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CIRCULAR

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Fishery Farm Claims in China - Trend of Claims and Geographical Extent Updates

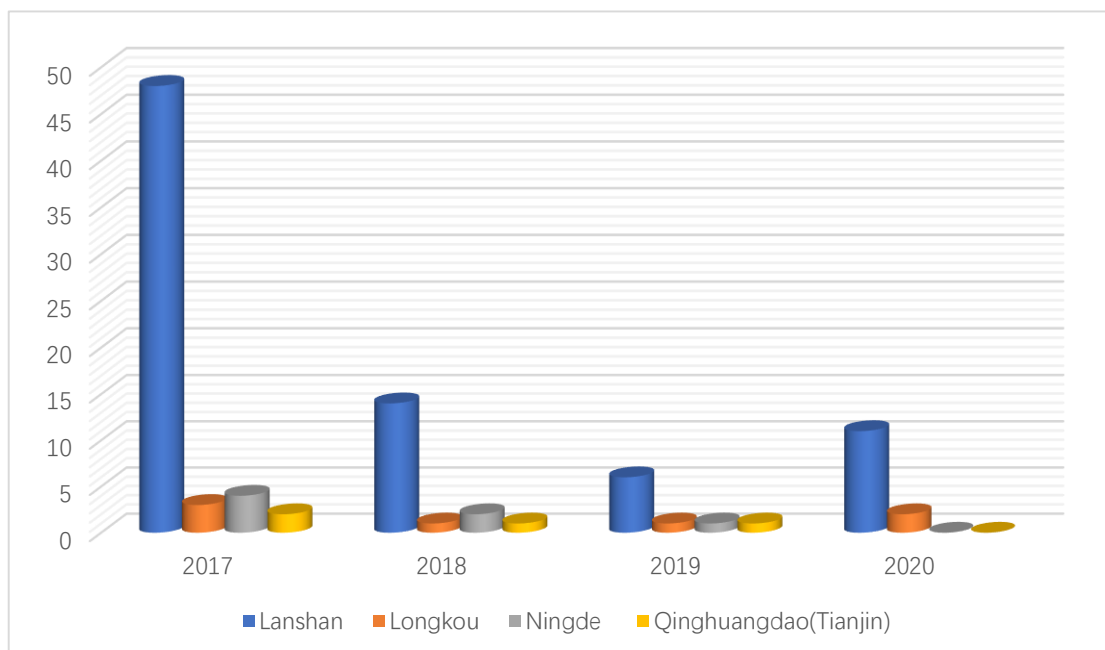
Dear Sir/Madam,

Fishery farm claims are highly concerned by Clubs. Huatai has published four Circulars for loss prevention in fishery farm incidents since 2018, i.e. PNI1813, PNI1903, PNI1906 and PNI[2020]09. Since the Circular PNI1813, we have seen a dramatic decline on relevant claims. This Circular is issued to introduce the current situation of fishery farm claims and update the latest geographical extent of the major fishery farms in China.

Trends of Fishery Farm Claims in Recent Years

The majority of fishery farm claims are distributed in four areas: Shandong Province (mainly Lanshan/Rizhao, Longkou, Shidao, Changdao, Yantai, Laizhou, etc.), Hebei Province (mainly Qinhuangdao), Shanghai and Fujian Province (mainly Ningde). Since 2018, the number of fishery farm cases has dropped significantly in all the above areas. From 2018 to 2020, the total of fishery farm incidents basically remained stable, most of which occurred in Shandong Province, among which Lanshan/Rizhao still ranks the first.

Comparison of caseload from 2017 to 2020



The reasons why the fishery farm incidents occurred less frequently are as follows:

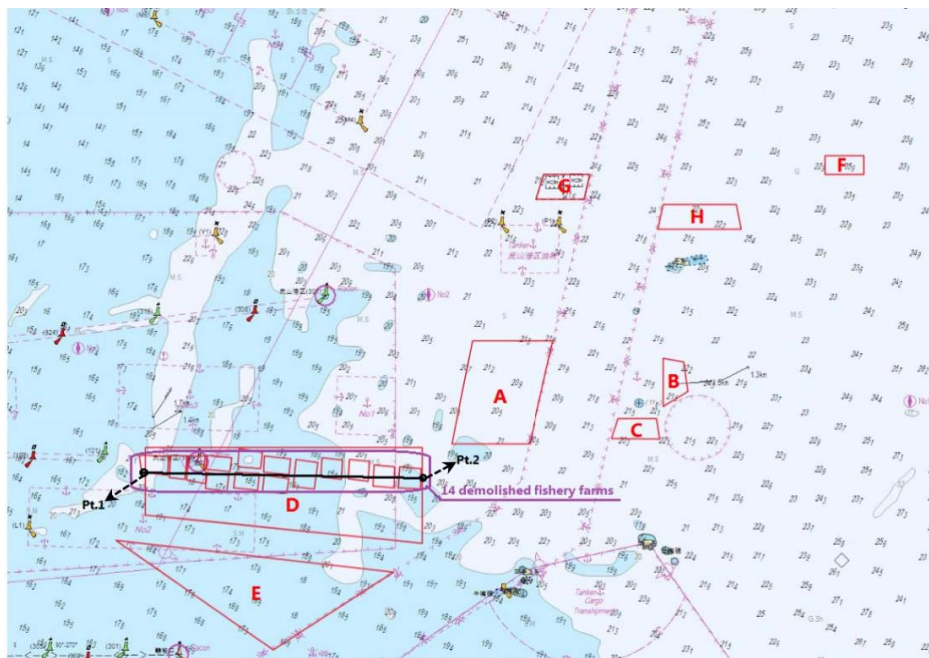
1. Local law enforcement departments have strengthened management of farmers whose fishery farms are around the port's shipping area, requiring them to update and add fishery farm markings in a timely manner, and forcibly demolish some illegal farms.

2. The geographical extent of fishery farms in Lanshan, Ningde and Zhoushan were marked in detail on previous circulars, and then well informed to the Members of Clubs. Owners are more aware of the location of fishery farms, thus reducing the risks of entering into fishery farms.

3. Huatai has set up a database of fishery farm claims, enabling us to turn down duplicate claims when there are multiple occurrences in the same fishery farm. As a result, the number of claims has been reduced.

Updates on Geographical Extent of Fishery Farms

To minimize the risks of entering into fishery farms and reduce losses for Clubs and Members, we hereby update and circulate the geographical extent of the fishery farms in China as follows for your kind reference.



Lanshan, Shandong Province - Same as PNI[1906]

The geographical extents of the above fishery areas:

Area A

35°06'12.00"N, 119°50'16.00"E

35°03'18.00"N, 119°49'28.00"E

35°03'18.00"N, 119°46'48.00"E

35°06'12.00"N, 119°47'30.00"E

Area B

35°05'41.18"N, 119°54'03.73"E

35°04'21.77"N, 119°54'03.82"E

35°04'46.97"N, 119°54'45.81"E

35°05'35.97"N, 119°54'45.75"E

Area C

35°04'01.06"N, 119°52'29.91"E

35°03'26.77"N, 119°52'15.68"E

35°03'26.87"N, 119°53'56.63"E

35°04'01.14"N, 119°53'49.95"E

Area D

35°02' 30.0" N, 119°36' 11.0"E

35°02' 18.0" N, 119°45' 48.0"E

35°00'30.00"N, 119°45'48.00"E

35°01'18.00"N, 119°36'18.00"E

Area E

35°00'36.00"N, 119°35'18.00"E

34°59'42.00"N, 119°44'48.00"E

34°57'30.00"N, 119°40'42.00"E

Area F

35°11'23.43"N, 119°59'36.03"E

35°10'52.35"N, 119°59'36.03"E

35°10'52.34"N, 120°00'54.73"E

35°11'23.43"N, 120°00'54.74"E

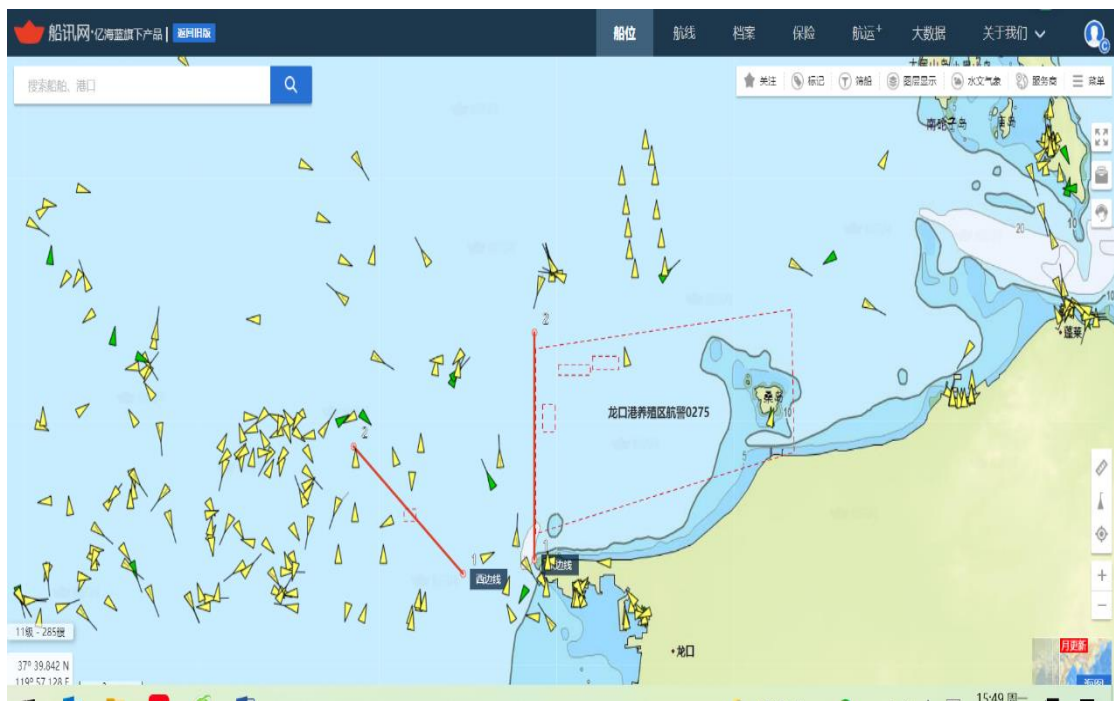
Area G

35°10' 52.40" N, 119°49' 58.07"E

35°10' 10.63" N, 119°49'42.15"E

35°10' 10.75" N, 119°51'20.11"E

35°10' 52.34" N, 119°51'32.20"E



Longkou, Shandong Province

The geographical extents of the above fishery area:

Area A

37°42.067"N, 120°12.833"E

37°48.45"N, 120°12.833"E

37°49.774"N, 120°28.044"E

37°44.879"N, 120°28.175"E



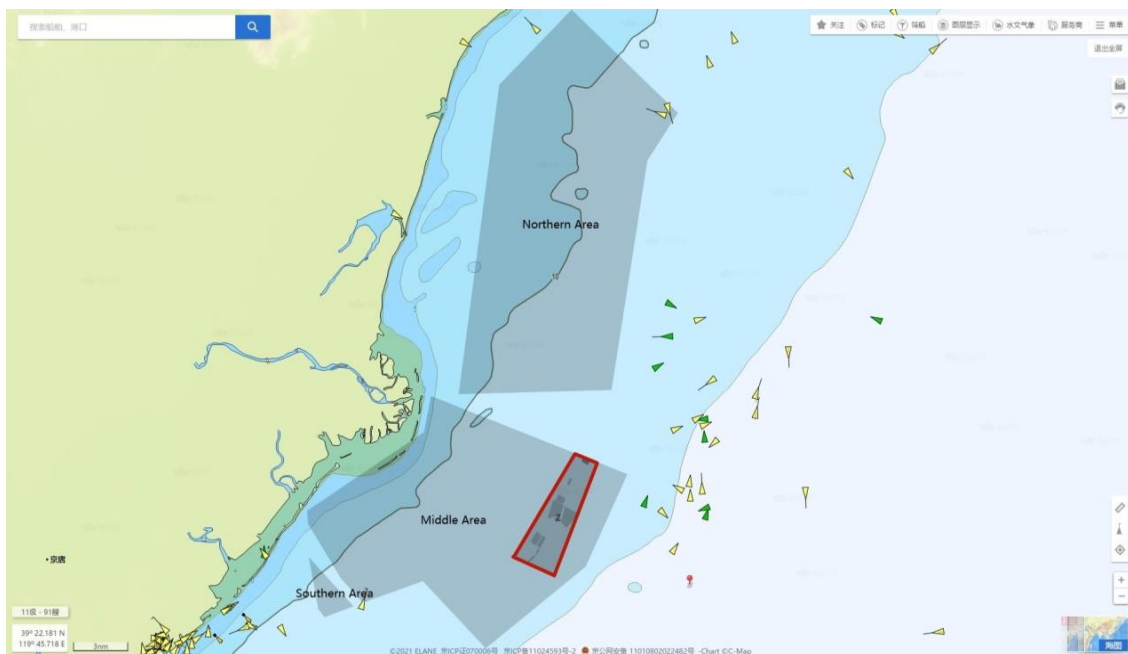
Ningde, Fujian Province-Same as PNI[1903]

The geographical extents of the above fishery areas:

119°'63'E, 26°'76'N;

119°'82'E, 26°'78'N;

119°'83'E, 26°'59'N;



Qinhuangdao, Hebei Province

The geographical extents of the above fishery areas:

Northern Area

39°46.206"N, 119°28.744"E
39°40.711"N, 119°36.201"E
39°38.203"N, 119°34.038"E
39°26.017"N, 119°31.535"E
39°25.809"N, 119°20.844"E
39°42.199"N, 119°23.656"E

Middle Area

39°23.764"N, 119°18.403"E
39°25.713"N, 119°18.897"E
39°21.526"N, 119°32.678"E
39°16.629"N, 119°29.753"E
39°12.272"N, 119°22.749"E
39°15.829"N, 119°18.321"E
39°14.676"N, 119°14.098"E
39°15.965"N, 119°12.594"E
39°18.878"N, 119°10.277"E
39°19.582"N, 119°10.184"E

Southern Area

39°17.134"N, 119°10.338"E
39°14.491"N, 119°13.459"E
39°13.931"N, 119°11.451"E
39°14.371"N, 119°10.998"E

High-risk Areas (marked in red)

Areas marked in red were the high-risk areas which had been entered by the other vessels. We hereby listed them for your reference.

39°22.133"N, 119°30.567"E

39° 22.653”N, 119° 28.97”E

39° 17.046”N, 119° 24.748”E

39° 16.109”N, 119° 27.632”E

New Law and Its Impact

As stipulated in Article 100 of the revised Maritime Traffic Safety Law, those who carried out breeding, planting, fishing and other operations or activities that affects the maritime traffic safety within the safe operation areas and roadsteads shall be fined not less than 30,000 RMB yuan no more than 100,000 RMB yuan.

This provision aims to strengthen the crackdown against unlicensed farmers and illegal farms. It will help to create a better navigation environment for ships.

It should be noticed by Shipowners that, after the enforcement of the new Maritime Traffic Safety Law, those who failed to comply with the special navigation rules hence entering into fishery farm, important fishery waters, shall bear both civil liabilities and administrative penalties, including fines and revocation of certificates of competency of the master and liable crew members by Maritime Safety Administration.

Details are stipulated in Article 103 of the Maritime Traffic Safety Law. A vessel navigating, berthing, or carrying out operations at sea, entering and exiting ports or anchorages, or passing through waters of bridge areas, narrow channels, important fishery waters, areas with dense navigable vessels, vessels alignment areas and traffic control areas fails to strengthen look-out, maintain safe speed or comply with the special navigation rules of the foresaid areas shall endured the following punishment depending on the severity of circumstances:

- a) Ordered by the Maritime Safety Administration to take corrective action.
- b) The owner, operator or manager of the vessel in violation of the law shall be fined not

less than 20,000 RMB yuan no more than 200,000 RMB yuan, and the master and liable crew members shall be subject to a fine of not less than 2,000 RMB yuan no more than 20,000 RMB yuan and suspension of their certificates of competency for 3 to 12 months.

- c) Under serious circumstances, the master and liable crew members shall be subject to revocation of their certificates of competency.

Loss Prevention Suggestions

The suggestions posted in PNI1813 are still helpful, cited as follows:

1. In route planning, kindly take into account the fishery farms described in our circulars, and kindly check with the local agent about the route to enter the anchorage and the port.
2. The vessels shall maintain a proper lookout, and keep close contact with the VTS center and the pilot station.
3. The Master/Crewmember shall also carefully observe the surrounding sea area, and pay particular attention to the boats ahead affecting the navigation (there might be fishery farms nearby the boats).

In addition, the following advice shall also be considered:

4. Shipowners shall maintain a timely update of charts. When approaching to dense fishery farm areas, pay close attention to Notice to Mariners announced by MSA, and check with the local agents whether the scope of fishery farms has changed.
5. Master/Crewmembers shall strengthen look-out, maintain safe speed and comply with the special rules for navigation in certain areas.

In case of any accidental entry to fishery farms, Shipowners and Clubs are suggested to seek immediate assistance from Huatai, which is crucial for fixing relevant evidence in favor of Shipowners and defending the claims.

We hope the above is of assistance. Any query, please feel free to contact us.

Best regards,



LUO Yong
General Manager