



LNG CIF - SOFT CORPORATE OFFER (SCO)

Commodity: Liquefied Natural Gas (LNG)

1. Commodity Origin

- **Commodity:** Liquefied Natural Gas (LNG)
 - **Origin:** Oman
 - **Inspection:** SGS or equivalent
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2. Delivery & Incoterms

- **Incoterms:** CIF Asia or Europe (Port of Discharge to be nominated by Buyer)
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3. Quantity & Term

- **Trial Shipment:** One vessel (~58,000 MT)
 - **Contract Quantity:** 200,000 MT per month
 - **Term:** Renewable annually under SPA terms
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4. Pricing

- **Price Basis:** 10%–12% discount to **JKM** (Japan Korea Marker)
- **Price Fixing:** JKM 7-day average centered on vessel arrival
 - Trailing 3 days
 - Arrival day
 - Following 3 days

JKM Explained (for LNG deals)

JKM = Japan Korea Marker.

It's the **main price index for LNG in Asia**. It shows the daily market price for a **spot LNG cargo delivered into Japan, Korea, China or Taiwan**.

[oilpriceapi.com]] (<https://www.oilpriceapi.com/commodities/jkm- lng>)

It is the **#1 benchmark** used for most Asian LNG trades and is considered the **world's most important LNG price indicator** because it prices **70%+ of global LNG trade**. [ice.com]] (<https://www.ice.com/global- natural-gas- futures/jkm>)

Your LNG price is:

JKM × (1 – discount)

So, with a 10–12% discount, you pay **88–90% of the JKM price**.

In short:

JKM = the real market value of LNG delivered into Asia today, and your contract price is calculated as a discount to that index.

5. Banking Terms

- **Payment Security:**
 - **DLC MT700** or **SBLC MT760** (via SWIFT)
 - Issued as **Non-Transferable, Non-Assignable, Non-Operative**
 - Becomes **Operative** only after issuance of **2% PB** and full POP (Step 7)
- **Final Payment:**
 - **MT103 Confirmed Wire TT** or **drawdown under DLC MT700**
 - Banking performed through **HSBC Hong Kong**

TRANSACTION PROCEDURE

1. **Upon the Buyer's acceptance of this soft offer and the operating procedures, the Buyer shall issue an Irrevocable Corporate Purchase Order (ICPO) complete company profile (CP) to the Seller.**
2. **The Seller shall issue the draft Sales and Purchase Agreement (SPA), Non- Circumvention Non-Disclosure Agreement/International Master Fee Protection Agreement (NCNDA/IMFPA) to the Buyer for review and signature; after signing, the Buyer shall send the above documents back to the Seller together with the letter of acceptance, a copy of the legal representative's passport, and the company registration documents.**
3. **The Seller and the Buyer sign a Charter Party Agreement (CPA) with the shipping company, specifying the logistics and transportation matters of LNG cargo to the Buyer's designated destination port. (Note: The Buyer bears no financial responsibility for the CPA)**
4. **The Seller completes the filing of transaction-related documents, and sends the scanned copy of the filed agreement draft to the Buyer via secure email, together with the Partial Proof of Product (POP) including Commitment to Supply, Statement of Product Availability,**

Certificate of Origin, Commercial Invoice, Charter Party Agreement, etc.

5. **Upon the Buyer's confirmation of all documents, the Buyer shall issue a payment guarantee corresponding to the cargo volume (single ship volume for spot cargo, first month volume for long-term supply) to the Seller's bank via SWIFT within 10 banking days, namely DLC MT700/SBLC MT760.**

Note: The Instrument shall be issued as Non-Transferrable, Non-Assignable, and Non-Operative. The Instrument shall only become Operative upon the Seller's issuance of its Performance Bond, along with POP documents at Step 7 of the Transaction Procedures.

6. **Upon the Seller's bank confirming the receipt of the above letter of credit, the Seller shall complete the title filing and transfer within 3 working days, and officially designate the Buyer as the beneficial owner of the LNG cargo.**
7. **The Seller issues a 2% Performance Bond to the Buyer, and at the same time provides a full set of documents including:**
 - LNG Export License
 - SGS Inspection Report
 - Vessel Details (Q88)
 - Bill of Lading marked "*Freight Pre-paid*"(indicating the Buyer's name)
 - Certificate of Quality and Quantity (Q&Q) issued by SGS
 - Title Ownership Certificate
 - Any and all customary documents

Seller officially commences delivery. Upon the Buyer's verification of the documents, and confirmation of the 2% Performance Bond, the DLC MT700/SBLC MT760 shall become Operative, however shall not be drawn upon until a satisfactory Q&Q report has been commissioned by the Buyer at the Port of Discharge (for DLC MT700).

8. **The spot cargo is shipped in accordance with the schedule agreed by both parties; after the delivery of the first month's cargo volume for long-term supply.**
9. **After the LNG carrier arrives at the Buyer's designated destination port, the Buyer shall appoint SGS or a local authoritative inspection institution to inspect the cargo.**

Note: The price is finalized using the JKM 7-day average centered on the vessel's arrival at the Port of Discharge (Trailing 3-days of arrival, arrival date, and subsequent 3-days post-arrival).
10. **After the inspection result meets the standards agreed by both parties, the Buyer shall immediately pay the full payment of the batch of cargo to the Seller via MT103 Confirmed Wire TT, and the transaction is completed.**

LNG Specifications

TEST	METHOD	RESULT	UNIT
METHANE	ISO 6974	96.8561	% mol
ETHANE	ISO 6974	2.7916	% mol
PROPANE	ISO 6974	0.1515	% mol
ISO BUTANE	ISO 6974	0.0513	% mol
NORMAL BUTANE	ISO 6974	0.0340	% mol
ISO PENTANE	ISO 6974	0.0119	% mol
NEO PENTANE	ISO 6974	0.0032	% mol
NORMAL PENTANE	ISO 6974	0.0018	% mol
NORMAL HEXANE	ISO 6974	0.0007	% mol
NITROGEN	ISO 6974	0.0948	% mol
CARBON DIOXIDE	ISO 6974	0.0031	% mol

Impurities Analysis

TEST	SPECIFICATION	RESULT	UNIT
Oxygen Hydrogen	% mol	< 0.005 (0.0040)	% mol
Helium	% mol	< 0.001	% mol
Carbon Monoxide	% mol	0.0640	% mol
Hydrogen Sulphide	ppm	< 0.2	ppm
Carbonyl Sulphide	mg/m ³	< 1.0	mg/m ³
Mercaptan Sulphur	mg/m ³	< 1.0	mg/m ³
Total Sulphur	mg/m ³	< 1.0	mg/m ³
Water content	mg/m ³	< 1.0	mg/m ³
Mercury	ng/m ³	< 10	ng/m ³

Note: The above technical parameters are typical sample test results. The technical indicators of the final delivered goods shall not be lower than this standard and shall comply with the general quality requirements of international LNG trade.