

MEMORANDUM OF AGREEMENT (Draft)

Date:

IT IS THIS DAY MUTUALLY AGREED between the Sellers mentioned in (i) below ("the Sellers") and the Buyers mentioned in (ii) below ("the Buyers") that the Sellers shall sell and the Buyers shall buy "the Vessel" named in (iii) below with particulars mentioned in (iv) - (vii), which have been accepted by the Buyers as a result of their superficial inspection of the Vessel at Tai Chung Harbor on the following terms and conditions:

(i) Sellers: Taiwan Navigation Co., Ltd

(ii) Buyers:

(iii) Vessel's name: Tai Chin 101 (Tai Chin 102, Tai Chin 103)

(iv) Flag: R. O. C.

(v) Built (year and builder's name): 1996, Taiwan Machinery Co. Ltd.

(vi) Gross tonnage: 360 (360, 337)

(vii) Net tonnage: 108 (108, 101)

1. PRICE

The Purchase Price of the Vessel shall be

2. PAYMENT

(a) As security for the fulfilment of this Agreement, the Buyers shall pay a performance bond in the total amount of ten (10) percent of the Purchase Price to the Sellers before the date of signing this Agreement, the bid bond of NTD 1,000,000 (or USD31,000) is inclusive.

(b) The Buyers shall remit the balance (i.e. 90 percent) and 5% VAT of the Purchase Price by telegraphic transfer to the said bank immediately after the Notice of Readiness for Delivery is tendered by the Sellers as per clause 6 of this Agreement.

3. DOCUMENTATION

At the time of delivery of the Vessel, the Sellers shall furnish the Buyers with the following documents:

- (a) The Bill of Sale, duly attested by a Notary Public, specifying that the Vessel is free from all debts, encumbrances and maritime liens,
- (b) A letter from the Sellers undertaking to supply a Deletion Certificate.
- (c) Other documents as may be mutually agreed.

Closing and exchange of documents shall take place at Taiwan Navigation Company.

4. DELIVERY PLACE AND TIME

- (a) The Sellers shall deliver the Vessel to the Buyers at/ in Tai Chung Harbor.
- (b) In the event the Sellers fail to make the Vessel ready for delivery on or before the cancelling date, the Buyers shall have the option of maintaining or cancelling this Agreement, provided such option shall be declared in writing within forty-eight (48) hours (Saturdays, Sundays and Holidays excepted) from the canceling date. However, any delay not exceeding thirty (30) days caused by force majeure shall be accepted by the Buyers.

5. DELIVERY CONDITION

The Sellers shall deliver to the Buyers the Vessel substantially in the same condition as when the Vessel was inspected by the Buyers at the place mentioned in the preamble, fair wear and tear excepted.

6. NOTICE OF READINESS AND LIQUIDATED DAMAGES

The Sellers shall tender to the Buyers a notice of readiness for delivery and the Buyers shall take over the Vessel within five (5) banking days from the day of the receipt of such notice inclusive.

In the event of the Buyers not taking delivery of the Vessel within the period specified above, the Buyers shall pay to the Sellers the sum of fifty thousand (50, 000) New Taiwan Dollars (or US Dollar 1,600) per day as liquidated damages, but such detention shall not exceed ten (10) calendar days.

7. FORCE MAJEURE

Should the Vessel become an actual or constructive total loss before delivery or not be able to be delivered through outbreak of war, political reasons, restraint of Governments, or any other cause which either party hereto cannot prevent, this Agreement shall be deemed to be null and void, and the performance bond shall at once be returned in full without interest accrual to the Buyers.

8. ALLOCATION OF RISK

The Vessel with everything belonging to her shall be at the Sellers' risk and expense until she is delivered to the Buyers, and after the delivery of the Vessel in accordance with this Agreement the Sellers shall have no responsibility for any possible fault or deficiency of any description.

9. BELONGINGS AND BUNKERS

The Sellers shall deliver to the Buyers the Vessel with everything belonging to her at the time of the superficial inspection mentioned in the preamble including all spare parts, stores and equipments on board, used or unused. The Buyers shall take over the remaining bunkers and unused lubricating oils on board without extra cost.

The Sellers shall provide an inventory list for the Buyers at the time of delivery.

10. EXCLUSIONS FROM THE SALE

The Sellers have the right to take ashore crockery, plate, cutlery, linen and

other articles bearing the Sellers' flag or name, provided they substitute for the same an adequate number of similar unmarked items. Books, cassettes and forms etc., exclusively for use on the Sellers' vessels, shall be taken ashore before delivery.

Personal effects of the Master, Officers and Crew including slop chest, and hired equipment, if any, are excluded from this sale and shall be removed by the Sellers prior to delivery of the Vessel.

11. CHANGE OF NAME ETC.

The Buyers undertake to change the name of the Vessel and alter the funnel markings upon delivery of the Vessel.

12. ENCUMBRANCES ETC.

The Sellers shall deliver to the Buyers the Vessel free from all debts, encumbrances and maritime liens.

The Sellers hereby undertake to indemnify the Buyers against all consequences of claims made against the Vessel in respect of liabilities incurred prior to the time of delivery.

13. DEFAULT AND COMPENSATION

Should the Buyers fail to fulfil this Agreement, the Sellers have the right to cancel the Agreement, in which case the performance bond shall be forfeited to the Sellers. If the performance bond does not cover the Sellers' loss caused by the Buyers' non-fulfilment of this Agreement, the Sellers shall be entitled to claim further compensation from the Buyers for any loss and for all expenses. If the Sellers should default in the delivery of the Vessel with everything belonging to her in the manner and within the time herein specified, the performance bond shall at once be returned to the Buyers and in addition the Sellers shall, when such default is due to their negligent or intentional acts or omissions, make due compensation for loss caused by their non-fulfilment of this Agreement.

14. ARBITRATION

Any dispute of whatever nature arising out of or, in any way, relating to this Agreement or its construction or fulfilment may be referred to lawsuit by and between the Buyers and Sellers. The lawsuit shall take place in Taipei under the sole and exclusive jurisdiction of Taipei District Court, Republic of China. In the event of arbitration is proposed to replace the lawsuit by any party, it can be entered only after a prior agreement in writing to resolve the dispute by arbitration is reached between the Buyers and the Sellers. Such arbitration shall take place in Taipei, Republic of China, and proceed in accordance with the Statute of Commercial Arbitration of the Republic of China. Whatever the case may be, the laws of the Republic of China shall govern.

IN WITNESS WHEREOF the Sellers and the Buyers have signed and executed TWO COPIES of this Agreement the day and year first above written.

THE SELLERS

THE BUYERS

By:

By:

Title:

Title: