invoice except in cases of fraud and/or manifest error.

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27.2 Inspection

- (a) A mutually agreed inspector shall be appointed by the Buyer and the Seller to witness the measurement of quantity and the drawing and testing of samples and to ensure that these are conducted in accordance with the standard practice at the storage tank facility.
- (b) The inspector's report shall be made available to both Parties.
- (c) The cost of each inspection shall be borne equally by the Parties.
- (d) The quantity and quality of the Product as ascertained by the inspector shall be the quantity and quality for the purposes of the quantity and quality certificates and shall be final and binding on the Parties, except in cases of fraud and/or manifest error, for invoicing purposes but without prejudice to the rights of either Party to make quantity or quality claims pursuant to Section 33.

Section 28: Taxes, duties and fees

28.1 The Seller shall pay any and all taxes, duties, imposts, fees or other charges, with the exception of those noted in sub-section 28.3, imposed or assessed by governmental or regulatory bodies, with respect to the Product delivered hereunder, the taxable incidence of which occurs before the transfer of property in the Product to the Buyer.

28.2 The Buyer shall pay any and all taxes, duties, imposts, fees or other charges imposed or assessed by governmental or regulatory bodies with respect to the Product delivered hereunder, the taxable incidence of which occurs after transfer of property in the Product to the Buyer.

28.3 Any and all taxes, duties, imposts, fees or other charges imposed or assessed by governmental or regulatory bodies, the taxable incidence of which is the transfer of property in or the delivery of the Product hereunder, or the receipt of payment therefore, regardless of character, method of calculation, or measure of the levy or assessment, shall be paid by the Party upon whom the tax, fee, or charge is imposed by law.

PART FIVE

Applicable to each of Parts One, Two and Three

Section 29: Definitions and interpretation

29.1 Definition

In the Agreement (as hereinafter defined), unless the context otherwise requires:

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“Affiliate” means, with respect to a Party, any company or other legal entity directly or indirectly controlling or controlled by that Party or controlled directly or indirectly by any company or other legal entity having direct or indirect control over that Party.

“AFRA” means the Average Freight Rate Assessment or, if applicable, the Average Single Voyage Rate Assessment, as both published by the London Tanker Brokers’ Panel Limited; the applicable rate shall be the rate published at the beginning of the month in which the Vessel loads, irrespective of the reference period mentioned in the publication.

“Agreement” means the contract formed by the Special Terms together with these General Terms and Conditions.

“API” means the American Petroleum Institute.

Applicable Law(s) means all applicable governmental, local, port authority or terminal operator laws and regulations and any other laws and regulations or requirements in force of whatever nature and howsoever communicated.

“ASTM” means the American Society for Testing and Materials.

“Banking Day” means a day on which the banks in the clearing center for currency of payment are open for normal banking business.

“Bulk Oil Clauses SP 13C” means the American Institute of Marine Underwriters Form SP 13C Bulk Oil Clauses published in January 1962.

“Business Day” means a day on which the office of the Buyer or the Seller, as the context requires is open for normal business. A Business Day shall open at 09:00 and close at 18:00 local time at the relevant location.

“CFR” and **“CIF”** shall each has the meaning ascribed thereto in Incoterms® 2010, except as otherwise provided in the Agreement, further, if there is any inconsistency or conflict between Incoterms and the Agreement, the Agreement shall prevail.

“day” means a calendar day in accordance with the Gregorian calendar.

“DES” herein shall also refer to DAP, as defined in the Incoterms® 2010, except as otherwise provided in the Agreement. Where the Special Terms refer to DAP, the provisions in the Agreement relating to DES shall be deemed to apply. Further, if there is any inconsistency or conflict between Incoterms® 2010 and the Agreement, the Agreement shall prevail.

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“Discharge Terminal” means the discharge port at which the Product is discharged or is to be discharged.

“EI HM” means Energy Institute Hydrocarbon Management.

“ETA” means the estimated time/date of arrival and in the case of FOB deliveries, means the estimated time and/or date or range of days of arrival of the Vessel at the Loading Terminal and, in the case of CFR, CIF and DES deliveries means the estimated time and/or date or range of days or arrival of the Vessel at the Discharge Terminal. Any ETA at the Discharge Terminal given hereunder shall not place the Seller under any obligation to meet such date (other than to use its reasonable endeavors to ensure that the contract of carriage is consistent with the meeting of such date) and, for the avoidance of doubt, in the case of a CFR or CIF Agreement, shall not be construed as changing the nature of the Agreement.

“FOB” has the meaning ascribed thereto in Incoterms® 2010, except as otherwise provided in the Agreement, further, if there is any inconsistency or conflict between Incoterms and the Agreement, the Agreement shall prevail.

“ICS” means International Chamber of Shipping.

“Institute Cargo Clauses (A)” means the most recent publication of the terms and conditions known as Institute Cargo Clauses (A) issued by the Lloyd’s Market Association and International Underwriting Association of London.

“Institute Strikes Clauses (Cargo)” means the most recent publication of the terms and conditions known as Institute Strikes Clauses (Cargo) issued by the Lloyd’s Market Association and International Underwriting Association of London.

“Institute War Clauses (Cargo)” means the most recent publication of the terms and conditions known as Institute War Clauses (Cargo) issued by the Lloyd’s Market Association and International Underwriting Association of London.

“ISO” means International Organization for Standardization.

“ITT” means (a) Intank transfer (Stock transfer) or (b) Intertank transfer (Ex-Tank or Into Tank transfer) or any terms specified in the Special Terms.

“Laydays” in the case of FOB deliveries shall have the meaning ascribed to it in Section 3), in the case of CFR and CIF deliveries in Section 11 or in the case of Ex Ship deliveries in Section 20.

“LIBOR” means, in relation to any amount to which it is applied, the one (1) month London Interbank Offered Rate for U.S. Dollars as quoted by the Intercontinental Exchange Benchmark Administration Limited (“IBA”) as at 11:00 hours (London time) on the day which is two (2) London Banking Days before the first (1st) day on which LIBOR is required to apply in respect of such amount under the Agreement

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and as subsequently reset monthly in accordance wherewith from time to time. If any day on which LIBOR is to be set or reset is not a London Banking Day, LIBOR shall be set or reset by reference to the next following London Banking Day.

“Loading Terminal Operator” means any Person which at the time of loading is the operator of the facilities at which the Product is loaded or is to be loaded.

“Loading Terminal” means the loading port at which the Product is loaded or is to be loaded.

“London Market” means the insurance market in London comprising of companies and individual Lloyd’s syndicates.

“Marine Cargo Insurance Policy” means a policy of insurance placed with a first class underwriter.

“NOR” means the notice of readiness to load or discharge, as the case may be, as given by the master of the Vessel or his representative to the Seller or the Seller’s representative at the Loading Terminal or to the Buyer (or its representative) at the Discharge Terminal respectively.

“OCIMF” means the Oil Companies International Marine Forum.

“Party” means the Buyer or the Seller individually and **“Parties”** means the Buyer and the Seller collectively.

“Person” means any natural person, corporation, company, partnership (general or limited), limited liability company, business trust, governmental authority or other entity or association.

“PPC Vetting” means Seller’s vetting organization as set up in Sections 4.8 and 5.2.

“Product” means the petroleum product, as more particularly described in the Special Terms, sold or nominated to be sold under the Agreement.

“Seller’s Supplier” means any legal entity supplying or expected by the Seller to supply to the Seller directly or indirectly the Product or services necessary to deliver the Product to the Buyer.

“Shipment” means any specific quantity of Product delivered or to be delivered under the Agreement as one full or part cargo lot, as applicable.

“SOLAS” means the International Convention for the Safety of Life at Sea 1974 (as amended).

“Special Terms” means the oral or written agreement in which, by reference, these General Terms and Conditions are incorporated to form the Agreement.

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“Ton” means metric ton or tonne.

“Vessel” means a tankship or other Vessel which is wholly or mainly constructed or is adapted for the carriage of Product.

“Worldscale” means the New Worldwide Tanker Nominal Freight Scale as current on the day of commencement of loading the Vessel in question.

29.2 Interpretation

(a) In the Agreement, unless the context requires otherwise:

- (i) Any reference to any Act of Parliament or to legislation of any sovereign state shall be deemed to include any amendment, replacement or re-enactment thereof for the time being in force and to include any by laws, licences, statutory instruments, rules, regulations, orders, notices, directions, consents or permissions made thereunder and any condition attaching thereto.
- (ii) Except where the context otherwise requires, words denoting the singular include the plural and vice versa; words denoting any gender include all genders; and words denoting persons include firms and corporations and vice versa.
- (iii) Any words following the terms “including”, “include”, “in particular” or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.

Section 30: Failure to take delivery

Notwithstanding anything elsewhere in the Agreement to the contrary, if the Buyer fails to take delivery of any quantity of Product made available for delivery, such undelivered quantity shall, at the Seller’s option, cease to be deliverable to the Buyer under the Agreement and, in such event, the undelivered quantity shall be deducted from the total quantity of Product to be delivered under the Agreement, without prejudice to any other rights or remedies which the Seller may have against the Buyer. In such case, the Seller may freely sell or otherwise dispose of such undelivered quantity of Product at its sole and absolute discretion. The provisions of this Section shall apply whether the Buyer is to receive one or more Shipments under the Agreement.

Section 31: Shortage of product

Whenever in the Seller’s reasonable opinion there is or is likely to be a shortage of Product at any one or more of the present or future regular sources of the Seller’s (or its Affiliates’) supply, to such extent that the Seller (or its Affiliates) expect that they will not meet their own requirements and their requirements

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for sales to customers, the Seller may cease or reduce sales and deliveries to the Buyer to such extent as the Seller may see fit during any shortage. The Seller shall not be obligated to acquire additional petroleum product or to sell to the Buyer any additional petroleum product that the Seller may acquire.

Section 32: Quality

32.1 The quality of the Product delivered hereunder shall conform to the description set out in the Special Terms. There are no representations, duties (whether statutory or otherwise), conditions, guarantees, warranties or terms, express or implied, as to the description or satisfactory quality, fitness or suitability of the Product for any purpose whatsoever, or otherwise relating to the quality of the Product, which extend beyond the description of the Product set out in the Special Terms. This Section constitutes the whole of the Seller's obligations with respect to the description, quality and fitness for purpose of the product to be delivered and (save to the extent that exclusion thereof is not permitted or is ineffective by operation of law) all statutory or other conditions or warranties, express or implied, with respect to the description or satisfactory quality of the product or its fitness for any particular purpose or otherwise are hereby excluded.

32.2 No stipulation as to time of delivery, whether specified in the Special Terms or determined or established in accordance with the procedures set out, or referred to, in the Special Terms, shall form part of the description of the Product deliverable hereunder and any obligation to effect or complete shipment by such time is hereby expressly excluded from the description of the Product.

Section 33: Quantity and quality claims

33.1 In no event shall the Seller be liable for any claim regarding the quantity and/or quality of the Product unless such claim has been submitted by the Buyer to the Seller in writing, with full details of the specific facts on which the claim is based and supporting documentation, within 45 days of the date of the bill of lading or date of delivery, whichever is later.

33.2 Should the Buyer fail to submit a claim or provide such details and/or any supporting documentation within the time limit set out in Section 33.1, then such claim shall be deemed to have been waived and any liability on the part of the Seller shall be extinguished.

33.3 The Buyer shall only be entitled to recover quantity and/or quality costs, losses or damages from the Seller to the extent that the Seller is able to recover, and does recover, such costs, losses or damages from the Seller's Supplier, and the Seller shall not be obliged to pay any amount to the Buyer in excess thereof. The Seller shall however use reasonable endeavors to recover from the Seller's Supplier such costs, losses or damages for which the Buyer has presented a claim in accordance herewith.

Section 34: Invoicing and payment

34.1 Price and payment date

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(a) The price of the Product and the due date for payment shall be as specified in the Special Terms.

(b) Payment of the full amount of the Seller's invoice shall be made without any discount, deduction, withholding, abatement, set-off or counterclaim in United States Dollars (unless otherwise specified herein or in the Special Terms) by wire transfer of immediately available funds ("same day funds") on or before the due date (subject to Sections 34.3 and 34.6) to the bank and account designated by the Seller, against presentation to the Buyer by means of courier, facsimile transmission and/or electronic mail, of the payment documents set out in Section 34.2 unless otherwise expressly provided elsewhere in the Agreement.

34.2 Payment documents

34.2.1 Except as otherwise provided in Section 34.2.2 payment for the Product shall be made against the following documents:

(a) In the case of FOB, CFR or CIF deliveries

(i) the Seller's invoice (provisional invoice acceptable where the provisions of Section 34.5 apply); and

(ii) 3/3 original bills of lading issued or endorsed to the order of the Buyer; and

(iii) the original certificate(s) of quantity, quality and origin (or equivalent documents issued at the Loading Terminal).

(b) In the case of DES deliveries

(i) the Seller's invoice (provisional invoice acceptable where the provisions of Section 34.5 apply); and

(ii) a copy of the certificate(s) of quantity and certificate of quality issued by the independent inspector appointed pursuant to Section 19.

(c) In the case of ITT deliveries

(i) the Seller's invoice (provisional invoice acceptable where the provisions of Section 34.5 apply); and

(ii) a copy of the certificate(s) of quantity and quality (or equivalent documents issued at the Loading Terminal).

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34.2.2 If the documents referred to in Sections 34.2.1 (a) and 34.2.1 (c) are not available for presentation to the Buyer on or before the payment due date, the Buyer shall pay the Seller upon presentation to the Buyer of:

- (a) the Seller's invoice (provisional invoice acceptable where the provisions of Section 34.5 apply); and
- (b) the Seller's letter of indemnity in the format set out in Schedule 1.

34.3 Payments due on weekends or bank holidays

If payment due date falls on a Saturday or New York Bank holiday other than a Monday, then payment shall be made on the first preceding New York Banking Day. If payment due date falls on a Sunday or a Monday New York Bank holiday, then payment shall be made on the immediate following New York Banking Day.

34.4 Interest

34.4.1 Without limitation to the provisions of this Section or the Seller's other rights under the Agreement or otherwise, the Seller shall have the right to require, in respect of any payment not made in full by the due date, the payment by the Buyer to the Seller of interest on any unpaid amount at LIBOR plus 3% per annum, such interest to run from the due date until the date payment is received by the Seller's bank. Such interest shall be payable to the Seller on demand being made by the Seller to the Buyer. Interest shall continue to accrue under this Section until payment, notwithstanding the termination of the Agreement for any cause whatsoever. The amount of interest payable to the Seller shall be grossed up for withholding tax, if any, such that the net amount received by the Seller after the deduction of any such withholding tax shall be equal to the full amount of interest due.

34.4.2 The provisions of this Section shall not be construed as an indication of any willingness on the part of the Seller to provide extended credit as a matter of course, and shall be without prejudice to any rights and remedies which the Seller may have under the Agreement or otherwise. Any expenses incurred by the Seller, including but not limited to reasonable legal fees, and court fees, caused by delayed or non-payment by the Buyer of the amount due shall be for the account of the Buyer and payable upon demand with supporting documentation.

34.5 Provisional invoices

Where the pricing information available to the Seller does not allow for the preparation of a final invoice, the Seller may issue a provisional invoice at least five (5) Business Days prior to the payment due date, against which the Buyer shall make payment. The provisional price shall, unless otherwise agreed between the Parties, be based upon the pricing information available to the Seller at the time it issues such provisional invoice. The Seller shall issue a final invoice within five (5) Business Days from the date that the relevant information becomes available (the "Final Price Date" with the Final Price Date to count as

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day zero). Payment of any balance due by either Party shall be made within five (5) Business Days after receipt of the final invoice with the condition the provisional payment have been made by the Buyer. No interest shall be payable by either Party on the amount which is the difference between the provisional invoice amount and the final invoice amount subject to timely receipt of the final invoice. The foregoing shall not prejudice either Party's right to interest with respect to the late payment of any amount due hereunder.

34.6 Payment security

34.6.1 If a parent company guaranty, an irrevocable letter of credit or some other form of payment security including, but not limited to, payment in advance (each a form of "**Payment security**") is required to be provided by the Buyer such requirement shall be set out in the Special Terms.

34.6.2 If Payment Security in the form of a parent company guaranty is required, the parent company guaranty shall be issued in the form acceptable to Seller and for such amount as specified by the Seller. The parent company guaranty shall be issued not later than 7 Business Days prior to the first day of the Laydays or on such other date and at such time as the Seller may require.

34.6.3 If Payment Security in the form of an irrevocable letter of credit (referred to herein as "L/C") is required, the following provisions shall apply unless otherwise specified in the Special Terms:

(a) the L/C shall be issued in the form and for the amount acceptable to the Seller and opened or confirmed by a first class international bank acceptable to the Seller, not later than 7 Business Days prior to the first day of the Laydays, or on such other date and at such time as the Seller may require; and

(b) the L/C shall cover the value of the Shipment at the contract price plus 10% and shall at all times be valid for a period acceptable to the Seller.

34.6.4 If for any reason the Agreement is varied or the loading is expected not to take place within any period specified in, or the term of, the Payment Security, or the Seller considers that the Payment Security requires amendment, extension or reissue, then the Buyer shall immediately upon request from the Seller procure the necessary amendment or extension to the Payment Security to ensure its validity or provide a new Payment Security document on terms acceptable to the Seller.

34.6.5 All costs and charges for the Payment Security provided by the Buyer shall be for the Buyer's account.

34.6.6 If the Buyer fails to provide to the Seller the required Payment Security in the form and within the time prescribed then on the occurrence of such breach and for so long as such breach is continuing the Seller may at any time by notice to the Buyer forthwith:

(a) terminate the Agreement; and

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(b) without prejudice to the right to terminate, suspend all or any of the Seller's obligations including, without limitation, for the supply of Product under the Agreement and under any other agreement for the sale of petroleum product by the Seller or any Affiliate of the Seller to the Buyer.

34.6.7 The Buyer shall be liable for all losses suffered by the Seller as a result of the Buyer's breach and any termination under this Section shall be without prejudice to any right of action or claim accrued on or before the date of termination.

34.6.8 Notwithstanding the Payment Security, if any, required under the Special Terms, if at any time the reliability or financial responsibility of the Buyer (or of any guarantor or other Person furnishing Payment Security in support of the Buyer) should, in the Seller's reasonable opinion, be or become impaired or unsatisfactory, the Seller shall be entitled on demand to such new or additional form of Payment Security as the Seller may require and the provisions of this Section shall apply.

34.7 Other amounts owed

Unless otherwise agreed, the payment of any other costs, expenses or charges which arise under the terms of the Agreement shall be made against presentation of the Seller's invoice and shall be for immediate settlement by the Buyer on or by the date advised thereon.

34.8 Netting of invoices

The Parties may net invoices for amounts that are due to each other on the same date. In that case, prior to the due date the Parties shall confirm the invoice amounts and the balance due, if any, after netting (being the excess of the larger aggregate amount owed over the smaller aggregate amount owed). When the balance due has been confirmed, each Party's obligation to make payments to the other will be automatically satisfied and discharged and replaced by an obligation upon the Party by whom the larger aggregate amount would have been payable to pay to the other Party on the date due the agreed balance. Notwithstanding the above, payments for any demurrage, quantity, quality or other claims shall not be included in such netting of invoices.

34.9 Survival of payment obligations

The Buyer's obligation to pay shall survive the term of the Agreement and shall not be deemed fulfilled for so long as the price of the Product and any other costs, expenses and charges have not been credited in full into the Seller's bank account.

Section 35: Force majeure

35.1 Neither the Seller nor the Buyer shall be liable for a failure to perform any of its obligations under the Agreement insofar as that party proves that the failure was due to an impediment beyond its control.

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35.2 An impediment within Section 35.1 above shall:

(a) Provided that the general requirements of Section 35.1 are present, include delay, hindrance, reduction in, interference with, curtailment or prevention of a party's performance of its obligations hereunder resulting from events such as the following, this enumeration not being exhaustive:

- (i) war, whether declared or not, civil war, riots and revolutions, acts of piracy, acts of sabotage;
- (ii) natural disasters such as violent storms, cyclones, earthquakes, tidal waves, floods, destruction by lightning;
- (iii) explosions, fires, destruction of tankage, pipelines, of refineries or terminals and any of kind of installations;
- (iv) boycotts, strikes, lock-outs, labour disputes of all kinds, go-slows, occupation of factories and premises;
- (v) any curtailment, reduction in, interference with, failure or cessation of supplies of Product from any of the Seller's or the Seller's Suppliers' sources of supply or by any refusal to supply Product whether lawful or otherwise by the Seller's Suppliers (provided in fact the sources of supply are for the purposes of the Agreement);
- (vi) any compliance with any law, regulation or ordinance, or with any order, demand or request of an international, national, port, transportation, local or other authority or agency (including the International Energy Agency("IEA")) or of any body or person purporting to be or to act for any such authority or agency or any corporation directly or indirectly controlled by any of them;

(b) any impediment within Section 35.1 above shall not include delay, hindrance, interference with, curtailment or prevention of a party's accrued obligation to make payment under the Agreement whether in respect of price, despatch, demurrage or any other financial obligation whatsoever where the impediment is solely caused by lack of funds.

35.3 The party seeking relief (the "Relying Party") shall as soon as reasonably practicable after the impediment becomes known to it give notice in writing to the other party of such impediment and the effects, or the reasonably anticipated effects, on its ability to perform in as much detail as possible and the appropriate relief sought, and of its intention to rely on this Section 35. The Relying Party shall use all reasonable endeavours to mitigate and overcome the effects of the impediment and shall, during the continuation of the impediment, provide the other party with reasonable updates, when and if available, of the extent and expected duration of the impediment. Delay or failure to comply with this Section 35.3 shall not deprive the Relying Party of the right to claim relief but may make the Relying Party liable in damages to the other party for loss which otherwise could reasonably have been avoided.

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35.4 The appropriate relief under this Section shall be as follows:

(a) in respect of an impediment that renders impossible the Relying Party's performance of its obligations, immediate termination of the affected delivery obligation(s) without liability for damages, penalties and other contractual remedies;

(b) in respect of an impediment that delays, hinders, reduces or interferes with the performance of the delivery obligation(s), immediate postponement of those obligations without liability for damages, penalties and other contractual remedies for a period until midnight local time on the last date of the Laydays, or until such time as the impediment is removed, whichever is the earlier. The impediment shall not, however, operate to extend the term of the Agreement. Further, should the impediment continue beyond midnight local time on the last day of the Laydays then either party may terminate the affected delivery obligation(s) without liability for damages, penalties and other contractual remedies by and upon giving written notice to the other party;

(c) in respect of an impediment that delays, hinders, reduces or interferes with the performance of an obligation other than the delivery obligation(s), immediate postponement of those obligations without liability for damages, penalties and other contractual remedies until such time as the impediment is removed.

The Relying Party, if the Seller, has absolute discretion to determine which of the demands for Product, including from its Affiliates, it meets first, and the extent to which it meets such demands, and shall not be obliged to purchase afloat or otherwise from other suppliers to make good shortages or deficiency of delivery resulting from an impediment.

35.5 Nothing in this Section shall be taken to limit or prevent the operation of the Common Law doctrine of frustration (including frustration of the adventure, of purpose or of the Agreement).

Section 36: Default

36.1 The Buyer shall be in breach of the Agreement in the event that:

(a) the Buyer does not perform any material obligation under the Agreement including, but not limited to:

(i) the failure by the Buyer to pay any amounts owing in full when due or the breach by the Buyer of any of its other obligations under Section 34 and

(ii) the failure by the Buyer to take receipt, during a period or at an agreed date, of any quantity of Product as provided for in the Agreement; or

(b) the Buyer or any of its Affiliates:

(i) is generally not paying its debts as they become due;

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(ii) files a petition or otherwise commences a proceeding under any bankruptcy, insolvency or similar law, or has any such petition filed or proceeding commenced against it;

(iii) has a liquidator, administrator, receiver or trustee appointed with respect to it or any substantial portion of its property or assets; or

(iv) enters into an arrangement or composition with its creditors or any similar appointment, arrangement or composition is made under any applicable law, or the Seller has reason to anticipate any such occurrence, appointment, arrangement or composition.

(c) The Buyer shall immediately provide written notice to the Seller of the occurrence or expected occurrence of any of the events described in Section 36.1 (b).

36.2 Notwithstanding anything to the contrary express or implied elsewhere herein, the Seller shall have the right, upon written notice to the Buyer with respect to the occurrence of any event described in Section 36.1 (a) or without written notice with respect to the occurrence of any event described in Section 36.1 (b), to:

(a) suspend performance under the Agreement until such breach is remedied including, but not limited to, withholding any delivery of Product, refusing to load any Vessel nominated by the Buyer whether or not such nomination has been accepted, and withholding the release of shipping or other documents or letter of indemnity;

(b) terminate the Agreement;

(c) call on any security provided by or on behalf of the Buyer;

(d) if the Product has been delivered to the Buyer, then, at the Seller's option exercisable at any time by written notice by the Seller to the Buyer, property, but not risk, in the Product shall revert to and/or remain with the Seller and the Buyer shall at its own cost undertake to deliver the Product (including ordering the discharge of the Vessel if the Product is on board the Buyer's Vessel) exclusively to a Party notified to the Buyer by the Seller; or

(e) set off any or all amounts which the Buyer owes to the Seller (whether under the Agreement or otherwise and whether or not then due) against any or all amounts which the Seller or any of its Affiliates owes to the Buyer (whether under the Agreement or otherwise and whether or not then due), provided that any amount not then due which is included in such set-off shall be discounted to present value as at the time of set-off (to take account of the period between the date of set-off and the date on which such amount would have otherwise been due). For this purpose, any amounts may be converted by the Seller into the currency in which the other is denominated at the rate of exchange at which the Seller would be able, acting in a reasonable manner and in good faith, to purchase the relevant amount of such currency.

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If an obligation is unascertained, the Seller may, in good faith, estimate that obligation and set off in respect of the estimate, subject to the relevant Party accounting to the other when the obligation is ascertained.

36.3 The Seller's rights under this Section are in addition to, and not in limitation or exclusion of, any other rights which the Seller may have (whether by agreement, operation of law, in equity or otherwise) and the Buyer shall be liable for, and indemnify the Seller and/or the Seller's Supplier against, any costs, losses and damages incurred by the Seller and/or the Seller's Supplier as a result of the Buyer's breach, including but not limited to, any demurrage payable by the Seller and/or the Seller's Supplier in respect of the Vessel or other Vessels waiting at the Loading Terminal.

Section 37: Limitation of liability

Neither party shall be liable (whether under this Agreement or otherwise in connection with it) in contract, tort, breach of statutory duty or otherwise, in respect of any indirect or consequential loss or expense. In particular, but without limitation, neither party shall be liable for any loss of profit, cost of wasted overheads, loss of revenue, loss resulting from shut-down of plant, loss of contract, loss of use or business interruption or for any liability for consequential demurrage or other losses incurred by other Vessels that were caused by, or affected by, delays to the subject Vessel, whether or not foreseeable. The provisions of this clause shall continue to apply notwithstanding the termination or expiry of this Agreement for any reason whatsoever.

Section 38: Time bar

Without derogating from Sections 8, 17, 25 or 28 (claims relating to taxes) or the specific time limits set out in Sections 7.3, 16.3 or 24.3 (submission of demurrage claims), Section 33 (complaint of deficiency of quantity or of variation of quality), and any other provisions requiring compliance within a given period, all of which shall remain in full force and effect, legal proceedings in respect of any claim or dispute arising under the Agreement in accordance with Sections 40 and 41 shall be commenced within 1 year of the date on which the Product was delivered or, in the case of a total loss, the date upon which the Product should have been delivered. If legal proceedings are not commenced within the time limits specified, the claim shall be time barred and any liability or alleged liability of the other Party shall be finally extinguished.

Section 39: Warranty of title

The Seller expressly warrants that it has marketable title, free and clear of any liens or encumbrances to the Product sold and delivered hereunder, and that the Seller has full right and authority to transfer such title and effect delivery of such Product to the Buyer.

Section 40: Applicable law

40.1 Governing law

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The Agreement, including the resolution of all disputes between the Parties arising therefrom, shall be governed by, and construed in all respects in accordance with, the laws of England without reference to any choice of law principle that would require the application of any other law.

Without prejudice to this Section, the Buyer undertakes to comply with all applicable laws and regulations insofar as these affect the implementation of the Agreement.

40.2 CISG 1980

The United Nations Convention on Contracts for the International Sale of Goods (1980) and the Convention on the Limitation Period in the International Sale of Goods shall not apply to the Agreement or to the performance thereof or to any aspect of any dispute arising therefrom.

40.3 Third party rights

Nothing in the Agreement shall be considered or construed as conferring any right or benefit on a person not a Party to the Agreement and the Parties do not intend that any term of the Agreement should be enforceable by virtue of the Contracts (Rights of Third Parties) Act 1999, by any person who is not a Party to the Agreement.

40.4 Sovereign immunity

Each Party hereto warrants that it has entered into the Agreement in a commercial capacity and that with respect to the Agreement it is in all respects subject to civil and commercial law. Each Party hereby consents generally in respect of any legal action, arbitration or other proceedings arising out of or in connection with the Agreement to the giving of any relief, or to the issue of any process in connection with such action or proceedings irrespective of the jurisdiction in question. Each Party hereby irrevocably and unconditionally and to the fullest extent permitted by law waives any rights of sovereign immunity which it may have now or which it may subsequently acquire in respect of its position or any property and/or assets (present or subsequently acquired and wherever located) belonging to it.

Section 41: Arbitration

41.1 Any dispute, difference or claim arising out of or in connection with the Agreement, including any question regarding its existence, validity or termination, shall be referred to and finally resolved by arbitration in Singapore to the exclusion of any other forum or jurisdiction in accordance with the Arbitration Rules of Singapore International Arbitration Centre ("SIAC Rules") for the time being in force which rules are deemed to be incorporated by reference into this Section.

41.2 The tribunal shall consist of 3 arbitrators appointed in accordance with the SIAC Rules.

41.3 Judgment upon any award rendered under the arbitration may be rendered and enforced by any court of competent jurisdiction.

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41.4 The Parties agree that all arbitration proceedings conducted hereunder and the decision of the tribunal shall be kept confidential and not disclosed, except to a Party's Affiliates, accountants, and lawyers.

41.5 Without prejudice to the other provisions of the Agreement, neither Party shall be entitled to suspend its performance of the Agreement by reason only of the reference of any matter or dispute to arbitration.

Section 42: Confidentiality

42.1 This Agreement is confidential. Neither its existence nor its terms shall be disclosed by either Party to any third party without the prior consent in writing of the other Party.

42.2 Notwithstanding the provisions of Section 42.1, a Party (the "Disclosing Party") may disclose details of the Agreement without the other Party's prior written consent to the extent that:

- (a) such disclosure is required by law or by any securities exchange or regulatory or governmental body or fiscal authority having jurisdiction over it, wherever situated;
- (b) the confidential information is or was already in the public domain other than through the fault or action of the Disclosing Party; or
- (c) such disclosure is to an Affiliate, legal advisor, agent, financing bank, insurance company/broker or in connection with any dispute, legal or arbitration proceedings, and the Disclosing Party shall cause all Parties in receipt of such information to be bound by the same obligations of confidentiality as contained in the Agreement.

Section 43: Anti-corruption

The Parties warrant to each other that they shall comply with all applicable anti-bribery and anti-money laundering laws, rules, and regulations of the United States, European Union or any member state, the Republic of Singapore, and any other similar laws in all applicable jurisdictions. These laws include, without limitation, the currently effective or successor versions of the U.S. Foreign Corrupt Practices Act; the UK Bribery Act 2010; the UK Money Laundering Regulations 2007; the UK Anti-Terrorism, Crime, and Security Act 2001; the UK Proceeds of Crime Act 2002; and the Singapore Penal Code.

Section 44: Destination restrictions

44.1 Where not in conflict with the provisions of the Anti-boycott, export compliance & sanctions Section, it is a condition of the Agreement that the Product delivered under the Agreement shall not be imported (by the Buyer or others), directly or indirectly and irrespective of means, to any destination which is at the

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time of such import either prohibited under the laws of the country in which such Product was produced or contrary to any regulation, rule, directive or guideline applied by the government of that country or any relevant agency thereof. The Buyer shall keep itself informed as to such laws, regulations, rules, directives and guidelines and shall ensure that they are complied with.

The Buyer acknowledges that at the date hereof it is informed of all such laws, regulations, rules, directives and guidelines relevant to its undertakings under this Section.

44.2 The Buyer shall, if the Seller so requires, provide the Seller with appropriate documentation for the purposes of verifying the final destination of any delivery hereunder. Such documentation shall be so provided within 30 days of request or within such lesser period as will enable the Seller or its supplier to comply with any requirement or request of the government or authority in question and shall include the name of the port(s) of discharge, the date(s) of discharge and the grade and quantity discharged. The obligations of the Buyer to comply with such requirement shall not be affected by any sale or disposal of the Product in question by the Buyer whether before the Product arrives at the final destination or otherwise.

44.3 In the event of any failure to comply with such undertakings or if the Seller has reasonable grounds for believing that such undertakings will not be complied with the Seller may (without prejudice to its other rights) at its sole discretion terminate the Agreement or suspend delivery under the Agreement until further notice or decline to commence or complete loading on notifying the Buyer either in writing or orally (with written confirmation to follow).

Section 45: Anti-boycott, export compliance and sanctions

45.1 Anti-boycott

None of the provisions of this Agreement are intended, nor shall be construed, as an agreement by either Party to comply with any international boycott if compliance or agreement to comply therewith would violate anti-boycott laws or regulations applicable to a Party or its affiliates.

45.2 Export compliance and sanctions

Neither Party shall be obliged to perform any obligation otherwise required by this Agreement (including without limitation an obligation to (a) perform, deliver, accept, sell, purchase, pay or receive monies to, from, or through a person or entity, or (b) engage in any other acts) if this would be in violation of, inconsistent with, or expose such Party or a parent company of such Party, to punitive measure under any laws, regulations, decrees, ordinances, orders, demands, requests, rules or requirements applicable to such Party or such parent company, relating to trade sanctions, foreign trade controls, export controls, non-proliferation, anti-terrorism and similar laws including but not limited to those of the European Union, any EU member state, the United States of America or the United Nations or, in such Party's reasonable judgment, such circumstances exist (the Trade Restrictions).

Where any performance by a Party would be in violation of, inconsistent with, or expose such Party, or a parent company of such Party, to punitive measures under the Trade Restrictions such Party (the Affected

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Party) shall, as soon as reasonably practicable give written notice to the other Party of the affected obligation. Once such notice has been given the Affected Party shall be entitled:

(a) to immediately suspend the affected obligation (whether payment or performance) until such time as the obligation is no longer affected; and/or

(b) where the obligation continues to be affected (or is reasonably expected to continue to be affected) until the end of the contractual time for discharge thereof, to a full release from the affected obligation, provided that where the relevant obligation relates to payment for goods which have already been delivered, the affected payment obligation shall remain suspended (without prejudice to the accrual of any interest on an outstanding payment amount) until such time as the payment obligation is no longer affected; and/or

(c) where the obligation affected is acceptance of the Vessel, to require the other Party to nominate an alternative Vessel;

in each case without any liability whatsoever (including but not limited to any damages for breach of contract, penalties, costs, fees or expenses).

Nothing in this Section shall be taken to limit or prevent the operation, where available under the governing law of this Agreement, of any doctrine analogous to the English Common Law doctrine of frustration.

Section 46: New or changed regulations

46.1 It is understood by the Parties that the Seller is entering into the Agreement in reliance on the laws, rules, regulations, decrees, agreements, concessions and arrangements ("regulations") in effect on the date hereof with governments, government instrumentalities or public authorities affecting the Product sold hereunder including, but without limitation to the generality of the foregoing, those relating to the production, acquisition, gathering, manufacturing, transportation, storage, trading or delivery thereof, insofar as such regulations affect the Seller or the Seller's Supplier.

46.2 If at any time and from time to time during the term of the Agreement any regulations are changed or new regulations have become or are due to become effective, whether by law, decree or regulation or by response to the insistence or request of any governmental or public authority or any Person purporting to act therefore, and the material effect of such changed or new regulations (a) is not covered by any other provision of the Agreement, and (b) has or will have a material adverse economic effect on the Seller, the Seller shall have the option to request renegotiation of the price or other pertinent terms of the Agreement. Such option may be exercised by the Seller at any time after such changed or new regulations are promulgated by written notice to the Buyer, such notice to contain the new price or terms desired by the Seller.

46.3 If the Parties do not agree upon a new price or terms within 15 days after the date of the Seller's notice, the Seller shall have the right to terminate the Agreement with effect at the end of the 15-day

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period. Any Product delivered during such 15-day period shall be sold and purchased at the price and on the terms applying under the Agreement without any adjustment in respect of the new or changed regulations.

Section 47: Material Safety Data Sheet

Nothing herein shall excuse the Buyer from complying with all laws, regulations and decrees which may require the Buyer to provide its employees, agents, contractors, users and customers who may come into contact with the Product with a copy of the Material Safety Data Sheet ("MSDS") for the Product made available to the Buyer and/or which require the Buyer to ensure that the recommendations relating to the handling of the Product are followed. Compliance with any recommendation contained in the MSDS or other safety information shall not excuse the Buyer from complying with all laws, regulations and decrees applicable to the Buyer.

Section 48: Notices

Unless otherwise expressly provided in the Agreement, all notices shall be made to the addresses specified in the Special Terms, shall be in writing and shall be delivered by hand, registered mail, facsimile or electronic mail. A notice shall be deemed to have been received by the close of the Business Day on which it was transmitted (in the case of delivery by facsimile or electronic mail) or delivered (in the case of delivery by hand or registered mail), unless transmitted or delivered after close of the Business Day, in which case it shall be deemed received on the next Business Day. A Party may change its address by providing written notice thereof to the other Party.

Section 49: Assignment

Neither Party shall assign its rights and obligations under the Agreement, in whole or in part, without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed. In the event of an assignment made in accordance with the terms of this Section, the assigning Party shall nevertheless remain jointly and severally liable with the assignee for the full performance of its obligations under the Agreement unless the Parties mutually agree otherwise. Any assignment not made in accordance with the terms of this Section shall be void.

Section 50: Wavier

No waiver by any Party of any of its rights with respect to the other Party or with respect to any matter or default arising in connection with the Agreement shall be binding unless made expressly and in writing and any such waiver shall relate only to the matter to which it expressly relates and shall not be construed as a waiver of any subsequent right, matter or default whether of a like kind or different nature. Any waiver shall be in writing signed by the waiving Party.

Section 51: Severability

If any provision of the Agreement is unenforceable for any reason, the Parties shall negotiate in good faith to adjust rather than void, if possible, such provision in order to achieve the intent of the Parties. If the Parties are not able to adjust such provision, such invalid provision shall be deemed severed from the Agreement. In any event, the remainder of the Agreement shall not be affected except to the extent necessary to delete such illegal, invalid or unenforceable provision or part thereof and all other provisions of the Agreement shall remain valid, binding, and enforceable.

Section 52: Headings

The section headings are for convenience only and shall not be interpreted in any way to limit or change the subject matter of the Agreement.

Section 53: Amendments

The Agreement shall not be amended, modified or changed unless mutually agreed by the Parties in writing.

Section 54: Conflict

The Special Terms and these General Terms and Conditions shall be construed together and any repetition in the Special Terms of any Section of these General Terms and Conditions or any part of the same shall be for emphasis only and shall not, by reason of such repetition, exclude any other provision of these General Terms and Conditions. In the event of conflict or inconsistency between these General Terms and Conditions and the Special Terms, the Special Terms shall prevail.

Section 55: Entire Agreement

The Special Terms and these General Terms and Conditions together form the entire Agreement between the Parties with respect to the matters set forth in the Special Terms, and no additional terms, conditions, representations or warranties shall be incorporated in the Agreement in the absence of the express written agreement of the Parties.

PART SIX Schedules

Schedule 1: Letter of indemnity

The indemnity referred to in Section 34 shall be in the following format:

Quote

We refer to our Agreement dated the [date] ("Agreement"), in respect of your purchase from us of [quantity] Tons of [Grade][“Oil”] *FOB/CFR/CIF/ITT shipped on board the Vessel “[Vessel name]”, *on bill

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Partners Petroleum Co Ltd

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of lading dated [date] / *through an Inter Tank Transfer ("ITT") completed on [date] at [name of ITT Terminal].

In consideration of your making payment of the full invoiced price of USD for the Oil at the due date for payment in accordance with the Agreement and having agreed to accept delivery of the Oil without having been provided with the [relevant documents as set out in Payment Section] ("the documents"), we hereby expressly represent and warrant:

- (i) the existence and validity of the documents;
 - (ii) that we are entitled to possession of the documents;
 - (iii) that we were entitled to possession of the Oil;
 - (iv) that we had good title to such Oil;
 - (v) that title in the Oil has been passed as provided in the Agreement to you free of all liens, charges or encumbrances of whatever kind;
 - (vi) that you will have the benefit of the warranty as to enjoyment of quiet possession implied by law in the Agreement but without prejudice to any other warranty so implied.
- We further agree to protect, indemnify and save you harmless from and against any and all damages, costs and expenses (including reasonable legal fees) which you may suffer or incur by reason of the documents remaining outstanding or breach of any of the representations and warranties given above including, but without prejudice to the generality of the foregoing, any action or proceeding brought or threatened against you in connection with questions of title to or the right to possession of the documents or the cargo or the proceeds of either, or any liens, charges or encumbrances asserted on the documents or the cargo or any other claims arising out of or in connection with the documents.

No term of this indemnity is intended to, or does, confer a benefit or remedy on any Party other than the named Parties under the Agreement whether by virtue of the Contracts (Rights of Third Parties) Act 1999 or howsoever.

This letter of indemnity shall expire upon delivery by us of the outstanding documents to you whereupon you shall forthwith return this letter of indemnity to us and, even if this letter of indemnity is not returned in accordance with the foregoing, it shall expire and be considered null and void on the date the outstanding documents are delivered to you.

Our obligation to indemnify you is subject to the condition that you give us prompt notice of the assertion of any claims and the full opportunity to conduct the defense thereof on your behalf and that you do not settle any such claim without our approval.

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This letter of indemnity shall be governed by the Governing Law and Arbitration provisions in the Agreement. *Unquote*