



WITHOUT PREJUDICE

19th November 2018

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NEW CTO OPERATOR IN KUL

Dear Valued Business Partners,

We are pleased to announce effective 5th January 2019, all cargo (export, import and transshipment) carried by AirAsia Berhad (“**AK**” or “**AAB**”) PT AirAsia Indonesia (“**QZ**” or “**IAA**”), and Philippines AirAsia Inc. (“**Z2**” or “**PAA**”) in Kuala Lumpur (KUL-Klia2) will be handled by Ground Team Red Sdn. Bhd. (“**GTR**”), under an Operation and Management Agreement (“**O&M Agreement**”) between Raya Airways Sdn. Bhd. (“**Raya Airways**”) and GTR. This is a transition from the current cargo handler, Pos Aviation Sdn. Bhd. (formerly known as KL Airport Services Sdn. Bhd.) whose existing agreements with PAA, AAB and IAA have been terminated effective 5th January 2019.

Please take note however, that (i) cargo carried by AirAsia X Berhad (“**D7**” or “**AAX**”) at KUL-Klia2, and (ii) all cargo into and out of other stations in Malaysia, will continue to be handled by Pos Aviation Sdn. Bhd. for the foreseeable future. Processes for transfer of transshipment cargo between GTR and Pos Aviation Sdn. Bhd. (i.e. transshipment cargo between AAB/PAA/IAA and AAX) at KUL-Klia2 will be detailed separately.

This is a clear statement of intent that the team has listened constructively to feedback from the market and will continue to invest heavily to improve our operations and service delivery to our customers. The efficient handling of non-palletized cargo, in particular, requires close planning and coordination between airline, cargo handler, towing, and ramp operations teams, and so this transition is crucial.

Please take note of some important points below, which will be applicable from the date we shift to GTR.

Cargo Terminal Operator (CTO) system

GTR will go-live with the SmartKargo Operations module to manage the AirAsia cargo operations. This module is connected directly to the SmartKargo Cargo Management System (CMS) that went live on 23rd July 2018, which allows booking and operations data to be immediately updated without the need to rely on EDI (Electronic Data Interchange) messages to be sent internally between systems to update booking and actual operations data in real-time. This will immediately improve tracking of shipments at KUL, particularly transshipment and lying bookings that are a focus area for our service delivery to customers. Common sharing of backend data will also reduce the need to manually update information such as flight details, and reduce the occurrences of manual errors.



Marking and Labelling of Packages

Please be informed GTR will no longer accept non-standard labels that do not contain the requisite information required for each shipment. This shall include domestic, international, express and general cargo shipments. Each consignment must have a cargo identification label attached to each package of the shipment:

- Air Waybill No. and standard IATA barcode format;
- Routing information that includes, origin, destination, transit point(s), airline(s), flight number(s), and booked flight date(s);
- Total pieces and gross booked weight of consignment;

Any hand-written amendments on the cargo identification label must always be accompanied by an official stamp from the handler.

All packages of each consignment must be legibly and durably marked so as to identify the name, full address and contact details of the shipper and consignee. Individual packages of each consignment must show the same consignee name and address as declared on the AWB.

GSA's must also ensure shippers do not use recycled boxes containing DG labels, or recycled gunny sacks with old AWBs attached.

Freight Booking List (FBL)

- Acceptance will strictly follow the Freight Booking List (FBL) provided by the airline to the handler. The previous practices of "first come first serve", in particular for express handling will no longer apply.
- Lodge-in of multiple truckloads (TL) under one booking will no longer be allowed. We want to encourage early build-up and towing of shipments at the CTO, and GSA's are to ensure separate AWB bookings for sub-agents, co-loaders, or forwarders who intend to lodge multiple TL shipments.
- Split bookings across multiple flights will no longer be allowed, but multiple bookings may be lodged in at any one time, subject always to GTR's Storage Charges (STR) for export handling. GSA's are to ensure separate AWB bookings for bookings across multiple flights.
- Any false declaration of commodity details in consignment labels will not be accepted at acceptance, subject to Airline review.



- Lodge-in of mixed consignments (Perishable vs Courier) under one booking will no longer be allowed. We want to encourage smooth acceptance of shipments at the CTO, and GSAs are to ensure separate AWB bookings for sub-agents, co-loaders, or forwarders who intend to lodge mixed shipments.

Acceptance for Export Handling

- Lodge-in of shipments for express flights can be tendered daily from 00:01 onward to 3 hours prior to STD. The cutoff of 3 hours prior to STD will be at the point of completion of full X-Ray screening of all booked cargo for the applicable flight, with no Dangerous Goods (DG) or unwanted items found.
- Once the initial transition to GTR has settled down, we will look to reduce the cutoff time for export express handling to two (2) hours prior to STD. This will be advised in a separate memo to all business partners at such time. Please continue to work with us to implement the needed process changes and improvements to consistently improve the standards of handling.
- GSAs are to ensure all shipments must be received at the CTO below mentioned cut-off for the flight booked.

Description	Cut-off Time
Cut of Time for Intact Cargo	- 3 hours prior to STD
Cut of Time for General Cargo	- 4 hours prior to STD

- Amendment of consignment records for all flights must be submitted within 20 minutes of actual weighing at warehouse acceptance area. This process will improve the standards of handling and provides more flexibility on-ground to avoid offloading of cargo at tarmac.
- GTR will ensure actual dimension of cargo will be captured at warehouse to verify whether volumetric weight has to be used as chargeable weight, especially for large or odd-sized cargo.

Charges for Overbooking on Express Flights

Following on from the memo circulated on 4th June 2018 detailing the Amendment Fee of RM200 per AWB for any export shipments on KUL Express Flights which differ by more than 100kg compared to the corresponding booked weight reflected in the FBL, in light of other processes we have put in place at Acceptance for express handling, **we will relax the tolerance to >200kg instead.** The Amendment Fee will remain at RM200 per corresponding AWB. **This will be effective 5th January 2019 onward.**

Pullback of Dangerous Goods (DG) Cargo or Unwanted Items



100% screening for DG Cargo or unwanted items will be conducted, and any DG or unwanted items found shall result in the pullback of the entire shipment listed on the AWB, should the revised AWB / documentation not be accepted in time for the cutoff for the flight booked.

This may be departure from previous practices but we believe this is good process to instill upfront, in representing non-DG airline group, and provides better accountability to GSAs and shippers.

GTR Cargo Warehouse Tariff ex-KUL

We have re-attached the GTR Cargo Warehouse Tariff applicable for ex-KUL shipments that was circulated to the Airfreight Forwarders Association of Malaysia (AFAM) on 14th November 2018.

Please take note for the initial launch GTR will be operating on prepaid facilities with export agents, and will be working with the RedCargo team to register all such agents quickly. Cash transaction or Cheque payment at acceptance will not be applicable.

Again, as always, if there is constructive feedback to help us execute better, please send a note to me personally. I look forward to continuing to work with you in the coming months to take us to the next level.

Yours Sincerely,

Pete Chareonwongsak, CEO of RedCargo Logistics // Group Head of Cargo – AirAsia