

## New Bunker Surcharge Notice: “WBS” (Wan Hai Bunker Surcharge)

On 1<sup>st</sup> January 2020, the International Maritime Organization (IMO) will implement a new global sulphur cap for marine fuel oil in order to reduce Sulphur Oxides (SOx) emissions from ships. According to this new IMO 2020 Sulphur regulation, the sulphur content of marine fuel oil will have to be capped within 0.5% against current limit of 3.5%.

By further reducing Sulphur Oxides emissions from ships, the new regulation is expected to bring additional benefits to the global environment and human health, especially for populations living near coastal areas. As a socially responsible service operator and a member of the global shipping industry, Wan Hai Lines shall in all aspect fully comply with the new regulation so as to reduce the amount of Sulphur Oxides emission and to create a better environment for the global society.

In preparation for the compliance with this new regulation, Wan Hai Lines will be obliged to take in 0.5% low Sulphur fuel from the beginning of fourth quarter 2019 due to both safety operation and technical adjustment concerns from existing machineries on board the ship. As a consequence, there is a need for Wan Hai Lines to introduce a revised bunker SURCHARGE mechanism to reflect the additional low Sulphur bunker cost with effect from 1<sup>st</sup> November 2019.

The followings are outlines of our revised bunker SURCHARGE mechanism:

- Name of the SURCHARGE: WBS
- Effective Date: 1<sup>st</sup> November, 2019 based on shipment on-board date.
- Application for WBS : All areas as stipulated in the WBS Matrix Table stated herein, with the exception of Cross-Strait region in Intra-Asia trade. The surcharge mechanism for services between Cross-Strait Region(to/from China and Taiwan) shall be announced separately.
- Mechanism: WBS will be computed on quarterly basis according to average low Sulphur fuel price taken from 60% Hong Kong and 40% Singapore respectively for the preceding 3 months period with an addition of 1 month pre-notice before implementation.

	0.5% LSFO (R1)	WBS Announced	WBS to be Applied
First	July~ Sep 2019	Oct 2019	Nov/01~Dec/31,2019
Period 1	Sep ~ Nov	December	Jan/01 to Mar/31
Period 2	Dec ~Feb	March	Apr/01to Jun/30
Period 3	Mar~May	June	Jul/01 to Sep/30
Period 4	Jun~Aug	September	Oct/01 to Dec/31

**WBS Matrix(per TEU/standard dry container)**

Trade	Bound	≤\$400	\$400.01~450	\$450.01~500	\$500.01~550	\$550.01~600	\$600.01~650	\$650.01~700	\$700.01~750
Intra-Asia	Region A	16	24	32	40	48	56	64	72
	Region B	30	45	60	75	90	105	120	135
Asia - India Sub continent	WB	65	98	130	163	195	228	260	293
	EB	33	49	65	81	98	114	130	146
Asia - Middle East	WB	70	105	140	175	210	245	280	315
	EB	35	53	70	88	105	123	140	158
Asia - Red Sea	WB	80	120	160	200	240	280	320	360
	EB	24	36	48	60	72	84	96	108
Asia - South America West Coast	EB	109	164	218	273	327	382	436	491
	WB	33	49	65	82	98	114	131	147

**WBS Matrix(per TEU/Reefer container)**

Trade	Bound	≤\$400	\$400.01~450	\$450.01~500	\$500.01~550	\$550.01~600	\$600.01~650	\$650.01~700	\$700.01~750
Intra-Asia	Region A	24	36	48	60	72	84	96	108
	Region B	45	68	90	113	135	158	180	203
Asia - India Sub continent	WB	98	146	195	244	293	341	390	439
	EB	49	73	98	122	146	171	195	219
Asia - Middle East	WB	105	158	210	263	315	368	420	473
	EB	53	79	105	131	158	184	210	236
Asia - Red Sea	WB	120	180	240	300	360	420	480	540
	EB	36	54	72	90	108	126	144	162
Asia - South America West Coast	EB	164	245	327	409	491	572	654	736
	WB	49	74	98	123	147	172	196	221

- For Reefers, WBS will be applied 1.5 times of standard dry container.
- For TP trade, Bunker Surcharge is subject to individual service contract.
- For Intra Asia trade lanes, the [Region A] and [Region B] is categorized by distance as below :

PODIPOL	JPN	KOR	N.PRC	E.PRC	S.PRC	HKG	TWN	PHL	Hai Phong	S.VNM	KHM	THA	SGP	MYS	IDN	MMR
JPN		A	A	A	A	A	A	B	B	B	B	B	B	B	B	B
KOR	A		A	A	A	A	A	B	B	B	B	B	B	B	B	B
N.PRC	A	A				A		B	B	B	B	B	B	B	B	B
E.PRC	A	A				A		A	B	B	B	B	B	B	B	B
S.PRC	A	A				A		A	A	A	A	B	B	B	B	B
HKG	A	A	A	A	A			A	A	A	A	B	B	B	B	B
TWN	A	A				A		A	A	A	A	B	B	B	B	B
PHL	B	B	B	A	A	A	A		A	A	B	B	A	B	B	B
Hai Phong	B	B	B	B	A	A	A	A			A	A	A	B	B	B
S.VNM	B	B	B	B	A	A	A	A			A	A	A	A	A	B
KHM	B	B	B	B	A	A	A	B	A	A		A	A	A	A	B
THA	B	B	B	B	B	B	B	B	A	A	A		A	A	A	B
SGP	B	B	B	B	B	B	B	A	A	A	A	A		A	A	A
MYS	B	B	B	B	B	B	B	B	B	A	A	A	A		A	A
IDN	B	B	B	B	B	B	B	B	B	A	A	A	A	A		A
MMR	B	B	B	B	B	B	B	B	B	B	B	B	A	A	A	

Remark:

1.N.PRC included Dalian, Tianjin, Qingdao, Lianyungang and all other ports tranship via them.

2.E.PRC included Shanghai, Ningbo, Fuzhouj, Fujian Jiangyin, Xiamen and all other ports transhipd via them.

3.S.PRC included all ports in Guangdong province, Guangxi province,Hainan and all other ports tranship via them.

We seek your understanding and contribution towards IMO 2020. Should you have any question relating to this matter, please contact local sales representative for more details.

Thank You!

**Yours sincerely,**

**WAN HAI LINES LTD.**