

WHL/PIL SLOT EXCHANGE AND  
SAILING AGREEMENT

FMC Agreement No.  
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WHL/PIL SLOT EXCHANGE  
AND SAILING AGREEMENT

FMC Agreement No.

011989

A Slot Exchange and Sailing Agreement

Expiration Date: See Article 8

This Agreement has not been published previously.



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Article 1:     Name.

The full name of this Agreement is the WHL/PIL Slot Exchange and Sailing Agreement (the "Agreement").

Article 2:     Purpose.

The purpose of this Agreement is to allow the Parties to exchange slots in a weekly service between Asia and the United States West Coast (USWC) ports (the "Service"), as contemplated hereinafter.

Article 3:     Parties.

The names and registered addresses of the Parties to this Agreement are the following:

- (1) Wan Hai Lines Ltd. ("WHL"),  
10<sup>th</sup> Floor  
136 Sung Chiang Road  
Taipei, Taiwan R.O.C. ZIP: 104
- (2) Pacific International Lines (Pte) Ltd. ("PIL")  
140 Cecil Street, # 03-00, PIL Building,  
Singapore 069540.

WHL and PIL are hereinafter referred to individually as a "Party" and jointly as the "Parties."

Article 4:     Geographic Scope.

The geographic scope of this Agreement shall cover the trade between Asia and especially ports in China, Hong Kong, Taiwan and South Korea, and inland and coastal points and other Asian ports served via such ports on the one hand; and ports in the Pacific coast of the United States of America in the Seattle, Washington State to San Diego, California range inclusive, and United States inland and coastal points served via such ports on the other hand and vice versa. The foregoing geographic scope is hereinafter referred to as "the Trade".

The Parties agree that nothing contained in above paragraph shall preclude any Party from utilizing their respective allocations under the present Agreement for the carriage of cargo to/from areas outside the Trade.

Article 5: Overview of Agreement Authority.

5.1 Space, Vessels and Service.

(a) The Parties will operate a total of five (5) Vessels with an agreed declared capacity between 2,300 and 5,600 twenty-foot equivalent units ("TEUs") at an average of 10 Tons per TEU, per individual roundtrip sailing.

It is further agreed that PIL shall contribute one(1) vessel and WHL shall contribute four(4) Vessels. Alternatively, WHL may contribute three (3) Vessels and reserves the right to invite a third party to contribute the fifth vessel. Provided the fifth vessel is in effect provided by a third party, such third party shall become a Party to the Agreement, being therefore subject to the same rights, duties and obligations. In such case, this Agreement will be amended and filed with the Federal Maritime Commission to include such third Party.

(b) The Service will be a weekly service.

(c) The Parties shall receive Slot (TEU and weight) Allocations on the Service according to the ratio of each Party's actual total TEU provision in the Service, except otherwise mutually agreed in writing between the Parties. The weight allocation shall be calculated based on the Party's TEU allocation multiplied by 10 Tons. For the purpose of this Agreement, the ratio of each Party's total TEU provision in the Service is calculated based on : the party's actual total TEU capacity contributed to the Service divided by the actual total TEU capacity contributed to the Service by the Parties collectively.

On individual sailings, the Vessel Operator shall guarantee to the other Parties (“the Slot Charterer(s)”) their Slot Allocation, even if this means a reduction in his own allocation. The Slot Charterer(s) will be entitled to use their respective Slot Allocation of space on the Vessel up to their respective guaranteed TEU and/or weight allocation, whichever is reached first. The Vessel Operator will be entitled to use the remaining space and/or deadweight on the Vessel. The Parties shall receive forty-foot High Cube and forty-five foot High Cube containers allocations, and reefer plugs allocations, in proportion to their provision in the fleet.

(d) The Parties shall consult and agree on the number of sailings, schedules, ports called and frequency of port calls for their vessels in the Trade, and they may discuss the capacities and other features of the vessels a Party may contribute under this Agreement. A Party may also sell some of its slot allocation to another Party for any amount they may agree.

5.2 Facilities, Services and Supplies.

The Parties are authorized to enter into exclusive, preferential, or cooperative working arrangements with marine terminal operators and any person relating to marine terminal, stevedoring or other shoreside services. The Parties may also interchange, establish pools of, or otherwise cooperate in connection with, their empty containers, chassis and/or related equipment to provide for the efficient use of such equipment as among themselves, or to, from, or with others on such terms as they may agree. In addition, the Parties may jointly contract with or coordinate in contracting with stevedores, terminals, ports, inland depots and suppliers of equipment, land or services or may designate a Party to provide or manage such services and equipment or equipment pool on the designating Party’s behalf. Nothing herein, however, shall authorize the Parties jointly to operate a marine terminal in the United States.

5.3 Marketing.

Each Party shall retain its separate identity and shall have separate sales, pricing, and marketing functions. Each Party will issue its own bills of lading to each of its shippers.

5.4 Vessel costs and terminal charges.

(a) Each Party shall be fully responsible for the expenses and operations of its own Vessel(s) (such as but not limited to daily running costs, charter hire, bunkers port charges, dry docking, repairs, and insurance).

(b) Each Party shall be fully responsible for the terminal costs attributable to cargo moved under its own bill of lading ("Cargo"), unless otherwise agreed, as well as assessments/royalties with respect to such cargo.

(c) Each Party shall pay its share of "Common Terminal Charges" (if appropriate) and similar charges in accordance with the local regulations. Such charges shall be invoiced to each Party in proportion to its share of the total throughput in each port, if identifiable; otherwise in accordance with allocation shares on each individual sailing, as well as any costs linked to the throughput. Parties shall identify and define the Common Terminal Charges.

Exceptional terminal re-handling expenses and other expenses as agreed among the Parties resulting from schedule adjustment/change in port rotation due to Force Majeure or agreed among the Parties, will be considered as Common Terminal Charges.

Shiftings including hatchcover moves will be for account of the Vessel Operator, except those attributable to specific requests of or due to reasons attributable to the Slot Charterer(s) or their respective cargoes or unless otherwise agreed.

(d) Each Party will operate its Vessel(s) at a common terminal in each port or as mutually agreed.

5.5 Commercial Considerations.

This Agreement does not authorize the Parties to establish a common tariff nor authorizes the Parties to discuss and agree upon the rates, terms and conditions applicable to the carriage of cargo in the Trade.

5.6 Administration and Implementation.

(a) The Parties may implement this Agreement by meetings, writings and other communications among them, and may make such other arrangements as may be necessary or appropriate to effectuate the purposes and provisions of this Agreement.

(b) The Parties are authorized to discuss and agree upon routine operational and administrative matters and related issues to the implementation of this Agreement or otherwise pursuant to any authority contained in this Agreement, including, but not limited to, any compensation for exchanged slots, any sharing of operational or administrative expenses, performance procedures and penalties, procedures for allocating space, forecasting, terminal operations, stowage planning, schedule adjustments, cargo claim procedures, record keeping, responsibility for loss or damage, bill of lading clauses, the establishment and operation of committees, the interchange of information and data (including EDI communications) regarding all matters within the scope of this Agreement, terms and conditions for force majeure relief, insurance, indemnification, consequences for delays, liabilities, and treatment of hazardous and/or dangerous cargoes.

Article 6:     Authorized Representatives.

The Parties' authorized representatives and counsel are hereby authorized to subscribe and file this Agreement and any modification hereof with the FMC.

Article 7:     Voting.

Except as otherwise specified herein, decisions under this Agreement shall be made by unanimous agreement of the Parties.

Article 8:     Duration and Termination.

8.1     The Agreement shall become effective on the date it is effective under the Shipping Act of 1984, as amended. The parties intend the commencement of the Service's first sailing to be in the Eastbound direction at the first port of loading in China(Xiamen), on 17<sup>th</sup> March, 2007 unless otherwise agreed.

8.2     The Agreement shall remain in force for a minimum period up to 14<sup>th</sup> April 2010. Thereafter, the Agreement will automatically renew for successive periods of one (1) year starting from 15th April 2010 unless any Party gives to the other a written notice of termination with at least 180 days prior to each year's expiry date on 15th April.

8.3     Either Party may also terminate the Agreement by giving a 180 days pre-notice prior to the initial expiry date of 14<sup>th</sup> April 2010.

Article 9:     Applicable Law.

The interpretation, construction and enforcement of this Agreement, and all rights and obligations of the Parties under this Agreement, shall be governed by English Law. However, the foregoing does not preclude application of the U.S. Shipping Act of 1984 as amended, or any other U.S. regulatory law.

Article 10: Arbitration.

Any controversy or dispute between the Parties arising out of or relating to this Agreement shall be referred to arbitration at the Singapore Chamber of Maritime Arbitration ("SCMA") in accordance with the Arbitration Rules of the SCMA ("SCMA Rules") for the time being in force at the commencement of the arbitration, which rules are deemed to be incorporated by reference in this clause.

The Parties to the dispute agree to appoint a single/sole arbitrator, having appropriate commercial and consortia experience, within 21 days of any Party seeking an appointment. Should there be no agreement on the appointment within the said 21 days, then the President of the SCMA will appoint a single/sole arbitrator at the request of any Party to the dispute. The award rendered by the arbitrator according to above principles is to be final and binding upon the Parties to the dispute and shall be enforceable in any court in which jurisdiction is exercisable.

Article 11: Sub-Let of Slots

Any Party may accept SOC containers on a regular or ad hoc basis. However, if a Party intends to sub-let / release slots to a third party on a fixed arrangement basis through e.g. fixed slot charter or fixed slot exchange basis, there shall be prior written notice given to the other Parties who shall have the first right of refusal to take up the slots. Such refusal shall be exercised within 7 working days after receiving the notice from the other Party.

The third party mentioned in the above should not have any rights and obligations as a contractual Party. The right and obligations of the third party should be reserved to the Party who sells / lets and / or exchange their space to / with the third party. All operation matters on

the vessel and cargo including third party's cargo should be communicated, arranged and settled only between PIL and WHL.

Article 12: Confidentiality

Except as strictly required by law, this Agreement shall not be shown nor the contents divulged to any third party by either Party without the prior consent of the other.

Article 13: Non-Assignment

No Party may assign or transfer its rights or obligations under this Agreement either in part or in full to any third party, firm or corporation without the prior written consent of the other Parties. Such prior written consent shall not be unreasonably withheld.

Article 14: Notices.

All notices, consents, approvals, and other communications between the Parties shall be made in writing to their respective addresses set forth in Article 3 above (or such other address, facsimile number or e-mail address of which they have previously notified the other Parties in writing), In the absence of evidence of earlier receipt, any notice or other communication shall be deemed to have been duly given if delivered personally, when left at the address referred to in Article 3 if sent by air mail or express courier, upon its reception; if sent by telefax or e-mail on completion of its transmission.

Notices or communications related to amendments or termination of the Agreement, shall be given by express courier. In such cases other means will only be deemed acceptable if receipt of the relevant notice or communication has been acknowledged by the addressee.

Article 15:    Severability

Each provision of this Agreement is severable from every other provision of this Agreement for the purpose of determining the legal enforceability of any specific provision.

SIGNATURE PAGE

IN WITNESS WHEREOF, the 18<sup>th</sup> day of January, 2007.

Wan Hai Lines Ltd.

By: Robert B. Yoshitomi

Name: Robert B. Yoshitomi

Title: Counsel

Pacific International Lines (Pte) Ltd.

By: Robert B. Yoshitomi

Name: Robert B. Yoshitomi

Title: Counsel