



# บริษัท อาร์ ซี แอล จำกัด (มหาชน) Regional Container Lines Public Company Limited

Minutes of the 36<sup>th</sup> Annual Shareholders General Meeting 2015

Regional Container Lines Public Company Limited

At Vimarntip Room, 5<sup>th</sup> Floor of Montien Riverside Hotel

372 Rama III Road, Bangklo, Bangkok

Friday, 24<sup>th</sup> April 2015

## Directors Attending the Meeting

- |                                |  |
|--------------------------------|--|
| 1. Dr. Jamlong Atikul          | Director and Chairman  |
| 2. Mr. Sumate Tanthuwani       | Director and Managing Director   |
| 3. Mr. Amornsuk Noparumpa      | Independent Director, Chairman of Audit Committee and<br>Member of Nomination and Remuneration Committee |
| 4. Mr. Viset Choopiban         | Independent Director, Chairman of Nomination and<br>Remuneration Committee and Member of Audit Committee |
| 5. Mrs. Arpavadee Meekun-lam   | Independent Director, Member of Audit Committee and<br>Member of Nomination and Remuneration Committee   |
| 6. Ms. Tuangrat Kirtiputra     | Director   |
| 7. Mr. Sutep Tranantasin       | Director   |
| 8. Mr. Kua Hock Eng            | Director   |
| 9. Mr. Hartwig Schulze-Eckardt | Director   |

## Management

- |                          |                                       |
|--------------------------|---------------------------------------|
| 1. Mr. Sumate Tanthuwani | Managing Director                     |
| 2. Mr. Sutep Tranantasin | Executive Vice President (Operations) |

## Auditor

- |  |                     |
|--|---------------------|
| 1. Prof. Emeritus Kesree Narongdej A.M.T. & Associates |                     |
| 2. Mrs. Natsarak Sarochanunjeen                        | A.M.T. & Associates |

The Company used e-voting program from OJ International Co., Ltd.

## Shareholders Attending the Meeting

- 70 shareholders, holding 77,263,326 shares
- 71 proxies, holding 427,866,567 shares



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Totaling 141 shareholders, total holding 505,129,893 shares equal to 60.95% of the total shares (828,750,000 shares), which constituted a quorum according to the Company Article of Association.

**Remark :** After the Meeting started, there were shareholders registering to attend the Meeting. When the meeting adjourned, shareholders attended the meeting total of 175 shareholders, holding 517,077,294 shares or 62.39% of the total shares.

Prior the Meeting started, Mr. Weerasak Wahawisal, Company Secretary explained the vote casting procedures and requested the Meeting to pass a consensus that only those objecting or abstaining to raise their hands and return the ballot papers of each agenda for votes counting in order to expedite the process and conclusion for each agenda. The result of each agenda will be presented on the screen informed to the meeting of the voting procedure of each agenda and informed the Company' directors and auditor to the meeting. Then, Dr. Jamlong Atikul proceeded the meeting as per following agenda.

The Meeting started at 10.30 a.m.

## **Agenda No. 1 To Adopt the Minutes of the 35<sup>th</sup> Annual Shareholders General Meeting 2014**

Dr. Jamlong proposed to the Meeting adopt the Minutes of the 35<sup>th</sup> Annual Shareholders General Meeting held on 25<sup>th</sup> April 2014 detailed as sent to all shareholders in advance together with the Notice. The said Minutes had been posted on the Company's website since May 2014. He asked if anyone had query or proposed amendment. No query or proposal to amend from shareholders, he then asked shareholders to vote.

<b>Voting:</b>	<b>152 Shareholders</b>	<b>casted 507,402,793 votes</b>		
	<b>Approved</b>	<b>507,402,793 votes</b>	<b>equal to</b>	<b>100.00 per cent</b>
	<b>Not Approved</b>	<b>0 vote</b>	<b>equal to</b>	<b>0.00 per cent</b>
	<b>Abstained</b>	<b>0 vote</b>	<b>equal to</b>	<b>0.00 per cent</b>

The meeting unanimously approved to adopt the Minutes of the 35<sup>th</sup> Annual Shareholders General Meeting held on Friday, 25<sup>th</sup> April 2014.



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Agenda No. 2: To acknowledge the Report on the year 2014 Operational Results of the Company

Mr. Sumate reported that at the ended 2014, the world fleet of containerhips hit record of 5,058 vessels with a total capacity of 18 million teus, increased from 5,043 in 2013 or 5.8% growth. There were 1.47 million teus of new deliveries in 2014 and 0.39 million teus of scrapping that the global container demand growth of 5.2%

The container segment during 2014 was in the surprised situation with a very high scrapping activity in the year's first half and a dwindling low one in the second. Container vessels have been a hot segment on the demolition market in recent years. The 1.1 million TEU scrapped the last three years alone covers half of the total sum since 1996.

Base on Shanghai Freight Index (SCFI), freight were impacted form excess of vessels and over capacity. From the screen shows the freight rates' movement of Persia as blue line, Australia and New Zealand as red line and South-east Asia as green line. The index shows that the freight rate in 2013 and 2014 were very fluctuated in Persia, Australia and New Zealand. While South-east Asia was less but overall the direction of freight rates were better compared to 2013.

The container's business could not gain profit from increasing freight rates. Thus, cutting costs and sale of assets continually increased to gain profit and affects to focus on operating efficiency that to focus on competition with cutting cost per unit. From economy of scale impacts on fluctuates of the freight rate and the vessels' owner changed to use of the vessels with more capacities and the service's network to get more benefit. In 2014, the bunker prices continually decreased with average of 8% from 2013 that was benefit to overall of the business. The profit of 17 major carriers surveyed by Alphaliner reached USD 3,443 million. Although only 10 out of 17 carriers reported positive operating margins in 2014. The top three performers remained profit compared to 2013, with Maersk, Wan Hai and CMA CGM.

Total liftings reported by 14 main carriers show an overall volume growth of 4.7% in 2014, compared to 3.5% growth in 2013. However, several carries recorded volume declines.

I hereby report the operational result of RCL Group that in 2014 we operated 50 container vessels with an annual capacity of 1.89 million teus. Of the 50 vessels operated, 35 vessels were owned whilst other 15 vessels were chartered.



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The demand-supply imbalance , the fierce competition from mainline operators cascading their excessive capacity into Asia Region which achieved the highest economic growth. Such environment posed a negative impact on RCL business which relied on global trade for SOC and regional trade for COC. SOC (Shipper Owned Container) liftings remained flat at 0.938 million teus, decreased 9.1% from 2013 with capacity of 1.032 million teus. COC (Carrier Owned Container) liftings were 0.956 million teus, dropped 9.5% from 2013 with capacity 1.057 million teus.

In 2014, the total liftings were 1.894 million teus, dropped to 9.3% from 2013, the capacity of 2.089 million teus with the utilization rate of 123%. The Company managed through effective maximization of the capacity including the charter-in and charter-out strategy. Please note that in certain circumstance, the size of owned vessels may not suit the trade volume in the scheduled trade lanes , proper – sized vessels are to be chartered in while owned vessels being chartered out to generate income rather than being laid up.

Mr. Sumate reported to shareholders that The freight income was Baht 13,314.3 million in 2014, increased 2% from 2013 of Baht 13,111.6 million, mainly due to increased of freight rates, management and products mix. In 2014, total freight income of Baht 13,314.3 million included the charter hire as per Time Charter Agreement, totaling of 22 vessels amounting to Baht 1,354 million, increased from the previous year of Baht 572 million. The charter rates depended on vessel size, mainly between \$USD 4,900 - \$USD 7,700 per day. The cost of freight & operation of Baht 11,933.8 million or declined 7% from Baht 12,865.7 million in 2013. The variable cost declined in accordance with the drop in liftings coupled with the strict control of bunker consumption, contributing to overall reduction operating cost. The decrease in cost of freight & operations, amounting to Baht 932 million mainly the decline of bunker of Baht 502 million. The bunker spot rate was continually dropped from \$USD 607 at the beginning of the year to \$USD 497, \$USD 469 and \$USD 367 in December 2014 and also the decrease in variable cost of Baht 309 million. The Group recorded the gross profit from freight income at Baht 1,380.5 million against the profit of Baht 245.9 million in 2013. The Group recorded the turnover before dividend income, exchange difference, provision for loss on impairment of assets & gain on sale of fixed assets at Baht 13,353.8 million in 2014 or 2% increased from the previous year of Baht 13,143.7 million, mainly due to increased of freight rates of the average 0.05% and gaining more revenue from charter-in. In 2014, the year-on-year average rate for Thai Baht weaken against US\$, the stronger Baht created a



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translation gain resulting from US\$ loans revaluation and payables settlements during the year. The Group recorded the exchange gain of Baht 56.3 million against the exchange gain of Baht 58.3 million in 2013.

Mr. Sumate also reported that at every year end, the Group arranges for an independent valuer to review the fair value of the vessels in accordance with the accounting standards. There was no the impairment loss of the vessels in the 2014 Profit & Loss Statement. In 2014 the Group recorded the reversal of provision for loss totaling Baht 179.2 million, due to potential indication of impairment on 2 chartered vessels under onerous contracts, compared to the provision for loss Baht 155.2 million in 2013. In 2014, the Group recorded a gain on sale of asset to Baht 47.1 million compared to Baht 95.4 million in previous year, due to less of sell of old containers at 1,269 containers compared to 2,683 containers in previous year.

The administrative expenses and others to Baht 1,056.9 million similar to Baht 1,051.7 million and The Group's profit before finance cost and income tax was recorded at Baht 533.2 million against the loss of Baht 1,480.7 million in 2013. The Group's net profit after tax and minority interest was recorded at Baht 361.6 million against the net loss of Baht 1,652.9 million in 2013.

The Group recorded net profit after tax and minority interest to Baht 361.6 million, mainly due to special 2 items which included the reversal of provision for loss under onerous contracts to Baht 179.2 million and gain on sale of fixed assets of Baht 47.1 million. Net profit before special items equaled to Baht 135.3 million compared to loss before special items at Baht 870.9 million.

Mr. Sumate continued reported that Total Assets of the Group decreased from Baht 19,924 million in 2013 to Baht 18,657 in 2014 or dropped 6%, due to decrease in trade receivables and the fixed asset's depreciation. Total Liabilities of the Group decreased from Baht 10,624 million in 2013 to Baht 8,919 million in 2014 or 16% dropped, due to loan settlements. Total shareholders' equity increased from Baht 9,300 million in 2013 to Baht 9,738 million in 2014 or 5 % increased, due to positive operational result.

For the outlook of the business in 2015, the capacity' figures on February showed 5,061 vessels with 18.199 teu and order book 242 vessels with 1.88 teu in 2015. Also forecast of scraping at 0.3 teu and the global container demand growth grew 6.7%. Carriers are expected to face another challenging year in 2015 despite the fall in bunker fuel prices which will result in significant operating cost savings. Freight rates have weakened in recent weeks, as the easing of the port congestion in US and Asia ports as well as the increased



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vessel supply have resulted in lower vessel utilization levels. For the first quarter of 2015, MDST projects global demand will increase by 5.5% in 2015 (Lloyd's News Bulletin on 7th April, 2015).

Over the past few months, the containership charter prices have been on an upward curve such as 2,500 teu vessel prices are up 36.5% on the last year to \$USD 10,282 per day driven by congestion at port and new routes opening up for vessels of that size. Lower since 2011, the sub 4,000 teu fleet is also forecast to have near zero growth and its therefore likely the shortage of feeder and panama containerships will be sustained. Overall containership orderbook of 3.6 million teu stands around 18% of the current live fleet, although it is heavily weighted towards larger vessels. Ships of 2,500 teu to 5,000 teu represent just 5.9% of the overall orderbook and 4.3% of the existing fleet of that size, it noted improvements in sub 3,000 teu sector (Lloyd's News Bulletin on 9th April, 2015).

The Board of Directors is fully aware of the looming negative factors and obstacles, be it the overcapacity, the severe competition, and the freight rates which will continue to impact the shipping industry in 2015. It is a must that RCL Group reshapes its organization and revisits its business strategies to keep pace with the dynamic market environment; develops the capabilities of the staff of all levels to be well poised for the more intense competition as well as to explore new business opportunities in the AEC market. RCL Group is geared towards sustainable growth and long-term shareholders' value. The Board of Directors would like to thank the shareholders for continued trust and support. We are fully committed and will work with unsparing efforts to improve the business result.

At end of the report, Mr. Sumate asked the shareholders if there be any queries. The shareholders asked the questions as followings:

**Mr. Somkuan, Shareholder.**

**Question:** THC rates would be increased 60% in the second half. How would it benefit to RCL?

**Answered:** Currently, RCL Group provided COC in Thailand at 25% of COC customers. If THC certainly increased 60%, RCL Group would earn more revenue. Nevertheless, I expected that it would not rise to 60% as request because there should be some negotiation, we should follow up the conclusion.

**Question:** Maersk had the policy not to renew contract with the Company that recorded lose. How would it impact to the industry?



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**Answered:** I believed that it would not impact to our business as we traded with Maersk very rarely and for the companies, it depended on their policy. However, to deal with vendor, RCL Group is confident that the vendor followed by the contract or our deal. Maersk may have many charter vendors, the vessels' owner reported loss operating result, mainly due to vessel impairment.

**Question:** What kind of bunker type? How was portion? How would it effect to RCL Group if it is 50% dropping?

**Answered:** RCL Group used 380 CST, before decrease in bunker price, the bunker represented 50% of operating cost. Effecting from decrease of bunker prices, the portion of bunker to operating cost was 30%. Bunker prices were USD 550 prior, currently, it dropped to around USD 380. However, this is effecting to the freight also.

**Question:** Shanghai Freight Index (SCFI) declined sharply in March 2015, the highest was 1,500 in cycle of 6-7 years. Was this cycle of demand and supply?

**Answered:** European's freight deeply decreased, SCFI was the index in Asia that trading from Asia to Europe was also down affecting to more trader within Asia, such as South Asia, North Asia, East Asia, there were all our service routes. However, the other lines came to Asia as the growing of Asia market.

**Question:** Capacity in 2014 and 2013 decreased while increased of vessels meant utilization also increased. It was opposite between number of vessel and utilization. At the beginning of the year, freight was 226 per unit and dropped at the end of the year. How much was revenue per unit in Q1/2015?

**Answered:** Capacity / utilization, there were several of vessels' size, RCL Group owned the vessel of lower capacity 2,500 teu, we chartered vessel in for some route that was lower cost of unit. There was some vessel's size that RCL Group did not use then we chartered out. RCL Group tried to improve vessel's size to suit for the route with most efficiency. To charter in of big vessel provided to have alliance to lower the cost per unit.

**Question:** RCL Group recorded lose since 2009, retained earning sharply decreased, proposing to study other business to generate more income and stable profit. AEC was coming at end of the year, How RCL merged inside and outside partners?

**Answered:** When AEC came, the Asian trading would grow, RCL had been cooperated and RCL Group had located in AEC' countries. RCL Group would benefit from growing of trade. Thai



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government focused on land transportation, sea transportation might be focused on next year.

**Question:** Freight income recorded wrongly in 2011 and 2010, finance cost was USD163, correctly was USD170.

**Answered:** The Company would inform related department to check the information.

**Mr. Rittichai Yipcharoenporn, Shareholder.**

**Question:** With the operating cost decreased by 7%. How much portion effected from bunker price decrease? Could RCL earn more profit If the others effected the same?

**Answered:** In 2014, oil price dropped in only Q4 but in 2015 it would be decrease for the whole year, mostly still using the hedged price. Bunker was partial part to make lower cost but there were others also. For example, for efficiency of IT system, RCL Group could follow up closely and in order to control the main costs.

**Question:** Maersk planned to have big new building and used high technology to save bunker consumption, when Europe was recovered, freight rate could not much improve but operating cost would lower. Did this situation affect to RCL?

**Answered:** Maersk sailed only from Asia to Europe route that needed new building of vessel 20,000 teu, RCL Group sailed in Asia, not using big vessel, mostly vessel size was below 5,000 teu. However, the big vessel could come to Asia route but could not get into the port. There were only two ports to support big vessel: Singapore and Malaysia. The big vessel usually only go to Europe route. There are new building of new vessel with operating of 14,000 teu, There was expanding of Panama which would finish around the end of next year. There was new building 14,000 teu would have alliance with other line having vessel of 20,000 teu. Currently, It was variety of alliance group, some alliance had 2, 3, 4, 5, 6 members. The alliance sailing in Asia route would use capacity of lower 5,000 teu vessel. The route of Asia to East Coast and West Coast have more volume.

**Question:** How would effect to RCL as changing of market's cycle?

**Answered:** It effected to decrease of freight rate and bunker price.

**Question:** How did RCL expect to 2015 performance?

**Answered:** Q1 was better than the last year.





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Mr. Boonchok Jitpradubsin, Shareholder.

**Question** Decreasing of bunker price but export did not grow much. How was effect to RCL?

**Answered:** To analyze export' figures, Thai government analyzed on export amount but RCL Group analyzed on the number of export quantity, so far, RCL Group did not have less transportation. Asian's economy grew sharply, main countries are China, India, Asian and RCL group had been traded with these countries with several goods.

**Question:** Did the Company buy future?

**Answered:** Not much because within one week, bunker price fluctuate USD5-10 which was normal. RCL Group chose to buy cheap price at the right time. If no hedging, it will be risk when bunker price increases.

**Question:** What was main indicator of RCL's business?

**Answered:** Chiba, India, Asian that RCL Group had been trading with this three major countries, there were several of goods such as industrial goods, agriculture goods.

**Question:** How much revenue per teu and cost per teu in Q1/2015?

**Answered:** Board of Director did not approve financial statement yet, could not disclose

Mr. Yongyuth Wareesurahan, Proxy.

**Question:** Page 79 in Annual Report. How different of FX recording between Separate Financial Statement and Consolidated Financial Statement?

**Answered:** Separate financial statement recorded only for holding company's performance which was small figure. Mainly business was in Singapore such as freight income in Singapore, RCL used functional currency in USD and convert FX repotting to SET as THB. Consolidated Financial Statement was correct showing as USD, expenses calculated in local rate.

**Question:** How the Company controlled FX as mostly revenue recorded in USD?

**Answered:** The figures show not much in consolidated financial statement compared to total revenue

**Question:** To propose recording AGM as VDO and post on website.

**Answered:** The Company would try to complete it on time according to SET's regulation.

Shareholder gave an opinion that pertaining of oil, the Company should concern on this as it was much fluctuated. Dr. Jamlong informed that RCL Group tried to improve efficiency of working, however, the lover



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cost came from managing of vessels and its route not only decreasing of oil to be compete with others, this made RCL Group lower cost per unit without depending on only oil price.

Mr. Prawit Wirojwongchai, Shareholder.

**Question:** Why cost did not decrease as bunker price was drop in Q3 and Q4?

**Answer:** RCL Group did not know that bunker price would decrease, we hedged some and it could be used for several days. Therefore, the cost of bunker did not decrease immediately in Q4 but can see clearly in 2015

**Question:** How much of freight rate decreased in Q1/2015 vs Q4/2014?

**Answered:** 5%

Mr. Rapeepol Yapalohit, Shareholder.

**Question:** How did RCL's feeder different from others?

**Answered:** Feeder was to transport containers from one port to another, RCL Group grew from feeder but needed to improve to transport more COC, approximately 50%. RCL Group included these two parts together and also RCL Group had IT system to follow efficiency. Asian's trading was grown, RCL's target to transport more COC and to have efficient IT system in order to control cost, control container and see how much of cost per unit. For SOC, the market became less because the SOC customers use their own vessels. RCL Group had to go join alliance also.

No any questions from the shareholders. The shareholders acknowledged the Report on the Year 2014 Operational Results of the Company.

## Agenda No. 3 To acknowledge Directors' Remuneration for the Year 2014

Dr. Jamlong reported that in 2014, the Company's Board of Directors comprised of 9 members. The Board members, the members of the Audit Committee, and Nomination & Remuneration Committee members attended to their duties throughout the year and receive the annual standard remuneration of Baht 5,687,096.75 in accordance with the criteria approved at the 26<sup>th</sup> Annual General Meeting held on 29<sup>th</sup> April 2005 as per details in Attachment 2 of the Notice sent to all shareholders in advance and disclosed in the Annual Report 2014 under "Report on Corporate Governance"



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The Nomination & Remuneration Committee has reviewed the directors' remuneration in comparison with the 2013 survey undertaken by the Thai Institute of Directors (IOD) and was of the opinion that the standard remuneration approved by the shareholders since the year 2005 was appropriate in consideration of the knowledge and scope of responsibility as a Company director. It should be highlighted here that the directors of RCL receive only fixed annual standard remuneration to be paid after reporting to the shareholders. The directors and committee members did not receive the meeting attendance fee. Besides the annual standard remuneration, the Nomination & Remuneration Committee has not recommended any other benefits, on ground of the Company's operational results.

At end of the report, Dr. Jamlong asked if any inquiries from the shareholders. No question. It was conclusion that the shareholders acknowledged the Directors' Remuneration for the Year 2014.

#### Agenda No. 4: To Approve the Balance Sheets and Profit and Loss Statements as of 31<sup>st</sup> December 2014

Dr. Jamlong requested the Meeting to consider the audited balance sheet and profit and loss statement of RCL as of 31<sup>st</sup> December 2014 which was published in the Annual Report 2014 under section "Financial Statements" sent to all shareholders in advance together with the Notice. He asked the shareholders if any additional explanation required or inquiries. Shareholders asked the questions and the directors answered as follows;

**Question:** How did RCL manage cash flow? as it was 10% of assets

**Answered:** RCL Group tried to decreased cash flow out and tried to collect more cash from customers. RCL Group could repay all debt maintained amount in 4-5 years ago and would discuss with bank to decrease the amount of cash.

**Question:** What was provision for loss on impairment of assets?

**Answered:** It was the charter's condition that RCL Group owned two vessels, it committed that if the market price change, RCL Group had to response some part as to reserve impairment to be in line with the market price. In 2014, vessel's price in the market was good that there was reversal of provision for loss on impairment of assets. The impairment would be considered in Q4 of every year.

**Voting:** 173 Shareholders casted 517,007,294 votes

Approved	516,286,694	votes equal to	100.00 per cent
Not Approved	0	vote equal to	0.00 per cent
Abstained	720,600	vote equal to	0.00 per cent



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The Meeting approved the Balance Sheets, Profit and Loss Statements as of 31<sup>st</sup> December 2014 with the majority votes.

## Agenda No. 5: To Approve Not Declaring Dividend for the Year 2014 Operational Results

Dr. Jamlong referred to the operational results for the year 2014 that was reported to the Meeting in the Agenda No. 2, where by the Company recorded the net profit of Baht 362 million. The Board of Directors at its Meeting No. 2/2015 held on 17<sup>th</sup> March 2015 resolved declaring dividend for the year 2014 operational results at 0.10 Baht per share, payable to 828,750,000 ordinary shares, totaling Baht 82,875,000 entirely paid from the net and retained earning of the Company from BOI-promoted and tax-exempted operations, shall be paid on May 22, 2015 to the shareholders listed in the registration book of the Company at the closing date on April 7, 2015 and to propose to the Shareholders' Meeting for approval. Dividend policy and dividend pay record in the financial years 2012-2014 are given in Attachment 3 sent to all shareholders in advance together with the Notice.

At end of the report, Mr. Sumate asked the shareholders if there be any queries. The shareholders asked questions as following;

Mr.Somkuan, shareholder

**Question:** If the profit in year 2015 was similar to year 2014, proposing to pay stock dividend 10:1 and decrease cash dividend.

**Answer:** Directors would consider this issue.

**Voting:** 173 Shareholders casted 517,007,294 votes

Approved	516,988,594	votes equal to	100.00 per cent
Not Approved	0	vote equal to	0.00 per cent
Abstained	18,700	vote equal to	0.00 per cent

The meeting approved declaring dividend for the operational results of the year ended 31<sup>st</sup> December 2014 with the majority votes.

## Agenda No. 6: To Consider Electing New Directors to Replace Those Due to Retire

Mr. Sumate reported that according to Clause 29 of the Company's Articles of Association: one-third of directors must retire from office and the retiring directors are eligible for re-election.



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For the year 2015, there are 3 directors due to retire as follows:

1. Dr. Jamlong Atikul Chairman
2. Mr. Amornsuk Noparumpa Independent Director
3. Mr. Sutep Tranantasin Director

The Board of Directors at its Meeting No. 2/2015 held on 17<sup>th</sup> March 2015 reviewed the recommendation from the Nomination and Remuneration Committee and resolved to nominate No. 1, 2 and 3 to the Shareholders' Meeting for re-election as follows:

1. Dr. Jamlong Atikul as Chairman
2. Mr. Amornsuk Noparumpa as Independent Director
3. Mr. Sutep Tranantasin as Director

The profiles of the directors due to retire and nominated to resume directorship are given in Attachment 4 were sent to all shareholders in advance together with the Notice. The Nomination and Remuneration Committee duly reviewed the director-nominees who fully meet the requisite qualifications of the Company's directors and the definition of "independent director" All director-nominees possess vast knowledge and experience in various fields contributable to the business operation of the Group.

At end of the report, gave an opportunity for shareholders if there be any queries asked questions. No queries. Mr. Sumate asked shareholders to cast the vote individually and to return the ballot papers of 3 directors.

## 6.1 Dr. Jamlong Atikul

Voting	174 Shareholders casted 517,057,294 votes				
Approved	516,321,394	votes	equal to	99.8708	per cent
Not Approved	667,800	votes	equal to	0.1292	per cent
Abstained	68,100	votes	equal to	0.00	per cent

## 6.2 Mr. Amornsuk Noparumpa

Voting	174 Shareholders casted 517,057,294 votes				
Approved	516,311,394	votes	equal to	99.8689	per cent
Not Approved	677,800	votes	equal to	0.1311	per cent
Abstained	68,100	votes	equal to	0.00	per cent

## 6.3 Mr. Sutep Tranantasin

Voting	174 shareholders casted 517,057,294 votes				
Approved	516,311,394	votes	equal to	99.8689	per cent



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Not Approved	677,800	votes	equal to	0.1311	per cent
Abstained	68,100	votes	equal to	0.00	per cent

Mr. Sumate concluded that the Meeting with the majority of the shareholders attending and casting votes as shown on the screen approves to elect Dr. Jamlong Atikul as Chairman, Mr. Amornsuk Noparumpat as Independent Director and Mr. Sutep Tranantasin as Director.

Mr. Sumate thanked the shareholders on behalf of the Board of Directors for the trust accorded to the re-elected and new directors. In the year 2015 the Board of Directors comprises 3 independent directors, 2 non-executive directors and 4 executive directors making the total of 9 directors.

He also added that in a situation where the supply-demand imbalance continues to pressure the shipping industry, the Board of Directors is determined to perform our duties in good faith to steer the Group out of the crisis, to achieve the better performance and be well prepared to compete in the AEC free trade market for the best interests of the shareholders based on business ethics and good corporate governance practices.

**Agenda No. 7: To Appoint the Company's Auditors and Approve the Audit Fees**

Dr. Jamlong referred to the 35<sup>th</sup> Annual Shareholders General Meeting held on 25<sup>th</sup> April 2014 approved the appointment of Prof. Emeritus Kesree Narongdej and team from A.M.T. & Associates to be the Company's auditors for the period from 1<sup>st</sup> January 2014 till 31<sup>st</sup> December 2014 and approved the audit fees of Baht 1.539 million.

For the year 2015 the Audit Committee has recommended Prof. Emeritus Kesree Narongdej and team from A.M.T. & Associates to be the Company's auditors for the period from 1<sup>st</sup> January 2015 till 31<sup>st</sup> December 2015. The Board of Directors at its Meeting No. 1/2015 held on 27<sup>th</sup> February 2015 endorsed the recommendation from the Audit Committee to propose to the Shareholders' Meeting to appoint Prof. Emeritus Kesree Narongdej, CPA No. 0076 or Mrs. Natsarak Sarochanunjeen, CPA No. 4563 or Mr. Chaiyuth Angsuwithaya, CPA No. 3885 from A.M.T. & Associates to be the Company's auditors for the period from 1<sup>st</sup> January 2015 till 31<sup>st</sup> December 2015 with either one of the three auditors certifying the Company's financial statements on behalf of A.M.T. & Associates.

In the event that those auditors are unable to perform their duties, A.M.T. & Associates is authorized to assign another of its auditors to perform the audit and express an opinion on the Company's financial statements in their place. Those recommended auditors do not have any relationship or any interest with the Company, its



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subsidiaries, executives, major shareholders or related persons, and not working under the same auditing office as overseas subsidiaries.

The audit fees for the years 2015 remain unchanged as detailed in Attachment 5 sent to all shareholders in advance together with the Notice, as per following:

- Examination of the company's Financial Statement for the year ending 31 <sup>st</sup> December 2015	630,000 Baht
- Review of interim consolidated financial statements of the Company totaling 3 quarters	789,000 Baht
- Review of the consolidated financial statements in USD totaling 4 quarters	120,000 Baht
Total	<b><u>1,539,000 Baht</u></b>

At end of the report, gave an opportunity for shareholders if there be any queries asked questions. No queries. Shareholders casted the votes as follows;

Voting:	174 Shareholders casted 517,057,294 votes		
Approved	517,034,594 votes equal to	99.9992	per cent
Not Approved	4,000 vote equal to	0.0008	per cent
Abstained	18,700 vote equal to	0.00	per cent

The meeting approved with the majority votes to appoint Prof. Emeritus Kesree Narongdej, CPA No. 0076 or Mrs. Natsarak Sarochanunjeen, CPA No. 4563 or Mr. Chaiyuth Angsuwithaya, CPA No. 3885 from A.M.T. & Associates to be the Company's auditors for the period from 1<sup>st</sup> January 2015 till 31<sup>st</sup> December 2015 with either one of the three auditors certifying the Company's financial statements on behalf of A.M.T. & Associates. In the event those auditors are unable to perform their duties, A.M.T. & Associates is authorized to assign another of its auditors to perform the audit and express an opinion on the Company's financial statements in their place; and approved the audit fees of Baht 1.539 million.

#### Agenda No. 8: To Approve the Issuance and Offering of Debenture

Dr. Jamlong reported that RCL deemed it necessary to secure adequate working capital and investment activity to support the business in the next 1-2 years in waiting for the global economic upturn. The Board of Directors at its Meeting No. 2 / 2015 held on 17<sup>th</sup> March 2015 resolved to issue all types and forms of



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debentures both short-term & long-term, secured or unsecured, subordinated or unsubordinated, for the total value not exceeding Baht 3 billion in Thai Baht and / or any foreign currency equivalent to Thai Baht. The debenture will be offered in all or in part, and/or as a program, and /or revolving nature, as a public offering and / or private placement and /or to any foreign and /or any local institutional investors. Such offering may be made in one time or several times in accordance with the notifications of SEC and /or other related rules and regulations in force at the time the debentures are offered. The redemption period will not exceed 7 years from the date of each issuance as per details given in Attachment 6 sent to all shareholders in advance together with the Notice.

The Board of Directors or a person designated by the Board of Directors shall be entrusted with the power and authority to determine the details in connection with the offering and selling of the debentures, interest rates, maturity, redemption period; appointing the representative of debentures holders; appointing the financial advisor, and /or underwriter, and /or credit rating agencies to rate credit of issuer and / or security; and to do all acts and things necessary or requisite as they deem fit.

At end of the report, gave an opportunity for shareholders if there be any queries asked questions. The shareholders asked questions as following;

**Mr. Chokbun Prasobtham, Shareholder.**

**Question:** Was it necessary to increase capital if there was debenture issuance?

**Answered:** Current we have not considered on capital increase yet but it was another choice for RCL Group to manage cost flexibility and having source of fund in the future. Currently, shipping business and others were very weak, sharply changed. Therefore, RCL Group must prepare both business and finance.

**Mr. Supoj Prasobthum, Shareholder.**

**Question:** How would RCL group manage fleet to compete with AEC?

**Answered:** RCL group had to consider the vessel's size. Normally, feeder vessel's size was below of 5,000, it was necessary for new building or could use the existing vessels. Besides this, there is the developing of LNG with lower cost and not destroy the environment, it was started using in Europe. RCL group considered on this LNG and now concerned of gas station that Singapore port, informed that the gas station would ready in use in 2017.





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However, RCL group is considering of new building of new vessels, hope to be clarified in quarter 3.

**Quation:** Did the Company calculate cash flow before debenture issuance's proposal?

**Answered:** RCL group evaluated both short term and long term cash flow, we needed to concern the cost of issuance that the rate was lower than bank's interest or not, however, it depended on the current situation. We would like to inform that we tried to have lower cost as much as possible to have more flexibility.

**Question:** If there were enough revenue, RCL group may not issuance the debenture?

**Answered:** Yes

**Mr. Rapeepol yapalohit, Shareholder.**

**Question:** Would the Company increase the capital in next two year?

**Answered:** It could not clarify clearly, RCL group asked the shareholder to approve the issuance of debenture to be flexible on managing our cost. We would inform shareholder accordingly if we needed increase the capital.

**Mr. Korn, Shareholder.**

**Question:** How was the Company's vision for next 1-2 years?

**Answered:** RCL group had monitored closely of Asia and Asian's growth, we focused on 3 major countries, (China, India, and Asian), hoping that there would continue growing 5-10 years. Currently, China had been trying to set up AIIB to support the transportation and to connect trading within Asian. The recovery in Europe and America might take some time but if they were recovered quickly, the main line would back to trade in Europe and America routes. However, RCL group would try our best.

**Mr. Rapeepol yapalohit, Shareholder.**

**Question:** Q2 and Q3 SCFI improved why did freight rate decrease?

**Answered:** SCFI was Asian index that not always right, it was just indicator. Five years ago, 3<sup>rd</sup> quarter was the best seasonal but in 2014, 2<sup>nd</sup> quarter was the best, in the past people bought the goods to keep stock for sale at the end of the year. Since the economy of both America and Europe were declined, the shipping volume in 3<sup>rd</sup> quarter was decreased, normally 1<sup>st</sup> quarter was the worst but this year improved better than last year. However, the seasonal would change including related with politic such as before voting in India, there was few shipping volume, currently there was new prime minister that the economy was improved



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and high of shipping volume but then the supporting became weak. For Iran, America would cancel trading with Iran as a result of decreasing of bunker prices, thus, the pattern of seasonal would not the same as in the past.

**Question:** How did the benefit of port's building in Andaman?

**Answered:** The freight of container's system did not depend on the distance only, it also depended on demand and supply. If there was vessel in Andaman but no importing goods, it had to bring empty container from other area that it was the cost to make freight rate higher. For example, currently there were goods ship from Penang to China, the freight was cheaper from shipping from Songkla to China even though farer, it was because there were heap empty containers at Penang but there were not empty containers at Songkla.

**Voting:** 175 Shareholders casted 517,077,294 votes

Approved	517,009,194 votes equal to	99.98968 per cent
Not Approved	49,400 vote equal to	0.0096 per cent
Abstained	18,700 vote equal to	0.0036 per cent

The Meeting with voting of not less than three quarters of the total number of vote by shareholders attending approves to issue all types and forms of debentures both short-term & long-term, secured or unsecured, subordinated or unsubordinated, for the total value not exceeding Baht 3 billion in Thai Baht and / or any foreign currency equivalent to Thai Baht, not exceed 7 years as reported above. The Board of Directors or a person designated by the Board of Directors shall be entrusted with the power and authority to determine as per details given in Attachment 6.

**Ms. Yupyoa Sriwattanachai, Proxy from Thai Institute of Director.**

**Question:** The Company informed in 2014 Annual General Meeting that interested in join the Anti-Corruption Project. Please clarify?

**Answered:** Mr. Weerasak Wahawisal clarified that the Board of Directors approved the Anti-Corruption and Whistle Blower, they were under process to be used in the subsidiary companies. However, we were pleased to study more information and join the program as much as we can.

There were no any matters or any inquiries. Dr. Jamlong thanked to shareholders and closed the 36<sup>th</sup> Annual Shareholders General Meeting 2015 at 12.31 p.m.



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**Regional Container Lines Public Company Limited**

Chairman of the Board of Directors

Signed

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Dr. Jamlong Atikul

Company Secretary

Signed

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Mr. Weerasak Wahawisal