



(HKSAR Regulated Agent Regime)

ANNUAL AUDIT REPORT

in Documentation Handling

FOR THE YEAR 2013

CHARLES KENDALL FREIGHT (HONG KONG) LTD.  
(RA10675)

**(CONFIDENTIAL)**

Audit report prepared by  
Alliance Knowledge Management Limited



HKSAR Regulated Agent Regime

**Annual Audit Report**

Published by Alliance Knowledge Management Limited

Room 2301, Futura Plaza, 111-113 How Ming Street,

Kwun Tong, Kowloon, Hong Kong

Tel: +852 23318775 Fax: +852 23318609

service@alliancealliance.com www.alliancealliance.com

### **Confidentiality**

A regulated agent shall ensure that any security sensitive information about its security procedures or operations of the regulated agent is protected against unauthorized disclosure and such information is disseminated on a “need-to-know” basis only.

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**CHARLES KENDALL FREIGHT (HONG KONG) LTD. (RA10675)**

**Report of Regulated Agent**

**Type of Regulated Agent**

**Documentation handling with physical handling (Warehouse and Transportation)**

**Office Address: Rm 1201-2 12<sup>th</sup> Floor 8 Jordan Road, Yaumati, Kowloon, Hong Kong**

**Contracted Warehouse Address: WAI SING LOGISTICS**

**ROOM A-C, 8/F NORTH SIDE, KWAI SHUN IND CENTRE, 51-63 CONTAINER PORT ROAD, KWAI CHUNG, N.T.**

**Contracted Transportation**

**Name of Contractor (if any): WAI SING LOGISTICS**

**ROOM A-C, 8/F NORTH SIDE, KWAI SHUN IND CENTRE, 51-63 CONTAINER PORT ROAD, KWAI CHUNG, N.T.**

**Duties:**

| Person in charge for        | Name         | Position       |
|-----------------------------|--------------|----------------|
| RAR                         | CHEN PEI-YIN | Branch Manager |
| Cargo Security              | CHEN PEI-YIN | Branch Manager |
| Maintaining Training Record | CHEN PEI-YIN | Branch Manager |
| Internal Trainer            | CHEN PEI-YIN | Branch Manager |
| KC / AC management          | CHEN PEI-YIN | Branch Manager |
| QCP Management              | CHEN PEI-YIN | Branch Manager |
| Security Control            | CHEN PEI-YIN | Branch Manager |

**Auditors**

We have appointed Alliance Knowledge Management Limited for RAR system audit.

On behalf of CHARLES KENDALL FREIGHT (HONG KONG) LTD. (RA10675)

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Full Name: Chen Pei Yiu

Title: Branch Manager

Date: 19 December 2013

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## **Annual Audit Report in Documentation Handling in Accordance with HKSAR Regulated Agent Regime For the Year 2013**

### **Independent Auditor's Report to CAD of CHARLES KENDALL FREIGHT (HONG KONG) LTD. (RA10675)**

We have performed an audit on 19 December, 2013 for CHARLES KENDALL FREIGHT (HONG KONG) LTD. (RA10675) in compliance to the security requirements of RAR.

#### **Regulated Agent's responsibility**

Nominated person for Cargo Security is responsible for the preparation of this audit report in accordance with Regulated Agent Security Program and Handling Procedures for Regulated Agent Regime (Eighth Amendment). This responsibility includes Apply security controls acceptable to CAD on cargo for carriage by air received from unknown consignor. Safeguard the consignment of cargo against unlawful interference after its reception until the consignment is accepted by another RA or an aircraft operator. Implement the requirements in a Regulated Agent Security Programme (RASP) which is applicable to cargo carried onboard both the passenger and all-cargo aircraft.

Shall conduct regular self-assessment with reference to this Regulated Agent Security Programme (RASP) and the Handling Procedures for RAR, at least once every two years, in order to identify any internal deficiencies or security procedures that are not being properly implemented or that may require enhancement. The results of this self-assessment shall be maintained for 3 years and be available for the announced and unannounced inspections by CAD. Subject to announced and unannounced inspection by CAD for the purpose of monitoring the compliance with the relevant security requirements stipulated in the RASP, the Handling Procedures for RAR and any other directions given from time to time by CAD.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on these audit report based on our audit. This report is made solely to you, as a body, in accordance with Regulated Agent Security Program and Handling Procedures for Regulated Agent Regime (Eighth Amendment), and for no other purposes. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

**Audit Scopes:** Desktop document audit on Air Export and RAR document.

| <b>Compliance on RAR Security Requirements</b> |                                          |
|------------------------------------------------|------------------------------------------|
| Total Score                                    | 54.4                                     |
| Possible Score                                 | 58                                       |
| Percentage                                     | 93.79%                                   |
| Mandatory Items (M)                            | <b>Met Mandatory Items (M)</b>           |
| Overall Standard                               | <b>PASSED: Meet Overall Requirements</b> |

Auditor opinions:

Checked the following AWB:

403-26061980, 176-5770 9735, 555-38491331, 176-5784 5130, 176-5887 5423, 555-3849 4094, 160-5407 7203, 217-6390 3663

We believe that audit evidence we have obtained is **sufficient** and **appropriate** to provide a basis for our audit opinion. In our opinion CHARLES KENDALL FREIGHT (HONG KONG) LTD. (RA10675), the sample documents demonstrate they are complying with Regulated Agent Security Program and Handling Procedures for Regulated Agent Regime (Eighth Amendment).

1. We found some deficiency during the audit. please improve following instruction immediately:
2. There is one staff (Tang Yi) who involved in air cargo, who have not yet received the DGA training, please take action to arrange the course.
3. You are failed to demonstrate your warehouse/transportation contract has attended the DGA training, please maintain such record accordingly.
4. You are failed to demonstrate your warehouse/transportation contract has attended the RAR Security Awareness training, please maintain such record accordingly.
5. We found that some of the KCDoC (KC-F007, KC-F005, KC-F033) with the names of the signature of the cargo security personnel of KC may not in ID/Passport format, please contact your consignors accordingly.
6. The format for your Register of consignor cannot meet CAD requirement, please take action to prepare the list.

7. The majority of your shipments are co-loading to your RA partner (Iditarod Logistics Limited), however, your company failed to mark your company RA code on the co-loading document to your receiving RA (176-5770 9735, 555-38491331, 176-5784 5130, 176-5887 5423, 555-3849 4094, 160-5407 7203) , please note that you must declare the cargo security status (SPX or SCO) together with your company RA code, or unknown status for each shipment to your receiving RA. Please re-train your staff accordingly.

Please continue to make sure that your staff engaged in RA operations are familiarized with and follow the Handling Procedures for the Regulated Agent Regime (RAR) and Notice to Regulated Agents Issues for maintenance of your RA registration.

Note:

- 1) Passing criteria: The audit score of 60% or more is achieved and all mandatory items are scored at least 1.

For and On behalf of Alliance Knowledge Management Limited



Maric Cheng

Auditor

19 December, 2013

#### **0.1.1 Objective**

To prevent the unauthorized carriage of explosives or incendiary devices, in consignments of cargo or mail intended for carriage by air.

#### **0.1.2 Scope of RAR**

For all air export activities from Hong Kong to overseas.

#### **0.1.3 Reference**

1. Website of Civil Aviation Department HKSAR ([www.cad.gov.hk](http://www.cad.gov.hk))
2. Agent's Regulated Agent Security Program
3. Civil Aviation Department "Handling Procedures for Regulated Agent Regime (RAR) (Eighth amendment)".

#### **0.1.4 Cargo Exemption**

Certain categories of cargo are exempted from security controls. The exempted cargo shall be clearly declared on shipping documents as such and be accompanied with, if any, necessary documents as required by relevant Hong Kong SAR or overseas government's department for tendering the cargo (e.g. sanitary certificate). They include:

- (1) Transit cargo
- (2) Transfer cargo except cargo (which was originally secured for carriage on board all-cargo aircraft only) transferred from all-cargo aircraft to passenger aircraft;
- (3) Human remains / ashes
- (4) Livestock
- (5) Medical drugs and other essential medical supplies, human organs, blood plasma or similar materials for lifesaving purposes; and
- (6) Items of mail, courier material and cargo under 6.3mm thick.

(If application of a security control on a cargo consignment will endanger the life or health of the screener due to the nature of the consignment, the security control shall not be applied. In such case, a regulated agent shall receive the cargo consignment from a known consignor, an account consignor or a regulated agent; and the cargo consignment shall be appropriately identified as declared. Other RAR requirements still apply.)

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## Audit Summary

Audited MAWB # 403-26061980, 176-5770 9735, 555-38491331, 176-5784 5130, 176-5887 5423, 555-3849 4094, 160-5407 7203, 217-6390 3663

| N/A | Conformity                   |   |  |                                                                                                                               |
|-----|------------------------------|---|--|-------------------------------------------------------------------------------------------------------------------------------|
|     | Future attention required    |   |  |                                                                                                                               |
|     | Immediate attention required |   |  |                                                                                                                               |
|     |                              |   |  | <b>1 Regulated Agent Security Program</b>                                                                                     |
|     | x                            |   |  | Notify the changes of company particulars / cargo operation to CAD                                                            |
|     | x                            |   |  | Implement the latest requirements stated on the CAD Notices                                                                   |
|     |                              |   |  | <b>2 Recruitment</b>                                                                                                          |
|     | x                            |   |  | Format of Job Application form comply to CAD Requirement                                                                      |
|     | x                            |   |  | Format of Interview form comply to CAD Requirement                                                                            |
|     | x                            |   |  | Record of Job Application form used (N/A if no new staff member employed on or after 15 July, 2013)                           |
|     |                              |   |  | <b>3 Staff Qualifications</b>                                                                                                 |
|     |                              | x |  | Dangerous Goods Awareness Training                                                                                            |
|     | x                            |   |  | Recurrent training, N/A if all training certificate are initial training and such are within 24 months of initial training    |
|     | x                            |   |  | Regulated Agent Regime Training                                                                                               |
|     | x                            |   |  | Recurrent training, N/A if all training certificate are initial training and such are within 3 years of initial training      |
|     |                              | x |  | <b>Security Awareness Training</b>                                                                                            |
|     | x                            |   |  | Refresher Training of Security Awareness Training                                                                             |
|     |                              | x |  | Record's format of Security Awareness Training                                                                                |
|     | x                            |   |  | Training Evaluation and Training Record (N/A, if RA started less than 3 years and no staff left after the registration of RA) |
|     |                              |   |  | <b>4 Known Consignor / Account Consignor management</b>                                                                       |
|     | x                            |   |  | Verbal audit on procedure for screening procedure before recognize a Consignor as Known Consignor / Account Consignor         |
|     | x                            |   |  | Verbal audit on procedure for Recognition of Known Consignor / Account Consignor                                              |
|     |                              | x |  | Completeness of Known Consignor Declaration of Compliance / Account Consignor Declaration of Compliance                       |
|     | x                            |   |  | Known Consignor / Account Consignor code management                                                                           |
| x   |                              |   |  | Revalidation of Known Consignors Aviation Security Declaration (N/A, if all KCDoC are less than 3 years)                      |
| x   |                              |   |  | Revalidation of Account Consignors Aviation Security Declaration (N/A, if all ACDoC less than 5 years)                        |
|     | x                            |   |  | KC / AC Code allocation                                                                                                       |
|     |                              | x |  | Register of Known Consignors / Register of Account Consignors                                                                 |
|     |                              |   |  | <b>5 Cargo Security Status and Documentation Check</b>                                                                        |

|   |   |   |  |                                                                                                                                 |
|---|---|---|--|---------------------------------------------------------------------------------------------------------------------------------|
|   | x |   |  | Verbal audit on Cargo Security Status                                                                                           |
|   | x |   |  | Verbal audit on operation for receiving Cargo from KC, AC and Unknown Consignor                                                 |
|   | x |   |  | Verbal audit on security control procedure                                                                                      |
|   | x |   |  | Documentation Check procedure                                                                                                   |
|   |   |   |  | <b>6 Inter-Regulated Agent (co-loading) Handling</b>                                                                            |
|   | x |   |  | Verbal audit on procedure for Recognition of partnering RA (N/A, if no co-loading activity)                                     |
| x |   |   |  | Inter-RA form to receiving RA (N/A, if shipment received from tending RA)                                                       |
| x |   |   |  | Co-loading documents checking                                                                                                   |
|   | x |   |  | Inter-RA form from receiving RA (N/A, if shipment tended to receiving RA)                                                       |
|   |   | x |  | Co-loading documents preparation                                                                                                |
|   |   |   |  | <b>7 Procedure of Inter-RA/Agent AWB Handling between RA and Ras</b>                                                            |
| x |   |   |  | Verbal audit on procedure for Recognition of partnering RA (N/A, if no inter-AWB handling activity)                             |
| x |   |   |  | Inter-RA form to RA(2) (N/A, if RA did not borrow AWB to other RA)                                                              |
| x |   |   |  | Inter-AWB documents checking (MAWB) (N/A, if RA did not borrow AWB to other RA)                                                 |
| x |   |   |  | Inter-AWB documents checking (undertaking) (N/A, if RA did not borrow AWB to other RA)                                          |
| x |   |   |  | Inter-AWB documents checking (MAWB) (N/A, if RA did not borrow AWB to other Agent)                                              |
| x |   |   |  | Inter-AWB documents checking (undertaking) (N/A, if RA did not borrow AWB to other Agent)                                       |
| x |   |   |  | Inter-RA form to RA(1) (N/A, if RA did not borrow AWB from other Agent)                                                         |
| x |   |   |  | Inter-AWB documents checking (undertaking) (N/A, if RA did not borrow AWB from other Agent)                                     |
| x |   |   |  | Inter-AWB documents checking (MAWB) (N/A, if RA did not borrow AWB from other Agent)                                            |
|   |   |   |  | <b>8 Quality Control</b>                                                                                                        |
|   | x |   |  | Quality Control Programme (Random Checks on Cargo from Known Consignor)                                                         |
| x |   |   |  | Quality control through self-assessment (N/A, if the current audit is less than 24 months from new requirement activation date) |
|   |   |   |  | <b>9 RAR CONTINGENCY PLAN</b>                                                                                                   |
|   | x |   |  | Verbal audit on Suspect Cargo handling procedure                                                                                |
|   | x |   |  | Verbal audit on Unresolved Suspect Cargo handling procedure                                                                     |

## 1 Regulated Agent Security Program

RA will continuously implement the practices and procedures set out in the Regulated Agent Security Programme and the Handling Procedures for Regulated Agent Regime, and such practices and procedures are communicated to all staff members with access to consignment of air cargo and/or related shipping documents.

The Regulated Agent Security Programme will be adjusted to comply with all the relevant changes to the requirements stipulated in the Handling Procedures for Regulated Agent Regime and any other directions given from time to time by Civil Aviation Department, unless RA informs Civil Aviation Department that it no longer wishes to operate as a Regulated Agent.

RA will inform Civil Aviation Department in writing as soon as reasonably possible if:

- i. there is any change of the information contained in this application form, including the Regulated Agent Security Programme; and
- ii. RA ceases operations, no longer deals with cargo for carriage by air or can no longer meet the requirements of the Regulated Agent Regime, including the requirements in the Regulated Agent Security Programme.

**(1) Notify the changes of company particulars / cargo operation to CAD**

There are certain changes that are critical to the operations of the RAR, especially the change of company name, the removal of warehouse, change of warehouse contractors and alteration in cargo operations procedures. If RA makes such changes, it should notify CAD and provide the related information immediately and update the RASP accordingly.

**Comment:**

Conformity

**(2) Implement the latest requirements stated on the CAD Notices**

Follow up and implement the latest requirements stated on the CAD Notices. In relation to the request, and submit any necessary report or document in its required time frame.

**Comment:**

Conformity

## 2 Recruitment

### (Only applicable to staff members employed on or after 15 July 2013)

RA shall record the details of the recruitment and selection procedures of staff members with access to consignment designated as air cargo and/or related shipping documents, including the Nominated Person for Cargo Security. Job application form and interview record shall be maintained.

With prior written consent from job applicants, the following items shall be covered in the recruitment and selection procedures as a pre-employment check. Failure to give consent to a pre-employment check will result in rejection of their job applications.

|                                                                                                                                                                                                                                                                                                  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| RA shall record the details of the recruitment and selection procedures of staff members with access to consignment designated as air cargo and/or related shipping documents, including the Nominated Person for Cargo Security. Job application form and interview record shall be maintained. |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

|                                |
|--------------------------------|
| Format of Job Application form |
|--------------------------------|

**Comment:**

Conformity

|                          |
|--------------------------|
| Format of Interview form |
|--------------------------|

**Comment:**

Conformity

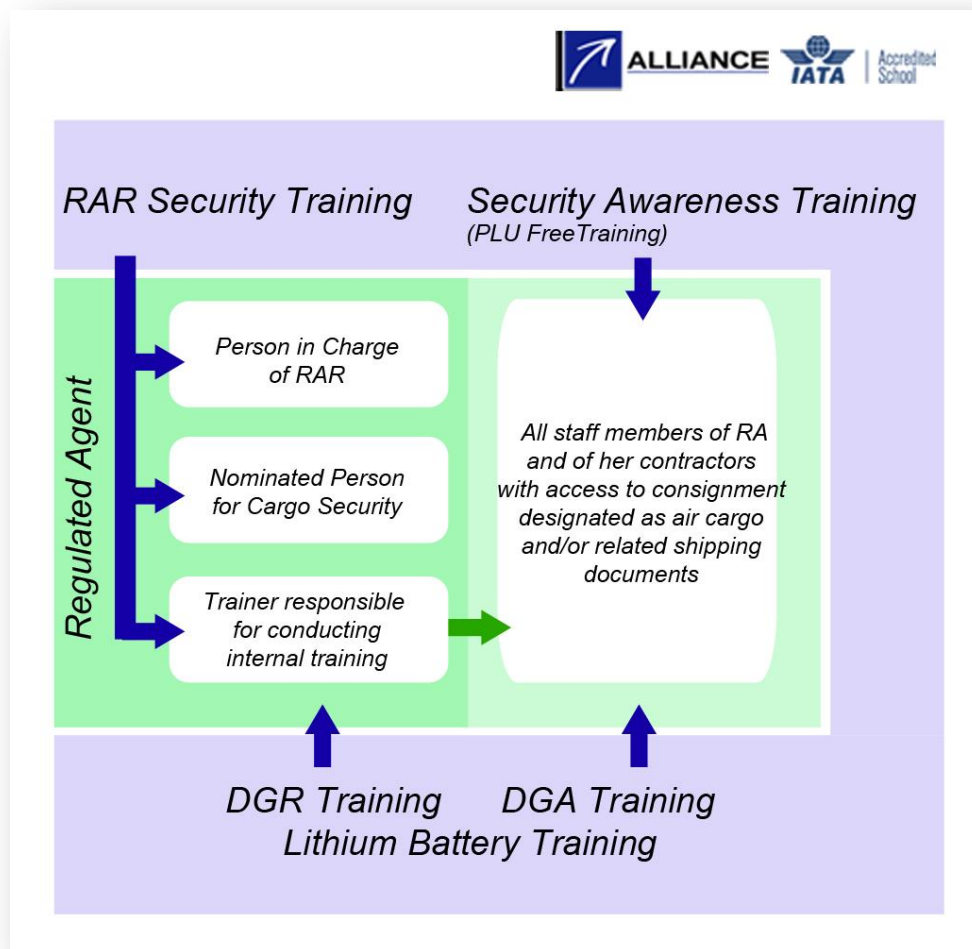
|                                 |
|---------------------------------|
| Retention of recruitment record |
|---------------------------------|

**Comment:**

Conformity

### 3 Staff Qualifications

A RA should comply with following training categories to fulfill all the regulatory training requirements by CAD.



#### Dangerous Goods Awareness Training

**Comment:**

There is one staff (Tang Yi) who involved in air cargo, who have not yet received the DGA training, please take action to arrange the course.

You are failed to demonstrate your warehouse/transportation contract has attended the DGA training, please maintain such record accordingly.

|                                                                  |
|------------------------------------------------------------------|
| <b>Recurrent training for Dangerous Goods Awareness Training</b> |
|------------------------------------------------------------------|

|                 |
|-----------------|
| <b>Comment:</b> |
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|------------|
| Conformity |
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**Regulated Agent Regime Training**

|                 |
|-----------------|
| <b>Comment:</b> |
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| Conformity |
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|                                                               |
|---------------------------------------------------------------|
| <b>Recurrent training for Regulated Agent Regime Training</b> |
|---------------------------------------------------------------|

|                 |
|-----------------|
| <b>Comment:</b> |
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|            |
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| Conformity |
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**Security Awareness Training**

|                 |
|-----------------|
| <b>Comment:</b> |
|-----------------|

|                                                                                                                               |
|-------------------------------------------------------------------------------------------------------------------------------|
| Your company has arranged staff to attend Alliance's PLU RAR Security Awareness Training in 2013, and record are maintained.. |
|-------------------------------------------------------------------------------------------------------------------------------|

|                                                                                                                                                                 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| You are failed to demonstrate your warehouse/transportation contract has attended the RAR Security Awareness training, please maintain such record accordingly. |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|

|                                                          |
|----------------------------------------------------------|
| <b>Refresher Training of Security Awareness Training</b> |
|----------------------------------------------------------|

|                 |
|-----------------|
| <b>Comment:</b> |
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|            |
|------------|
| Conformity |
|------------|

|                                                       |
|-------------------------------------------------------|
| <b>Record's format of Security Awareness Training</b> |
|-------------------------------------------------------|

|                 |
|-----------------|
| <b>Comment:</b> |
|-----------------|

|                                                                                                                                                                 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| You are failed to demonstrate your warehouse/transportation contract has attended the RAR Security Awareness Training, please maintain such record accordingly. |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|

|                                                |
|------------------------------------------------|
| <b>Training Evaluation and Training Record</b> |
|------------------------------------------------|

|                 |
|-----------------|
| <b>Comment:</b> |
|-----------------|

|            |
|------------|
| Conformity |
|------------|

#### 4 Known Consignor / Account Consignor management

To recognize a Consignor as Known Consignor / Account Consignor, satisfying checking is necessary; the checking shall have following

- (1) checking the profile of the new shipper
- (2) source of this new shipper i.e. sales lead, free-hand
- (3) nature of cargo
- (4) shipper and consignee nature and relationship
- (5) destinations

If suspicion found during the profile check, RA should

- (1) conduct a verbal / on-site interview to identify any suspected risks
- (2) according to the result of the interview to consider for shipment / inspection before proceeding to airline.

|                                                                                                                       |
|-----------------------------------------------------------------------------------------------------------------------|
| Verbal audit on procedure for screening procedure before recognize a Consignor as Known Consignor / Account Consignor |
|-----------------------------------------------------------------------------------------------------------------------|

|                               |
|-------------------------------|
| <b>Comment:</b><br>Conformity |
|-------------------------------|

|                                                                                  |
|----------------------------------------------------------------------------------|
| Verbal audit on procedure for Recognition of Known Consignor / Account Consignor |
|----------------------------------------------------------------------------------|

|                               |
|-------------------------------|
| <b>Comment:</b><br>Conformity |
|-------------------------------|

After satisfying the checking process, RA shall:

- a. establish and register the consignor name, business registration number, address and full name of nominated person for cargo security of the Consignor by opening an account for the Consignor, and
- b. obtain a signed declaration (KCDoC / ACDDoC) from the Consignor declaring that:
  1. Consignments of air cargo are prepared in secure premises by reliable staff members.
  2. Consignments of air cargo are protected against tampering during shipment preparation, storage and transportation for which the company is responsible.
  3. the Consignor accept that the packaging and the contents of any consignment of air cargo may be examined for security reasons.
  4. Consignments of air cargo do not contain any explosive or incendiary device.
  5. the Consignor accept unannounced or announced inspections by CAD or its agents and agree to provide any documents directly to CAD for the purpose of monitoring the compliance with security requirements stipulated in the Requirement Document for Consignor, the Handling Procedures for Regulated Agent Regime and any other directions given from time to time by CAD.

6. the Consignor will ensure the continual compliance with the security requirements stipulated in the Requirement Document for Consignor and the requirements are communicated to all staff members with access to consignment of air cargo and/or related shipping documents.
7. the Consignor will provide the regulated agent who recognizes my status of account consignor with the relevant details as soon as reasonably possible if:
  - i. the person responsible for application and supervision of the implementation of cargo security has changed;
  - ii. changes to premises or procedures are likely to significantly impact on security;
  - iii. the company ceases trading and no longer handles air cargo; or
  - iv. the company no longer implements the required security controls stipulated in the Requirement Document for Consignor.

|                                                                                                         |
|---------------------------------------------------------------------------------------------------------|
| Completeness of Known Consignor Declaration of Compliance / Account Consignor Declaration of Compliance |
|---------------------------------------------------------------------------------------------------------|

**Comment:**

We found that some of the KCDoC (KC-F007, KC-F005, KC-F033) with the names of the signature of the cargo security personnel of KC may not in ID/Passport format, please contact your consignors accordingly.

|                                                     |
|-----------------------------------------------------|
| Known Consignor / Account Consignor code management |
|-----------------------------------------------------|

**Comment:**

Conformity

|                                                                |
|----------------------------------------------------------------|
| Revalidation of Known Consignors Aviation Security Declaration |
|----------------------------------------------------------------|

**Comment:**

N/A, as all KCDoC are less than 3 years

|                                                                  |
|------------------------------------------------------------------|
| Revalidation of Account Consignors Aviation Security Declaration |
|------------------------------------------------------------------|

**Comment:**

N/A, as all ACDoC less than 5 years

|                         |
|-------------------------|
| KC / AC Code allocation |
|-------------------------|

**Comment:**

Conformity

|                                                               |
|---------------------------------------------------------------|
| Register of Known Consignors / Register of Account Consignors |
|---------------------------------------------------------------|

**Comment:**

The format for your Register of consignor cannot meet CAD requirement, CAD required the Register of Consignor contain following information:

1. the unique known consignor code / account consignor code

2. the company name as shown in the business registration document
3. the unique registration number of the aforesaid BR document,
4. the company address as shown in the aforesaid BR document, and
5. the full name of the person responsible for application and supervision of the implementation of cargo security of the consignor.

## 5 Cargo Security Status and Documentation Check

RA will issue MAWB on their behalf to its customers delivering air cargo to the CTOs. Due to the operation models of RA, the following channels are the possible channels that RA will be adopted and the Airfreight Department will be responsible for the application of the RA code, RA/UNK and Cargo Aircraft Only Statement on the AWB in the corresponding channels.

### a. Channel 1 – Receive cargo from KC



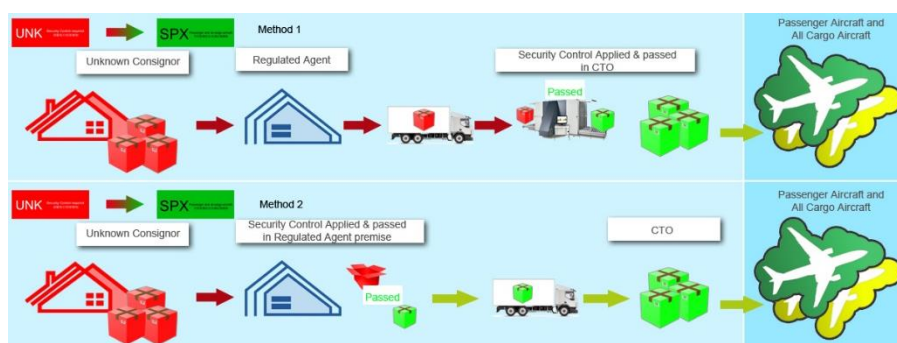
1. Perform the acceptance check before accepting the consignment from the known consignor
2. Safeguard the consignment from unlawful interference after its reception until accepted by a CTO
3. Annotate its RA code and the security status (SPX) of the consignment on the Master Air Waybill (MAWB).
4. Deliver the MAWB and Reception Check List (RCL) to the airline (Passenger Aircraft/Freighter).

### b. Channel 2 – Receive cargo from AC



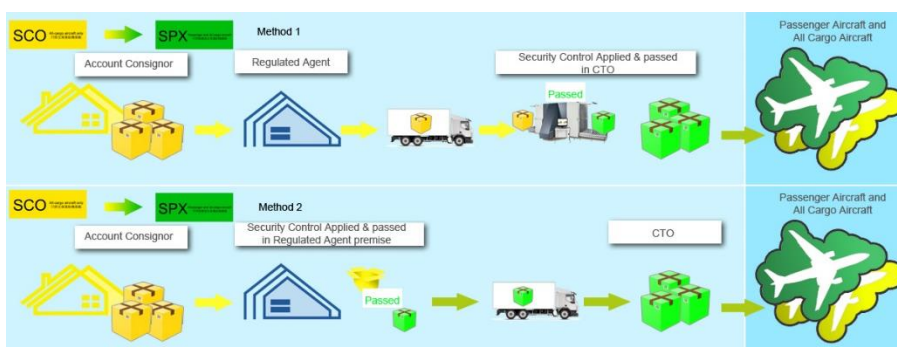
1. Perform the acceptance check before accepting the consignment from the account consignor
2. Safeguard the consignment from unlawful interference after its reception until accepted by a CTO
3. Annotate its RA code and the security status (SCO) of the consignment on the Master Air Waybill (MAWB).
4. Deliver the MAWB and Reception Check List (RCL) to the airline (Freighter Only).

### c. Channel 3 – Receive the cargo from Unknown Consignor



1. Receive the consignment from the unknown consignor
2. Request CTO to apply security control (X-ray, Hand search at piece level)
3. CTO apply security control and annotate "SECURITY CHECKED" on the RCL
4. Annotate its RA code and the security status (SPX) of the consignment on the Master Air Waybill (MAWB) after security control.
5. Deliver the MAWB and Reception Check List (RCL) to the airline (Passenger Aircraft/ Freighter).

**d. Channel 4 – Receive cargo from AC**



1. Receive the consignment from the unknown consignor
2. Request CTO to apply security control (X-ray, Hand search at piece level)
3. CTO apply security control and annotate "SECURITY CHECKED" on the RCL
4. Annotate its RA code and the security status (SPX) of the consignment on the Master Air Waybill (MAWB) after security control.

Deliver the MAWB and Reception Check List (RCL) to the airline (Passenger Aircraft/ Freighter).

Verbal audit on Cargo Security Status

**Comment:**

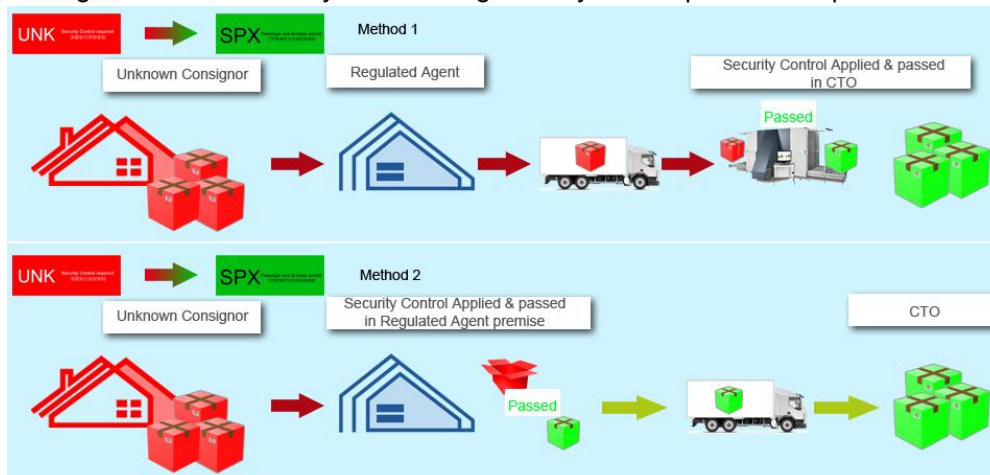
Conformity

Verbal audit on operation for receiving Cargo from KC, AC and Unknown Consignor

**Comment:**

Conformity

UNK cargo shall be cleared by the following security control prior to acceptance as SPX cargo:-



- searching by hand or physical check at piece level, or
- screening by x-ray. The details of the X-ray screening services engaged by my company are as follows:
  - The facilities, equipment, procedures and screeners have been confirmed acceptable to Civil Aviation Department.
  - Others. The details of the facilities, equipment, procedures and screeners are provided in separate sheets for consideration by Civil Aviation Department. Assessment on the X-ray screening services may be carried out by Civil Aviation Department as appropriate.

The above security control shall be carried out with an objective to detect the presence of concealed explosives or incendiary devices in consignments of cargo intended for carriage on aircraft.

Record of security control applied on unknown cargo (e.g. x-ray screening record, hand search report).

Verbal audit on security control procedure

**Comment:**

Conformity

Documentation Check procedure

**Comment:**

Conformity

## 6 Inter-Regulated Agent (co-loading) Handling

### Co-loading: Regulated Agent (Tendering) → Regulated Agent (Receiving)

1. RA(T) lodges a one-off “Regulated Agent Aviation Security Declaration” with RA(R)
2. RA(R) checks the regulated agent status of RA(T) against the register of regulated agent at Civil Aviation Department’s website.
3. RA(T) receives consignment from its consignor or upstream regulated agent.
4. RA(T) checks the security status of cargo consignment and, if required, applies security control to turn the security status of the cargo consignment into “SPX”
5. RA(T) prepares applicable shipping documents.
6. If the cargo is known cargo, RA(T) shall annotate its regulated agent code and the cargo status of the cargo consignment at the right bottom corner of the shipping documents (e.g. Shipper’s Letter of Instruction (SLI), House Air Waybill (HAWB)).
7. If the cargo is unknown cargo, RA(T) shall not annotate any security status or any regulated agent code in the shipping documents (e.g. SLI, HAWB).
8. RA(T) tenders consignment to RA(R).

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| Verbal audit on procedure for Recognition of partnering RA |
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**Comment:**

The list of Inter-RA form is maintained.

### Cargo from tendering RA

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| Inter-RA form to receiving RA |
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**Comment:**

N/A

|                               |
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| Co-loading documents checking |
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**Comment:**

N/A

## 6 Inter-Regulated Agent (co-loading) Handling (Con't)

1. RA(R) verifies the annotation and applies security control to turn the security status of the cargo consignment into "SPX" if required.
2. RA(R) tenders consignment to a Cargo Terminal Operator (CTO) and delivers the Master Air Waybill (MAWB) and Reception Check List (RCL) to Airline.
3. RA(T) and RA(R) keep the documents. Documentation and recording by electronic means are acceptable provided that hard copies can be made available upon inspection by Civil Aviation Department.

### Cargo to receiving RA

#### Inter-RA form from receiving RA

**Comment:**

The Inter-RA form of Iditarod Logistics Limited is well maintained.

#### Co-loading documents preparation

**Comment:**

The majority of your shipments are co-loading to your RA partner (Iditarod Logistics Limited), however, your company failed to mark your company RA code on the co-loading document to your receiving RA (176-5770 9735, 555-38491331, 176-5784 5130, 176-5887 5423, 555-3849 4094, 160-5407 7203) , please note that you must declare the cargo security status (SPX or SCO) together with your company RA code, or unknown status for each shipment to your receiving RA. Please re-train your staff accordingly.

## 7 Procedure of Inter-RA/Agent AWB Handling between RA and RAs

### RA(2) borrows AWB from a Regulated Agent, RA(1)

Person In Charge / Nominated Person for Cargo Security is responsible for all the Inter-RA AWB handling and Inter-Agent AWB handling.

If RA(2) borrows AWB from a Regulated Agent, RA(1), we will adopt the handling procedures as follow:

- 1) RA(2) shall lodge a one-off “Regulated Agent Aviation Security Declaration” with RA(1). RA(2) shall inform his RA code to RA(1). As the receiving Regulated Agent of the said declaration, RA(1) shall verify the validity of RA’s code against the list of RA at CAD website.
- 2) RA(2) shall lodge a “Form of Undertaking for Inter-RA AWB Handling” with RA(1) EACH TIME when RA(2) borrows AWB from RA(1). At this point, RA(2) should read carefully all the instructions in the form, only complete Section I & Section III, and we will leave the box in Section II blank. Section II is to be completed after RA has tendered the consignment to CTO.
- 3) When RA(1) lends the AWB to RA(2), he should leave “Signature of issuing Carrier or its Agent” blank. Let RA(2) completes it after RA(2) has tendered the consignment to CTO.

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| Verbal audit on procedure for Recognition of partnering RA |
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| <b>Comment:</b> |
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| N/A, |
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#### Air Way Bill borrow to RA

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| Inter-RA form from RA(2) |
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| <b>Comment:</b> |
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| N/A, |
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| Inter-AWB documents checking (MAWB) |
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| <b>Comment:</b> |
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| N/A, |
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| Inter-AWB documents checking (Undertaking) |
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| <b>Comment:</b> |
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| N/A, |
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#### Air Way Bill borrow to Agent

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| Inter-AWB documents checking (MAWB) |
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| <b>Comment:</b> |
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N/A, RA did not borrow AWB to other Agent

Inter-AWB documents checking (Undertaking)

**Comment:**

N/A, RA did not borrow AWB to other Agent

### Air Way Bill borrow from RA

RA(2) using RA(1)'s AWB to prepare shipping document, RA(2) should fulfill all the responsibilities of a RA and comply with requirements laid down in the Regulated Agent Regime. (RA must refer to the procedures stated in Section II of the form of undertaking and tick only one of the boxes in the form.)

In the event the RA needs to tender KNOWN CARGO (i.e. consignment with security status "SPX" or "SCO"), RA shall:

- Annotate Cargo status immediately above the company name in the "Signature of shipper or its Agent" box of the AWB.
- Annotate code of RA(1) on the "Signature of issuing Carrier or its Agent" box of the AWB.
- Tender the consignment to the Cargo Terminal Operator (CTO).
- Deliver the air waybill and RCL to the Airline.
- Complete Section II in the Form of Undertaking and return to RA(1) for record purpose.

|                                                                                                                                                                                                                                                                                                 |            |                                           |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-------------------------------------------|
| Shipper certifies that the particulars on the face hereof are correct and that insofar as any part of the consignment contains dangerous goods, such part is properly described by name and is in proper condition for carriage by air according to the applicable Dangerous Goods Regulations. |            |                                           |
| SPX<br>DEF LOGISTICS LIMITED                                                                                                                                                                                                                                                                    |            |                                           |
| _____<br>Signature of Shipper or his Agent                                                                                                                                                                                                                                                      |            |                                           |
| 15/07/2013                                                                                                                                                                                                                                                                                      | HONG KONG  | Chan RA23456                              |
| Executed on (date)                                                                                                                                                                                                                                                                              | at (place) | Signature of Issuing Carrier or its Agent |
| Total Collect Charges                                                                                                                                                                                                                                                                           |            |                                           |

In the event the RA needs to tender KNOWN CARGO  
(Consignment with security status "SPX")

|                                                                                                                                                                                                                                                                                                 |            |                                           |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-------------------------------------------|
| Shipper certifies that the particulars on the face hereof are correct and that insofar as any part of the consignment contains dangerous goods, such part is properly described by name and is in proper condition for carriage by air according to the applicable Dangerous Goods Regulations. |            |                                           |
| SCO<br>DEF LOGISTICS LIMITED                                                                                                                                                                                                                                                                    |            |                                           |
| _____<br>Signature of Shipper or his Agent                                                                                                                                                                                                                                                      |            |                                           |
| 15/07/2013                                                                                                                                                                                                                                                                                      | HONG KONG  | Chan RA23456                              |
| Executed on (date)                                                                                                                                                                                                                                                                              | at (place) | Signature of Issuing Carrier or its Agent |
| Total Collect Charges                                                                                                                                                                                                                                                                           |            |                                           |

In the event the RA needs to tender KNOWN CARGO  
(Consignment with security status "SCO")

In the event the RA needs to tender **UNKNOWN CARGO** (i.e. consignment without any security status) for carriage onboard passenger aircraft or freighter, RA shall:

- Submit the completed form, "Declaration of Export Consignment – Bulk" or "Declaration of

Export Consignment – Prepacked Unit” when the RA(2) requests the CTO to apply security control.

- If the consignment has been cleared by the security control, annotate Cargo status “SPX” immediately above the company name in the “Signature of shipper or its Agent” box of the AWB.
- Annotate code of RA(1) on the “Signature of issuing Carrier or its Agent” box of the AWB.
- Tender the consignment to the Cargo Terminal Operator (CTO).
- Deliver the air waybill and RCL to the Airline.
- Complete Section II in the Form of Undertaking and return to RA(1) for record purpose.

|                                                                                                                                                                                                                                                                                                                |                           |                                                          |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|----------------------------------------------------------|
| <small>Shipper certifies that the particulars on the face hereof are correct and that insofar as any part of the consignment contains dangerous goods, such part is properly described by name and is in proper condition for carriage by air according to the applicable Dangerous Goods Regulations.</small> |                           |                                                          |
| SPX<br>DEF LOGISTICS LIMITED<br><hr/> <small>Signature of Shipper or his Agent</small>                                                                                                                                                                                                                         |                           |                                                          |
| 15/07/2013                                                                                                                                                                                                                                                                                                     | HONG KONG                 | Chan RA23456                                             |
| <small>Executed on (date)</small>                                                                                                                                                                                                                                                                              | <small>at (place)</small> | <small>Signature of Issuing Carrier or its Agent</small> |
| <small>Total Collect Charges</small>                                                                                                                                                                                                                                                                           |                           |                                                          |

In the event the RA needs to tender **UNKNOWN CARGO** (i.e. consignment without any security status) for carriage onboard passenger aircraft or freighter. And after the consignment has been cleared by the security control, annotate Cargo status “SPX” immediately above the company name in the “Signature of shipper or its Agent” box of the AWB.

In the event the RA needs to tender **KNOWN CARGO "SCO"** for carriage onboard passenger aircraft, RA shall:

- Submit the completed form, “Declaration of Export Consignment – Bulk” or “Declaration of Export Consignment – Prepacked Unit” when the RA(2) requests the CTO to apply security control.
- If the consignment has been cleared by the security control, annotate Cargo status “SPX” immediately above the company name in the “Signature of shipper or its Agent” box of the AWB.
- Annotate code of RA(1) on the “Signature of issuing Carrier or its Agent” box of the AWB.
- Tender the consignment to the Cargo Terminal Operator (CTO).
- Deliver the air waybill and RCL to the Airline.
- Complete Section II in the Form of Undertaking and return to RA(1) for record purpose.

|                                                                                                                                                                                                                                                                                                                |                           |                                                          |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|----------------------------------------------------------|
| <small>Shipper certifies that the particulars on the face hereof are correct and that insofar as any part of the consignment contains dangerous goods, such part is properly described by name and is in proper condition for carriage by air according to the applicable Dangerous Goods Regulations.</small> |                           |                                                          |
| SPX<br>DEF LOGISTICS LIMITED<br><hr/> <small>Signature of Shipper or his Agent</small>                                                                                                                                                                                                                         |                           |                                                          |
| 15/07/2013                                                                                                                                                                                                                                                                                                     | HONG KONG                 | Chan RA23456                                             |
| <small>Executed on (date)</small>                                                                                                                                                                                                                                                                              | <small>at (place)</small> | <small>Signature of Issuing Carrier or its Agent</small> |
| <small>Total Collect Charges</small>                                                                                                                                                                                                                                                                           |                           |                                                          |

Figure 7.2.4 In the event the RA needs to tender **KNOWN CARGO "SCO"** for carriage onboard passenger aircraft,. And after the consignment has been cleared by the security control, annotate Cargo status “SPX” immediately above the company name in the “Signature of shipper or its Agent” box of the AWB.

Please confirm RA code on AWB as should consistent with company's name which appears in the "Issuing Carrier's Agent Name and City" box at the top of the air waybill.

Remark: If RA lends AWB to other RAs, RA will follow the above procedure as RA(1) does.

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| Inter-RA form to RA(1) |
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| <b>Comment:</b> |
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| N/A, |
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| Inter-AWB documents checking (Undertaking) |
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| <b>Comment:</b> |
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| N/A, |
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| Inter-AWB documents checking (MAWB) |
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| <b>Comment:</b> |
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| N/A, |
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## 8 Quality Control

Quality Control Programme (QCP) aims to enhance cargo security by random screening of the cargo from known consignors. Under the QCP, with effect from 15 July 2013, RA shall arrange to conduct random screening, preferably on a monthly basis, of a minimum of 1.0% (in weight) by x-ray of the cargo received from their known consignors which is booked to be carried on board passenger aircraft and all-cargo aircraft. The random x-ray screening records shall be maintained for at least 3 years for inspection by CAD. A summary report of x-ray screening shall be made available upon request from CAD.

### Quality Control Programme (Random Checks on Cargo from Known Consignor)

**Comment:**

The QCP X-ray screening was arranged and the records were kept properly.

The 2013 QCP summary will be completed and will be reminded to complete those report to CAD before the deadline.

The tonnage was:

|      |       |
|------|-------|
| 2012 | 1.23% |
| 2011 | 2.72% |

RA Shall conduct regular self-assessment with reference to this Regulated Agent Security Programme (RASP) and the Handling Procedures for RAR, at least once every two years, in order to identify any internal deficiencies or security procedures that are not being properly implemented or that may require enhancement.

The results of each self-assessment shall be maintained for 3 years and be available for the announced and unannounced inspections by CAD.

Subject to announced and unannounced inspection by CAD for the purpose of monitoring the compliance with the relevant security requirements stipulated in the RASP, the Handling Procedures for RAR and any other directions given from time to time by CAD.

### Quality control through self-assessment

**Comment:**

N/A, the current audit is less than 24 months from new requirement activation date

## 9 RAR CONTINGENCY PLAN

### Suspect Cargo

- ♦ Any suspicion, such as sign of tampering, inconsistency between consignment appearance and shipping documents, shall be resolved before tendering to aircraft operators (Airlines) or the next regulated agent (RA) for carriage by air.
- ♦ Further shipping information may be requested from the consignor for clarification.
- ♦ Suspect air cargo shall be treated as unknown cargo and be subjected to the security control stipulated in Part II Section 6.3(b).
- ♦ My company shall only transport the consignment of the air cargo if my company has carried out the security control stipulated in Part II Section 6.3(b) with an objective to detect the presence of concealed explosives or incendiary devices in consignments of cargo.

### Unresolved Suspicions

If there is any unresolved suspicion or a suspect item is detected in a consignment:-

- ♦ do not touch the consignment;
- ♦ immediately contact on-site supervisor or person-in-charge for assistance

Once suspicion is confirmed:

- ♦ contact the consignor or shipper to assist in investigation; and/or
- ♦ report it to the Hong Kong Police.

If there is any sign of danger from the suspect consignment:

- ♦ report it to the Hong Kong Police immediately;
- ♦ evacuate the premises where the suspect consignment is stored;
- ♦ establish a cordon to prevent anyone from gaining access to the evacuated area; and follow the instructions, if any, from the Hong Kong Police and other emergency services department.
- ♦

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| Verbal audit on Suspect Cargo handling procedure |
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| <b>Comment:</b> |
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| Conformity |
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| Verbal audit on Unresolved Suspect Cargo handling procedure |
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| <b>Comment:</b> |
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| Conformity |
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