

LFS GLOBAL LOGISTICS GROUP



Rules & Regulation Agreement

LFS GLOBAL LOGISTICS GROUP

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LFS GLOBAL LOGISTICS GROUP

AGREEMENT

This agreement is made between LFS GLOBAL LOGISTICS GROUP having its Principle office at Unit 1711 – 1712, Tower A, Regent Centre, 63 Wo Yi Hop Road, Kwai Chung, NT, Hong Kong and (either one of following category):

- A. Companies in country / city / port trading in the name LFS GLOBAL LOGISTICS GROUP either on franchise or partnership. This is with registration of the name with logo in direct relation to the principle office and paying local taxes abiding local law & regulation.
- B. Companies acting as agents trading as NVOCC / VOCC / airfreight / land transport operator in the name sake without registration or paying local taxes but part of LFS GLOBAL LOGISTICS GROUP and operate LFS GLOBAL LOGISTICS GROUP transportation documents. Moreover, these companies have direct or indirect interest to the development of LFS GLOBAL LOGISTICS GROUP and indulge in the trading of the said principle name.

It has been agreed upon on Twenty Fourth of April in the year One Thousand Nine Hundred Ninety Eight at Shangri-La's Mactan Island Resort, Cebu, The Philippines that:

- 1) All companies shall trade with full responsibilities and liabilities reporting to the principle office of any development or affairs in relation to the Group.
- 2) No party shall trade their name or leave the affiliation without notice to this principle office. Any party so decide to leave the Group must provide notice of 60 days in advance subject to acceptance or otherwise said party shall convince to perform task until such are being approved. When such party eventually being relief as member of the Group, that party concern has to discharge their duties professionally until transfer of their responsibilities and liabilities being made officially to a new setup within their jurisdiction. When this transfer is made, the subject party shall do so without hindrance to the client's affair and that they will operate with full co-operation. This co-operation includes everything in this agreement and party concerned will not back solicit business nor speak evil of the Group whilst in this period of transition. All accounting is to be settled between members and said party on her last day before transfer of their righteous ship to a new operation.
- 3) No party shall sell their operations or business to a new Directorship without notification to the principle office. Such notice must be made 90 days advance. Memberships are none transferrable and subject to the Group Executive Committee consideration of continuity. In the event that EXCO do not qualify the new company to be associate with the Group, there will be no refund or reimbursement on any deposit / fees to the said member.
- 4) In using LFS GLOBAL LOGISTICS GROUP transportation documents, party concern shall with obligation perform such task with professional liabilities. Insurance is to be made for each Bill of Lading issued or otherwise such party concern shall be fully liable and shall act in good faith to protect the name of the Group including payment in full for any damages or loss. All parties shall issue transportation documents with indemnity to the principle office and that each party will bore all legal cost in event legal consultation or action is require. Any cases being taken up from the principle office in relation to party concern where legal consultant are employed, such costs and fees shall be for the account of said party. This fees or charges is to be paid up front and will not used to mix with normal accounting between party concern and the principle office.
- 5) Any party found having suspicious in fraudulent would be suspended immediately from issue of LFS GLOBAL LOGISTICS GROUP documents. Once investigation are completed and found guilty, said party will be terminated as member of the Group and shall bear full legal responsibilities and liabilities.
- 6) In the issue of LFS GLOBAL LOGISTICS GROUP transportation documents, only authorize listed as member of the Group is to be made as delivery party. Any issuing office that default such may be penalized and suspended from trading using LFS transportation documents.

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- 7) All transportation documents must include full details of cargo description and made known the delivery party at port of discharge. Full address of consignee and delivery party must be spell clearly including that of contact telephone & person.
- 8) In respect to NVOCC where in the issue of Ocean Bills of Lading are to cover House Bills of Lading; the normal term for freight charges payable on master document shall be in accord to that of House Bills of Lading. This means that when House Bills of Lading are on collect, then the Master Bills of Lading or Ocean Bills of Lading shall be collect- unless if otherwise agreed bilaterally. As for airfreight transportation, the terms shall be prepay Master Airway Bills to cover charges collect House Airway Bills.
- 9) Appropriate pre-alert must be given prior to shipment arrival from port of loading party to port of discharge party. Failure to do so would result to demurrage and such shall be for the account of the party at port of loading.
- 10) When appropriate pre-alert being made from port of loading party to port of discharge party and where no collection nor action being taken place until demurrage occurred, the total cost of demurrage shall be bore through the party at port of discharge. This cost shall not be passing on to consignee not unless evidence being made to substantiate that such delay is not fault of the delivery part and that of the negligence of actual consignee or her custom broker / agent.
- 11) The party address as consignee on Ocean or master Bills of Lading shall take full responsibilities to provide protection and interest to the well being of the freight concern. This shall includes:
- 12) Notify consignee the date of arrival giving assistance until consignees is aware of freight details and documentation to facilitate their actual delivery.
- 13) To charge consignee the normal market prevailing local charges not unless otherwise spell to the party at port of loading separately. No unscrupulous charges are allowed to debit consignee resulting to said consignee influencing shipper avoiding the party that solicit business at port of loading
- 14) To release delivery order only to actual consignee and protect the interest of title transfer of said freight. Such involve presentation of original transport documents before any performance in the release of freight to consignee is allowed. In the circumstances where shipments are consigned "To Order" or address to the bank, then banker's guarantee or indemnity must be provided and authenticated before such release is to be taken place. The delivery part shall bear full responsibilities and liabilities to the affairs of this matter owing to their negligence in the event such freight is released without proper documentation. When such occurred and when shipper being unable to recover value of goods from consignee, the said party who released freight without the consent from port of loading shall bear full cost on the value of goods. This is not withstanding to legal fees that are involved in the process of shipper's attempt recovery of their loss.
- 15) All LFS GLOBAL LOGISTICS GROUP transport documents are to be governed through Hague Visby rules, The Carriage of Goods By Sea Act 1992 or IATA in respect to airfreight, not unless being specify otherwise prior to business transaction. All shipping and freighting are done in respect to the terms & conditions spelled clearly and any claims whatsoever will be made per the said terms and conditions.
- 16) LFS GLOBAL LOGISTICS GROUP shall act as carrier hence in the issue of LFS GLOBAL LOGISTICS GROUP documentation, the port of loading & discharge party shall note three main functions:
 - i) It is a negotiable instrument by which title of goods may be passed from one to one another, and which entitles the holder of original transport documents to receive good from the carrier at the discharge port;
 - ii) It is acknowledgement of the shipment of goods on board the vessel i.e. a receipt of goods.
 - iii) It evidences a contract of carriage between carrier and the shipper.
- 17) No break-bulk / handling fee is to be debit to port of loading not unless otherwise specified earlier before effect of shipment and in singular bilateral agreement.
- 18) In event of transshipment occurred, freight charges unless otherwise specified in advance must be for the account of port of loading. This shall be in no relation to port of loading request to assist in collection. When such freight is transhipped at an intermediate point and address to another party within the Group at final destination, no fees or charges shall be levy to the destination party. Any such fee shall be bore by the port

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of actual loading not unless the rate quoted to port of actual loading from transshipping centre being an "all in" rate.

- 19) On the part of sales activities, each party agrees to utilize its best endeavour to maintain, promote and expand business and to represent professionally for commercial interest in their own territory.
- 20) All costs are to be given from one party to another at net rate. No mark up from this to increase own revenue is allowed.
- 21) Profit sharing is to be calculated on FOB shipments between the selling and cost over freight on 50% each. No other form of system is accepted unless otherwise agreed bilaterally.
- 22) All accounting are to be done with reconciliation taken place each month within 10 days from Statement date. Once balance outstanding amount is confirmed, remittance is to be made as soon as possible unless otherwise agreed upon bilaterally. Minimum amount for each remittance transaction is USD500 and any amount less than that may not qualify for remittance. Unless business transaction is slow hence no remittance is expected for the next couple of months, request can be made for immediate remittance and not accepting amount to carry forward.
- 23) 16) Remittance is to be made through bank via telegraphic transfer not unless otherwise agreed upon bilaterally. All bank charges derived at remittance country are for the account of payer. Once remittances were made, the payer is to notify payee giving full details of remittance made via facsimile or email.
- 24) All business are transacted in accordance to the Group Standard trading Conditions of which, a copy is being attached for usage.
- 25) Termination of this agreement may be made to following reasons:
 - a) That the party concerned commits a serious breach of this agreement;
 - b) Due to unknown causes either party is unable to perform its function;
 - c) Hostilities break out which may threaten the business;
 - d) Party concerned enter into liquidation or receivership
- 26) In acceptance to this agreement, party shall be obliging to fulfil terms and conditions set out and to protect full interest of Group member. This agreement is subject to changes as and when require from the principal office. Such amendment will be made via broadcast and that each party concern is to update accordingly.

Further amendment will be made as and when required which would be govern through the Executive Committee.

David Lim
President

LFS GLOBAL LOGISTICS GROUP

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ACCEPTANCE

In perusal to agreement endorsed through Mr. David Lim, the President of LFS GLOBAL LOGISTICS GROUP, I, _____

holding the position of *Managing Director / Director / President / Chief Executive Officer of _____

agree and accept with fully obligation in adhering to this rules set out. In endorse this on behalf of the firm and with full authority from the Board of Directors acting for the whole nationwide _____ of _____

I accept to perform and agree in all courses to uphold the name of the organization in my country.

Dated:

.....
Managing Director / Director / President / CEO*

.....
Company Stamp

.....
Witness

*delete accordingly

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SUMMARY ON MEMBERSHIP FORMATION

- 1) Every full member has the right to vote at AGM.
- 2) Every full member has may issue LFS B/L.
- 3) Each full member shall be the only LFS representative in their country.
- 4) Every full member must pay an annual membership fee.
- 5) Every full member must participate to the AGM.
- 6) Every full member is required to follow the “LFS GLOBAL LOGISTICS GROUP Working Policies”.
- 7) Every full member must be an active member trying to develop and increase as much as possible the trade between the LFS members.
- 8) The procedure to become a full member requires the “Observer/Neutral” to make a formal request to the president by completing the appropriate form, copied to the Executive Committee who will circulate the request to all the full members asking for a vote. 2/3 of votes shall be required to become a full member.
- 9) The status ‘affiliated’ is a station or a branch of a LFS full member
- 10)The affiliate office has no voting rights.
- 11)The affiliated office has the right to issue LFS B/L.
- 12)The affiliated office has the right to be the only LFS representative in their country.
- 13)The affiliated office is exempt from the payment of annual membership fee.
- 14)The affiliated must pay the AGM fee on attendance.
- 15)The” Observer/Neutral” must be recommended by a full member and information regarding their history, policies, services, working terms has to be provided and enclosed in the agent list.
- 16)The acceptance of new “Observer/Neutral” has to be voted by all the full members, to become an “Observer/Neutral” 2/3 majority vote is required.
- 17)The “Observer/Neutral” is not allowed to use LFS B/L unless authorized by the President and the Executive Committee.
- 18)The “Observer/Neutral” has no right to vote.
- 19)The “Observer/Neutral” have no right to be the only LFS representative in their country.
- 20)The “Observer/Neutral” are exempt from payment of annual membership fee
- 21)The “Observer/Neutral” must pay the AGM fee on attendance.
- 22)Full payment of membership fee must be effected after 30 days of receipt of the invoice in the account stated in the bill.
- 23)Non payment of membership without any reasons could cause the cancellation from the group.
- 24)The LFS common funds could be used for:
 - a. AGM Fee
 - b. LFS Website
 - c. LFS P&I fee
 - d. Development of the group
 - e. Secretary salary
- 25)Statement of account of common fund will be made known to the Executive Committee who will govern this for the interest of all members.
- 26)The agency list or group directory should show recommendation, specific information, and comments about every “Observer/Neutral”. An agency list for full member/affiliate and a separate agent list for “Observer/Neutral” should be considered. The list was now perhaps too large and confusing. A re-design to make it easier to identify status and strength of agent and if this is a bi-lateral agency agreement to show with which agent delete some ‘dubious’, or quiet agents to make the list more valuable.

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- 27) Any full member or affiliate that does not respect the “LFS GLOBAL LOGISTICS GROUP Working Policies” could be recommended to expel from the group.
- 28) Any cancellation of member, affiliated, “Observer/Neutral” will be checked first by President, then Executive Committee before finally voted by all the full members.
- 29) LFS GROUP charges an annual membership fee. Benefits include from this annual fee are but not limited to conference fee, stipulated expenses, entertainment and meals incur during the Annual General Meeting. This fee also covers consultant charges if required and Group Secretary administrative fees.
- 30) Website. Suggestion to all members to utilise this website in exchange of news and product not withstanding to information flow.
- 31) The possibility of a bad debt levy to be progressed by Finance committee.
- 32) More use of scanned shipping documents to be encouraged between members. Any problems in reading any scanned documents can be easily resolved by consulting within the group.
- 33) The group should think more globally and not just within their own territory. We are a world class group with great strengths. We can do more together.
- 34) Members need to make more use of LFS Group logo in their company. A good start could be made with their business card.
- 35) Communication is not just a once a year exercise. Keep the dialogue up.
- 36) The committee chairman should be responsible to issue membership fee invoice.
- 37) Committee chairman should be responsible for collection of fees. The said chairman may delegate any or all of his committee to assist in such collection.
- 38) Committee shall be responsible for updating working policies, with a secretary involved this can be lightened. Moreover, someone along the line should update agency/office directory. An added advantage with a group secretary. Discussion should be made by the committee to find a solution to the secretarial requirement. Such secretary should be given the responsibility to organise future AGM. Ms Amy Liu (group-secretary@lfsgroup.org)) has been appointed as secretary by the President Mr. David Lim and the Executive Committee with effect from 2012. The group bank account is now held in Hong Kong in a neutral account bank at Hang Seng Bank. The Executive Committee has excess to the bank balance and fund usage.
- 39) Please take note of the above format of membership and do contact the following for any verification:
 - Mr. David Lim - Group President
 - Mr. Kelvin Cheong - Vice President of the LFS Group
 - Mr. Deepak Khanna - Vice President of the LFS Group
 - Mr. Philip Utama - Vice President of the LFS Group
 - Mr. Ingo Buchner - Vice President of the LFS Group
 - Mr. Selahatti Demir - Vice President of the LFS Group
 - Mr. Mohammad Naser - Vice President of the LFS Group

Group Working Policies



Established on 18 May 2000

First Published 1 June 2001

Revised 19 April 2006

Review 01 April 2019

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ACCOUNTING & CONTRA-ACCOUNTING POLICIES

On 18 May 2000, during the Annual General Meeting of the LFS GLOBAL LOGISTICS GROUP held at Zhuhai, China, it was established that there was a need for a clear-cut accounting and contra-accounting policy which shall govern the accounting and fiscal relationship and responsibilities of all members of this shipping group. Pursuant thereto, this accounting policy shall be drafted for acceptance of at least 2/3 of all full members in good standing.

A. DEFINITIONS

Except where the context otherwise requires, the following terms shall have the corresponding meanings:

1. LFS Member – is a transportation or logistics company recognized as a member of record of the LFS Group of Shipping Companies, either as a full member, affiliated member or observer;
2. Creditor – is an LFS member to whom money is owing;
3. Debtor – is an LFS member who owes money to another LFS member;
4. Shipper – is an LFS member who ships goods to and consigning the same to another LFS member;
5. Consignee – is an LFS member to whom goods have been consigned by another LFS member;
6. Claimant – is an LFS member who is aggrieved in any reconciliation of accounts or contra-accounting/ offsetting;
7. Defendant – is an LFS member with whom the Claimant has a matter in dispute.

B. INVOICING

As soon as practicable, upon the departure of the goods and whenever money is owing, the shipper shall issue an Invoice or Debit Note, as the case may be, in favour of the consignee.

The original copy of such Invoice / Debit Note or Credit Note shall be sent by shipper to consignee by post or courier, whichever is practicable.

The shipper may forward such Invoice / Debit Note or Credit Note in advance to the consignee or the consignee may request the shipper that such Invoice / Debit

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Note or Credit Note, be forwarded to him in advance either via facsimile or e-mail, but the original copy shall still be sent to the consignee in accordance with the preceding paragraph.

C. STATEMENT OF ACCOUNTS

A Statement of Accounts summarizing all accounts receivable and accounts payable shall be forwarded every month by an LFS member to another LFS member either via facsimile or e-mail.

Such Statement of Account(s) must contain the Invoice / Debit Note or Credit Note number, date of issuance, the amount owing and, if possible, the Master Airway Bill or Master Bill of Lading number, and House Airway Bill or House Bill of Lading number.

D. RECONCILIATION OF ACCOUNTS

Within fifteen (15) working days from receipt of the Statement of Account(s), the recipient of such statement shall either confirm or request clarification of the transaction indicated therein. Such clarification could be effected by preparing a counter statement of account(s).

Once the outstanding balance has been confirmed, the amount owing shall be paid as soon as possible; unless, otherwise agreed upon by the parties concerned.

However, if after reconciliation of the accounts is effected there remains a dispute as to the amount owing, such dispute shall be referred to the Executive Committee for arbitration.

E. CONTRA-ACCOUNTING OR OFFSETTING

Whenever money both owes and for collection between two (2) concerned LFS member, contra-accounting or offsetting of accounts shall be affected.

Once outstanding balance is confirmed, the amount shall be paid as soon as possible; unless, otherwise agreed upon by the parties concerned.

However, if after contra-accounting or offsetting is effected, there remains a dispute as to the amount still owing, such dispute shall be referred to the Executive Committee for arbitration.

F. SETTLEMENT AMOUNT

Unless otherwise agreed upon by the parties concerned, the debtor shall pay the creditor the balance of the amount owing. The minimum amount of settlement is a balance of USD500.00 or more. Any amount less than USD500.00 may not

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qualify for immediate settlement; unless business transaction is slow and the amount owing has been outstanding for more than three (3) months. In which case, request for immediate settlement could be made.

G. MODE OF PAYMENT

Payment shall be made by remitting the amount due to the creditor via Telegraphic Transfer or Swift; unless, the parties concerned agreed to make the payment through some acceptable means which include, but not limited to, bank draft or cheque.

All bank charges to be incurred in securing a Telegraphic Transfer or SWIFT shall be for the account of the paymaster or payers. Service fees charged by the creditor's own bank shall be for the account of the creditor as these are standard service charges in the country of the creditor.

However, in those transportation regimes where inbound / import freight collect charges are not subject to "collection fees" and no profit or commission is given by shipper to consignee, all bank charges to be incurred in the remittance thereof must be for the account of the shipper.

Once remittance is made, the paymaster or payer shall notify by facsimile or e-mail the creditor or payee of such fact and detailing therein the summary of the accounts paid and / or deducted therefore by reason of contra-accounting or offsetting, whenever applicable.

On the other hand, the payee or the creditor who receives the creditor shall confirm via facsimile or e-mail to the paymaster or payer of the fact of receipt of remittance or payment.

H. ARBITRATION

Any accounting dispute or controversy involving LFS members shall be settled by arbitration in accordance with the provisions laid down hereunder, except as they may be modified herein or by the mutual agreement of the parties concerned. The arbitration shall be the sole and exclusive forum for the resolution of the accounting dispute or controversy and the award shall be final and binding upon the parties concerned.

1. For each case brought before the Executive Committee for arbitration, a new Arbitration team composed of three (3) members from the Executive Committee shall be formed. The Claimant shall select one (1) member of the Executive Committee to act as one of the three members of the Arbitration Team. The Defendant shall also select one (1) member of the Executive Committee to act as the other member of the 3-man Arbitration Team. The remaining members of the Executive Committee who have not been selected shall then choose among themselves one (1) member who shall act as the third member as well as Chairman of the Arbitration Team.

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2. Any member of the Executive Committee who is a party, either as Claimant or defendant, in a dispute or controversy may not act as member of the arbitration Team that shall resolve such dispute or controversy.
3. Each member of the Arbitration Team shall be impartial and independent from the parties in a dispute or controversy.
4. The Chairman of the Arbitration Team shall require the parties to forward to him/her all documentary evidence they may have via air courier. Upon receipt thereof, the Chairman shall reproduce copies of the said documentary evidence by photocopy and one (1) set thereof shall be air couriered to each of the other members of the Arbitration Team as well as to the Chairman/President of the LFS Group of Shipping Companies. Based on the documentary evidence submitted by the parties concerned, the Arbitration Team shall review the circumstances and render its decision or award within a reasonable time.
5. The vote or findings of at least two (2) members of Arbitration team shall be sufficient to render a decision or make the award in favour of one party to the arbitration.
6. If after deliberation the Arbitration Team is unable to obtain the required vote of at least two (2) members for or against any of the contending parties, the Chairman or President of the LFS group of Shipping Companies shall intervene to break the impasse and shall become ex-official member of the Arbitration Team and shall vote in accordance with his/her own appreciation of the evidence until the required minimum vote of two (2) members has been obtained.
7. The costs of air courier incurred by the Chairman of the Arbitration Team shall be borne by the party who the Arbitration Team finds to have unreasonably caused the arbitration.

I. ENFORCEMENT OF THE DECISION / AWARD

The Executive Committee may do any and all things necessary and proper to ensure that the decision or award of the Arbitration Team would be enforced which may include, but not limited to, any of the following:

1. Require third-party contra-accounting / offsetting. Under this scheme, the Executive Committee will require other LFS members to submit their financial/accounting position with the parties involved in the grievance or arbitration case. Thereafter, if some outstanding amount is due in favour of the offending party or defendant, the Executive Committee may order contra-accounting or offsetting with the said third party. Any accounting information, which may be disclosed by reason of this enforcement, shall

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remain with the Executive Committee who shall maintain the confidentiality thereof.

2. The Executive Committee may require the other members to stop handling any nomination from the offending party or consigning any export shipment to the offending party.
3. The Executive Committee may recommend the suspension or removal of the offending party from the roll of members.
4. In case the losing party refuses to recognize the decision or award of the Arbitration Team, the Executive Committee may make representations with the national association or regulatory authority, whether in the transportation, logistics or customs agency industry, in the country of the losing party to facilitate the blacklisting of the latter until such time that the decision or award is realized.

J. REFUSAL TO ARBITRATE

If the Claimant's case appears to be valid but the Defendant unreasonably refuses to have the dispute or controversy brought to arbitration, the Executive Committee may still take the necessary steps to protect the interest of the Claimant. On the other hand, if the Claimant's case appears to have no basis, the Executive Committee shall dismiss it outright.

K. EFFECTIVITY

This Policy shall take effect immediately upon the concurrence of two-thirds (2/3) of all full members.

APPROVED

FULL MEMBERS:

A.M. CARGO LOGISTIC SL
ADDICON LOGISTICS MANAGEMENT (VN) CO., LTD
ADRIS LOGISTICS
AIR-SEA FORWARDERS SRL
ARAB COMBINED SHIPPING SERVICES L.L.C.
ATLANTIC INTERMODAL SERVICES LLC.
ATLANTIDE LOGISTICS FRANCE
CHANNEL SHIPPING PTY. LTD
DRAC LOGISTICS LTD
EAGLES AIR & SEA (THAILAND) CO., LTD
EAGLES GLOBAL LOGISTICS MYANMAR
FREIGHT & CARGO SERVICE DE MEXICO S.A. DE C.V.
FS FREIGHT SYSTEMS PTE LTD

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FS SHIPPING (M) SDN BHD
HEARN LOGISTICS
IBERO LOGISTICA E TRANSITOS, LDA
INFINITY SHIPPING SERVICES
INTEROCEANIC GROUP CO., LTD
INTERSEA CONTAINER SERVICES LTD.
ISS GLOBAL FORWARDING TASIMACILIK A.S. JCT (CHINA) CO. LTD.
KERRY LOGISTICS (GERMANY) GMBH
KUKBO EXPRESS CO., LTD
LINK FIRST GLOBAL LOGISTICS LTD.
LINKFREIGHT EXPRESS INTERNATIONAL CO. INC.
LO GLOBAL LOGISTICS INC.
NIPPON MARUCHI LANKA SHIPPING LINES (PVT.) LTD
PRIORITY CARGO AUSTRALIA PTY LTD
PT. RICAKUSUMA LESTARI ABADI
QINGDAO NIELSEN INTERNATIONAL LOGISTICS CO.,LTD
SAFE GATE FORWARDERS LIMITED
SENATOR INTERNATIONAL SHIPPING CO. WLL
SHANGHAI SKYOCEAN INTERNATIONAL LOGISTICS CO., LTD.
SHENZHEN LINK FIRST GLOBAL LOGISTICS LTD
SHINKO EXPRESS CO.,LTD.
SUMMER WIN INTERNATIONAL SUPPLY CHAIN MANAGEMENT CO., LTD.
TIANJIN C & B LOGISTICS CO.,LTD
TIRRENA S.R.L.
XIAMEN VBL INT'L LOGISTICS LIMITED

Group President
LFS GLOBAL LOGISTICS GROUP

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Standard Operation Procedure

The structures of group operations are that:

- 1) Port of loading will issue proper Bills of Lading with indication of our party listed in our directory as the delivery agent. Unless otherwise being specified, all freight terms shall be in accordance to that of master Bills of Lading.
- 2) In the issue of Bills of Lading, members should be aware that the following registered Bills should be used:
 - a) Own company registered Bills of Lading where the issuer shall have their own coverage of insurance and accept liabilities.
 - b) LFS GLOBAL LOGISTICS GROUP Bills of Lading incorporated in Hong Kong. These Bills of Lading are for general trade within official group members. Not to be used for trade to and from United States of American & South America (Brazil).
 - c) Nautical Container Line Bills of Lading registered with British Virgin Island are for usage in all general trade. Not to be used for traffic to and from United States of America, South America and India sub-continent.
 - d) Tirrena S.p.a. Bills of Lading are mainly for traffic to & from Italy. Moreover, this Bill of Lading has been registered with the Department of Maritime in Brazil and it shall be used as the House Bill of Lading in the release of freight. No other Bills of Lading are to be used for traffic to Brazil. At this moment, same registration is being made for LFS GLOBAL LOGISTICS GROUP Bills of Lading of which, once this being approved, notification shall be made via broadcast.
 - e) SCL-Nielsen Multimodal Transportation Inc. Bills of Lading are for traffic to and from United States of America. Shipment MUST be consigned to SCL-Nielsen Multimodal Transportation Inc, in Los Angeles. Full style of the firm can be found in the directory listing.
- 3) Unless otherwise specified, members who utilized LFS GLOBAL LOGISTICS GROUP & Nautical Container Line Combine Bills of Lading will not require to any fee. In the issue of such Bills of Lading, the main condition is to consign shipment with delivery agent to the party listed in the official directory. This directory shall be updated once every three months or so. Failure to oblige this instruction shall constitute the issue of such Bills of Lading void% null.
- 4) In the issue of Tirrena S.R.L. Bills of Lading, fee may be imposed. You are required to consult with Tirrena S.R.L. in Italy for approval prior to issue of any such transportation documents.

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- 5) SCL-Nielsen Multimodal Transportation Inc. Bills of Lading are bonded transport documents registered with Federal Maritime Corporation in United States of America. A fee is imposed hence it is advised that unless prior arrangement has been made, approval and acceptance with relevant fee discussed is to be made before in the issue of such documents. Full style of SCL-Nielsen Multimodal Transportation Inc. can be found in the directory list.
- 6) General rules of trade are being made known with conditions of carriage at the back of each original Bill Of Lading. It would be suggested that proper measure and study be made prior to such issue. On trade within Far East, Asia Pacific and Europe, Hague Visby rules are generally being applied. Carriage of good by sea act does come in place other than traffic to China.
- 7) When shipments are consigned to monetary institution such as bank, no company guarantee is acceptable and the said transport documents have to be negotiated with the bank. Under such circumstances, freight is not allowed to be release without presentation of original Bills of Lading or banker's guarantee.
- 8) In event arbitration is necessary, local law rules are to be applied. The issuer shall be responsible to all legal fees involve and shall take full responsibilities until matter being dissolve.
- 9) Members of the LFS GLOBAL LOGISTICS GROUP do not charge each other break bulk fee. No handling fee will be imposed but on certain sector, which is inevitable, these members do so to deflate their local cost. At current SCL-Nielsen Multimodal Transportation Inc will debt a fee for usage of their Bills of Lading & handling charge for release of freight.
- 10) Pre-alert MUST be made to port of destination BEFORE shipment arrival. A sample of a general pre-alert form is being attached for your usage. Please amend it to the stationery of your firm. Kindly ensure that you surrender the Original Ocean Bills of Lading prior to arrival of vessel. In the context of airfreight, please enclose copies of HAWB together with MAWB to ensure no delay in delivery upon flight arrival. Same type of pre-alert must be given but in airfreight terminology.
- 11) Where freights are on nomination, the destination member must notify Port of Loading the selling rate established with the consignee and type of services to be used. Naturally the cost must have been discussed and agreed upon. All routed freight shall share a profit of 50% each between the gross selling and buying ocean / air cost. An involve will be made to the destination party and if there is any dispute, such has to be notified to the Port of Loading prior to release of freight. No acceptance to adjust or make correct after release of freight or completion of total transportation.
- 12) Credit notes and debit notes must be made to destination party once shipment is effected. If nothing of such is given, any loss in revenue owing to such negligence shall be no fault of destination member. On same token, reasonable time must be given in event Port of Loading fail to supply such information before decision on what is deem fit is to be collected from actual consignee.

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- 13) Switch Bills of Lading are done on a tri-party trade. Arrangement are such that original port of loading issue first sector Bills of Lading where such Bills of Lading shall be used as an instrument in exchange for second set Bills of Lading between intermediate point and final destination. A reasonable Bills of Lading exchange fee no more than the market stipulated amount shall be imposed to second shipper. When such documents are address to monetary institution as consignee, only original Bills of Lading or banker's guarantee shall be the documents to be exchanged for second set documents.
- 14) Any transshipment cargo is done with the understanding that such freight are without any reasonable doubt to be done so at the intermediate port. Consideration must be made if such freights are subject to classification as hazardous and restricted at transshipment centre of freight being oversize and overweight that makes transshipment difficult or costly.
- 15) Any wooden freight for destination such as Australia and United States are subject to fumigation. Ensure that authorized fumigation is done with certificate to be issued. This also applies to pallet used hence suggestion that plastic pallet is to be used.

David Lim
Group President

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Sample



LINK FIRST GLOBAL LOGISTICS LTD
UNITS 1711-1712, TOWER A, REGENT CENTRE,
63 WO YI HOP ROAD,
KWAI CHUNG, N.T., H.K.
TELEPHONE: +852 2781 0233
FACSIMILES: +852 2781 0189

PRE – ALERT NOTICE

Date: _____
To: _____
Attention: _____
From: _____

Enclosed are total _____ page including this cover. Please contact this office at the above mentioned address if you fail to receive total pages stated.

You are herewith advised that the appended said shipment is enroute to your port. Please arrange release of freight accordingly.

Vessel / Voyage: _____
Carrier at destination: _____
Telephone: _____ Contact: _____

[] LCF of _____ cbm [] FCL of _____ x 20'
[] FCL of _____ x 40' [] FCL of _____ x 40' HQ
[] FCL of _____ x 40'OT [] FCL of _____ x 45'

Attached documents:

[] Ocean Bills of Lading [] Sub Ocean Bills of Lading
[] House Bills of Lading [] Manifest
[] Freight Invoice [] Freight Credit Note
[] Commercial Invoice [] Packing List
[] Visa [] Certificate of Origin

Please note that:

[] Original documents have been despatch through courier
[] Original OBL are on seaway bill
[] Original OBL have been surrendered in Hong Kong
[] Original HBL are on seaway bill
[] Original HBL have been surrendered in Hong Kong
[] Consolidation shipment and HBL are dealt separately

LFS GLOBAL LOGISTICS GROUP

LFS GLOBAL LOGISTICS GROUP FUND PROTECTION PLAN

The purpose of the LFS GROUP FUND PROTECTION (herewith shall be known as LFS FPP) is to provide compensation for monies lost due to liquidation of a full member during the period of the membership. LFS Executive Committee (herewith shall be known as EXCO) administers LFS FPP. It is a benefit for all enrolled offices of member companies of LFS Group network. An enrolled office is an office, headquarters or branch office of a member company of LFS that has applied for and been accepted for membership and is currently on payment of the required membership fees for each and every office enrolled. Companies with non-enrolled offices in the vicinity of places of origin or final destination are NOT covered by LFS Fund Protection Plan. An enrolled office is listed on the webpage of each member company on LFS Group home page directory.

COMPENSATION LIMITATION

The amount of compensation is limited to USD20,000 per liquidated member to be distributed accordingly to any claims by participating company which are full member of LFS Global Logistics Group. A claimant company has an affirmative duty to recover debts. Failure to do so will reduce or eliminate compensation from the plan. LFS FPP has the absolute right to accept, offset or turn down any claims for any amount the liquidated member owes to the debtor company. The maximum to be paid in all claims in any twelve-month period shall not exceed USD20,000 thereafter claims will be paid in the order in which they are received. Claims for losses must be filed within the term of the claimant's membership in the LFS Group.

CLAIMS PROCEDURES:

1. Claims to LFS FPP ***must be filed within 30 days of any liquidated member with invoices unpaid for period of maximum 60 days.*** No claims will be accepted for invoice(s) dated more than 90 days old.
2. Claims must be submitted in writing via email to group-secretary@lfsgroup.org copied to davidlim@lfsgroup.org. Claims must be received by EXCO within the time frame indicated in sub-para (a.) above.
3. Any payments received by a claimant from a debtor company after the filling of a claim must be applied towards the claim.
4. LFS FPP will acknowledge claim upon receipt and will conduct a preliminary investigation, after which a preliminary determination will be reached:
 - 4.1. If it is determined that a member being liquidated exists, parties concerned will be notified and LFS FPP will process claims.
 - 4.2. For the purposes of this procedure, a "liquidated member" will be defined as a company who is a member at the time of liquidation and completely dissolve / bankrupt being define in local law.
 - 4.2.1. Liquidation with evidence of a Court Order
 - 4.2.2. Committee to decide if such liquidation prevail.
5. When submitting a claim, the reporting member must complete the official LFS FPP claim form and email to group-secretary@lfsgroup.org copied to davidlim@lfsgroup.org. Along with the

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claim form, all supporting documents such as invoices, statement of account, master and house shipping documents (MAWB, HAWB, MB/L, HB/L), delivery receipts, communications, etc. **must** be supplied to LFS FPP as the EXCO will be required to review entire file before approving.

6. ***During a claims investigation, if it is determined that a party to claim knowingly presented, or caused to be presented a false claim, or knowingly made, used, or caused to be made or used, a false record, document or statement material to the claim, then such claim will be CLOSED and no payment will be forthcoming.***
7. LFS reserves the right to offset claim amounts against monies due by the claimant to LFS members

EXCLUSIONS:

The following transactions and losses are specifically excluded from coverage under the plan:

- a. Losses suffered by non-members or the clients of a member.
- b. Losses resulting from war, rebellion, hostilities, riot, civil commotion and natural disasters.
- c. Legal fees or services.

CONTROLLING AUTHORITY:

LFS EXCO will oversee the LFS FPP. In case of claim rejection, the member company will remain free to pursue any other means of collection at its disposal, and the decision of the EXCO should not be construed as having any legal bearing on the collection process.

TERMINATION OF PROTECTION:

LFS reserves the right to terminate LFS FPP for future transactions for any given member company with notice at any time. Protection under the LFS FPP will terminate upon email notification to the members and/or removal of the member company from the LFS membership listing, or upon the non-renewal of membership.

Proposed by Mr. David Hearn

Seconded by Mr. Roland Goh

Confirmed by Mr. David Lim

Date: 2017. 9. 11 at HONG KONG

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ANNEX No. 1

IMPORTANT ANNOUNCEMENT

It has been unanimously agreed from the committee that the following conditions shall apply for Fund Protection Plan:

- 1 For full members only
- 2 No outstanding dues from members
- 3 Must attend yearly Annual Conference

These conditions shall be applicable with immediate effect.

4 JUNE,2024

LFS GLOBAL LOGISTICS GROUP