

**FOURTH PARLIAMENT OF THE SECOND REPUBLIC OF SIERRA LEONE :
THIRD SESSION 2015.**

**Report of the Joint
Parliamentary Committee on Finance and Transport
on the Procurement of 100 Buses, Spare Parts and
related Services for the Government of Sierra
Leone.**

Committee Chairmen:

Hon. Hassan B. Sherrif- Finance & Economic Development Committee

Hon. Alpha Babatunde Lewally- Transport and Aviation Committee

Parliament Building,

Freetown

PARLIAMENT LIBRARY
TOWER HILL FREETOWN

November 2015.

Table of Content

1.0 Background Information

1.1 Mandate

1.2 Committee Composition

1.3 Methodology

1.4 General Observations

1.5 Committee Findings and Observations

1.6 Conclusion and Recommendations

Mr. Speaker, Hon. Members, it is our honour to present to this august body the report of the Joint Parliamentary Committees of Finance and Transport on the 100 buses for the Government of Sierra Leone during the 2014/1015 Fiscal Year.

Mr. Speaker and Hon. Members, the Sierra Leone Road Transport Corporation [SLRTC], being a corporation that was established to provide efficient, reliable and sustainable public transportation services for the people of Sierra Leone. It difficulties or problems in meeting its social services started about a decade ago due to lack of money to replace old fleet of vehicles and spare parts.

The public perceptions of the corporation deteriorated considerably as evidenced by the long queues of commuters at various bus stops within the city and provincial district headquarter towns.

Also responsible for the dismal business climate at the Sierra Leone Road Transport Corporation (SLRTC) is the poor financial management and indiscipline in the day to day running of the affairs of the corporation. Much was not realized from the operations of the TATA Buses under the present management of the SLRTC despite of the huge bank loan that was secured to make a difference in the transportation sector. The same is true on the operations of the Ashok Leyland buses all of which were wrecked. Mr. Speaker, Hon. Members, in view of the above, coupled with the burning desire to bring relief to the travelling public, and in response to the agenda for prosperity, the Ministry of Transport and Aviation (MTA) representing the Government of Sierra Leone (hereinafter referred to as "the client") entered into a contract (14PLEX0320) with Poly Technologies, Inc. (PTI) of the People's Republic of China in May, 2014 for the procurement of 100 buses, mobile maintenance units, maintenance vehicles, Tools and equipment, spare parts and Technical training support. The face value

of the contract as agreed and as indicated in the price list is **US\$ 12,291,920** payable over a period of two years.

The terms of the contract also specified the technical contents of the package and payment requirements, whilst the execution of the contract received no objections from National Public Procurement Authority (N.P.P.A), the offices of the Attorney General and Minister of Justice, Minister of Finance, Minister of Transport and Aviation and State House based on the urgent need to revamp the transportation sector. **Mr. Speaker Hon. Members**, the 100 buses together with the other items in the package were shipped on the 3rd May, 2015 from Qindingao Port in China and were all received at the Queen Elizabeth II Quay, Freetown on the 6th July, 2015 under a duty waiver granted to the MTA.

We noted with concern the huge public and media outcries of dissatisfaction following the arrival and display of the buses on alleged inflated costs. Further, the procurement process and the degree and dimension of the debate on the entire management urged Parliament to intervene and to examine the credibility of the transaction.

In this regard, the Minister of Transport and Aviation, Mr. Balogun Koroma was summoned before Parliament on the whole procurement process that had attracted public and media attention. A Parliamentary motion was adopted after briefing for a Joint Select Committee on Finance and Transport with the intention to evaluate whether or not due diligence was followed.

The Committee commenced its work on the 24th July, 2015 but owing to investigation of the procurement process and MDAs involved, the volume of work that included meetings, field visits and reviewing various position papers became enormous. Besides the Joint Committee's investigation coincidentally fell within the August, 2015 Parliamentary recess, hence the delay of the laying of the report.

1.1 Mandate of the Joint Select Committee

Mr. Speaker, Honourable Members, the Joint Committee's mandate was established with the following terms of reference:

- a) to look into the whole commercial transaction rationale for the procured 100 buses and other items in the package, between the Government of Sierra Leone and the **Poly Technologies Incorporation** of the People's Republic of China, herein referred to as the "Contractor"/Consignor.
- b) to examine whether the procuring entity, the Ministry of Transport and Aviation (MTA), representing the GOSL followed due diligence as prescribed by various legal instruments for such transaction.
- c) to determine what constituted the total amount of **US\$ 12,291,920** for the whole transaction.

1.2. Joint Committee Composition

The Members of the two Committees that participated in this investigation are as follows :

- i. Hon Hassan B.Sherriff –**Chairman 1**
- ii. Hon.Alpha B.Lewally – **Chairman 2**
- iii. Hon.Alusine Marrah
- iv. Hon.Hellen Kuyembeh
- v. Hon.Saah Sangbah
- vi. Hon.Nicolas Kamara
- vii. Hon.Abu Bakarr Koroma
- viii. Hon.Amadu M.Kanu
- ix. Hon.Bashiru Silikie
- x. Hon.Moses Swaray
- xi. Hon.Kombor Kamara
- xii. Rosaline J.Smith
- xiii. Hon.Jusu Barry Mansaray
- xiv. Hon.Asumana Jaia Kaikai
- xv. Hon.Claude Daniel Melville Kamanda
- xvi. Hon.Brima Conteh
- xvii. Hon.Sidie M.Tunis
- xviii. Hon.Alhaji Seray Dumbuya
- xix. Hon.Komba E.S Boyah

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1.2.1 Others that observed the proceedings are listed below:

- i. Hon.Ibrahim Sesay-Clerk of Parliament
- ii. Hon Abdulai D.Sesay
- iii. Hon.Alhassan Jero Kamara
- iv. Hon.Salieu O. Sesay
- v. Hon.Sualiho M.Koroma
- vi. Edward Stile Jengo
- vii. Hon.Amadu Fofanah
- viii. Hon.F.A Kaisamba
- ix. Hon.Beneh Bangura
- x. Hon.Dan Y.Sesay
- xi. Hon.Aaron A.Koroma
- xii. Hon.Paran Tarawally
- xiii. Hon.Mohamed K.Tholley
- xiv. Hon.Albert Deen Kamara
- xv. Hon. Abu Jajua
- xvi. Hon. Thomas Mark Turay (Of blessed memory)

1.2.2 Support Staff.

Mr. Speaker, Hon. Members, the Joint Committee was supported by Parliamentary Staff of the two Committees in question :

Moriba Juius Songa (Clerk ,Transport)

Mahmoud Barrie (Clerk, Finance)

1.3 Methodology

Mr.Speaker, Hon.Members, the Joint Committee commenced its work on 24th July, 2015 with the Chairmen of the two Committees in question: Hon. Hassan B. Sheriff and Hon. Alpha B. Lewally . The Joint Committee adopted a multi-dimensional approach that was aimed at executing its mandate within the time frame set by the House.

To achieve this, the Joint Committee undertook the following activities aimed at achieving the objectives mentioned earlier:

- a) Wrote **summon** letters; as enshrined in Section 93(6) of the 1991 National Constitution to the following principal witnesses :

- i. The Director of Public Debts Management in the Ministry of Finance and Economic Development (MoFED) – **Mr. Sahr Jusu**,
- ii. The Managing Director of the Sierra Leone Road Transport Corporation (SLRTC)- **Mr. Bockarie Lewis Kamara** and technical staff
- iii. The Executive Director of the Sierra Leone Road Safety Authority(SLRSA) –**Dr,Sarah Finda Bendu**, who was ably represented by **Mr. Lamin Koroma**,the Technical Transport Consultant.

These witnesses appeared and testified before the Joint Committee and, submitted relevant supporting documents for the consumption of the Joint Committee.

- b) The second set of witnesses, **Mr. Leonard Balogun Koroma**, Minister of Transport and Aviation and **Dr. Kaifala Marah**, the Minister of Finance and Economic Development were requested to submit position papers on their respective roles in the procurement process.
- c) The final witness, **Mr Mahmoud Kadi**, who is the local representative of Poly Technologies Inc was requested to submit position paper on his role in the procurement of the 100 buses.

1.4 General Observations.

The Joint Committee critically observed that:

- i. The procurement of vehicles for use by the executive arm and other arms of Government and, by extension the 100 buses falls under the purview of the Ministry of Transport and Aviation (MTA).
- ii. The Ministry of Finance and Economic Development (MoFED) has the crucial role of negotiating the terms and conditions of payment of any commercial transaction, loans and suppliers credit facility. It is incumbent upon the Minister to lay before Parliament for approval any loan agreement as clearly spelt out in the Public Debts Management Act of 2011.
- iii. The Government shall not be bound by the terms of any loan contracted or purported to be contracted for or on its behalf by any person other than

the Minister responsible for Finance or a public officer, authorized in writing in that behalf, by the Minister of Finance.

- iv. Public Debts Management Unit ensured that Government's financing needs and its payment obligations are met at the lowest possible cost over the medium to long term, with a prudent degree of risk, and to promote development of the domestic debt market.
- v. The involvement of the SLRSA in this transaction and more specifically relating to the giving of technical advice on the customization and standard, befitting the country, was in conformity with the "Road Transport Authority Act,1996".

1.5 Committee Hearings : Findings and Observations

Mr. Speaker, Honourable Members, the Committee observed with keen interest the dispositions of the following.

1.5.0 DIRECTOR OF PUBLIC DEBTS MANAGEMENT

The Director of Public Debts Management, Mr. Sahr Jusu did inform the Committee that loans are not binding unless they are signed by the Minister of Finance or an official designated under a power of Attorney and ratified by Parliament. In this view, the Director of Public Debts Management indicated that he was not aware of any loan secured by the Minister responsible for Finance in the procurement of the 100 buses.

1.5.1 MINISTER OF TRANSPORT AND AVIATION

The Minister of Transport and Aviation acted within the established procurement procedures of the NPPA Act 2004, given the preapproval of His Excellency the President to procure 100 buses and workshop equipment. The Committee is of the view that the Minister of Transport and Aviation went on to do all that was necessary through the normal procurement process to acquire the 100 buses and workshop equipment. On that note, the Minister of Transport and Aviation fully involved the technical

Expert/teams of both SLRTC and SLRSA in ensuring that the buses are technically robust and mechanically reliable to withstand the adverse roads, weather conditions, and the prolong hours of operations the buses will be subjected to in Sierra Leone.

1.5.2 MINISTER OF FINANCE AND ECONOMIC DEVELOPMENT

The Committee wishes to note that the Minister of Finance and Economic Development has the sole authority to negotiate, sign and lay before Parliament for ratification the terms and conditions of any loan or suppliers credit. The Minister of Finance and Economic Development provided clarifications that the Ministry of Transport and Aviation entered into a commercial transaction with Poly Technologies Inc, structured on design and building in which costs were embedded. Since it was a commercial transaction, payment of the buses was provided for under the vote of the Ministry of Transport and Aviation and not from the Public Debts Vote. Also the Ministry of Finance and Economic Development gave its approval after the Ministry of Transport and Aviation (MTA) had obtained the no objection of the National Public Procurement Authority (NPPA) and Legal Opinion from the Attorney General and Minister of Justice.

1.5.3 MAHMOUD KADI AND POLY TECHNOLOGIES INC AND HIS RESPONSIBILITIES

Mr. Kadi acted as agent in the process of procuring the 100 buses with a view to:

- Ensuring that PTI had maximum business exposure in Sierra Leone,
- Providing local support in Sierra Leone
- Providing support to Government officials whilst in the Peoples Republic of China.

It is noted that Mr. Mahmoud Kadi coordinated and witnessed the first visit to China in December 2013 by the Minister of Transport and Aviation, Mr. Leonard Balogun Koroma, Mr. Bockarie Lewis Kamara and Mr. James A. Stevens both of the SLRTC and

SLRSA respectively. The Minister of Finance Dr. Kaifala Marah and the Director of Public Debts Management, Mr. Sahr Jusu later joined the delegation.

Also noted was the fact that the first visit was to assess and verify the capacity of Poly Technologies Inc (PTI) and to survey products on offer so as to make an intelligent decision on products available.

At the end of the day, a contract proposal was forwarded to NPPA for a no objection for sole source procurement.

In the dispose of the contract, Mr. Mahmoud Kadi received an agency fee in six figures; USD currency which is about 6.44% of the total amount paid on the contract. Under a normal business climate, this is not unusual and is not an offence to receive a fee or commission on this type of transaction.

1.6 CONCLUSION and RECOMMENDATIONS

Upon thorough review of the evidence adduced by the Ministers of Transport and Aviation (MTA), Finance and Economic Development and in line with established procurement procedures, the Committee recommends that:

1. The matter be closed since no official was found wanting in the entire process.
2. The transaction was classified as commercial transaction for the procurement of the 100 buses and not a loan transaction. Therefore it should not be brought to Parliament for approval.
3. A provision was made in the 2014 National Budget for the purchase of buses for the GOSL under the vote of the Ministry of Transport and Aviation
4. All the 100 buses were received and accounted for by the Ministry of Transport and Aviation, and were put for public display.
5. Due diligence was followed with regards to the established procurement procedures as contained in the NPPA Act of 2004.

6. Finally the Government of Sierra Leone should meet its financial obligation to pay the debt on time in order to prevent the Government of Sierra Leone from getting bad credit ratings.

Attached is Annex 2, which is the **Contract document**, signed by the Minister of Transport and Aviation and the **Supplier's invoice**.

Faithfully Submitted

Joint Committee Chairmen



Hon. Hassan B. Sheriff, Finance Committee

Hon. Alpha Babatunde Lewally, Transport Committee

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MAY, 2014

(HEREINAFTER REFERRED TO AS "THE CONTRACTOR")

PEOPLE'S REPUBLIC OF CHINA

POLY TECHNOLOGIES, INC.

AND

(HEREINAFTER REFERRED TO AS "THE CLIENT")

REPUBLIC OF SIERRA LEONE

MINISTRY OF TRANSPORT AND AVIATION

BETWEEN

SUPPLY AND DELIVERY OF BUSES AND EQUIPMENT

FOR

CONTRACT NO. 14PLEX0320

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Handwritten signature: M. J. (Mansour)

Handwritten numbers: 12, 15, 18

GENERAL

This Contract is made in Freetown, Sierra Leone on the 12th day of May, 2014 between

Sierra Leone Ministry of Transport and Aviation

Tel. + 232-76-610 494 / +232-78-316 250

7th Floor, Youyi Building, Brookfields, Freetown, which is

Representing the Government of Sierra Leone, hereinafter called the CLIENT on one part and

Poly Technologies Inc.

Tel: +86-10-6408 2288

Fax: +86-10-6408 2935

New Poly Plaza, 100010

Beijing, P. R. China, which is

a State-owned Enterprise under the laws of People's Republic of China, having its head office in Beijing, China, hereinafter called the CONTRACTOR on the other part.

WHEREAS the CLIENT is willing to acquire and the CONTRACTOR is willing to provide the BUSES and EQUIPMENT as per the requirement of THE CLIENT with terms & conditions stipulated in this agreement hereinafter.

NOW THEREFORE, the two parties do mutually agree and declare to perform in accordance with the terms and conditions written herein below.

ARTICLE 1. DEFINITION OF TERMS

In this Agreement unless otherwise requires the context of the following terms shall have the following meaning:

1.1 "Contract" means the present contract and Annexes and any amendments agreed and signed by the two Parties thereon.

1.2 "Goods" or "Product" means the technical equipment and service as described in Annex 2 of this contract.

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- 2.1 The CLIENT agrees to acquire from the Contractor, and the Contractor agrees to supply to the CLIENT under the terms and conditions of the Contract, the Goods detailed in the Contract in such quantities and technical specifications and services as therein contained.
- 2.2 The scope of the Contract shall be the manufacture, production, supply, delivery, installation, training on operation, use and maintenance, warranty period repairs and maintenance services of certain goods specifically detailed in the annexes of this Contract.
- 2.3 The contractor shall comply strictly with the terms of the Contract and the technical annexes under this contract.

ARTICLE 2. SCOPE OF CONTRACT

- 1.3 "Contract price" means the total price described in Article 3.
- 1.4 "Service" means the training, including operational and maintenance training, after-sales services and relevant technical documents, provided with the commodities.
- 1.5 "Port of Loading" means the port where the goods are embarked at the designated main Seaport in China.
- 1.6 "Port of Un-loading" means the port where the goods are delivered that is Freetown Sea Port, Sierra Leone.
- 1.7 "Effective Date" means the date on which the contract entered into in accordance with article 16.
- 1.8 "CLIENT" stands for the Ministry of Transport and Aviation of the Republic of Sierra Leone.
- 1.9 "CONTRACTOR" stands for Poly Technologies, Inc. of People's Republic of China.
- 1.10 "CIF" means "Cost, insurance and freight" in accordance with INCOTERMS 2000.

The total contract price is USD 12,291,920.00 (Say US Dollars Twelve Million Two Hundred and Ninety One Thousand Nine Hundred and Twenty Cif Freetown seaport Only), which shall remain fixed for the duration of the Contract, and any adjustment of the Contract Value shall be reflected in a variation of the Goods only.

The Contract price consists of the following prices:

S/N	Items	Qty	Unit	Unit Price	Amount
1	City Bus type LCK6702D	50	Nos	74,815	3,740,750
2	City Bus type LCK6780D	20	Nos	104,000	2,080,000
2	Provincial Bus type LCK6108T	30	Nos	137,950	4,138,500
3	Mobile workshop vehicle type QDZ2160YXQ2	2	Nos	251,460	502,920
4	Operation management vehicle	3	Nos	61,200	183,600
5	Spare parts for vehicles	1	set	923,209	923,209
6	Injection Pump Test Machine type 12PSDB150	1	Nos	243,743	243,743
7	Injector Nozzle Test Machine type PJ-40	1	Nos	657	657
8	Tools to Service Distributor type Pump and Inline Injector type Pump	1	Nos	829	829
9	Battery Charger	1	Nos	1,486	1,486
10	Portable Mobile Charger	1	Nos	1,115	1,115
11	Industrial Multi-tester	1	Nos	103	103
12	Valve Grinding Machine	1	Nos	5,544	5,544
13	Cylinder Head Refacing Machine	1	Nos	91	91
14	Con-rod Bearing Boring Machine	1	Nos	26,782	26,782
15	Valve Seal Boring Machine	1	Nos	43,205	43,205
16	Cylinder Liner Boring Machine	1	Nos	56,984	56,984
17	Polishing Machine	1	Nos	343	343
18	Pressing Machine	1	Nos	19,147	19,147
19	Industrial Centre Lathe Machine	1	Nos	34,808	34,808
20	Standing Drill Machine	1	Nos	1,658	1,658
21	Internal Micro Meter	1	Nos	223	223

ARTICLE 3: CONTRACT PRICE

15
 14
 13
 12

2	Outside Micro Meter	1	Nos	223	
23	Delivery training			130,000	130,000
24	Technical support			156,000	156,000
Total CIF Value				USD12,291,920.00	

16
222 15
38

ARTICLE 4. TERMS OF PAYMENT

4.1 The payment will be made as follows:

4.1.1 20% of the total contract value of 2,458,384.00 (Say US Dollars Two Million Four Hundred and Fifty Eight Thousand Three Hundred and Eighty Four Only) should be paid upon the submission of advance payment guarantee by the CONTRACTOR within one month after signing of the contract.

4.1.2 10% of the total contract value of 1,229,192.00 (Say US Dollars One Million Two Hundred and Twenty Nine Thousand One Hundred and Ninety Two Only) should be paid upon the submission of advance payment guarantee by the CONTRACTOR within three months after the first payment.

4.1.3 Remaining 70% of contract value shall be paid in 7 equal quarterly based installments, starting from one month after the shipping date of entire consignment under the contract, or starting from November 30, 2014, whichever is earlier. Detailed payment schedule is as follows:

Date	Ratio of Installment	Payment Due(USD)
30/05/2014	20.00% ✓ ✓	2,458,384.00 ✓
31/08/2014	10.00% * ✓	1,229,192.00 ✓
30/11/2014	10.00% } x	1,229,192.00 x
28/02/2015	10.00% } x	1,229,192.00 x
31/05/2015	10.00%	1,229,192.00
31/08/2015	10.00%	1,229,192.00
30/11/2015	10.00%	1,229,192.00
29/02/2016	10.00%	1,229,192.00
31/05/2016	10.00%	1,229,192.00
Total CIF Value	100.00%	12,291,920.00

4

5

7.1

When GOODS under the contract arrive at the CLIENT's site, the CONTRACTOR shall send a team composed of four (4) persons, who will provide training for three (3) months on operation and maintenance of

ARTICLE 7. TRAINING/TECHNICAL SUPPORT

6.2

The CONTRACTOR shall provide the CLIENT with the whole set of shipping documents, if any, including Bill of Lading, commercial invoice, and detailed packing list of the Goods immediately after delivery of entire consignment.

6.1

The Goods as per stipulated in Article 2 of this Contract shall be ready for shipment at Chinese Seaport within 4 months after the contract comes into force.

ARTICLE 6. DELIVERY

5.4

MTA Acceptance Certificate will be issued if the goods found conforming to the technical specifications attached in Annex 2

5.3

The inspection, test and final acceptance will be carried out at the CLIENT's end after the arrival of the goods.

5.2

Shipping marks: All equipments and materials carted or undated shall be marked:

5.1

All the Goods stipulated in Article 2 shall be carefully packed according to the CONTRACTOR's packing standard, suitable for Long Distance Ocean or air transportation, and well protected against moisture and shock.

ARTICLE 5. PACKING AND INSPECTION

4.2

The bank information of the Contractor is as follows:

A/C Name: POLY TECHNOLOGIES, INC
Bank: Bank of China, Head Office
Address: No. 1 Fuxingmen Nei Dajie, Beijing, China.
A/C No.: 778350013916
SWIFT Code: BKCHCNBJ

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the GOODS. International round ticket, food, accommodation and salary of the team will be at the cost of the CONTRACTOR, while the CLIENT shall provide local transport, translator(s) if required, assistance in obtaining accommodation and food for the team, and labor force, equipment and tools necessary for the training.

7.2 The CONTRACTOR will send technicians for two routine inspections, one in three months after the training upon delivery, another before the expiry of the one-year warranty period, each period lasting 15 days. In case of occurrence of serious defects which cannot be repaired by the CLIENT within the one year warranty period, the CONTRACTOR shall send a technical team to Sierra Leone to provide after-sale service and technical support. International round ticket, food, accommodation and salary of the technicians will be at the cost of the CONTRACTOR, while the CLIENT shall provide local transport, translator(s) if required, assistance in obtaining accommodation and food for the team, and labor force, equipment and tools necessary for the work of the technicians.

7.3 If trainees are sent by the CLIENT to receive training in China, all cost, including international round ticket, food, accommodation and salary of the trainees, shall be borne by the CLIENT, while the CONTRACTOR shall provide local transport and all necessary assistance for the training program.

ARTICLE 8. WARRANTY/QUALITY GUARANTEE PERIOD

8.1 The CONTRACTOR hereby warrants the Goods against technical defects, faulty system design, inferior material, malfunctioning and poor workmanship that can be attributed to Manufacturer's liability, for a period of one (01) year from the date of shipment from Chinese sea port.

8.2 During the Warranty period (Quality Guarantee Period), the CONTRACTOR shall, at its own expense, solve any quality problem caused by the default of the manufacturer.

8.3 If any technical problem caused by the CLIENT's improper operation or maintenance occurs during the Quality Guarantee Period, the CONTRACTOR may at the CLIENT's request, provide the technical assistance at the CLIENT's expense.

8.4 The Contractor may, at the CLIENT request, provide additional technical

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or other related services for the Goods after the Warranty (Quality Guarantee Period), at the CLIENT's cost.

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ARTICLE 9. AMENDMENT

- 9.1 This contract shall only be amended or supplemented by mutual consent and signature of the CONTRACTOR and the CLIENT in written form.
- 9.2 Such annex, amendment or supplement, when executed in accordance with Article 12, shall form an integral part of this contract.

ARTICLE 10. LICENSES, DUTIES AND TAXES

- 10.1 All permits and licenses as well as taxes, customs duties and other expenses in connection with the execution of this contract, applicable or to become applicable in the CONTRACTOR's country, shall be sole responsibility of the CONTRACTOR.
- 10.2 All permits and licenses as well as taxes, custom duties and other expense in connection with the execution of this contract, applicable or to become applicable in the CLIENT's country, shall be sole responsibility of the CLIENT.

ARTICLE 11. FORCE MAJEURE

Both parties shall be excused from performing their respective obligations due to an event of force majeure such as war, revolution, spread-outs of contagious disease, earthquake and other events which are beyond the reasonable control of the parties, and which are unforeseeable and unavoidable. The party affected shall submit evidence of the force majeure to the other party. If the force majeure condition persists up to 45 days, two parties shall meet and agree on the most orderly realignment of the contract.

ARTICLE 12. CLAIMS

- 12.1 Should the quality, quantity and/or the specification of the commodity be found not in conformity with the stipulations of the contract during the inspection stated in Article 5, the CONTRACTOR agrees to examine



any claim, which shall be supported by a written report issued by a reputable surveyor approved by parties. Claims concerning quantities and/or the specifications shall be made during the inspection.

12.2 Claims concerning quality shall be made in writing within 30 days after the arrival of the goods at the destination port.

12.3 The CONTRACTOR shall not be held responsible for any claim of incorrect installation, improper or wrong maintenance & operation, or any other reason from which that the CONTRACTOR shall be excused.

12.4 In the event of non-conformity, the CONTRACTOR shall promptly repair or replace such goods or supply the quantity that is deficient.

ARTICLE 13. ARBITRATION

The parties shall use their best efforts to negotiate in good faith and settle any dispute that may arise out of or relate to this Agreement or any breach of it. If any such dispute(s) cannot be settled amicably through ordinary negotiations by the parties, such dispute (s) shall then be submitted for arbitration to the China International Economic and Trade Arbitration Commission (CIETAC) Hong Kong Center in accordance with the CIETAC's arbitration rules. Chinese Law shall apply. The Arbitration proceedings shall be conducted in English language and the decision of the Arbitration Institute shall be final and binding upon both Parties; neither Party shall seek recourse to a law court nor other authorities to appeal for revision of the decision. A certified declaration of the results of the arbitration shall be issued by the Arbitration Tribunal. Costs of the arbitration proceedings shall be borne by the losing Party.

ARTICLE 14. LANGUAGE

All correspondence, technical documentation and reports in relation to this Contract shall be made in the English Language.

ARTICLE 15. ORDER OF PRECEDENCE OF CONTRACT DOCUMENTS

16.1 The Contract comprises the following documents, in order of precedence:

The Contract;

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Mr. Liu Jianmin
Vice President
Poly Technologies, Inc.

Honorable Leonard Balogun KOROMA
Minister of Transport and Aviation
MTA, Sierra Leone

[Signature]

[Signature]

For & On Behalf of the Contractor

For & On Behalf of the CLIENT

Done in English in four originals, this Contract is signed on 12th May 2014 at FreeTown, each Party holding two originals with equally authenticity.

- 1) Signature by both parties
- 2) Receipt of 20% down payment by CONTRACTOR
- 3) Letter of Commitment from SL Government (Ministry of Finance and Economic Development)

This Contract shall become effective when all the following situations are realized:

ARTICLE 16. CONTRACT EFFECTIVENESS

16.2 The various documents making up the Contract shall be deemed to be mutually explanatory; in cases of ambiguity or divergence, they shall be read in the above hierarchy.

- Annex 1 - General Specifications of Buses;
- Annex 2 - the list of Goods including the technical specifications;

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Mr Leonard Balogun Koroma
Honorable Minister Of Transport and Aviation
7th Floor, Youyi Building
Freetown
Sierra Leone

10th January 2014

Ref.: Proforma Invoice No.14PLEX0320 from Poly Technologies, Inc to the Sierra Leone Ministry of Transport and Aviation for the Procurement of Buses and Equipment with an amount of USD12,291,920.00

Your Honorable,

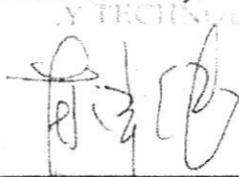
We are pleased, pursuant to the several discussions regarding the above matter during the visit of the delegation from your esteemed Ministry to China in December 2013, that we are now in the final stage of the contractual arrangements.

We are therefore presenting to you our irrevocable Proforma Invoice amounting to USD12,291,920.00, including the detailed costing, Delivery, and Payment Terms that will govern the conduct of the contract.

We wish to emphasize that the prices which have been quoted are extremely competitive and inclusive of spare parts for two year and training for certain items and we hope that you will agree that we have indeed extended lengths to provide you with the very high specification and quality of the articles throughout. In addition, we would like to stress that the Payment and Delivery Terms are most favourable to your Ministry, as we are keen as a Corporation to maintain a long-term relationship with your Ministry as well as the Government of Sierra Leone.

We hope that you will find the enclosed details to your satisfaction, and look forward to a speedy and favourable response from you.

Yours faithfully,



Miao Zechun
General Manager
Africa Department
Poly Technologies, Inc.

Copy to:

1. Mr. Kaifala Marah, Honorable Minister of Finance and Economic Development
2. Mr. Edmund Koroma, Financial Secretary, Ministry of Finance and Economic Development
3. Mr. Saa Kpulun, Permanent Secretary, Ministry of Transport and Aviation



保利科技有限公司
POLY TECHNOLOGIES, INC.

Mr. Leonard Balogun Koroma
Honorable Minister Of Transport and Aviation
7th Floor, Youyi Building
Freetown
Sierra Leone

PROFORMA INVOICE

Port of Shipment: China port
Port of Destination: Freetown, SL.

Invoice No. 14PLEX0320
Date: February 19, 2014

S/N	Items	Specifications	Qty	Unit	CIF Unit Price	Amount
1	City Bus type LCK6702D	19+1 seats, 92KW/123HP, engine: EQB125-20, A/C	50	Nos	74,815	3,740,750
2	City Bus type LCK6780D	30+1 seats, 115KW/154HP, Engine: ISF3.8S3154, A/C	20	Nos	104,000	2,080,000
2	Provincial Bus type LCK6108T	48+1 seat, 170KW/228HP, engine YC6J230-20, Euro II, A/C	30	Nos	137,950	4,138,500
3	Mobile workshop vehicle type QDZ2160YXQ2	4x4, Mechanical Maintenance purpose, Diesel Generator, 2T hydraulic crane, 5 hydraulic winch	2	Nos	251,460	502,920
4	Operation management vehicle	Type X8, with front guard bars	3	Nos	61,200	183,600
5	Spare parts for vehicles	For normal running of 2 years	1	set	923,209	923,209
6	Injection Pump Test Machine type 12PSDB150	Calibration for mechanical diesel injection pump	1	Nos	243,743	243,743
7	Injector Nozzle Test Machine type PJ-40	test for mechanical diesel injection pump	1	Nos	657	657
8	Tools to Service Distributor type Pump and Inline Injector type Pump		1	Nos	829	829
9	Battery Charger	NHCD72-30, with the capacity to charge up to six 12 volts battery at a time	1	Nos	1,486	1,486
10	Portable Mobile Charger	NHCD48-30, with the capacity to charge up to four 12 volts battery at a time	1	Nos	1,115	1,115



保利科技有限公司
POLY TECHNOLOGIES, INC.

S/N	Items	Specifications	Qty	Unit	CIF Unit Price	Amount
12	Valve Grinding Machine	3M9390A	1	Nos	5,544	5,544
13	Cylinder Head Refacing Machine	TZ100111	1	Nos	91	91
14	Con-rod Bearing Boring Machine	T8210D	1	Nos	26,782	26,782
15	Valve Seat Boring Machine	T8590	1	Nos	43,205	43,205
16	Cylinder Liner Boring Machine	T8120X20	1	Nos	56,984	56,984
17	Polishing Machine	DG150C	1	Nos	343	343
18	Pressing Machine	MDY630, 630KN, 30Mpa	1	Nos	19,147	19,147
19	Industrial Centre Lathe Machine	CDA6250A	1	Nos	34,808	34,808
20	Standing Drill Machine	Z4120	1	Nos	1,658	1,658
21	Internal Micro Meter	0-150mm	1	Nos	223	223
22	Outside Micro Meter	50-75mm/ 75-100mm/100-125m	1	Nos	223	223
23	Delivery training	4 persons for 3 months, including international return ticket, accommodation, food			130,000	130,000
24	Technical support	2 routine inspections and service in one year warranty, including international return ticket, accommodation, food			156,000	156,000
	Total				USD	12,291,920.00

GRAND TOTAL C.I.F FREETOWN, inclusive of freight, insurance, funding cost and international insurance(SINOSURE) US\$12,291,920.00

Say U.S. Dollar Twelve Million Two Hundred and Ninety One Thousand Nine Hundred and Twenty CIF Freetown Only.

Remark:

1. Detailed technical specs of the vehicles and equipment are attached.
2. Prices for all items are based on the quantity in the above list, and subject to any change in quantity.

Mr. Leonard Balogun Koroma
Honorable Minister Of Transport and Aviation
7th Floor, Youyi Building
Freetown
Sierra Leone

PROFORMA INVOICE

Port of Shipment: China port
Port of Destination: Freetown, SL.

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10	Portable Mobile Charger	NHCD48-30, with the capacity to charge up to four 12 volts battery at a time	1	Nos	1,115	1,115