GENERAL PROVISIONS FOR BIDDING AND CONTRACT

1. Application

   General Provisions for Bidding and Contract shall apply to all offshore procurements of commodities and/or services by the buyer. This precludes the contracting party from making any plea of ignorance thereof.

2. Definition

   The following terms and abbreviations used herein shall have the meaning as set forth below ;

   (a) "buyer" shall mean the Korea Advanced Institute of Science and Technology (KAIST).

   (b) "Bidder" shall mean any person or organization that participates in the bidding under the invitation for bids in his name,

   (c) "Supplier" and/or "manufacturer" means any person or organization that is involved in the bidder's bid and whose name appears in the bidder's bid as his supplier and/or manufacturer.

   (d) "Contracting Party" or "Contractor" shall mean, subject to the bid being accepted by the buyer, the bidder, supplier and/or manufacturer who are consistently involved in the bid and are responsible for accomplishment of the contract jointly and severally.

   (e) "Contract" shall mean a set of documents that includes complete bid documents, the General Provisions for Bidding and Contract, and any additional papers that the buyer has accepted with the intention to incorporate same in the contract. The contract shall become effective and binding upon signing by the buyer on the AWARD column of the KAIST Standard Bid Form.

   (f) "Commodity" shall mean any material, article, goods, equipment, merchandise, supply, including accessories, components, spare parts, and/or services related to the commodity.

3. Language of Documents

   All documents involved the bid and contract, and the execution thereof, shall be prepared in English unless otherwise authorized by Buyer.

4. Bid Bond

(a) Bidder or his supplier shall establish a bid in the amount not less than 5% of the bid value in favor of and satisfactory to KAIST with a bank designated by KAIST so as to arrive at the said bank not later than one(1) day prior the bid opening date.

(b) In case the bidder is a Korean firm, the bid bond shall be in Korean currency and in case of a foreign bidder/supplier in US dollar, and to be available for payment against a simple receipt of KAIST accompanied with a certificate of KAIST stating that the bidder/supplier has withdrawn the bid before its expiration and/or has failed to establish the bid the performance bond after the contract being awarded. In either case, the bidder or supplier shall automatically forfeit his right to the bid bond.

(c) The validity of the bid bond shall be maintained for three(3) months after the opening date the bids.

(d) The bid bond shall be released upon instruction of KAIST to the unsuccessful bidder without interest after the date of award, and to the successful bidder after satisfactory establishment of the relative performance bond.

5. Performance Bond

(a) The successful bidder or his supplier shall establish a performance bond, in the same manner as indicated in paragraph 4(Bid Bond), within a period designated after dispatching date of the credit advice, in an amount not less than ten percent (10%) of the contract value, to be valid until three (3) months after the latest shipping date or any extension thereof, available for payment against a simple receipt of KAIST accompanied with a statement stating that the supplier and/or beneficiary of the credit has not complied with the terms and conditions of the contract, in which case the accountee shall automatically forfeit his right to the performance bond.

(b) The performance bond shall be released upon instruction of KAIST after satisfactory completion of the contract or on its expire date, whichever may be sooner.

6. General Specifications

Commodities furnished under the contract shall be in compliance with the contract specifications, and shall be new and unused standard products, free from any defects, and suitable in all respects for the services intended points not adequately described by the contract specifications shall be in accordance with best commercial practice.

7. Warranty

Supplier or Manufacturer shall guarantee at the time of delivery that the commodity supplied under the contract will be free from any defects in material or workmanship. Such guarantee shall continue One year after the date of installation.

The supplier or manufacturer, upon receipt of notice any defects, shall either refurnish the defective commodity at his expenses or make compensation for the defective commodity and the resultant loss to KAIST in such a manner as may be requested by KAIST.

8. Variation in Quantity

No variation in quantity of Contract will be accepted unless authorized by the buyer in writing prior to shipment.

9. Inspection

(a) If independent inspection is deemed necessary, Buyer will appoint an inspector to inspect the commodity prior to loading at the contractor's expense.

(b) Contractor is responsible to advise the designated inspector that the commodity is ready for inspection at least twenty (20) days prior to loading. He is also responsible for furnishing the inspector with all facilities and assistance that may be required by the inspector to carry out his inspection in satisfactory manner.

(c) Inspector shall, upon inspection of the commodity, issue a certificate of inspection.

(d) Inspector shall have the authority to reject any commodity which is found defective or otherwise not in conformity with the contract requirement.

(e) At the discretion of Buyer, rejection by the inspector of any portion of the commodity shall warrant rejection of entire quantity.

(f) Acceptance of commodity by the inspector does not relieve the contractor from the contractual obligations.

(g) The points of inspection to be covered will include, subject to nature of the commodity, physical, and chemical properties, workmanship and quality, performance and operating test, weight and quantity, packing conditions and any additional points that may be specified in the contract. Commodities so inspected will be marked with the inspector's emblem.

10. Catalogs and Brand Names

Reference to any manufacturer's brand name of catalog number in the invitation forbids are intended to be descriptive but not restrictive and are intended for the purpose of indicating the type or quality of the commodity to be accepted. bids on comparable items will clearly indicate the points of the conformity and/or difference from those specified in the Bid Invitation.

11. Drawings and Manufacturer's Instructions

If applicable, Contractor shall furnish, one each copy to be airmailed to Buyer in advance of shipment and two(2) copies each to be included in the package of the commodity, the general arrangement and installation drawings, electrical wiring diagrams, assembly drawings, lubrication system diagrams, manufacturer's instruction manuals for assembly, erection, operation and maintenance, certified test report, performance curves, list of parts, and any other additional materials that may be required in the contract or deemed applicable by the contractor.

12. Sub-Contract

No subcontract shall be made by the contractor with any party other than those who are described in the contract as supplier or manufacturer of the commodity contracted, without written approval of Buyer.

13. Painting and Protective Coating

If applicable, the commodity shall be protected against corrosive action by a suitable painting and protective coating. Such protective coating, however, shall not be applied prior to inspection when doing so is feared to hinder the chance of inspector's identification of the newness of the commodity.

14. Packing and Identification

Commodity shall be shipped in standard seaworthy or airworthy, as the case may be, export packing. The bidder is required to specify in his bid full details of the packing manner. The packages are to be properly identified with tags, labels, and/or inscriptions in accordance with practice generally acceptable in the trade.

15. Patents

The contractor shall hold and save Buyer free from liabilities of whatever nature in connection with the patented rights on commodities or devices manufactured or used in performance the contract.

16. Price Control

Contractor shall guarantee that the price stated in the bid does not exceed his regular domestic price as adjusted by the export differential, and that such price is not higher than that charged to other buyer's similarly situated.

Violation of this clause may entitle Buyer to cancel the contract and/or to claim a refund of the excessive price paid.

17. Payment

Unless otherwise agreed, payment will be made by means of an irrevocable commercial letter of credit established in favor of the foreign supplier in the amount of contract value and available for payment upon presentation of the beneficiary's sight draft accompanied by the documents as stipulated in the letter of credit. All banking changes to be incurred outside Korea, relating to the credit shall be borne by the beneficiary.

18. Liquidated Damage

If the contractor fails to make delivery when due of whole or part of the commodity, Buyer shall impose a liquidated damage penalty money at the rate of 0.075% of the total or unshipped balance of contract value per each day of delay in delivery after the specified latest shipping date. However, the penalty shall not exceed ten(10) percent of the total contract value. Such penalty money shall be deducted from the invoice value due the contractor or recovered from the contractor's performance bond. In either case, Buyer reserves the right to terminate the contract.

If long overdue delivery makes it impossible for the buyer to use the equipment for the appropriate purposes, Buyer has the right to cancel the contract.

19. Shipping Advice

Shipping advice shall be cabled to Buyer prior to the on- board date of the bill of lading, containing such information as contract number, loading port, description and amount of the commodity shipped, name of vessel and ETD & ETA

20. Ocean Freight

Actual ocean freight only shall be paid to Supplier. If the actual freight shown in the bill of lading is higher than the freight shown in the bid, the over-freight shall not be paid by Buyer.

21. Submission of Shipping Documents

Immediately upon effectuation of shipment, one each copy of the following documents shall be sent to Buyer by express air mail.

1) Clean on-board ocean vessel Bill of Lading or Airway Bill

2) Detailed Invoice

3) Detailed packing List

4) Inspection Certificate

5) Other documents required, if any

One(1) each additional copy of the foregoing documents shall also be placed aboard the ocean vessel at time of shipment in care of the shipmaster for delivery to Buyer.

22. Defaults

If the contractor refuses or fails to make delivery of the commodity conforming to the contract specifications within the time specified, or any extension there of, or to perform faithfully any contractual conditions, Buyer, without prejudice to other rights of Buyer resulting from breach of contract conditions, may, by written notice, rescind the contract or terminate the right of the contractor to proceed with any or all of the remaining part to be performed. In the event of such rescission or termination, Buyer may, without prejudice to his other rights resulting from breach of contract conditions, obtain similar commodities elsewhere.

In addition, breach of the contract conditions will automatically result in unconditional forfeiture of the contractor's performance bond. In any event, Buyer reserves the right to recover from any money due or which may become due the contractor, the excess cost that may have been incurred by Buyer resulting from the contractor's default or breach of the contract conditions.

23. Force Majeure

Notwithstanding any defaults or breach of contract conditions by the contractor as specified elsewhere in this General Provisions, the contractor shall not be held responsible when such defaults or breach of contract conditions are due to causes of

"Force Majeure", providing that the contractor notifies Buyer in writing of the existence of such case of force majeure not less than 10 days from the beginning thereof and that such notice is supported by a verifiable statement issued by a public organization.

The concept of force majeure will include, but not restricted to, acts of God or public enemy, acts of the government, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, etc., providing that those developments are beyond the contractor's control and could not reasonably have been anticipated barring the care of serious fault and negligence on the part of the contractor.

Upon receipt of the contractor's notice on the cases of force majeure, Buyer shall evaluate the cases to determine the extent to which the contractor's failure of making delivery has been affected by the alleged causes, and his decision shall be final and conclusive subject to the parties hereto holding the right to appeal as provided herein.

24. Arbitration

All disputes, controversies, or differences which may arise between the parties, out of or in relation to or in connection with this contract, or for the breach there of, shall be finally settled by arbitration in Seoul, Korea in accordance with the International Arbitration Rules.

Arbitration Tribunal consists of three members, one appointed by Buyer, one by Contractor, and the third, neutral arbitrator, selected and appointed by the two members so chosen.

If two members fail to appoint a third, then Korean Commercial Arbitration board shall have the power to appoint the third from one of the panel member of Korean Commercial Arbitration under the Laws of Korea. The Neutral arbitrator shall act as chairman.

The award rendered by the arbitrators shall be final and binding upon both parties concerned.

25. Export Tax Clause

Buyer shall not be encumbered in any way with any export tax, fee or other charges of whatever nature now existing or which may hereafter be imposed, which shall be invariably for contractor's account.

26. Interpretation

The Contract shall be interpreted in accordance with and governed under the laws of Republic of Korea. All disputes in connection with the Contract or the execution thereof shall be settled through friendly negotiation.

27. No waiver; Remedies Cumulative

No failure on the part of Buyer to exercise and no delay in exercising any right hereunder shall operate as a waiver there of; nor shall any single or partial exercise by Buyer of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided by applicable laws of the Republic of Korea.

28. Notices

All notices requests and demands shall be in writing or by cable and shall be given to Buyer as follows;

Buyer: Korea Advanced Institute of Science and Technology
KAIST 291, Daehak-ro, Yuseong-gu,
Daejeon, 34141, Republic of Korea.
cable Address: KAISROK TAEJON

Notices to either party hereto shall be deemed to have been given when sent by registered airmail or cabled.