

APPENDIX SECT1/A – SPECIMEN OF PERFORMANCE GUARANTEE

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SPECIMEN OF PERFORMANCE GUARANTEE

To: _____ and his successors in office for and on behalf of the Government of the Republic of Singapore (hereinafter called "the Employer").

Whereas on the _____ day of _____ an Agreement (hereinafter called "the Contract") was made between _____ (name of Contractor) of _____ (address) (hereinafter called "the Contractor") of the one part and the Employer of the other part whereby the Employer agreed to appoint the Contractor to _____ (state nature of contract) for the sum of Singapore Dollars _____ (S\$ _____).

And Whereas the Contractor is required under the Contract to pay _____ per cent of the total value of the Contract as a Security Deposit for the performance of his obligations under the Contract.

Now in consideration of the Employer not insisting on the Contractor paying _____ per cent of the total value of the Contract as a security deposit for the said Contract, **we (at the request of the Contractor) hereby agree** as follows:

1 In the event of the Contractor failing to fulfil any of the terms and conditions of the said contract, we shall indemnify the Employer against all losses, damages, costs, expenses or otherwise sustained by the Employer thereby up to the sum of Singapore Dollars _____ (S\$ _____) ("the Guaranteed Sum") upon receiving your written notice of claim for payment made pursuant to Clause 4 hereof.

2 We shall not be discharged or released from this guarantee by any arrangement between yourself and the Contractor with or without our consent or by any alteration in the obligations undertaken by the Contractor or by any forbearance whether as to payment, time, performance or otherwise.

3 Our liability under this guarantee shall continue and this guarantee shall remain in full force and effect from [*insert effective date:* _____] until [*insert initial expiry date:* _____] provided always that the expiry date of this guarantee and our liability thereunder shall be automatically extended for successive periods of 180 days unless we give you 90 days' written notice prior to the expiry of our liability of our intention not to extend this guarantee in respect of

any future extension and provided further that you shall be entitled, upon receiving such notice of our intention (and within the period specified in Clause 4 hereof), either to:

- (a) make a claim under this guarantee; or
- * (b) direct us to pay such amount (not exceeding the Guaranteed Sum) as you may specify into a suspense account to be governed and disbursed by us subject to the Association of Banks in Singapore's Guidelines for operation of a Suspense Account; or
- (c) direct us to extend the validity of this guarantee for a further period not exceeding 180 days (and this guarantee shall then expire at the end of such further period).

4 This guarantee is conditional upon a claim or direction as specified herein being made by you by way of a notice in writing addressed to us and the same being received by us at *[insert address of Bank's notification office: _____]* within 90 days from the expiry of this guarantee. Thereafter this guarantee shall become null and void notwithstanding that this guarantee is not returned to us for cancellation except for any claim(s) or direction submitted to us in writing not later than 90 days from the expiry of this guarantee.

5 We shall be obliged to effect the payment required under such a claim or direction forthwith. We shall be under no duty to inquire into the reasons, circumstances or authenticity of the grounds for such claim or direction and shall be entitled to rely upon any written notice thereof received by us (within the period specified in Clause 4 hereof) as final and conclusive.

* Not applicable for Insurance Bond issued by insurance companies

6 The Employer may make more than one claim on, or direction under, this guarantee so long as the claims or directions are made pursuant to Clause 4 hereof and within the period specified therein and the aggregate amount specified in all such claims and directions does not exceed the Guaranteed Sum.

7 This guarantee is issued subject to the laws of the Republic of Singapore and the jurisdiction of the Singapore courts.

Dated this _____ day of _____

AS WITNESS our hand

Signed by: _____
(Name and designation of officer)

for and on behalf of the

(Name of **Bank/Insurance Company)

(Signature)

in the presence of

Name _____

Designation _____

(Signature of Witness)

** Delete whichever is not applicable.