

The Documentation is provided to tenderers for reference. The tender shall be submitted based on Chinese version of the tender documentation. In the case of any inconsistency between the documentation and Chinese version thereof, the Chinese version shall apply.

Version dated February 24, 2020

Model Contract for Property Procurements of Taipei City Government (Entity's full name)

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The procuring entity (hereinafter referred to as the “Entity”) and winning tenderer (hereinafter referred to as the Contractor) hereby agree to enter into the Contract upon the following terms and conditions to be bound by each party, in accordance with the Government Procurement Act (hereinafter referred to as the “Act”) and regulations prescribed by the responsible entity of the Act:

Article 1 The contract documents and their effectiveness

- I. The contract includes the following documents:
 1. Tender documentation and any amendments or supplements thereof.
 2. Tender and any amendments or supplements thereof.
 3. Award document and any amendments or supplements thereof.
 4. The text of the contract, exhibits and any amendments or supplements thereof.
 5. Documents or data of contract performance submitted in accordance with the contract.
- II. Contract documents include original or duplicates presented in written form, audio or video recording, photograph, microfilm, digital data, or samples.
- III. Where there are any discrepancies in the following documents included in the Contract, except otherwise stipulated, the following priority rules shall govern:
 1. Terms and conditions of Contract.
 2. Tender opening and contract awarding record.
 3. Tender notice.
 4. Instructions to Tenderers.
 5. Special clauses.
 6. Notes to requirements (or design guidelines).
- IV. Except in the circumstances agreed in the preceding subparagraph, for various documents included in the contract stipulated, the following principles shall govern, unless otherwise agreed in the Contract or the contents therein are in error, forged or altered:
 1. The instructions to tenderers and the provisions of contract contained in the tender documentation shall prevail over the additional provisions of other documents, except otherwise specified.
 2. The contents of tender documentation shall prevail over the contents of tender, except otherwise decided by the Entity that the content of the

latter is better and therefore prevails over the former. Where specific statements in the tender are permitted by the tender documentation, and that any of them are accepted by the Entity upon tender evaluation, the accepted ones shall govern.

3. The documents with a later date shall prevail over those with an earlier date as approved by the Entity.
4. The design drawings with larger scales shall prevail over those with smaller scales.
5. The contents of award record shall prevail over those of the records of tender opening and price negotiation under single tendering.
6. Where contents of the Contractor's documents are inferior to those agreed in the tender documentation, the tender documentation shall govern. Where contents of the Contractor's documents are more favorable to the Entity than those of the Entity's documents, the Contractor's documents shall govern upon authorization by the Entity.
7. The descriptions, specifications, and quantities specified in the detailed price list in the tender documentation shall prevail over the contents of the other documents included in the tender documentation.

V. Provisions of the Contract shall supplement each other. If there exists any unclear provision, it shall be interpreted by the Entity in accordance with the principles of fairness and reasonableness. In the event of any dispute, it shall be resolved in accordance with the Act.

VI. Contract language:

1. The Chinese language shall prevail in the contract. However, the foreign language may prevail in the following circumstances.
 - (1) Drawings or description information of special technology or material.
 - (2) Documents provided by international organizations, foreign governments or their authorized institutions, business associations or business organizations.
 - (3) Other circumstances that the Entity deems necessary.
2. In the event of discrepancy between the content of contract prepared in Chinese and a foreign language, the Chinese version shall prevail, except that the foreign language shall prevail for qualification documents. The party which provides the translation version shall be

held liable for any damages or loss due to error of translation.

3. The application, report, consent, instruction, approval, notification, interpretation and other similar means of expression as mentioned in the Contract, shall, in principle, be prepared in Chinese (Traditional Chinese) in writing, unless otherwise agreed in the Contract or agreed by the contracting parties. Such written document may be delivered in person with receipt, mailed, faxed or e-transmitted to a specific person or premise designated by the other party.
4. Where service of the instruments referred to in the preceding item involves both parties' rights and obligations or notice for dispute over performance of the Contract, the instruments in Chinese shall govern, and become effective upon service of the same to the other party. Unless addresses are changed upon the other party's prior approval, both parties' addresses referred to herein shall govern.
 - (1) Where either party fails to notify the change of address in the manner agreed herein, any instruments sent by the other party to the party's original address in any manner prescribed by existing laws shall be deemed duly served.
 - (2) The instruments sent to any address referred to in the preceding sub-item shall be deemed duly served on the mailing date identified in a receipt of acknowledgment for registered mail, or proof or receipt of courier service.
- VII. The measurement units used in the Contract shall be in legal units of measurement unless otherwise agreed or specified.
- VIII. Where a matter prescribed in the contract is in violation of laws or regulations, or cannot be implemented, such matter shall be void. However, when the contract can still be valid after removing this part, the validity of the other parts will not be affected. The Entity and the Contractor may, when necessary, amend it in accordance with the original purpose of the contract.
- IX. The Contract shall be signed by representatives of both parties or their authorized personnel and each of them shall be kept by the Entity and the Contractor. Both parties shall pay the stamp tax to be borne by them respectively pursuant to the Stamp Tax Act. _____ (to be specified by the Entity) copies of the duplicate copy of contract shall be kept by the Entity,

the Contractor and related entities, departments. In the event of any error in the duplicate copy of contract, the original one shall govern.

Article 2 The subject of contract

- I. The subject matter to be fulfilled by the Contractor (to be specified by the Entity in the tender documentation)_____
- II. Matters to be conducted by the Entity (to be specified by the Entity in the tender documentation, optional)_____

Article 3 The payment of the contract price

- I. Contract Price_____
- II. The contract price may be paid and settled by the following manners (to be specified by the Entity in the tender documentation alternatively):
 - ☐ The payment shall be made by the total contract price, Where the items or quantities of the subject of contract are increased or reduced due to contract amendment, the contract price may be increased or reduced accordingly for the amended ones. If there is any related item which the price is offered by one lot, such as taxes, profits, management fees, etc., its price shall be calculated separately and be increased or reduced in accordance with the percentage of final payment amount over the total contract price, except otherwise specified, or its characteristics are not related to increase or decrease in such percentage.
 - ☐ The payment shall be made by the item and quantity actually supplied in accordance with the item and unit price specified in the contract. If there is any related item which the price is offered by one lot, such as taxes, profits, management fees, etc., its price shall be calculated separately and be increased or reduced in accordance with the percentage of final payment amount over the total contract price, except otherwise specified or its characteristics are not related to increase or decrease in such percentage.
 - ☐ The payment shall be made by the total contract price for specific items, and the other items shall be paid by the item and quantity actually supplied. For the payment made by the total contract price, where the items or quantities of the subject of contract are increased or reduced due to contract amendment, the contract price may be increased or

reduced accordingly for the amended ones. For others paid by the item and quantity actually supplied, the payment shall be made by the item and unit price specified in the contract. If there is any related item which the price is offered by one lot, such as taxes, profits, management fees, etc., its price shall be calculated separately and be increased or reduced in accordance with the percentage of final payment amount over the total contract price, except otherwise specified or its characteristics are not related to increase or decrease in such percentage.

☐ Others: _____.

Article 4 Adjustment of the contract price

- I. Where the result of inspection indicates any non-conformity with the contractual requirements, but the non-conformity neither hinders the safety or requirements for use nor decreases the general function or the function designated by the Contract, an acceptance with price-reduction may be conducted under conditions that the Entity has determined that it is unnecessary or difficult to make replacement, or unnecessary to deliver complement.
 1. Where an acceptance with price-reduction is decided by the Entity, the contract price will be reduced by ____% (to be specified by the Entity in the tender documentation, if necessary; if not specified, 30%) of the unit price of the non-conformity item multiplied by the quantity of the non-conformity item. Moreover, the liquidated damages equivalent to ____% or ____ time(s) (to be specified by the Entity in the tender documentation; if not specified, double) of the reduced amount shall be paid by the Contractor.
 2. In the event of the non-conformity with size, the reduction price may be calculated at the percentage of the size difference. In the event of the non-conformity with work or materials, the same may be calculated at the price difference for the work or materials. Otherwise, the reduction price may be calculated at the percentage of difference in scale or weights. Meanwhile, the liquidated damages equivalent to ____ time(s) (to be specified by the Entity in the tender documentation; if not specified, five (5) times) of the reduced amount shall be paid by the

Contractor, with respect to the non-conformity with size, work or materials, scale or weights.

3. Where the Contract contains any provision permitting the acceptance under said non-conformity circumstances, such provision shall apply. The sum of the reduced amount and liquidated damages shall be limited to the amount of such item specified in the list of bid price or detailed price list.
- II. Where the payment is made by the total contract price, the item or quantity that is not included in the detailed price list, shall still be performed or supplied by the Contractor, so long as the item or quantity has been specified to be performed or supplied by the Entity in the Contract or is necessary for the Contractor's completion of the contract. Any request for price increase is not allowed hereof. If the Entity confirms that such item or quantity is not included in other items of the contract due to errors of omissions, contract amendment shall be made to increase the contract price.
- III. The contract price shall include taxes, regulatory fees and mandatory insurance premiums to be paid by the Contractor and its employees required by the related laws and regulations of the Republic of China, except otherwise specified. Where the Contractor prepares the documents and applies on behalf of the Entity for an approval or a license which by law shall be applied in the name of the Entity, the regulatory fees of the approval or license shall not be included in the contract price, and shall be paid by the Entity after verification, unless an item of such fees are specified and included in the contract price.
- IV. It is the responsibility of the Contractor to pay taxes, regulatory fees and tariffs of other countries or areas outside the Republic of China.
- V. Where the Contractor, when performing the contract, encounters any of the following government actions that result in increase or reduction in the expense of contract performance, the contract price may be adjusted:
 1. Any supplement or amendment of government laws and regulations;
 2. New taxes or regulatory fees or changes to existing ones.
 3. Changes to the fees and expenses under government control.
- VI. For the aforementioned circumstances resulted from the government action of the Republic of China, an increase in cost of contract performance thereby will be borne by the Entity, while a reduction in cost of contract

performance will be automatically deducted from the contract price. In the case of government action by other nations that results in increase or decrease in the cost of contract performance, the contract price will not be adjusted.

- VII. With respect to the machinery, equipment or materials imported by the Contractor for his performance of the Contract, the formalities required to be taken and charges thus incurred for their import and return shipments shall be assumed and borne by the Contractor.
- VIII. Where the Contract provides that the subject of contract is to be inspected by a third party, the expenses incurred by the inspection shall be borne by the Contractor, except otherwise agreed.

Article 5 Terms of Payment

- I. Unless otherwise specified in the contract, payment of the contract price shall be made as follows:
 - 1. Advance Payment (optional):
 - (1) Advance payment shall be _ _ (%) of the total contract price (to be specified by the Entity in the tender documentation, and shall not exceed 30% of the total contract price or the cap of the contract price). The terms of payment are as follows: _____ (to be specified by the Entity in the tender documentation).
 - (2) The advance payment shall be made within ____ days (to be specified by the Entity in the tender documentation) after signing the contract by both parties, and the Entity's approval of performance bond(s) and release bond for advance payment provided by the Contractor.
 - (3) A designated account shall be opened at a bank for the advance payment and shall be used only for the procurement. The Entity is entitled to check the usage of the advance payment at any time.
 - (4) The method of charging back the advance payment from other payments is as follows: _____ (to be specified by the Entity in the tender documentation, or not required, if unavailable).
 - 2. Installments (optional):
 - (1) The payment by installments is ____% of the total contract price (to

be specified by the Entity in the tender documentation), and the payment terms for each installment is as follows: _____ (to be specified by the Entity in the tender documentation)

- (2) The Contractor shall present certifying documents and a release bond for advance payment (not required if the release bond for advance payment is not specified in the contract) after meeting the requirements specified in the aforementioned terms of payment. The Entity shall complete the review process within fifteen (15) working days, and notify the Contractor to present the application document for payment. The Entity shall make the payment within fifteen (15) working days after receiving the Contractor's application document for payment. However, where an application by the Entity to a granting entity for appropriation is required, the time-limit for making the payment shall be thirty (30) working days.
3. Payment by deliveries (to be specified by the Entity in the tender documentation, optional)
- ☐ Supply by deliveries, and payment by each delivery. Payment shall not be made until each delivery is completed. The Contractor shall present certifying documents after meeting the requirements specified in the aforementioned terms of payment. The Entity shall complete the review process within fifteen (15) working days, and notify the Contractor to present the application document for payment. The Entity shall make the payment within fifteen (15) working days after receiving the Contractor's application document for payment. However, where an application by the Entity to a granting entity for appropriation is required, the time-limit for making the payment shall be thirty (30) working days.
- ☐ Supply by deliveries is acceptable, but the payment will not be made until all supplies are delivered. The Contractor shall present certifying documents after meeting the requirements specified in the aforementioned terms of payment. The Entity shall complete the review process within fifteen (15) working days, and notify the Contractor to present the application document for payment. The Entity shall make the payment within fifteen (15) working days after

receiving the Contractor's application document for payment. However, where an application by the Entity to a granting entity for appropriation is required, the time-limit for making the payment shall be thirty (30) working days.

4. The payment of training fees (to be specified by the Entity in the tender documentation, optional):

☐ The payment shall be made after the training is finished. The Contractor shall present certifying documents after meeting the requirements specified in the aforementioned terms of payment. The Entity shall complete the review process within fifteen (15) working days, and notify the Contractor to present the application document for payment. The Entity shall make the payment within fifteen (15) working days after receiving the Contractor's application document for payment. However, where an application by the Entity to a granting entity for appropriation is required, the time-limit for making the payment shall be thirty (30) working days.

☐ Others: _____ (to be specified by the Entity in the tender documentation).

5. The payment of installation and testing fees (to be specified by the Entity in the tender documentation, optional):

☐ The payment shall be made after the installation and test are finished. The Contractor shall present certifying documents after meeting the requirements specified in the aforementioned terms of payment. The Entity shall complete the review process within fifteen (15) working days, and notify the Contractor to present the application document for payment. The Entity shall make the payment within fifteen (15) working days after receiving the Contractor's application document for payment. However, where an application by the Entity to a granting entity for appropriation is required, the time-limit for making the payment shall be thirty (30) working days.

☐ Others: _____ (to be specified by the Entity in the tender documentation).

6. Payment shall be made after inspection and acceptance are finished without unqualified matters: After the Contractor depositing a warranty bond (not required if a warranty bond is not specified in the contract),

the Entity shall pay the remaining amount without interest in whole within fifteen (15) working days after the receipt of the Contractor's application document for payment. However, where an application by the Entity to a granting entity for appropriation is required, the time-limit for making the payment shall be thirty (30) working days.

7. Other terms of payment: _____.
8. Where the Entity finds any errors, insufficiency or ambiguity in the documents provided by the Contractor during the process of review and payment, and demands modification, supplement or clarification thereto, the Entity shall notify the Contractor in one notice, instead of two or more notices. The time-limit for review and making payment shall be re-counted from the next day of completion of modification, supplement or clarification thereto by the Contractor. The Entity shall make the payment of any part of the Contract that involves no dispute and could be priced independently. Where, under any circumstances not attributed to the Entity, the Entity holds that the Contractor has not yet completed the modification, supplement or clarification and, therefore, such modification, supplement or clarification needs to be completed in steps, the time-limit for review and making payment shall be re-counted from the next day of completion of modification, supplement or clarification thereto. Meanwhile, according to Article 230 of the Civil Code, no liability of default needs to be borne by the Entity.
9. In the event of any of the following circumstances exists, the Entity may suspend payment of the contract price until such circumstances disappear:
 - (1) Where the actual progress of contract performance has been delayed by _____% or more (to be specified by the Entity in the tender documentation; if not specified, 20% shall apply) due to causes attributable to the Contractor, and the Contractor has not actively made improvement within a time-limit notified by the Entity.
 - (2) Where a defect of the contract performance has not been improved within a time-limit notifying by the Entity in writing.
 - (3) Where a contract matter has not been fulfilled after notifying by the Entity.
 - (4) Where a person of the Contractor is not qualified to perform the

contract, and the person has not been replaced after notifying by the Entity.

- (5) Other matters which are in breach of laws and regulations or contract.

10. Adjustment by price index (optional):

- (1) In the event of fluctuation of price during the period of contract performance, the contract price may be adjusted basing on the increase or decrease of over than 5% of the price index of _____, which is published by the Directorate-General of Budget, Accounting and Statistics of the Executive Yuan. (The subject item which may be adjusted is to be specified by the Entity in the tender documentation.).
- (2) In the event that the base period of applicable price index changes, the subject of contract completed from the month that a new base period starts will be subject to the price index of the new base period in calculating the amount of price adjustment; whereas the payment amount that has been cleared off based on the index of previous base period shall not be subject to recalculation. The same method shall apply to the monthly amendment of price index.

11. Where the contract price is adjustable in accordance with the preceding sub-paragraph or _____ (a price index to be specified by the Entity in the tender documentation, optional), the following matters shall be specified:

- (1) The subject item and amount that may be adjusted.
- (2) The specific price index and base period for adjustment.
- (3) Circumstances where adjustments may or may not be made.
- (4) Formula of adjustment.
- (5) Numerical data and supporting material for adjustment the Contractor shall provide.
- (6) Administration fees and profit shall not be adjusted.
- (7) For the segment that exceeds the time-limit of contract performance, the price index (a price index to be specified by the Entity in the tender documentation, optional) applicable thereto shall be the index of the original time-limit of contract performance. The above shall not apply where the delay in contract performance is attributable to

the Entity.

12. The seal using by the Contractor for payment shall be the seal used in the tender, except otherwise indicated.
13. The Contractor shall employ the physically or mentally disabled or the indigenous people in accordance with the provisions of People with Disabilities Rights Protection Act, Indigenous Peoples Employment Rights Protection Act, and Government Procurement Act. Where there is insufficient hiring of such persons, the payment of compensation for such insufficiencies and substitute fee shall be periodically and respectively made to the Disabled Employment Funds established by the responsible authority of labor affairs in the municipality, county or city where the Contractor is located, and to the employment fund of the Aboriginal Comprehensive Development Fund established by the Council of Indigenous Peoples. Foreign workers shall not be hired to make up the shortage in question. The data of the Contractor shall be provided by the Entity to the Government e-Procurement System for the responsible entities of labor affairs and indigenous peoples affairs to check and verify the payment of compensation for such insufficiencies and substitute fee. Double checking by the Entity is not needed.
14. Except otherwise agreed, the total contract price shall cover the expenses of all materials, labor, machinery, equipment and work needed for contract performance.
15. In the event of late payment not attributable to the Contractor, the Contractor may file complaints with:
 - (1) The anti-corruption office of the Entity;
 - (2) The superior Entity of the Entity;
 - (3) Agency Against Corruption, Ministry of Justice;
 - (4) Procurement control unit;
 - (5) The responsible entity of Government Procurement Act;
 - (6) Directorate-General of Budget, Accounting and Statistics, Executive Yuan (where the overdue payment involves the Budget, Accounting and Statistics Personnel).

- II. The Contractor shall complete the application for Electronic Government Uniform Invoice before invoicing the contract price for the first time and present the electronic government uniform invoice when invoicing the

contract price. Where it may be exempted from adoption of the electronic government uniform invoice pursuant to laws, it shall present the relevant receipt. Where paper invoices shall be applied in any special cases, the Contractor shall seek prior approval from the Entity.

- III. Other documents to be presented by the Contractor for payment (to be specified by the Entity in the tender documentation, optional):
- ☐ Commercial Invoice issued by a foreign contractor.
 - ☐ Certificate of cost or expense.
 - ☐ Bill of Lading, Air Waybill or other certificate of delivery.
 - ☐ Receipt of delivery.
 - ☐ Packing list.
 - ☐ Weight certificate.
 - ☐ Certificate of inspection or quarantine.
 - ☐ Insurance policy or insurance certificate.
 - ☐ Warranty certificate.
 - ☐ Other documents for payment agreed by the Contract.
- IV. The documents mentioned in the preceding subparagraph shall be signed or affixed with the seal of the person who issued such documents, with the exception of the document not requiring signature or seal in accordance with the accepted practices.
- V. Where the subject of contract is imported from abroad and the contract price for foreign contractor is to be paid by an irrevocable L/C in accordance with the contract, and where the Entity is unable to take delivery of the cargo as a result of the Contractor's delay in making the above-mentioned documents available to the Entity or as a result of the documents being not in compliance with the requirements of the Contract or the relevant L/C, regardless of whether the documents are acceptable to the bank under guarantee or not, any extra storage charge and expense thus incurred shall be borne by the Contractor.
- VI. Where there is any amount of liquidated damages for delay, damage compensation, damage or shortage of the subject of contract, dishonest behavior, non-fulfillment of contract, breach of contract provisions, excessive payment of contract price, or decrease insufficient fulfillment of contract, etc., the Entity may deduct contract price from the amount payable. However, where there is an insufficient amount for deduction, the Entity

may notify the Contractor to pay for it or deducted it from the guarantee bond.

- VII. Where the scope of contract performance include the training of operation or maintenance personnel, except for the necessary expenses generated by the Contractor, the traveling fees and living expenses of the trainees of the Entity shall be borne by the Entity, and the amount of such fees and expenses shall not be included in the contract price.
- VIII. Where there is a subcontract reported to the Entity for file pursuant to paragraph 2 of Article 67 of the Act and the subcontracted part has been pledged by the Contractor to the subcontractor, the terms of payment agreed in the subcontract shall meet the requirements referred to in the above paragraphs (except the provision of Article 98 of the Act), or shall be negotiated and decided by the Contractor and the Entity. Where the Contractor has difficulty in performing or is unable to perform the Contract, a subcontractor may claim the payment against the Entity in accordance with the “Taipei City Government Directions for Management of Subcontractors of Procurement Contract.”
- IX. The Contractor shall pay the employees engaged in the procurement on a full-time basis during the contract performance, provided that where monthly payment is adopted, it shall be no less than NT\$_____ (to be specified by the Entity in the tender documentation, which shall be no less than the minimum basic wage prescribed by the Labor Standards Act; if not specified, NT\$30,000).

Article 6 Tax

- I. The items quoted in NT Dollar shall, unless otherwise specified in the tender documentation, include taxes, including business tax. However, where the bid tendered by a natural person, business tax is not included, but necessary taxes shall still be included.
- II. Any tax or regulatory fee, such as customs duty, commodity tax, business tax, etc., which is imposed upon because the Contractor has imported equipment for work execution or testing, temporary facilities, or equipment or materials for producing property within the territory of the Republic of China, or has made a replacement or supplement for the equipment or materials already imported, shall be borne by the Contractor.

- III. For the imported property or temporary facilities, it is the responsibility of the Contractor to pay taxes, regulatory fees or customs duty of other countries outside the Republic of China.

Article 7 Time-limit for contract performance

- I. The number of delivery/shipment of the contract is as follows (to be specified by the Entity in the tender documentation, optional):
- ☐ Partial delivery is not allowed.
 - ☐ Delivered in ____ batches.
 - ☐ Others: _____.
- II. The time-limit for contract performance (to be specified by the Entity in the tender documentation):
- ☐ The Contractor shall deliver the subject of procurement to _____ (designated destination)/fulfill the _____ (trading terms and conditions) by MM/DD/YY.
 - ☐ The Contractor shall deliver the subject of procurement to _____ (designated destination)/fulfill the _____ (trading terms and conditions) by (☐ the date of award / ☐ the date of contract-signing by the Entity / ☐ the notifying date of the Entity / ☐ within ____ days upon receipt of the Letter of Credit).
 - ☐ The Contractor shall deliver the subject of procurement to _____ (designated destination) by MM/DD/YY to complete installation and test thereof. The test results shall satisfy requirements under the Contract.
 - ☐ The Contractor shall deliver the subject of procurement to _____ (designated destination) by (☐ the date of award / ☐ the date of contract-signing by the Entity / ☐ the notifying date of the Entity / ☐ within ____ days upon receipt of the Letter of Credit) to complete installation and test thereof. The test results shall satisfy requirements under the Contract.
 - ☐ The time-limit for delivery by two or more shipments: _____
 - ☐ Others: _____.
- III. Installation & Test Period (not required to be specified, if said time limit for contract performance has covered the installation and test):

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- IV. The number of days as mentioned in the Contract, except otherwise specified, shall be in terms of ☐ calendar day ☐ working day (to be specified by the Entity in the tender documentation; calendar day will apply, if not specified):
1. Where “calendar day” is applied, all days shall be included in the time-limit for contract performance.
 2. Where “working day” is applied, the following holidays shall not be included in the time-limit for contract performance:
 - (1) Saturdays (except for days adjusted as working days) and Sundays. However, Saturdays and Sundays overlapping with the holidays referred to in (2) to (6) of this subparagraph shall not be counted separately as extra holidays in the time limit for contract performance.
 - (2) The Founding Day of the Republic of China (January 1), Peace Memorial Day (February 28), Children’s Day (April 4, subject to the Regulations for the Implementation of Memorial Day and Holidays), Labor Day (May 1), Birthday of the Republic of China (October 10).
 - (3) A deferred holiday for Labor Day (subject to the regulations prescribed by the Ministry of Labor); Armed Forces Day (September 3) and its deferred holiday (subject to the regulations prescribed by the Ministry of Defense, and is applicable to military procurement only.)
 - (4) Chinese New Year’s Eve and its deferred holiday, Spring Festival and its deferred holidays, Tomb Sweeping Day, Dragon Boat Festival, and Moon Festival.
 - (5) Adjusted and deferred holidays announced by the Directorate-General of Personnel Administration.
 - (6) National election days within the jurisdiction where the Entity is situated, days of suspension of work announced by each government within the jurisdiction where the Entity is situated, and other holidays announced by each central competent authority subordinated to the Executive Yuan.
 3. The Contractor shall obtain the Entity’s written approval in advance in

case of intention to work on any day which shall not be calculated in the time limit for contract performance, and such days ☐ shall / ☐ shall not be calculated in the time-limit for contract performance (to be specified in the tender documentation by the Entity; shall not be calculated in the time-limit for contract performance if not specified).

- ☐4. The working hours of a day for the above-mentioned period are from _____ a.m. to _____ p.m. Lunch break is from _____ p.m. to _____ p.m. The working hours of half a day are from _____ a.m. to _____ p.m.
5. Others: _____ (to be specified by the Entity in the tender documentation).

V. In the event of any contract amendment resulting in an increase or decrease of the items or quantities of the subject of procurement, the time-limit for contract performance may be extended or shortened according to the actual requirements and subject to agreement by both parties. For the part of the Contract which is not influenced by the increase or decrease of the items or quantities of the subject of contract, the time-limit for contract performance of such part shall not be amended.

VI. The extension of the time-limit for contract performance:

1. Where there is any of the following circumstances that is not attributable to the Contractor within the time-limit for contract performance, and an extension of the time-limit for contract performance is needed, the Contractor shall inform the Entity in writing and apply for an extension with the Entity in writing promptly after such circumstance occurs or disappears. After assessing the circumstance, the Entity may agree in writing to extend the period of contract performance and not to calculate liquidated damages for the extension period. If the delay is less than half a day, it will be counted as half a day; if the delay lasts over half a day but less than a day, it will be counted as a day.

(1) Force majeure as specified in the Contract.

(2) Unable to work because of weather.

(3) Request of suspension of work in whole or in part by the Entity.

(4) Contract amendment or increase of the quantities or items of the subject of contract.

(5) Failure of the Entity to fulfill its contractual obligations in time.

- (6) Where the performance is influenced by the delay of work undertaken by the Entity or Entity's other Contractor in fulfill the contract or its related ones.
 - (7) Other circumstances approved by the Entity that are not attributable to the Contractor.
 - 2. In the event of suspension of contract in whole or in part due to the circumstances stated in the preceding subparagraph, the Contractor shall resume the contract work immediately after the end of such circumstances. The suspension and resumption of the contract work shall be reported to the Entity in writing by the Contractor as soon as possible.
- VII. The starting and ending dates of the period of contract performance:
- 1. Where the period of contract performance commence from a designated date, the date shall be included. Where the period of contract performance commence after a designated date, the date shall be excluded.
 - 2. Where the subject of contract shall be delivered at a premise designated by the Entity in a certain period, the last date of the period ends when the Entity's office hour ends. Unless otherwise agreed in the Contract, where the last day of the period falls on any weekend, national holiday or any other day off, the day following the weekend, holiday or day off shall apply. In case such date is a working day of the Entity, but the Entity's office is closed before the original time-limit owing to the occurrence of any incident, the period of contract performance shall expire at the same usual closing time on the next working day.

Article 8 Administration of Contract Performance

- I. Where the other contracts related to the subject of contract are contracted to the other contractors by the Entity, the Contractor has the responsibility to co-ordinate and co-operate with the other contractors in order to facilitate the fulfillment of contract performance. Where the Contractor fails to co-ordinate and co-operate with other contractors, thus resulting in error, delay of contract performance, or accident which is attributable to the fault or action of the Contractor, the Contractor shall be responsible for the

damages and compensation related thereto. Any contractor suffering damages shall notify the Entity in writing as soon as possible after the occurrence of the above, and the Entity shall invite the parties concerned for negotiating the means of resolution.

- II. Where the subject of contract has not passed the inspection and acceptance before transferring to the Entity, the Contractor shall be responsible for safeguarding not only all the completed part of the contract but also materials, machines, and equipments onsite, either supplied by the Entity or provided by the Contractor itself. The Contractor shall be responsible for the damages or shortage, if any. Where the assessment process has been conducted and contract amount related thereto has been paid by the Entity, the Contractor shall be responsible for compensation related thereto. If partial payment has been made after passing the inspection and acceptance process, the ownership shall belong to the Entity; and thus, the Contractor shall not transfer, mortgage, lease, replace without prior approval, or conduct any other behaviors that damage the rights of ownership of the Entity.
- III. Where the Entity needs to use the subject of contract prior the completion of the inspection and acceptance, the Contractor shall not reject such requirements. However, the Entity shall take over them in advance after identifying the rights and responsibilities through negotiation by both parties and the using units jointly. The Entity shall be responsible for loses and damages that are not attributable to the Contractor during the service period.
- IV. The materials, machines, equipment, work site facilities required for contract performance shall be supplied by the Contractor, except otherwise agreed.
- V. The work site facilities mentioned in the preceding subparagraph refer to the facilities or the facilities used for material processing under the contract by the Contractor either onsite or offsite, including the houses and any other affiliated facilities for the purposes of contract management, accommodation for the workers, and material storage. The conditions of such houses and facilities shall meet the necessary requirements for the living and working environment of the workers.
- VI. The quality of the materials, machines, and equipment furnished by the

Contractor shall meet the requirements agreed in the Contract. After being moved into the Entity's premise for contract performance, such property shall be kept in the Contractor's custody and cannot be moved out of the premise without the Entity's consent.

VII. Where facilities or equipment are to be installed, fulfilled or inspected by professional technicians pursuant to the laws and regulations, the Contractor shall conduct them hereof.

VIII. Contract assignment and subcontract:

1. The Contractor shall not assign the contract to others. In the event that the Contractor is in breach of the stipulation of non-assignment, the Entity may terminate the contract, rescind the contract, or forfeit the Contractor's guarantee bond, and in addition claim for damages.

2. In addition to the requirements agreed in the preceding item, the Contractor and its subcontractors shall also comply with the "Taipei City Government Directions for Management of Subcontractors of Procurement Contract."

IX. The Contractor and its subcontractors shall not fall under the following circumstances in performing the Contract: employing persons without work permits, supplying the subject of contract from illegal sources, using illegal vehicles or facilities, providing untruthful certificates, violating the Human Trafficking Prevention Act or Commodity Labeling Act, disposing wastes illegally, or conducting any other illegal or inappropriate behaviors.

X. If the contract has specified the source of origin for the subject of contract, the subject provided by the Contractor shall conform to such requirement.

XI. Where import/export, supply, construction or usage involves government permits, licenses or other approval documents, the Entity or the Contractor shall be responsible for acquiring them, according to which party the document will be issued to. However, the Entity may stipulate in the contract that the Contractor acquires the document on the Entity's behalf; the associated costs are stipulated under Article 4 of the Contract. The documents issued by a foreign government or its authorized institution shall be obtained by the Contractor, and the Entity shall provide the Contractor with necessary assistance. If a party is attributable to the case of failure in obtaining the above documents, the damages thus incurred shall be borne by the party.

- XII. The Contractor shall be fully responsible for the suitability, reliability and safety of its performance site operations and performance methods.
- XIII. Where there is a danger that the Contractor's performance site operations may lead to accidents, the Contractor shall take immediate preventive measures. If an accident occurs, the Contractor shall immediately take actions on rescue, recovery, reconstruction, and pay compensation to the Entity and the third parties where necessary.
- XIV. If the Entity anticipates defects in the Contractor's performance of the contract or in the event of other breaches of contract, the Entity may notify the Contractor to carry out improvements within a time-limit. The Contractor's failure to complete the work, in whole or in part, by the time-limit agreed in subparagraph 2 of Article 7 of the Contract shall be subject to the liquidated damages calculated in the manner agreed in Article 14 herein. Additionally, unless otherwise agreed in the Contract, the Contractor's failure to complete any other works agreed herein by the time-limit agreed in the Contract shall be subject to the liquidated damages calculated at NT\$__ for each overdue day (to be specified by the Entity in the tender documentation; if not specified, NT\$1,000). The Entity may directly deduct the amount of liquidated damages from the contract price payable. Where there is an insufficient amount for deduction, the Entity may notify the Contractor to pay for it or deduct it from the guarantee bond. Notwithstanding, where the defect is irremediable, the Entity may terminate or rescind the contract or reduce the contract price, and claim damages therefor.
- XV. Where the Contractor does not carry out improvements or actions as notified within the aforementioned time-limit, the Entity may take the following measures, in addition to the remedies referred to in the preceding subparagraph:
1. To perform by itself or ask a third party to carry out improvements or the pending work, with the risks and costs to be borne by the Contractor.
 2. Terminate or rescind the contract and request compensation for damages.
 3. Notify the Contractor to temporarily suspend the performance of the contract.
- XVI. Except otherwise agreed, the temporary work sites for contract performance

shall be furnished by the Contractor. The Contractor shall mandate its personnel and equipment for contract performance to perform the contract only at the temporary work sites or the place provided by the Entity, and shall restrict them from entering into other places or adjacent areas.

- XVII. Where it is necessary for various contractors to use the same site provided by the Entity for contract performance, the Contractor shall use the site jointly with other contractors through negotiation with other contractors or based on the results arranged by the Entity.
- XVIII. Where the property provided or owned by the Entity has to be transported out of Entity's premises for processing, improvement or maintenance, the Contractor shall be liable to pay compensation in the event of loss, damage, or occupation. The Entity may, upon considering the actual needs, prescribe that the Contractor shall provide a guarantee bond for the same value of the subject or a fixed sum _____ (to be specified by the Entity in the tender documentation).
- XIX. The Contractor who fulfills the contract at the Entity's premise shall clean the trash, garbage, and any other unnecessary and unqualified materials, facilities and other equipments at or around the premise at any time in order to secure the safety and tidiness of the site. The expense incurred therefrom shall be borne by the Contractor.
- XX. The packaging method for the subject of contract supplied by the Contractor shall meet the following agreement (optional):
- ☐ Moisture proof, waterproof, shake proof, breakage-proof, anti-deterioration, anti-corrosion, anti-sun ray, anti-saline, anti-pollution or anti-bump, etc.
 - ☐ Constant temperature, refrigerated, frozen, or sealed.
 - ☐ Weight, volume or quantity per unit: _____
 - ☐ Packaging materials: _____
 - ☐ Words or symbols to be displayed on the outside of the packaging: _____
 - ☐ Accompanying documents to be put inside the packaging: _____
 - ☐ Other necessary methods: _____
- XXI. The Contractor may select appropriate packaging and transportation methods for the subject of procurement, if they are not specified in the contract. Damages to the subject of procurement, due to improper packaging or transportation that cannot be fully compensated through

insurance claims, shall be borne by the Contractor.

XXII. The subject of contract to be imported by sea or air:

1. For a contract signed on CFR/CPT or CIF/CIP basis, the Contractor shall be responsible for the arrangement of transport by sea or air in accordance with the Contract. However, for a contract signed on other terms, the Entity shall be responsible for the arrangement of transport by sea or air.
2. The Contractor shall be responsible for any additional insurance premium incurred because of the age or classification of the carrying vessel arranged by the Contractor. Shipment on deck is not allowed, unless otherwise agreed.

XXIII. Where the Contractor's personnel are unsuitable to perform the contract, the Entity may ask the Contractor to replace them by others, and the Contractor shall not object it.

XXIV. In the event of construction works included in the contract, when performing the Contract, none of the Contractor and its subcontractors shall hire any foreign workers, unless they apply for employment or transfer of foreign workers per relevant requirements. For each foreign worker hired, a chargeback of NT\$_____ per month applies (to be specified by the Entity based on the market intelligence investigated by the Entity before the invitation to tender; if not specified, the Entity shall charge back the difference upon verification based on the cost breakdown for the relevant foreign worker presented by the Contractor). Where a foreign worker is hired against laws, the Entity may deduct the worker's cost from the contract price and notify the responsible entity of the "Employment Service Act" to impose penalty per relevant requirements. If the case is considered material, the Entity may terminate or rescind the Contract with the Contractor, in addition to claiming the damages caused therefor, if any.

XXV. Others _____ (to be specified by the Entity in the tender documentation)

- ☐ 1. For the property applicable to a treaty or an agreement to which this nation is a party, the products or materials applied by the Contractor during the contract performance of which the origin must be this nation or any other nation of any other treaty or agreement: _____ (the scope of products or materials to be specified by the Entity in the tender documentation).

- ☐ 2. For the property not applicable to a treaty or an agreement to which this nation is a party, the products or materials applied by the Contractor during the contract performance of which the origin must be this nation, irrelevant of whether a foreign tenderer is allowed to participate in the tendering: _____ (the scope of products or materials to be specified by the Entity in the tender documentation).
3. Whether the origin of the elements forming the whole subject matter supplied by the Contractor (e.g. specific components of finished goods, and materials and facilities included in the property) is permitted to be any territory of Mainland China:
- ☐ Elements not permitted: _____.
- ☐ Permitted:
- (1) It shall be in compliance with the relevant cross-strait regulations of import and trade.
- (2) Element permitted: _____.
- (To be specified by the Entity case by case; if not specified, unless it is already agreed that the origin of the products or materials must be this nation or any other nation of any other treaty or agreement, it means “permitted” but shall be in compliance with the relevant cross-strait regulations of import and trade.)

Article 9 Quality Control of the Subject of Contract

- I. During the period of contract performance, the Contractor shall strictly control and inspect the quality of contract performance in accordance with relevant specifications specified in the contract.
- II. Where the Entity finds that the quality of contract performance is not in conformity with the requirements agreed in the Contract during the period of contract performance, the Entity may notify the Contractor to improve or to rectify the work within a time-limit. Where the Contractor does not improve or rectify in the time-limit, the Entity may request the Contractor to cease performing improve or the contract in whole or in part until the Contractor completes the improvement or rectification and obtains the Entity’s written consent. The Contractor shall not request to extend the period of contract performance or be entitled to any compensation.

- III. Where the Entity is required to conduct the review or inspection in steps during the contract performance, it shall do so in the following manners:
1. The Entity shall set forth procedures for on-site certification, review and inspection per the characteristics of the subject of procurement case by case, which are (to be specified by the Entity in the tender documentation; not required, if unavailable): _____.
 2. The Contractor shall submit a request for checking to the Entity's supervisor in every specified stage.
 3. If the Entity's supervisor finds that the Contractor proceeds with the next stage of work without request for checking in the previous stage in accordance with requirements, the Entity may request the Contractor to redo the portion which has not yet been reviewed or inspected or which is performed without permission. Any loss or damage incurred from such action shall be borne by the Contractor. However, the Entity's supervisor shall appoint the dedicated person to handle the Contractor's request for the review and inspection without undue delay.
- IV. The Contractor shall, unless an application is to be delivered by the Entity in accordance with laws and regulations, deliver an application for checking of any part of the work that shall be reported and checked by the competent authorities specified in the contract. In addition, the Contractor shall cover the relevant expenses incurred from such checking in accordance with the regulations.
- V. The Contractor shall provide the necessary instrument, machinery, equipment, labor and data, free of charge, to the Entity for the purpose of conducting checking, testing, inspection, preliminary inspection and final acceptance, except otherwise agreed in the contract. For checking, testing or inspection outside the scope of the Contract, the Contractor shall bear the expenses if the results do not meet the requirements agreed in the Contract. Otherwise, the expenses shall be borne by the Entity.
- VI. Where results from checking, testing or inspection do not meet the requirements agreed in the Contract, the Entity may refuse to accept, and the Contractor shall improve, demolish, redo, recall or replace the subject free of charge.
- VII. The Contractor shall not evade its obligations or responsibilities of the contract and the bearing of related expenses due to checking, testing or

inspection conducted by the Entity.

- VIII. The Entity's right to check, test or inspect the subject of the contract performed by the Contractor will not be restricted by the fact that the subject has once passed other checking, testing or inspection.
- IX. Where the Entity provides equipment or material for the Contractor to perform the contract, the Contractor shall make the necessary checking on acceptance of them, in order to ensure that they meet the requirements in performing contract, and make a note of it in writing. The Contractor shall be responsible for any loss or damage that occurs to the said equipment or material afterwards.

Article 10 Insurance

- I. The following insurance shall be effected by the Contractor within the period of contract performance (to be specified by the Entity in the tender documentation; not required, if unavailable). Where the Contractor is a natural person, the personal accident insurance shall be effected, and the expenses thereof are already included into the cost of contract performance.
- ☐ All risk insurance related to installation of property. (e.g. Erection All Risks Insurance; whether it extends to the accident insurance of a third party, the insurance to neighboring property or the employer's liability insurance for accidents shall be specified by the Entity in the tender documentation)
 - ☐ Employer's liability insurance.
 - ☐ General insurance for machinery, electronic equipment or furnace.
 - ☐ The general insurance for ocean/air transportation shall be effected for an amount equal to 110% of the contract price of imported property (CIF/CIP price) against those including Institute Cargo Clauses (Ocean)/(Air), Institute War Clauses (Cargo/Air Cargo), Institute Strike Clauses (Cargo/Air Cargo) and theft, pilferage, non-delivery, leakage, breakage, shortage and riot, etc. (to be specified by the Entity in the tender documentation) The coverage shall be extended to the site designated by the Entity to cover the inland insurance within the territory of the Republic of China.
 - ☐ Others _____.
- II. For insurance procured by the Contractor in accordance with the preceding

paragraph, the contents are as follows (to be specified or modified in the tender documentation by the Entity basing on the characteristics of insurance):

1. Scope of insurance: (to be specified by the Entity in the tender documentation, including matters which may be non-insured)
2. The Subject of Contract The subject to be insured: The subject of contract.
3. The insured: The Entity and the Contractor shall be listed as co-insured.
4. The insured amount: 110% coverage of the property value, freight and insurance premium.
5. Accident insurance of the third party: (It shall specify the minimum coverage of individual physical injury or death, of total individual injury or death in an accident, and of total property damage in an accident respectively. The claims mentioned above shall include the minimum coverage for each event and the maximum coverage for the accumulated responsibility during the period of insurance. The Contractors, subcontractors, the Entity and any other personnel shall be covered, and the insurance to neighboring property shall be included.)
6. The maximum amount of deductible for each accident: (to be specified by the Entity in the tender documentation)
7. The period of insurance for transportation: from _____ (site) to _____ (site) specified in the contract.
8. Beneficiary: The Entity (excluding liability insurance).
9. Any amendment or termination of the insurance policies without the prior consent of the Entity shall be invalid, unless it is in favor of the Entity.
10. Others: _____.

III. Where there is any matter uninsured in the provisions of the insurance policy that is not agreed in the Contract, the Contractor shall be liable for the risks and potential compensation of the events.

IV. For property procurement imported on a CIF or CIP basis, the Contractor shall procure insurance in accordance with the insurance coverage agreed in the Contract. Insurance policy or certificate shall be endorsed to the order of the Entity, upon the presentation of relevant documents to the bank for negotiation.

- V. For property procurement imported on CFR/CPT or FOB/FCA basis, the Contractor shall notify the Entity of the shipping information of each shipment in writing not later than the date of each shipment to enable the Entity to arrange for insurance. Failing to do so, the Contractor shall pay compensation to the Entity for any loss or damage to the property that has not been covered by insurance.
- VI. The following details shall be indicated in the aforesaid shipping documents: invitation number, contract number, description of property, quantity, total invoice amount, name of vessel or aircraft (including voyage number or flight number), port or airport of loading or departure, estimated time of departure (ETD) and estimated time of arrival (ETA).
- VII. The Contractor shall not request for an extension of the time-limit of contract performance on account of the time consumed in making an insurance claim.
- VIII. Where the Contractor does not effect insurance agreed in the Contract, the scope of insurance is insufficient, or sufficient insurance payment cannot be gained from the insurer, the losses or compensation incurred shall be borne by the Contractor.
- IX. The period of insurance shall be the period of contract performance plus ____ days (to be specified by the Entity; if not specified, thirty (30) days, provided that where the inspection and acceptance cannot be completed, an extension shall be granted), unless otherwise agreed in the Contract. The Contractor shall effect various insurance programs referred to in subparagraph 1 ☐ within ____ days upon the date of award; ☐ within ____ days upon the contract-signing date. One copy of the original insurance policy and one duplicate of the payment receipt shall be submitted to the Entity upon effecting the insurance programs. Without approval of the entity, no changes may be made thereto.
- X. The Contractor is obliged to effect the following insurances for its employees and vehicles in accordance with laws and regulations of the Republic of China: labor insurance, national health insurance, and the third party insurance for car and motorcycle. Where the Contractor is not needed to effect labor insurance by the relevant laws and regulations, it may be replaced by other commercial insurance.
- XI. The insured amount for ocean/air transportation may include all risks,

including inland risks for equipment to be transported to the Entity's premise as well as the insurance for theft, pilferage, non-delivery, leakage, breakage, shortage, war, strike and riot (to be specified by the Entity in the tender documentation).

- XII. The scope of general installation insurance may cover all the damages caused by landslide, earthquake, tsunami, volcanic eruption, typhoon, torrential rain, hail, flood, earthflow, soil slip, landslide, thunder strike and any other natural disaster, fire, explosion, destruction, theft, robbery, bandit, riot, strike, dispute between workers and employers or irrational massive public protest, etc. (the actual scope of insurance shall be specified by the Entity in the tender documentation)
- XIII. Where it is impossible for an insurer to underwrite such insurance pursuant to laws, or no insurer is willing to underwrite the same domestically due to any factor other than insurance premium, with the written proof presented by the insurance association, relevant clarification shall be presented to the Entity when effecting the insurance and the requirements referred to in subparagraph 8 of Article 1 herein shall apply.
- XIV. The Entity and the Contractor shall refrain from the occurrence of any of the circumstances specified in "Common Mistakes and Errors in Insurance Matters" prescribed by the responsible entity of the Act.

Article 11 Guarantee Bond

- I. The circumstances in which the guarantee bond shall be released are as follows(to be specified by the Entity in the tender documentation):
- ☐1. Release bond for an advance payment:
- ☐ To be reduced progressively, pro rata to the progress of work of the part that has been fulfilled by the Contractor.
 - ☐ To be reduced progressively, pro rata to the contract value of the part that has been fulfilled by the Contractor.
 - ☐ To be reduced progressively, subject to the chargeback from advance payment.
 - ☐ To be released in whole upon satisfactory inspection and acceptance.
- ☐2. Performance Bond:
- ☐ To be released within thirty (30) days upon satisfactory inspection

and acceptance and when nothing is pending to be resolved. Where inspection and acceptance are conducted in stages or in parts, the bond may be released progressively in proportion to the percentage of the stage or part.

- ☐ To be released in equal installments _____ in accordance with the progress of the contract performance.
- ☐ To be released in _____ installments in accordance with the progress of the contract performance. The terms and ratio hereof for each installment are as follows: _____ (to be specified by the Entity in the tender documentation): _____
- ☐ ____% (to be specified by the Entity in the tender documentation) to be released within thirty (30) days upon satisfactory inspection and acceptance and when nothing is pending to be resolved. The rest shall be released within thirty (30) days upon _____ (to be specified by the Entity in the tender documentation) and when nothing is pending to be resolved.

☐ 3. Warranty Bond:

- (1) Deposit: The Contractor shall deposit a warranty bond before payment is made for the inspection and acceptance of the subject of contract.
- (2) Release: To be released in whole within thirty (30) days upon expiry of the warranty period and when nothing is pending to be resolved.

4. Price Difference Bond: The requirements for performance bond as regards validity period, contents, release or non-release, etc., shall apply *mutatis mutandis* to the price difference bond.

☐ 5. Others: _____ (The other way to release the bonds referred to in various items of this subparagraph, if any, shall be specified by the Entity in the tender documentation.)

II. Circumstances under which the bonds shall be released earlier or re-deposited:

- 1. In the event that the contract is terminated, rescinded or suspended in whole for more than _____ month(s) (to be specified by the Entity in the tender documentation, “six (6) months” will apply if not specified) for causes not attributable to the Contractor, the performance bond shall be released thereafter. However, where the contract is being suspended,

the performance bond shall be deposited again when the cause for the suspension has been eliminated.

2. In the event that the contract performance is suspended due to causes not attributed to the Contractor for more than three (3) months, the Entity may release 90% of the remaining guarantee bond upon the Contractor's request, and the Contractor shall re-deposit the performance bond already released within thirty (30) days after the causes of suspension have been eliminated.

III. The circumstances in which the performance bond deposited by the Contractor and the accrued interest thereon may not be released are as follows:

1. Where one of the circumstances provided in subparagraphs 3 to 5 and 7 of paragraph 1 of Article 50 of the Act occurs, and that claim for damages may apply pursuant to the first part of paragraph 2 of the same Article, an amount of the bond equal to the amount of the claim shall not be released.
2. Where the Contractor is in breach of Article 65 of the Act by assigning the contract to other parties, the whole amount of the bond shall not be released.
3. Where the Contractor has reduced the work or materials without prior approval, and that the amount of the work or materials thus reduced plus the losses thus incurred cannot be completely set off against the contract value payable, an amount of the bond equal to the insufficient amount shall not be released.
4. Where part of the contract is terminated or rescinded due to causes attributable to the Contractor, an amount of the bond calculated basing on the proportion of the contract value accounted for by the value of such part shall not be released; where the whole contract is terminated or rescinded, the whole amount of the bond shall not be released.
5. Where the subject matter does not pass inspection or acceptance and the Contractor fails to take actions as agreed within the time-limit specified in the Entity's notice, and where the amount of the non-conforming parts and the losses thus incurred, plus any additional expenses or punitive penalties cannot be completely set off against the contract value payable, an amount of the bond equal to the insufficient amount

shall not be released.

6. Where the Contractor fails to perform the contract in whole or in part within the time-limit prescribed in the contract or an agreed extension thereof by the Entity, and that the amount of liquidated damages cannot be completely set off against the contract value payable, an amount of the bond equal to the insufficient amount shall not be released.
 7. Where the Contractor is required to return an amount of the contract value paid but fails to do so, the same amount of the bond shall not be released.
 8. Where the Contractor fails to extend the validity period of the bond as agreed by the Contract, the amount of the bond that requires extension shall not be released.
 9. Other circumstances attributable to the Contractor, which results in a loss suffered by the Entity, and that the Contractor fails to pay the compensation which it is liable, the amount of the bond equal to the compensation payable shall not be released.
- IV. The performance bond referred to in the preceding subparagraph that shall not be released may, for the circumstances in which release in parts is agreed by the Contract, be the part that has not been released; the accrued interest that shall not be released shall be the interest on such bond accrued after the bond has been deposited.
- V. Where two or more circumstances referred to in subparagraph 3 occur in one contract, the performance bond and the accrued interest thereon not to be released shall be calculated and applied separately. Where the summed amount exceeds the total amount of the performance bond, the total amount of the performance bond shall not be released.
- VI. Subparagraphs 3 to 5 of this Article shall apply mutatis mutandis to the circumstances in which the warranty bond and accrued interest thereon shall not be released.
- VII. Where the Contractor fails to perform as agreed by the Contract, or where the Contract is terminated or rescinded, the Entity may, at any time, demand the Contractor repay the remaining portion of the release bond for advance payment plus interest, or that such amount be set off against the amount payable to the Contractor. The interest shall be accrued in the following manners (to be reasonably specified by the Entity in the tender

documentation):

- ☐ At annual interest of 5% prescribed under Article 203 of the Civil Code.
- ☐ At floating rate of one (1)-year term certificate of deposit posted by Chunghwa Post Co., Ltd. on the day that the Entity allocates the advance payment.
- ☐ Others: _____.

Said interest accruing period shall be counted from the date when the Entity allocates the advance payment to the Contractor until the date when the Entity receives the repayment.

VIII. Where the guarantee bond is deposited in the form of a certificate of time deposit, a letter of joint guarantee, an insurance policies of joint and several guarantee, or a standby letter of credit, the formats of such documents prescribed by the Regulations for Bid Bond, Guarantee Bond and Other Guarantees stipulated by the Responsible Entity of the Act shall apply.

IX. The guarantee bond shall be released in the following principles:

1. Where the guarantee bond is deposited in the form of cash, postal money order, financial institution's check or promissory note, the bond will be released by means of cash or a non-negotiable sight check indicating the original depositor as the payee.
2. Where the guarantee bond is deposited in the form of a bearer's government bond, the bond will be returned to the original depositor. Where it is deposited in the form of a non-bearer government bond, the Entity agrees to cancel the registration of pledge or registration of public guarantee.
3. Where the guarantee bond is deposited in the form of a financial institution's pledged certificate of deposit, the Entity will notify the foresaid financial institution by issuing the cancellation of the pledge of rights.
4. Where the guarantee bond is deposited in the form of an irrevocable standby letter of credit issued or confirmed by a bank, the letter of credit will be released to the issuing bank, advising bank, or confirming bank. However, in the event that return is not requested by the bank or the valid period is expired, the return may not be made.
5. Where the guarantee bond is deposited in the form of a bank's written joint and several guarantee or an insurer's insurance policy of joint and

several guarantee, the guarantee bond shall be released to the issuing bank, insurance company or the Contractor. However, in the event that return is not requested by the bank or insurance company, or the valid period is expired, the return may not be made.

- X. Extension of the valid period of documentary guaranty:
When the Contractor fails to perform the Contract within a time-limit agreed in the Contract, or due to any event attributable to the Contractor that result work cannot be performed within the period of letter of guarantee, insurance policy or letter of credit, or the Entity cannot complete the inspection and acceptance within such period, the same period shall be extended accordingly. If the Contractor has not arranged the extension as advised by the Entity, the Entity will proceed to collect the performance bond into custody before its expiration. All the charges thus incurred because of the collection of the performance bond shall be borne by the Contractor. The aforesaid shall also apply where the expenses or exchange losses due to releasing the guarantee bond herein incurred.
- XI. Where the performance bond or warranty bond is substituted or reduced by a joint and several guarantee for performance and compensation provided by another supplier, the joint liability of the joint-and-several guarantee supplier for contract performance and compensation (hereinafter referred to as the “joint-and-several guarantee supplier”) released progressively with the release of the guarantee bond in parts. In case the joint liability of such joint-and-several guarantee supplier provides joint and several guarantee to more than one government procurement contracts at the same time, the maximum number of contracts for which it guarantees shall be limited to two.
- XII. The joint-and-several guarantee supplier shall not be entitled to apply for releasing the guarantee without the Entity’s prior consent. However, where the Entity deems that said supplier is no longer capable of acting as a joint-and-several guarantee supplier, the Entity shall notify the Contractor to replace it within a time-limit. The original joint-and-several guarantee supplier shall take the joint-and-several responsibility until the replacement procedure is completed upon the Entity’s approval.
- XIII. Where the Entity deems that circumstances for not releasing the performance bond agreed by the Contract exist, the joint-and-several

guarantee provider shall, within five (5) days, make a supplemental payment to the Entity equal to the amount that had previously been substituted or reduced due to joint and several guarantee, unless the Entity has notified the joint-and-several guarantee provider to take over the contract performance.

- XIV. Where the Contractor is an outstanding supplier or a globalized supplier as referred to in Article 33-6 of Regulations for Bid Bond, Guarantee Bond and Other Guarantees, and whose amount of performance bond or warranty bond is reduced, the Contractor shall make a supplemental deposit that equals to the reduced amount of the unreleased bond or guarantee, in the circumstance that the bond or guarantee shall not be released. The same shall apply to a tenderer whose outstanding tenderer status or globalized tenderer status has been revoked by Taipei City Government, the responsible entity of the Act or the industry central competent authorities in target enterprises, or to a tenderer who has been published by any entity on the Government Procurement Gazette pursuant to paragraph 3 of Article 102 of the Act, and is still under the effect of the period prescribed in paragraph 1 of Article 103 of the Act.
- XV. Where the cumulative amount of any net increase or decrease due to changes of the Contract reaches ☐ NT\$1 million, or more; ☐ 20% of the total contract price (to be specified by the Entity in the tender documentation; if not specified, 20% of the total contract price), the amount of performance bond shall be adjusted according to the proportion of such increase or decrease. The Entity shall notify the Contractor to make supplement or return such adjustment.

Article 12 Inspection and acceptance

- I. The subject of contract to be supplied or completed by the Contractor shall meet the requirements agreed in the Contract without reducing or losing its value or with any defects that make it unsuitable for the normal or agreed usage, and shall be new, unless otherwise agreed in the Contract.
- II. The inspection and acceptance procedure (to be specified by the Entity in the tender documentation):
- ☐ The Contractor shall notify the supervision unit and the Entity in writing about the date of completion of the contract performance prior to the

expected date or on the date of completion of the contract performance. Except otherwise specified in the tender documentation, the Entity shall, accompanied by the Contractor and within ____ days (to be specified by the Entity in the tender documentation; “seven (7) days” if not specified, pursuant to Article 92 of the Enforcement Rules of the Act) from the date of receipt of the written notification, check the completed items and quantities with the requirements specified in the contract to ascertain that the contract performance is completed.

- ☐ Where there is a preliminary inspection procedure after completion of contract performance, the Contractor shall, within ____ days (to be specified by the Entity in the tender documentation; “seven (7) days” if not specified, pursuant to Article 92 of the Enforcement Rules of the Act) after completion of contract performance, provide related data to the Entity for review. The Entity shall conduct the preliminary inspection and take minutes within ____ days (to be specified by the Entity in the tender documentation; “thirty (30) days” if not specified, pursuant to Article 92 of the Enforcement Rules of the Act) from the date of receipt of all of the foregoing data. Where a preliminary inspection is passed, the Entity shall conduct the inspection and acceptance and make a record within ____ days (to be specified by the Entity in the tender documentation; “twenty (20) days” if not specified, pursuant to Article 93 of the Enforcement Rules of the Government Procurement Act. If the representative of Contractor is not present in the preliminary inspection or final acceptance as notified by the Entity, unless otherwise provided for in laws and regulations, the procedure and conclusion of the preliminary inspection or final acceptance will not be affected. In the event of delay in conducting the preliminary inspection or final acceptance due to causes attributable to the Entity, the amount of liquidated damages for such delay during that period shall not be calculated; the extra and necessary expenses thus incurred to the Contractor shall be borne by the Entity.
- ☐ Where no preliminary inspection is adopted, the Entity shall conduct the inspection and acceptance and make a record within ____ days (to be specified by the Entity in the tender documentation; if not specified, thirty (30) days in accordance with Article 94 of the Enforcement Rules

of the Government Procurement Act after either receiving a ready-for-inspection notification from the Contractor or completing the prior procedures for inspection and acceptance. If the representative of Contractor is not present in the preliminary inspection or final acceptance as notified by the Entity, unless otherwise provided for in laws and regulations, the procedure and conclusion of the preliminary inspection and final acceptance will not be affected. In the event of delay in conducting the preliminary inspection or final acceptance due to causes attributable to the Entity, the amount of liquidated damages for such delay during that period shall not be calculated; the extra and necessary expenses thus incurred to the Contractor shall be borne by the Entity.

- ☐ Others (for instance, inspection and acceptance by segment may be conducted in accordance with the progress of contract performance, and may be conducted by examining the documents prepared, depending on the situation of the procurement): _____.

- III. Where there is a procedure of test run, test operation or trial use in the inspection and acceptance, the contents thereof shall be (to be specified by the Entity in the tender documentation; not required, if unavailable):

The procedures of test run, test operation or trial use of the subject of contract shall be conducted at _____ (a certain place) in _____ (time period) and under _____ (conditions) by the Contractor for the purpose of inspection and acceptance. The expenses of aforementioned test run, test operation or trial use, shall be borne by the Contractor except otherwise agreed in the Contract.

- IV. Where the checkers or inspectors disassemble the covered parts of the subject of contract for inspection or analytical inspection, the expenses of disassembling, repairing, or conducting analytical inspection shall be borne by the Contractor in the event that there are non-conformities between the outcome of disassembling or analytical inspection and the requirements agreed in the Contract, or be borne by the Entity in the event of conformity. The same shall apply to the checks, tests or examinations not specified in the Contract.

- V. After completing the subject of contract, the Contractor shall repair or restore public facilities or facilities belonging to the Entity that have been

damaged or relocated during contract performance, and make a contract performance report. The preliminary inspection or inspection and or acceptance may be carried out only upon confirmation of the Entity. The Contractor shall remove or clear all machines, equipment, wastes, and other facilities not prescribed in the Contract away from the site, and then may be held as passing the inspection and acceptance.

- VI. Where a part of the subject of contract has been completed, and the Entity deems that it is necessary to use the completed part, the part shall be inspected and accepted in advance or be inspected by segment so that the outcome may be used as a basis for acceptance. In such event, payment may be made for such part and the warranty period for such part may commence according to subparagraph 1 of Article 13 herein.
- VII. Where the result of inspection and acceptance indicates that any item is found not in conformity with the relevant requirements and the Entity deems that it is necessary to use the remaining items which are usable, payment may be made for such part and the warranty period for such parts may commence. The partial payment shall be limited to the items accepted, and a part thereof may be deferred for payment depending on the circumstance of non-conformities.
- VIII. Where a defect is discovered at the subject of contract performance by preliminary inspection or inspection and acceptance, the Entity may require the Contractor to improve, demolish, re-do, recall or replace (hereinafter referred to as the “modification”) within ____ days. (If the time-limit is not filled out by the Entity, it shall be decided by the chief inspector.) If the Contractor does not make modifications to the time limit, the amount of liquidated damages for delay in modification shall be calculated pursuant to Article 14 hereof. However, this provision shall not apply to the circumstance where a delayed modification is still within the original time-limit for contract performance.

The time-limit for correction of defects and overdue days are calculated in the following manners:

1. The Entity shall conduct a re-inspection on the date following expiration of the time-limit designated for correction of defects. Where the Contractor completes the correction earlier, it shall notify the Entity in writing to help the Entity complete the re-inspection. In the event of any

force majeure, such as natural calamity, or any circumstances not attributed to the Contractor arising during the time-limit for correction of defects, an extension may be granted to the time-limit upon approval of the Entity.

2. Where the work is still held unqualified upon the re-inspection, the Contractor shall complete correction within the 2nd time-limit designated for correction of defects. Notwithstanding, the period counted from the date following completion of the 1st re-inspection until the date of notice to the Entity for completion of the correction shall be identified as an overdue period.
3. The Entity shall conduct a re-inspection on the date following the expiration of the 2nd time-limit designated for correction of defects. Where the re-inspected result shows to be unqualified, the requirements referred to in the subparagraph 9 shall apply.
4. The Entity shall re-inspect the defects identified in the record then. Any new defects which were found in the preliminary inspection but re-checked during the re-inspection shall be included into the inspection and acceptance. Notwithstanding, where such new defects are found in the re-inspection (no more than once), the Entity shall notify the Contractor to correct them within another time-limit, while such time-limit will not be included into the overdue days. Where the Contractor fails to modify or settle the same within said-noted time-limit, the requirements agreed in the items 2 and 3 shall apply.

IX. Where the Contractor does not make modifications in the time-limit set in the preceding subparagraph, refuses to modify, is not able to modify the defects, or when the number of modifications is over _____ times (to be specified by the Entity in the tender documentation; if not specified, twice) but the defects still cannot be modified, the Entity may take any of the following actions:

1. Carry out the modifications by itself or a third party and ask the Contractor to pay the necessary expenses of modification.
2. Terminate or rescind the contract, or reduce the contract price.

X. Where the defect of contract performance is attributable to the Contractor, the Entity may also request compensation from the Contractor in addition to the provisions of the preceding two subparagraphs.

- XI. Where any defect in the delivered goods is found unable to be corrected during the inspection and acceptance, the Contractor shall recall the same within the time-limit notified by the Entity. The Entity will not be liable for the custody of such goods beyond the time limit, but may claim necessary custody expenses against the Contractor.
- XII. In order to complete the correction prior to completion of the inspection and acceptance, the Contractor may move the delivered subject of contract out of the Entity's premises upon the Entity's prior approval. Where the Entity has made the contract price, the Contractor shall deposit the bond at the amount equivalent to the contract price, and such bond shall be released without interest upon the Entity's approval of the completed correction.

Article 13 Warranty

- I. Warranty period: (to be specified by the Entity in the tender documentation)
- ☐ The Contractor shall provide warranty service for ____ years commencing from completion of contract performance and inspection & acceptance passed in whole.
 - ☐ In the event of inspection and acceptance by segment or in part, the Contractor shall provide warranty service for ____ years commencing from approval of the inspection & acceptance.
 - ☐ Others: _____.
- II. The defects found during the warranty period, if any, shall be corrected by the Contractor upon the Entity's notice. Defects as mentioned herein include breakage, collapse, damage, and function or performance not meeting the contractual requirements, with the exception of force majeure or other circumstances not attributable to the Contractor specified under subparagraph 5 of Article 14.
- III. Where a defect of the subject of contract is found during the warranty period, the Contractor shall be liable to make a free-of-charge modification unconditionally within the reasonable time-limit set by the Entity. If the Contractor fails to make a modification by the time-limit aforementioned, the Entity may take necessary actions. Any expense thus incurred shall be borne by the Contractor or be deducted from warranty bonds. In the event of insufficiency, the compensation shall still be borne by the Contractor. However, the Entity shall bear the rectification expenses in the event of

vandalism, misuse, normal wear and tear of spare parts, or any other defects due to causes not attributable to the Contractor.

- IV. If the entire subject of procurement is not usable for a period due to defects resulted from causes attributable to the Contractor during the warranty period, the said period shall not be included in the warranty period; as for a part of the subject of procurement is not usable for a period due to defects resulted from causes attributable to the Contractor, the said period shall not be included in the warranty period for such part of the subject of procurement, and the Entity shall notify the Contractor accordingly.
- V. The Entity may entrust an impartial third party to conduct inspection and investigation to clarify the cause of defect or the attribution of responsibility thereof. If the defect is attributable to the Contractor, the Contractor shall bear the expenses of inspection or investigation thus incurred.
- VI. Within thirty (30) days after the correction of a defect, in the event that the Entity considers that the defects may affect the function and performance of any part of the subject of procurement, the Entity may request the Contractor to conduct tests basing on the original testing procedures as set forth in the contract. If such defect was due to causes attributable to the Contractor, the Contractor shall bear the expenses of testing thus incurred.
- VII. The Entity may notify the Contractor to send personnel to jointly inspect the warranty matters within the warranty period and before the expiry of the warranty period.
- VIII. The Entity may, on the request of the Contractor, issue a written notification to the Contractor the expiry of warranty period that specify the date of completion of warranty liability, within thirty (30) days upon expiry of the warranty period and when nothing is pending to be resolved.

Article 14 Delay of Contract Performance

- I. The amount of liquidated damages for delay shall be calculated on a daily basis without exclusion of any dates. Where the Contract is terminated or rescinded due to causes attributable to the Contractor, the amount of liquidated damages shall be calculated to the day of termination or rescission of the contract.

Where the Contractor fails to complete the supply of the subject of contract within the time-limit for contract performance set forth in the Contract, the

overdue days shall be calculated from the next day of the time-limit for contract performance. The amount of liquidated damages for delay is calculated by day and shall apply at ____ ‰ (to be specified by the Entity in the tender documentation; if not specified, 1‰) of the total contract price. However, where the unfulfilled portion of the Contract does not interfere with the use of the finished portion (irrelevant to whether the Entity has used the same or not), the liquidated damages for delay shall apply at ____ ‰ (to be specified by the Entity in the tender documentation; if not specified, 3‰) of the contract price of the unfulfilled portion.

- II. Where the inspection and acceptance in part or by installment is adopted, the amount of liquidated damages for delay may be calculated based on the contract price of the inspected portion.
- III. The Entity may directly deduct the amount of liquidated damages for delay from the contract price payable. Where there is an insufficient amount for deduction, the Entity may notify the Contractor to pay for it or deduct it from the guarantee bond.
- IV. The amount of liquidated damages for delay is a pre-set amount of penalty for compensation of damages, and it shall not exceed ____% (to be specified by the Entity in the tender documentation, but shall be no more than 20%; if not specified, “20%” shall apply) of the total contract price, and the amount of liability for compensation referred to in subparagraph 15 of Article 15 shall not be included in the cap amount.
- V. Where due to the following force majeure, such as natural disasters or extreme circumstances, or other circumstances not attributable to the contracting parties, that the contractual time-limit can not be fulfilled by the Entity or the Contractor, the Contractor may apply for an extension of the time-limit for contract performance pursuant to subparagraph 6 of Article 7; or where the Contract cannot be fulfilled, the contractual obligations may be exempted:
 - 1. War, blockade, revolution, insurrection, civil commotion, riot or mobilization;
 - 2. Landslip, earthquake, tsunami, volcanic eruption, typhoon, hurricane, torrential rain, hail, flood, earthflow, soil slip, landslide, thunder strike or any other natural disaster;
 - 3. Plane crash, shipwreck, traffic interruption or icing of road or harbor;

4. Strike, dispute between workers and employers or irrational massive public protest;
 5. Poisonous gas, plague, fire or explosion;
 6. The subject of contract is destroyed, stolen, robbed or met with robbers or pirates;
 7. Personnel responsible for the contract performance are murdered, injured, kidnapped or detained illegally;
 8. Water, energy or raw materials is/are interrupted or controlled for its/their supply;
 9. Nuclear reaction, nuclear radiation or radioactive contamination;
 10. Suspension of work, commandeering, confiscation, dismantling or embargo ordered by government or the Entity in accordance with relevant government regulations, which are not attributable to the Contractor's illegal acts;
 11. Any supplement or amendment of government laws and regulations;
 12. Act of government of the Republic of China or foreign countries; or
 13. Other circumstances approved by the Entity as force majeure.
- VI. After the occurrence or the end of the above force majeure or matters not attributable, the party concerned shall continue to perform the contract, if the continuation of the contract performance is possible, in addition, the party concerned shall take all necessary measures to mitigate the adverse effect or damages thereof.
- VII. In the event of delay of contract performance attributable to the Contractor, the Contractor shall also be responsible for any damages arising from circumstances of force majeure, unless the Contractor can prove that the damages would have been sustained, even if the contract had been performed in due time.
- VIII. If the contract has prescribed stages of progress and the overall time-limit of contract performance, and the amount of liquidated damages for delay related thereto, the aforesaid amount by stage of completion for use or transfer to the Entity shall be calculated in the following principles:
1. Where there is a delay in the overall time-limit of contract performance but no delay in stages, the amount of liquidated damages for delay will be calculated basing on the delay over the overall time-limit of contract performance after deducting the value of the already completed or

transferred stages.

2. Where there is a delay in stages but no delay in the overall time-limit of contract performance, the amount of liquidated damages for delay will be calculated basing on the delayed stage.
3. Where there is a delay in stages and the overall time-limit of contract performance concurrently, the amount of liquidated damages for delay will be separately calculated. However, the amount of liquidated damages for delay in the overall time-limit shall be calculated after deducting the value of the already completed or transferred stages.
4. Where the time-limit in stages of contract performance is related to the progress of another procurement contract, the amount of liquidated damages for delay may be calculated for each stage without application of the last sentence of the preceding subparagraph.

IX. If a contract has prescribed stages of progress and the overall time-limit of contract performance, and the amount of liquidated damages for delay related thereto, the aforesaid amount by full completion for use or transfer to the Entity shall be calculated in the following principles:

1. Where there is a delay in the overall time-limit of contract performance but no delay in stages, the amount of liquidated damages for delay will be calculated basing on the delay over the overall time-limit of contract performance.
2. Where there is a delay in stages but no delay in the overall time-limit of contract performance, the amount of liquidated damages taken for stage delays shall be returned if the overall time-limit is not exceeded.
3. Where there is a delay in stages and the overall time-limit of contract performance concurrently, the amount of liquidated damages taken for stage delays shall be deducted while calculating the amount of liquidated damages for delay in the overall time-limit.
4. Where the time-limit in stages of contract performance is related to the progress of other procurement contracts, the amount of liquidated damages for delay in stage may be calculated without application of item 2 and item 3.

X. For any accidents that occur in contract performance due to the Contractor's violation of laws or regulations, the Contractor shall be responsible for it without holding the Entity liable. Moreover, any delay of contract

performance resulting from such violation, the contractual obligations shall not be exempted.

- XI. The “total contract price” prescribed in this Article shall be the amount upon adjustment through previous amendments to the contract, amount of the actual quantity of performed work agreed by the contract, price adjustment, and reduction of the price upon acceptance.

Article 15 Rights and Responsibilities

- I. The Contractor shall guarantee that a third party shall not claim against the Entity any rights on the subject of contract performance.
- II. The Contractor shall undertake that the subject of contract completed by it based on the Contract is free from infringement upon a third party’s intellectual property rights or any other interest and right, in any form. Notwithstanding, where a third party claims infringement upon its intellectual property rights or any other interest and right by the subject of contract herein against the Entity, the Contractor shall deal with it and bear the relevant legal liability, and shall settle said dispute promptly upon receipt of the Entity’s notice, and also provide the Entity with support and counseling services required therefor (including, but not limited to, provision of information and documents, and payment of appraisal fees and attorney fees) immediately.
- III. Where the Entity is involved in any legal action against infringement upon a third party’s intellectual property rights or any other interest and right due to the Contractor’s breach of said undertaking, the Contractor shall retain an attorney-at-law and professionals at its own expense to defend the Entity, and also bear the damages or settlement amount paid by the Entity therefor, if any. The Contractor shall also bear all losses suffered by the Entity due to the legal action (including, but not limited to, cost of action, appraisal fees, attorney fees and loss of goodwill). Notwithstanding, where the Contractor fails to provide said defense within the specific time-limit upon receipt of notice, the Entity may retain the same at the Contractor’s expense.
- IV. Where said accusation against infringement is held through a legal action attributed to the Contractor, the Contractor shall seek valid license or amend the subject of contract to the Entity’s satisfaction within one (1) month as of the date when the infringement is confirmed by a final and irrevocable

judgment, mediated or settled, in order to eliminate the infringement. Otherwise, the Contractor shall release the Entity the price already paid for the portion constituting such infringement. Before the Contractor seeks the valid license or completes the amendment, the Entity will cease to use the subject of contract constituting the infringement, and any damage or loss of interest suffered by the Entity therefor shall be borne by the Contractor.

- V. Where contract performance involves intellectual property rights (including patent right, trademark right, copyright, integrated circuit layouts right, trade secrets, plant variety right, etc.): (to be specified by the Entity in the tender documentation; may be multi-selected. If only copyright involved, please select one(s) from Items 4 to 12. Note and example wording are deleted at the time of invitation to tender.)

Note: In order to promote social interests, the Entity may take into account the characteristics of developing the software system, and permit the software copyright be used outside the Entity, if the content contains mutual development by the Entity and the Contractor, and does not involve the Entity's security concerns, exclusive use or the requirement of special purpose. In order not to increase of procuring cost, the Entity shall avoid the acquisition of any unnecessary rights.

- ☐1. The Entity obtains the rights in part. (content to be specified by the Entity in the tender documentation)
- ☐2. The Entity obtains the rights in whole.
- ☐3. The Entity obtains the license. (content to be specified by the Entity in the tender documentation).
- ☐4. The Entity shall be entitled to exploit the economic rights of copyright indefinitely and without charge.

Example: Where the packaged information software is purchased from the retail market, the Entity obtains the rights to use the software indefinitely and without charge, in accordance with the terms of contract authorized by the Contractor or a third party.

- ☐5. Where the Contractor is the author and owns the economic rights, the Entity obtains the following economic rights. During the term of protection of the economic rights and within the scope of license agreement, the Entity has the rights to use the work in any places, at any

time, and by any means. The Contractor shall not withdraw such license, and any fees arising thereof shall not be borne by the Entity. (items to be selected by the Entity in the tender documentation)

- | | |
|--|---|
| (1) <input type="checkbox"/> reproduce rights | (2) <input type="checkbox"/> public recitation rights |
| (3) <input type="checkbox"/> public broadcast rights | (4) <input type="checkbox"/> public presentation rights |
| (5) <input type="checkbox"/> public performance rights | (6) <input type="checkbox"/> public transmission rights |
| (7) <input type="checkbox"/> public display rights | (8) <input type="checkbox"/> adaptation rights |
| (9) <input type="checkbox"/> compilation rights | (10) <input type="checkbox"/> leasing rights |

Example: Where it is agreed that the Contractor shall acquire the economic right in the application software developed for general and commonly needed specifications, the Entity may, based on the business needs and internal uses, select (1) reproduce rights and (9) compilation rights. In the event that the Entity intends to modify the work by itself, the Entity may select (8) adaptation rights. Where the Entity purchases a teaching work, (2) public recitation rights and (6) public transmission rights may be selected.

- ☐6. Where the Contractor is the author, the following economic rights shall be transferred to the Entity upon completion of the work. The Contractor shall also promise not to exercise moral rights. (items to be selected by the Entity in the tender documentation)

- | | |
|--|---|
| (1) <input type="checkbox"/> reproduce rights | (2) <input type="checkbox"/> public recitation rights |
| (3) <input type="checkbox"/> public broadcast rights | (4) <input type="checkbox"/> public presentation rights |
| (5) <input type="checkbox"/> public performance rights | (6) <input type="checkbox"/> public transmission rights |
| (7) <input type="checkbox"/> public display rights | (8) <input type="checkbox"/> adaptation rights |
| (9) <input type="checkbox"/> compilation rights | (10) <input type="checkbox"/> leasing rights |

Example: Where the application software is developed for general and common needed specifications, the Entity may, based on the business needs and internal uses, select (1) reproduce rights and (9) compilation rights. In the event that the Entity intends to modify the work by itself, the Entity may select (8) adaptation rights. Where the Entity purchases a teaching work, (2) public recitation rights and (3) public transmission rights may be selected.

- ☐7. Where the Contractor is the author, the Entity obtains economic rights.

The Contractor promises not to exercise moral rights.

Example: Where the application software developed for the Entity's exclusive use or special needed specifications is purchased, the Entity obtains economic rights in whole.

- ☐ 8. Where the Entity is the author, the Entity obtains economic rights in whole.
- ☐ 9. After completion of the development or maintenance for the application software by the Contractor, which is entrusted and paid by the Entity, the Entity is the author and obtains economic rights in whole. Where completion of the development or maintenance by the Contractor for those software, upon agreed by the Entity, the Contractor: (items to be selected by the Entity in the tender documentation)
- (1) ☐ obtains the license to use the software and further license from the Entity, the consent of the Entity time by time is not needed.
- (2) ☐ obtains the license to use the software and further license from the Entity, subject to the consent of the Entity every time.
- ☐ 10. The Entity and the Contractor jointly own moral rights and economic rights.

Example: Where the application software completed by the Contractor has been modified in accordance with requirement of the Entity, and human resources and material resources have been invested by both of the Entity and the Contractor, the moral rights of such derivative work belong to the Entity and the Contractor jointly. The ratio of economic rights owned by either party, the scope of the license of economic rights, and the content of profit-sharing for the derivative work shall be specified in the tender documentation.

- ☐ 11. The Entity obtains the license with the right to sublicense to others during the term of the license. The term "others" as mentioned above includes: _____ (to be specified by the Entity in the tender documentation)
- ☐ 12. Others (to be specified by the Entity in the tender documentation).

Example: The Entity may license the Contractor with charge to exploit economic rights acquired by the Entity.

VI. Where the contracting Entity is a government agency, the public juridical

body which the Entity belongs to shall be the body bearing the rights and obligations of the contract.

- VII. The Contractor shall guarantee that where the work is completed by an employee or a commissioned person within the scope of its employment, the Contractor shall be the author of the work, and owns the moral rights and economic rights subject to the employment agreement pursuant to the provision of the second sentence of paragraph 1 of Article 11 and Article 12 of the Copyright Act. Nevertheless, the aforementioned agreement applies to the Contractor and such employee or commissioned person only. The rights and obligations between the Contractor and the Entity hereto shall be still governed by the Contract.
- VIII. Except otherwise agreed, if patented articles or methods are used during the contract performance, or if copyright is involved, such patent or copyright issues shall be dealt with by the Contractor in accordance with relevant laws and regulations. The costs arising therefrom shall also be borne by the Contractor.
- IX. The Entity and the Contractor shall take necessary measures to protect the counter party from any claims by a third party arising from the contract performance. Any damages caused to the third party shall be borne by the party attributable to such damages.
- X. The Entity shall not be liable for body injury or property loss of the Contractor, the subcontractor and their personnel during the contract performance. The Contractor shall maintain necessary insurance to cover the risks for body injury or property loss.
- XI. The Contractor shall fulfill its obligations in accordance with the Contract. The obligations shall not be reduced or exempted due to acts of the review, acceptance or approval by the Entity.
- XII. The joint-and-several guarantee supplier shall ensure that the successful bidder shall fulfill the obligations in accordance with the Contract. In the event that the Contractor is unable to fulfill its obligations, the joint-and-several guarantee supplier shall be responsible for the fulfillment of the contract and shall be jointly and severally liable to any losses and damages suffered by the Entity.
- XIII. In the event that the joint-and-several guarantee supplier is notified to fulfill the obligations under the Contract, all rights and obligations with respect to

the Contractor, including the contract price of the unfulfilled part of the Contract, shall be assigned and delegated to the joint-and-several guarantee supplier, and this Contract shall remain valid and enforceable to the joint-and-several guarantee supplier. The bonds paid by the Contractor and the unpaid amount by the Entity for the part already fulfilled shall be paid or returned to the Contractor according to the original provision of the Contract if there is no event that the Entity is entitled to refuse to pay the contract amount or release the bonds.

XIV. Where is any indebted dispute between the Contractor and its joint-and-several guarantee supplier, the dispute shall be resolved through negotiation by themselves or through legal procedures.

XV. Where either party suffers damages due to circumstances attributed to the other party, the breaching party shall bear the damages. In the event of any dispute over the identification of liabilities for compensation, the terms and conditions of dispute settlement shall apply.

1. According to paragraph 1 of Article 216 of the Civil Code, the compensation shall be limited to the injury actually suffered and the interests which have been lost.

☒ Notwithstanding, the damages result from any causes other than intention or material negligence. The liability of damages agreed to be borne by the contracting parties excludes “loss of interest.”

2. Except the liquidated damages agreed in Article 14, the cap for the amount of liability for compensation is: _____ (to be specified by the Entity in the tender documentation subject to the characteristics and needs case by case; if not specified, the total contract price).

☐ Total contract price.

☐ _____ times the total contract price.

☐ _____ % of the total contract price.

☐ Fixed price at NT\$_____.

3. Where any cap is set in the preceding item, and as otherwise provided in laws and regulations (e.g. compensation for other injuries arising therefrom referred to in paragraph 2 of Article 227 of the Civil Code), or either party hides the defects intentionally, commits intentional act or major negligent conduct, or involves infringement of rights to a third party, the compensation for damages to the other party shall not be

limited to the above cap amount.

- XVI. The Contractor shall confirm the identity of the authorized representative of the Entity or the institution of which the Entity entrusts the service before accepting the instruction from the said representative for contract performance. Moreover, the Contractor shall make sure that the instructions given by the said representative do not violate the provisions of the Contract. The instructions given by an unauthorized representative, or the instructions violating the Contract shall entitle the Contractor neither to the binding effect on the Entity nor to the right to decrease or alter the Contractor's contractual responsibility. The Entity accepts no responsibility for any consequence of the aforementioned unauthorized instructions.
- XVII. Where the content of the contract involves any confidential matters, the Contractor shall not disclose them to a third party which is unrelated to contract performance without the Entity's prior written consent.
- XVIII. The Contractor is required to keep confidential any secret related to the Entity and undisclosed documents, graphics, news, objects, or other information acquired during contract performance.
- XIX. In the event that either party of the Contract does not request the counter party to fulfill its contractual obligations, it shall not be deemed as an abandonment of the right to request the counter party to fulfill its contractual obligation.

Article 16 Amendment and Transfer of the Contract

- I. The Entity may, within the scope of the contract, notify the Contractor to amend the contract (including new added items) if necessary. Unless otherwise agreed by both parties, the Contractor shall submit documents relating to subject of procurement, price, time-limit of contract performance, payment schedule or other contract matters that require amendment within ____ days (to be specified by the Entity in the tender documentation; "ten (10) days" shall apply if not specified) after receiving the notification.
- II. Before the Entity accepts the related amendment documents submitted by the Contractor, the Contractor shall not change the contract by itself. Except otherwise requested by the Entity, the Contractor shall not, because of the Entity's notification of the preceding subparagraph, delay its time-limit of contract performance.

- III. If before the Entity accepts the related amendment documents submitted by the Contractor, the Entity asks the Contractor to carry out the work or supply in advance, and afterwards contract amendment is not made in accordance with the original notification, or where only a part is amended, the extra and necessary expenses thus incurred to the Contractor shall be compensated by the Entity.
- IV. Where there is any one of the following circumstances, the subject of procurement agreed in the contract may be replaced by another one with the same or better specification, function and effectiveness, provided that reasons of replacement and comparisons of specification, function, effectiveness and price submitted by the Contractor have been approved by the Entity in writing. However, it shall not be used as an excuse for increasing the contract price. When such replacement reduces the Contractor's cost of contract performance, it shall be deducted from the contract price.
1. The original brand or type number indicated in the contract is no longer manufactured or supplied.
 2. The original subcontractor indicated in the contract is no longer in business or refuses to supply.
 3. Better than that of the contract or more advantageous to the Entity. Where it is necessary to increase the budget and the overall benefit thereof is held more advantageous to the Entity upon the Entity's comprehensive evaluation, such increase may be exempted from the restrictions referred to in the Preface.
 4. The technical specification prescribed in the contract is in breach of Article 26 of the Act.
- V. Unless otherwise agreed by both parties, the review and decision schedule of the contract amendment document submitted by the Contractor pursuant to items 1, 2 or 4 of the preceding subparagraph shall be made within _____ days from the next day of receipt of such written document (to be specified by the Entity in the tender documentation; "ten (10) days" shall apply if not specified). However, if there is any supplementation or correction document followed, the review and decision of such document shall be made within _____ days from the next day of receipt of such document (to be specified by the Entity in the tender documentation; "ten (10) days" shall apply if not

specified). In the event that the decision is not made within the above time-limit due to causes attributable to the Entity, the Contractor may request for an extension of the time-limit of contract performance in accordance with subparagraph 6 of Article 7.

- VI. Where a contract amendment is requested by the Contractor pursuant to the preceding paragraph, the Contractor shall put into consideration the estimated schedule of contract performance by itself and submit the application in due time after considering the time needed for inspection (examination, testing), as well as the Entity's schedule of review and approval after receiving the application. The amended ones shall be performed only after a written agreement from the Entity is received. Unless the decision is not made within the time-limit due to causes attributable to the Entity, the Contractor shall not apply for an extension of the time-limit of contract performance by reason of submission of document for review.
- VII. The government estimate for the amendment of contract price shall be set in accordance with paragraph 1 of Article 46 of the Act. The operating procedures for determination of the unit price for items added upon change of the Contract and price negotiation thereof shall follow the "List of Operating Procedures for Changes of Procurement Contracts with Taipei City Government" and "Instructions to Preparation of Unit Price upon Changes of Contract and Price Negotiation Thereof by Entities of Taipei City Government."
- VIII. Any contract amendment shall be made in writing and signed or sealed by both the Entity and Contractor.
- IX. The Contractor shall not transfer all or part of the contract to others; however, this shall not apply with written approval from the Entity in the event that there is a need for transfer due to division of a company or similar situation. Where the Contractor is divided in accordance with Company Act and Business Mergers and Acquisitions Act, the transferee company (limited to the transferee business) shall meet the qualification as specified in the original tender documentation and shall submit one of the following documents:
 - 1. For the original Contractor surviving after division: documents of agreement by the Contractor to bear joint and several liability for the performance of the contract;

2. For the original Contractor ceasing to exist after division: documents of agreement by the surviving and newly incorporated companies other than the transferee Contractor to bear joint and several liability for the performance of contract.

Article 17 Termination, Rescission or Suspension of Contract

- I. In the event of any of the following circumstances for the Contractor's performance, the Entity may notify the Contractor in writing to terminate or rescind a part or all of the contract, and no compensation shall be paid to the Contractor for losses thus incurred:
 1. Where there is a circumstance specified in the first section of paragraph 2 of Article 50 of the Act;
 2. Where there is a circumstance that the contract may be terminated or rescinded pursuant to Article 59 of the Act;
 3. Where the Contractor is in breach of the stipulation by assigning the contract to others;
 4. Where the Contractor or its employee has committed any of the offenses prescribed in Article 87 to Article 92 of the Act, and a final guilty verdict has been entered;
 5. Where the time-limit for contract performance is delayed due to causes attributable to the Contractor when any of the following circumstances is met (to be selected in advance, and adjusted by the Entity accordingly at the time of invitation to tender):
 - The progress of contract performance behind schedule by ____ % (to be specified by the Contractor in the tender documentation; if not specified, 20% shall apply), and for more than ten (10) days. Calculation by percentage:
 - (1) Where the pending contract performance is behind schedule by a certain percentage, the Entity shall notify the Contractor to correct it within the specific time-limit at first. Where the same remains uncorrected upon expiration of the time-limit and the Entity sets the calculation of progress for contract performance, the progress behind schedule by percentage on the same day of the notice for correction and last day of the time-limit for

correction shall be the deviation by percentage between the actual progress on the respective dates and scheduled progress authorized by the Entity for the same dates. Where no calculation of the progress by percentage is set by the Entity, it shall be based on the number of overdue days.

(2) Where the contract performance is fulfilled beyond the time-limit for contract performance, or has not yet been fulfilled upon expiration of the time-limit for contract performance, it shall be based on the number of overdue days.

☐ Others: _____.

6. Where the Contractor forges or alters documents related to contracting, or contract performance without authorization, and such violation has been verified to be true;
7. Where the Contractor has substantially reduced the work or materials without obtaining a prior approval;
8. Where the Contractor refuses to execute the contract without due cause;
9. Where an examination, inspection or acceptance procedure indicates any defect against the contractual requirements, and the Contractor fails to rectify the defect in the time-limit specified in the Entity's notification;
10. Where the Contractor's bankruptcy or other serious matters make the Contractor incapable of continuing performance of the contract;
11. Where the Contractor has not performed according to the contractual requirements and has not completed the required rectification within ten (10) days from the next day from receiving the Entity's written notice or within any longer time-limit specified in such notice.
12. Where the Contractor is seriously in breach of the laws or regulations related to environmental protection or labor safety and health;
13. Where the Contractor is seriously in breach of the laws, regulations or other provisions of the Contract.

II. The Contractor shall still continue to execute the Contract in accordance with the contractual requirements in cases where the Entity has not notified the Contractor of a termination or rescission of the Contract in accordance with the preceding subparagraph.

III. Where the Contract is terminated or rescinded according to the

subparagraph 1 or due to circumstances attributed to the Contractor, the Entity may withhold the accounts payable to the Contractor, including the progress payment by stage or installment remaining unclaimed, as of the date when the Entity notifies the Contractor to terminate or rescind the Contract, and no performance bond or price difference bond will be released to the Contractor therefor. Until the Contract is performed by the Entity on its own or another contractor is appointed by the Entity, the withheld contract performance fees, less all expenses and damages incurred by the Entity to perform the Contract, if any, shall be paid to the Contractor by the Entity. The same shall apply where there is no need to appoint another contractor to perform the Contract. The Contractor shall reimburse the deficit, if any, to the Entity.

- IV. When the Contractor's continuous performance of the Contract is against the public interest due to policy change, the Entity may terminate or rescind all or part of the Contract after acquiring approval from its superior entity, and compensate the Contractor for losses thus incurred, exclusive of any loss of interest.
- V. When the Contract is terminated in accordance with the provision of the preceding subparagraph, the payment for the subject of contract completed by the Contractor before receiving notification of the Entity shall be paid according to the contract price provided that it is usable. The Entity may choose one of the following means to deal with the Contractor when only part of the subject of contract is completed and the part is not usable yet:
 - 1. Complete the part by continuous performance and pay the part according to contract price.
 - 2. Halting of manufacturing, supply or work, and pay for the expenses of manufacturing, supply or work already incurred and reasonable profits.
- VI. Where it is necessary to terminate or rescind the Contract due to any cause other than policy change, the preceding two subparagraphs shall apply mutatis mutandis to such termination or rescission.
- VII. The Entity may notify the Contractor at any time to suspend the progress of a part or all of the Contract until improvement and approval to resume contract performance when the Contractor doesn't perform the Contract in accordance with the provisions of the Contract. The Contractor shall not request for an extension to the time-limit of contract performance or an

increase in the contract price due to such suspension.

VIII. The Entity notifies the Contractor to suspend the progress of a part or the whole contract for reasons not attributable to the Contractor:

1. Where the contract performance of contract can not be fulfilled by the Contractor within the time-limit, the Contractor may apply for extending the time-limit according to subparagraph 6 of Article 7; and the necessary expenses thus increased (e.g., but without limitation to, administration fees, etc.) shall be borne by the Entity.
2. If the cumulative suspension period exceeds _____ month(s) (to be specified by the Entity reasonably in the tender documentation, “two (2) months” will apply, if not specified), the Entity shall pay the price of subject the Entity has already acquired ownership from the contractor through instructions.
3. If the cumulative suspension period exceeds _____ month(s) (to be specified by the Entity reasonably in the tender documentation, “six (6) months” will apply, if not specified), the Contractor may notify the Entity to terminate or rescind the contract in whole or in part, and may claim against the Entity for damages arising from termination or rescission of the contract. The same shall also apply in the circumstances in which contract performance is not commenced due to causes attributable to the Entity.

IX. When the payment is delayed by the Entity due to causes not attributable to the Contractor:

1. The Contractor may request for interest at ____% annual rate of (to be specified by the Entity reasonably in the tender documentation; “the floating rate of one (1)-year term certificate of deposit posted by Chunghwa Post Co., Ltd. on the day that the Entity signs the contract” will apply, if not specified) as late payment interest.
2. The Contractor may suspend or slow down the progress of contract performance after _____ month(s) since the Entity was notified (to be specified by the Entity reasonably in the tender documentation; “one (1) month” will apply, if not specified), and apply for an extension of the time-limit for contract performance in accordance with subparagraph 6 of Article 7. The necessary expenses thus increased shall be borne by the Entity.

3. If a payment has been delayed for _____ month(s) (to be specified by the Entity reasonably in the tender documentation; “three (3) months” will apply, if not specified), the Contractor may notify the Entity to terminate or rescind the contract in whole or in part, and claim against the Entity for damages arising from termination or rescission of the contract.
- X. Unless otherwise specified in the contract, where the completion of contract performance requires specific actions by the Entity and the Entity does not fulfill such actions, the Contractor may request the Entity to fulfill such actions before a certain deadline. Where the Entity fails to fulfill such action within the deadline, the Contractor may notify the Entity to terminate or rescind of the contract in whole or in part, and may claim against the Entity for damages arising from termination or rescission of the contract.
- XI. Where temporary suspension of the Contract in whole is due to force majeure prescribed in the Contract, and the cumulative suspension period exceeds _____ month(s) (to be specified by the Entity reasonably in the tender documentation; “six (6) months” will apply, if not specified), either party to the Contract may notify the other party to terminate or rescind the Contract.
- XII. The Contractor shall not demand, agree to accept, accept or provide a bribe, commission, percentage, brokerage, kickback, rebate, gift, treat or other improper benefit from/to any person of the contract. The same shall also apply to the subcontractors. Where the Contractor is in breach of the requirements of the preceding paragraph, the Entity may terminate or rescind the Contract, and deduct two (2) times improper benefits from the contract price. In the event of failure to deduct from the contract amount, the entity shall notify the supplier to pay it within a time-limit.
- XIII. When the contract is terminated, all rights and obligations of both parties shall likewise be eliminated from the date of termination of the contract. When the contract is rescinded, such rights and obligations shall be eliminated from the effective date of the contract. However, both parties shall bear the obligation of confidentiality.

Article 18 Dispute Settlement

- I. Where there is a contractual dispute between the Entity and the Contractor,

they shall honestly, sincerely and harmoniously work out a solution based on the provisions of laws, regulations, and the Contract, and take into account the public interests, fairness, and reasonableness. Any of following means may be used if they are unable to resolve the dispute through negotiation:

1. Refer to the Complaint Review Board for Government Procurement (CRBGP) for mediation pursuant to Article 85-1 of the Act.
2. Refer to arbitration pursuant to the contract and the Arbitration Law where both parties agree and enter into an arbitration agreement.
3. Refer to protest or complaint pursuant to Article 102 of the Act.
4. Initiate a civil litigation and submit to the jurisdiction of the district court situated within the district where ☐ the Entity; ☐ the subject of contract is situated (to be specified by the Entity in the tender documentation; if not specified, the Entity) in the first instance.
5. Refer to mediation according to other laws and regulations.
6. Both parties agree to establish a dispute settlement team to negotiate for the dispute.
7. Refer to other means provided herein or agreed by both parties.

II. While refer to arbitration pursuant to item 2 of the preceding paragraph, the parties agree as follows:

1. The arbitration institution is: _____ (to be specified by the Entity in the tender documentation subject to the characteristics and needs accordingly; if not specified, option (5) shall apply).
 - ☐ (1) Chinese Construction Industry Arbitration Association.
 - ☐ (2) Chinese Arbitration Association, Taipei.
 - ☐ (3) Taiwan Arbitration Association.
 - ☐ (4) Any other domestic arbitration institution: _____.
 - ☐ (5) The arbitration institution agreed by both parties. If an agreement is not reached, the arbitration institution will be designated by the Entity. The aforementioned arbitration institution, unless otherwise agreed by both parties, shall be a domestic arbitration institution legally established.
2. Designation of arbitrators:
 - (1) Each party shall recommend one arbitrator respectively.
 - (2) Where either party selects the arbitrator, it may notify the other

party in writing in accordance with Article 11 of the Arbitration Law of ROC. Where the other party fails to select its arbitrator within the specific time-limit prescribed in the written notice, the notifying party may petition with ☐ the court; ☐ the designated arbitration institution (to be specified by the Entity in the tender documentation; if not specified, the designated arbitration institution) to appoint one arbitrator on behalf of it.

3. Selection of the chair of the arbitral tribunal:

(1) Within thirty (30) days from the next day of the date of appointment of two arbitrators for both parties, the two arbitrators selected by both parties shall jointly appoint a third arbitrator as the chair of the arbitral tribunal.

(2) If the chair of the arbitral tribunal is not appointed according to item (1), the parties may apply to the court to appoint the chair of the arbitral tribunal on behalf of the parties.

4. No change or addition may be made the subject of arbitration upon both parties' confirmation of the same in the arbitration agreement.

5. The place of arbitration shall be ☐ the location of the Entity; ☐ the location of the Project; Others: _____ (to be specified by the Entity in the tender documentation; if not specified, the location of the Entity).

6. Unless otherwise agreed by both parties, the arbitral proceedings shall be made in public, each party may publicize the arbitral award, and may agree that the arbitration institution publishes it on its website.

7. The language used in the arbitral proceedings shall be ☐ Mandarin and traditional Chinese characters; ☐ other language: _____. (to be specified by the Entity in the tender documentation; "Mandarin and Chinese traditional characters" will apply, if not specified.)

8. The Entity ☐ agrees; ☐ disagrees (to be specified by the Entity in the tender documentation; "disagrees" will apply, if not specified) that the arbitral tribunal applies the rules of equity for its arbitral award.

9. The arbitral award shall specify facts and reasons.

III. Establish the dispute settlement team referred to in item 6 of subparagraph 1, upon the following terms and conditions:

1. The dispute settlement team shall be established upon occurrence of any

dispute, which may be established permanently or dissolved upon settlement of the dispute.

2. Selection of the dispute settlement team members:

- (1) Either party shall present its name list of five (5) members or more to the other party within ten (10) days from the next day of agreeing to establish the dispute settlement team.
- (2) Each party shall, within ten (10) days from the next day of receiving said list from the other party, appoint one member from such list.
- (3) Either party's failure to present the name list referred to in (1) shall result in the failure to reach an agreement on the establishment of the dispute settlement team.
- (4) Either party's failure to select the member from the name list in accordance with (2) and the other party's unwillingness to change the name list shall result in the failure to reach an agreement on the establishment of the dispute settlement team.

3. Selection of the convener of the dispute settlement team:

- (1) Within 10 days following the day after the two members are selected, both parties or the members selected by both parties shall jointly designate one person from the list of the preceding item (1) as the convener.
- (2) If the convener is not jointly designated in accordance with (1), the dispute settlement team cannot be established.

4. Either party may notify the dispute settlement team convener in writing to have the settlement dispute team negotiate and resolve the dispute and serve a duplicate of the written notice to the other party. The written notice shall contain the subject in dispute, fact in dispute and reference information, and suggested resolution. The other party shall submit a written response and propose resolutions within fourteen (14) days from the next day after receiving said notice, and send a copy thereof to the other party.

5. Dispute settlement team meeting:

- (1) The convener shall, within thirty (30) days from the next day of receiving the request, convene a meeting and act as the chairperson. All members shall attend the meeting in person, resolve the dispute independently and fairly, and keep it secret.

- (2) The meeting shall notify concerned parties to appear at the session to present their opinions; if necessary, scholars and experts or other necessary personnel may be invited to attend the meeting. Written minutes should be kept of the process of the meeting.
 - (3) The team shall, within ninety (90) days from the next day after receiving the request of mediation and notify both parties in writing.
 6. Reasons for the withdrawal of members of the dispute settlement team are referred to in Article 13 of the Organizational Guide for the Complaint Review Board of Government Procurement. If any member is absent due to rescual or any other causes, the requirements referred to in Item 2 and Item 3 shall apply.
 7. The dispute settlement team's decision on the dispute is deemed becoming final and binding if no objection has been raised by either party to the convener and the other party in writing within 14 days after receiving the decision. However, if it involves changing the content of the contract, both parties should first change the contract. In case of disputes, it shall follow the dispute handling procedures.
 8. If a dispute is requested to be mediated by either party, and the dispute settlement team fails to hold a meeting or make a decision pursuant to Item 5 or within an agreed time limit reached by both parties; or if either party raises its objection in writing within 14 days upon receipt of the decision, the mediation shall not be deemed successful. Then both parties shall apply the other measures in accordance with Subparagraph 1.
 9. The funds required for the operation of the dispute settlement team shall be equally shared by both parties to the contract.
 10. The time-limit and other necessary matters set forth in this subparagraph may be agreed upon elsewhere by both parties.
- IV. The name of the institution that deals with complaint and mediation of contract disputes in accordance with the Act: Complaint Review Board for Government Procurement of Taipei City Government.
Address: North-east Wing, 9F, No. 1, Shifu Rd., Taipei City.
Tel. No.: 1999 (02-27208889, in the event of another county/city), Ext. 1058/1059.
- V. After the occurrence of a contractual dispute, the following principles shall

apply to the fulfillment of contract:

1. The fulfillment of unrelated or unaffected parts of the contract shall be continued unless otherwise agreed by the Entity.
2. Where the Contractor temporarily suspends the performance of the contract due to dispute, and such dispute is deemed to be unreasonable on the part of the Contractor after reviewing the causes related thereto, the Contractor shall not request for an extension to the time-limit of contract performance or the exemption of contractual obligations for the part of the contract that is suspended. Notwithstanding, where such dispute is deemed to be reasonable, both parties shall agree on an extension of the time-limit for contract performance of the portion, or exemption from the liability on the portion.
3. The Entity may withhold the contract price of the disputed part, and release (or deduct) the same without interest when the Entity and Contractor reach agreement on settlement of the dispute, or upon mediation of the dispute, conferral of an arbitration award, receipt of a final and irrevocable judgment, or settlement in any other manner.
4. Upon fulfillment of the contract performance and before both parties settle the dispute over contract performance, if any, the Entity may proceed with closing of accounts, inspection and acceptance, deposit and calculation of warranty period, and complete any pending work after the dispute settlement becomes final and irrevocable.
5. Where the Contractor has dispute over the results after completion of the inspection and acceptance and refuses to sign the related documents to claim the contract price, the Entity may deposit the contract price according to the Lodgment Act.

VI. The Contract shall be governed by the laws of the Republic of China.

Article 19 Miscellaneous

- I. In hiring employees for the contract performance, the Contractor shall not discriminate based on gender, indigenous peoples or disadvantaged groups.
- II. The Contractor shall not hire the Entity's employees or the personnel of the institution entrusted by the Entity to execute the contractual matters related thereto during the performance of the contract.
- III. The authorized representative of the Contractor shall be fluent in Chinese or

other language agreed by the Entity. Where such representative does not possess such proficiency, the Contractor shall be obliged to employ an interpreter.

- IV. Where performance matters between the Entity and the Contractor involve international transportation or Letter of Credit which are not specified herein, the pertaining practices of international trade shall govern.
- V. The Entity and the Contractor shall each designate one person as its authorized representative during the period of contract performance for coordination and contract matters.
- VI. During the period of contract performance, the Contractor that has signed a large procurement contract with a government agency is prohibited from contributing political donations according to Article 7 of the Political Donations Act.
- VII. For any matters not provided for in this Contract, the Act, the Civil Code, and other relevant laws and regulations shall apply.
- VIII. Unless otherwise agreed herein, the aggregate of various liquidated damages agreed in the Contract and documents included in the Contract, or those set forth in Article 4 for acceptance with price-reduction and Article 14 for liquidated damages for delay, and other punitive damages, shall be no more than 20% of the total contract price, and excluded from the limit of damages referred to in subparagraph 15 of Article 15 herein.

Acknowledged and Agreed by: Entity: (The Entity's full name)

Representative:

Address:

Supplier: (The Contractor's full name)

Responsible person:

Address:

Date: MM/DD/YY