Appendix II

Conditions applicable to
airlines, ground handling agents and freight forwarders
registered under the Air Transhipment Cargo Exemption Scheme
for Specified Strategic Commodities ("The Scheme")

(1) During the period between its import and export, the air transhipment cargo must **remain within the cargo transhipment area of the Hong Kong International Airport**.

(2) **Physical custody of the air transhipment cargo must always remain with the person registered** under the Scheme at all times while the air transhipment cargo is in Hong Kong and that **no further processing or substitution of the air transhipment cargo takes place in Hong Kong**.

(3) The cargo is recorded in the manifests of both aircrafts which brought the cargo into and took it out of Hong Kong.

(4) Up-to-date books and records must be maintained by the person registered under the Scheme showing the following information in respect of the air transhipment cargo of strategic commodities handled by or on behalf of that person :

(i) a description of the cargo;

(ii) the quantity of the cargo;

(iii) the owner of the cargo and any agent or representative of the owner and that of any notifying party; and, as far as practicable, the name and address of the consignor and consignee;

(iv) the original port of loading of the cargo;

(v) the port of destination and discharge of the cargo;

(vi) the date of arrival of the cargo in Hong Kong;

(vii) the date of departure of the cargo from Hong Kong;

(viii) the names of the inbound and outbound carriers of the cargo;

(ix) the serial numbers of the flights on which the cargo is imported into and exported from Hong Kong;

(x) the master and house air waybill numbers in respect of the cargo;

(xi) if applicable, a description of any marks or labels on the cargo; and

(xii) if applicable, the place of origin of the cargo.

(5) The person registered under the Scheme allows officers of the Customs and Excise Department to inspect the air transhipment cargo and the books and records relating to the air transhipment cargo whenever required.

(6) The person registered under the Scheme ensures that the air transhipments under the Scheme are only released to and accepted from other airlines, ground handling agents and freight forwarders registered under the Scheme.

(7) The person registered under the Scheme advises the Director-General of Trade and Industry immediately of any change in any of the particulars provided in his application for registration under the Scheme.

(8) The Scheme is **not applicable to consignments for which there is a change of destination after departure from the exporting place**.

(9) When notified by the Director-General of Trade and Industry, whether before or at the time when an article is transhipped, that specified strategic commodities or any articles concerned are to be excluded from the exemption granted under this Scheme, the person registered under the Scheme must apply for import and export licences under section 6A of the Import and Export Ordinance (Cap. 60) and regulation 2 of the Import and Export (Strategic Commodities) Regulations (Cap. 60G).

(10) The Director-General of Trade and Industry may vary, revise or cancel the Air Transhipment Cargo Exemption Scheme as it applies to any category of strategic commodities at any time he deems appropriate and the exemption granted under the Scheme will be deemed to be cancelled in respect of that category of strategic commodities.

(11) The Director-General of Trade and Industry may, whether at the time of making the exemption or subsequently, impose such conditions as he thinks fit in relation to an exemption made under this Scheme, and the person exempted shall comply with any condition imposed.

(12) All or any of the information provided in an application for registration, an application for renewal of registration or the returns to be lodged by airlines, ground handling agents and freight forwarders in respect of the transhipment cargo may be disclosed by the Trade and Industry Department to third parties either in Hong Kong or elsewhere provided that such disclosure facilitates the consideration or processing of the application for registration, facilitates

enforcement by enforcement agencies, is in the interests of Hong Kong's trade, is authorized by law, or if explicit consent to such disclosure has been given by the applicant or relevant parties.

(13) A registered person must, in connection with the air transhipment cargo covered by the Scheme, keep the manifest and through air waybill indicating Hong Kong as a transhipment port and the shipping order or shipper's instruction. These documents should be kept at his registered premises for a two-year period from the date the consignment is imported or exported, irrespective of whether the registration has been cancelled, suspended, revoked or has expired. The documents must be produced for inspection upon the request of officers of the Customs and Excise Department or the Trade and Industry Department.

(14) Monthly returns in the format specified at **Appendix IV** or any other format as approved by the Director-General of Trade and Industry should be lodged to the Trade and Industry Department on or before the 15th of each month. Returns should be properly signed, dated and should bear the company chop of the registered person. Lodgement of the monthly returns through electronic means as provided for under the Electronic Transactions Ordinance (Cap. 553) and in a format and manner as specified at **Appendix V** or any other format as approved by the Director-General of Trade and Industry is also acceptable. **Nil return is required.**

Conditions applicable to airlines, ground handling agents, or both

(15) Import and export manifests in respect of the air transhipment cargo covered by the Scheme should be lodged to the Trade and Industry Department within 14 days after importation/exportation of the air transhipment cargo. The relevant manifests should be delivered to the Trade and Industry Department using the electronic service (i.e. through Brio Electronic Commerce Limited, Global e-Trading Services Limited or Tradelink Electronic Commerce Limited). Lodgement of through air waybills to the Trade and Industry Department is not necessary. Quoting the number of the Certificate of Exemption granted to the registered person under the Scheme along the relevant consignment in the electronic manifests will suffice. In addition, a registrant which is a ground handling agent should also comply with condition (16) below.

Conditions applicable to freight forwarders

(16) If the registrant ceases to be the agent of an airline which had previously appointed the registrant as its agent for the purpose of handling air transhipment cargo as indicated in its Application for Registration under the Scheme, the registrant shall immediately :

(i) inform the Director-General of Trade and Industry in writing that it has ceased to be the agent of that airline; and

(ii) except where the registrant remains the agent of one or more airlines, surrender its Certificate of Exemption to the Director-General of Trade and Industry for cancellation of its registration.