



To be a trusted, leading and efficient
container carrier and logistics provider
with quality services in Asia through
contribution from committed staff
with passion and innovation.

Annual Report

2016

รายงานประจำปี 2559



ปวงข้าพระพุทธเจ้า ขอน้อมเกล้าฯน้อมกระหม่อม
รำลึกในพระมหากรุณาธิคุณอันหาที่สุดมิได้
ข้าพระพุทธเจ้า บริษัท อาร์ ซี แอล จำกัด (มหาชน)



ทรงพระเจริญยิ่งยืนนาน

ด้วยเกล้าด้วยกระหม่อมขอพระเจ้า

บริษัท อาร์ ซี แอล จำกัด (มหาชน)

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Corporate Profile

ชื่อ

บริษัท อาร์ ซี แอล จำกัด (มหาชน)

ที่อยู่

ชั้น 30 อาคารปัญจธานีทาวเวอร์
127/35 ถนนรัชดาภิเษก แขวงช่องนนทรี
เขตยานนาวา กรุงเทพฯ 10120 ประเทศไทย
โทรศัพท์ 0 2296 1096
โทรสาร 0 2296 1098
เว็บไซต์ : <http://www.rclgroup.com>

ประเภทธุรกิจ

บริการขนส่งตู้คอนเทนเนอร์ทางทะเลแบบฟีดเดอร์
และการค้าระหว่างประเทศ

จัดตั้ง

25 มิถุนายน 2523

จดทะเบียนในตลาดหลักทรัพย์

9 ธันวาคม 2531

เป็นบริษัทมหาชน

11 มกราคม 2536

เลขทะเบียน

0107536000021

ธนาคาร

บมจ. ธนาคารยูโอบี บมจ. ธนาคารกรุงไทย
บมจ. ธนาคารทหารไทย บมจ. ธนาคารไทยพาณิชย์
บมจ. ธนาคารกรุงเทพ ธนาคารซีทีแบงก์
บมจ.ธนาคารกสิกรไทย
ธนาคารเพื่อการส่งออกและนำเข้าแห่งประเทศไทย
บมจ. ธนาคารสแตนดาร์ดชาร์เตอร์ด (ไทย)

ผู้สอบบัญชี

สำนักงาน เอ.เอ็ม.ที. แอสโซซิเอท
491/27 อาคารสีลม พลาซ่า ถนนสีลม
บางรัก กรุงเทพฯ 10500

นายทะเบียนหุ้น

หุ้นสามัญ

บริษัท ศูนย์รับฝากหลักทรัพย์ (ประเทศไทย) จำกัด
ตลาดหลักทรัพย์แห่งประเทศไทย
93 ถนนรัชดาภิเษก แขวงดินแดง เขตดินแดง
กรุงเทพฯ 10400
โทรศัพท์ 0 2009 9999
โทรสาร 0 2009 9991

ทุนจดทะเบียน

828,750,000 หุ้น ราคาหุ้นละ 1.00 บาท
มูลค่ารวม 828,750,000 บาท

Name

Regional Container Lines Public Company Limited

Address

30th Floor Panjathani Tower Building,
127/35 Ratchadapisek Road, Chongnonsi,
Yannawa, Bangkok 10120, Thailand
TEL: 66 2296 1096
FAX: 66 2296 1098
Website: <http://www.rclgroup.com>

Type Of Business

Container Feeder Services and Regional Trade in
Asia Pacific Region

Incorporated

June 25, 1980

Set Listing

December 9, 1988

Registered As A Public Company

January 11, 1993

Registration No.

0107536000021

Bankers

United Overseas Bank (Thai) Pcl., Krung Thai Bank Pcl.,
TMB Bank Pcl., Siam Commercial Bank Pcl.,
Bangkok Bank Pcl., Citibank, Kasikorn Bank Pcl.,
Export-Import Bank of Thailand,
Standard Chartered Bank (Thai) Pcl.

Auditors

A.M.T. & Associates
491/27 Silom Plaza, Silom Road, Bangruk
Bangkok 10500

REGISTRARS

ORDINARY SHARES

Thailand Securities Depository Company Limited
The Stock Exchange of Thailand Building
93 Ratchadapisek Road, Dindaeng Sub-District,
Dindaeng District Bangkok 10400
TEL: 66 2009 9999
FAX: 66 2009 9991

Registered Capital

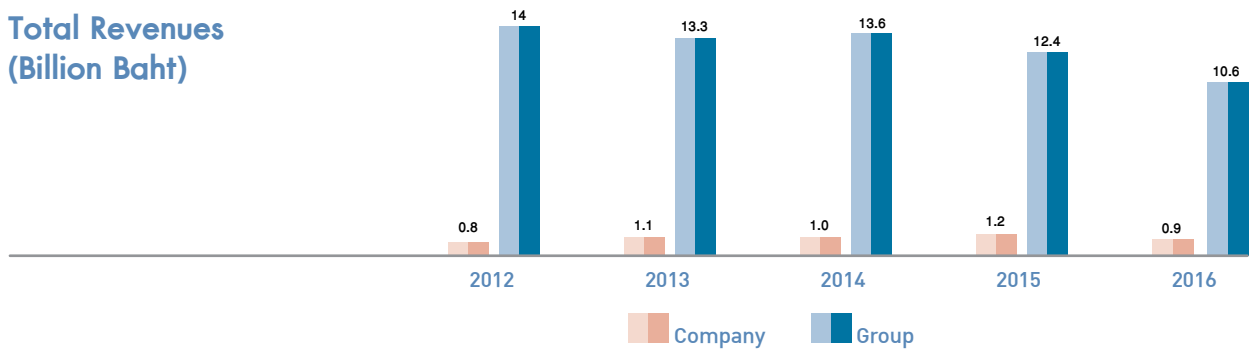
828,750,000 shares par Baht 1.00 each,
amounting Baht 828,750,000

Financial Highlights / จุดเด่นทางการเงิน

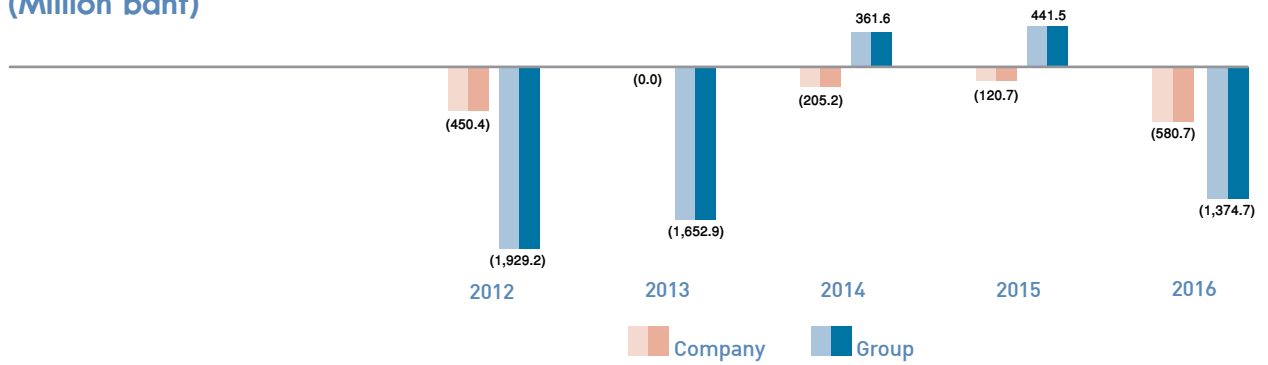
เฉพาะบริษัท/Company ('000 บาท/Baht)		2559 2016	เปลี่ยนแปลง (ร้อยละ) % Change	2558 2015	เปลี่ยนแปลง (ร้อยละ) % Change	2557 2014
สินทรัพย์ถาวร	Fixed Assets	4,902,358	-7	5,298,330	4	5,094,972
สินทรัพย์รวม	Total Assets	13,331,261	-6	14,155,013	13	12,522,137
หนี้สินรวม	Total Liabilities	4,690,062	3	4,835,729	-26	3,833,791
ส่วนของผู้ถือหุ้น	Shareholders' Equities	8,641,199	-7	9,319,283	7	8,688,346
รายได้จากการเดินเรือ	Freight Income	901,355	-10	997,906	12	890,056
รายได้รวม	Total Income	944,937	-19	1,160,344	20	963,740
กำไรขั้นต้น (จากการเดินเรือ)	Gross Profit (from freight income)	(127,267)	-2,953	(4,168)	90	(41,593)
กำไรสุทธิ	Net Profit	(580,676)	-381	(120,706)	41	(205,177)
กำไรต่อหุ้น(บาท)	Earnings Per Share (Baht)	(0.70)	-381	(0.15)	41	(0.25)
อัตราส่วนหนี้สินต่อส่วนของผู้ถือหุ้น	Debt to Equity Ratio	0.54		0.52		0.44
อัตราส่วนกำไรสุทธิต่อส่วนของผู้ถือหุ้น	Net Profit to Shareholders'Equity	-6.72%		-1.30%		-2.36%
อัตราส่วนกำไรสุทธิต่อรายได้รวม	Net Profit Margin	-61.45%		-10.40%		-21.29%
ราคาตามบัญชีต่อหุ้น (บาท)	Book Value Per Share (Baht)	10.43		11.24		10.48

กลุ่มบริษัท/Group ('000 บาท/Baht)		2559 2016	เปลี่ยนแปลง (ร้อยละ) % Change	2558 2015	เปลี่ยนแปลง (ร้อยละ) % Change	2557 2014
สินทรัพย์ถาวร	Fixed Assets	14,108,039	-5	14,827,228	5	14,164,703
สินทรัพย์รวม	Total Assets	18,124,353	-8	19,617,257	5	18,656,937
หนี้สินรวม	Total Liabilities	8,873,713	0	8,848,006	-1	8,918,642
ส่วนของผู้ถือหุ้น	Shareholders' Equities	9,250,640	-14	10,769,252	11	9,738,294
รายได้จากการเดินเรือ	Freight Income	10,440,654	-12	11,882,612	-11	13,314,345
รายได้รวม	Total Income	10,552,014	-15	12,444,508	-8	13,580,129
กำไรขั้นต้น (จากการเดินเรือ)	Gross Profit (from freight income)	-218,451	-123	938,729	-32	1,380,559
กำไรสุทธิ	Net Profit	-1,374,671	-411	441,533	22	361,575
กำไรต่อหุ้น(บาท)	Earnings Per Share (Baht)	(1.66)	-411	0.53	22	0.44
อัตราส่วนหนี้สินต่อส่วนของผู้ถือหุ้น	Debt to Equity Ratio	0.96		0.82		0.92
อัตราส่วนกำไรสุทธิต่อส่วนของผู้ถือหุ้น	Net Profit to Shareholders'Equity	-14.86%		4.10%		3.71%
อัตราส่วนกำไรสุทธิต่อรายได้รวม	Net Profit Margin	-13.03%		3.55%		2.66%
ราคาตามบัญชีต่อหุ้น (บาท)	Book Value Per Share (Baht)	11.16		12.99		11.75

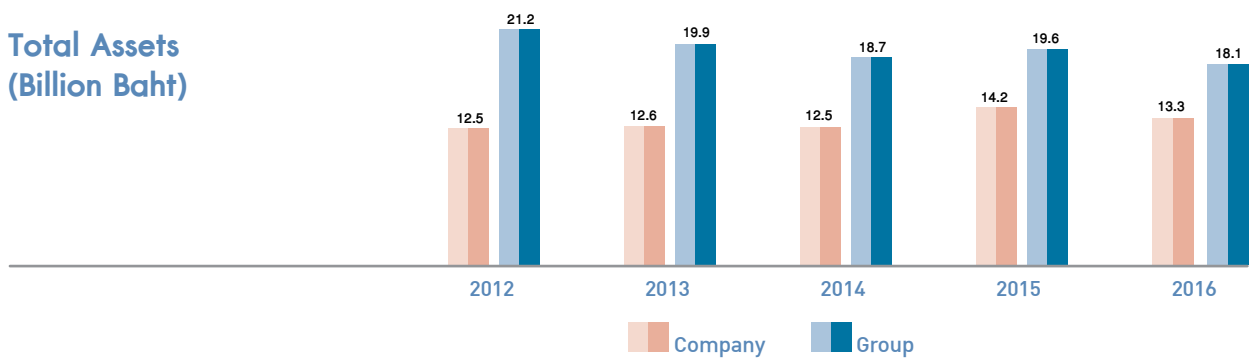
Total Revenues (Billion Baht)



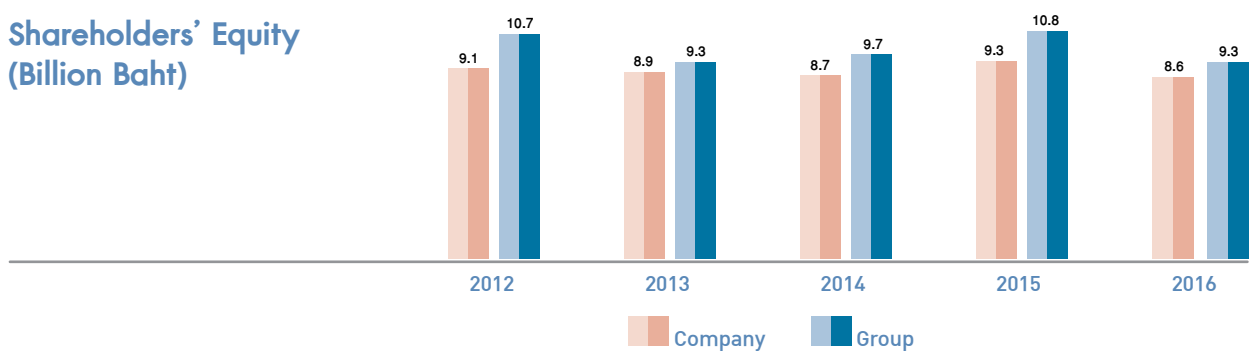
NET PROFIT (Million baht)



Total Assets (Billion Baht)



Shareholders' Equity (Billion Baht)



Message from Chairman



Dr. Jamlong Atikul
Chairman

Dear Valued Shareholders,

It is my pleasure to present to you, on behalf of our Board of Directors, our annual report for the year ended 31 December 2016.

The year 2016 may be characterized as one of the worst, if not the worst, in the container shipping industry.

Several main lines, serving both the Intra-Asia routes as well as the major ocean lanes connecting Asia with Europe and North America, produced their worst ever results in history. As this harsh environment prevailed throughout 2016, we inevitably faced three major challenges in the international container shipping scene.

Bunker oil price which is the single most important component in our cost structure, though was low at the beginning, increased steadily to a level that could not be reflected in corresponding freight adjustments.

Re-alignments of services, mergers and acquisitions of consortiums and bankruptcies resulted in temporary turmoil, not only in the international, but also in our Intra-Regional Asia trades.

Lastly, the dramatic increase in delivery of mega-size vessels has a backlash effect on the charter market, with more than one million TEUs capacity permanently unemployed towards the second half of 2016.

Our direct measures to maintain our position in the market, included an on-going investment in the information system and emphasis on cost reduction, very much as I stated in my last year's message.

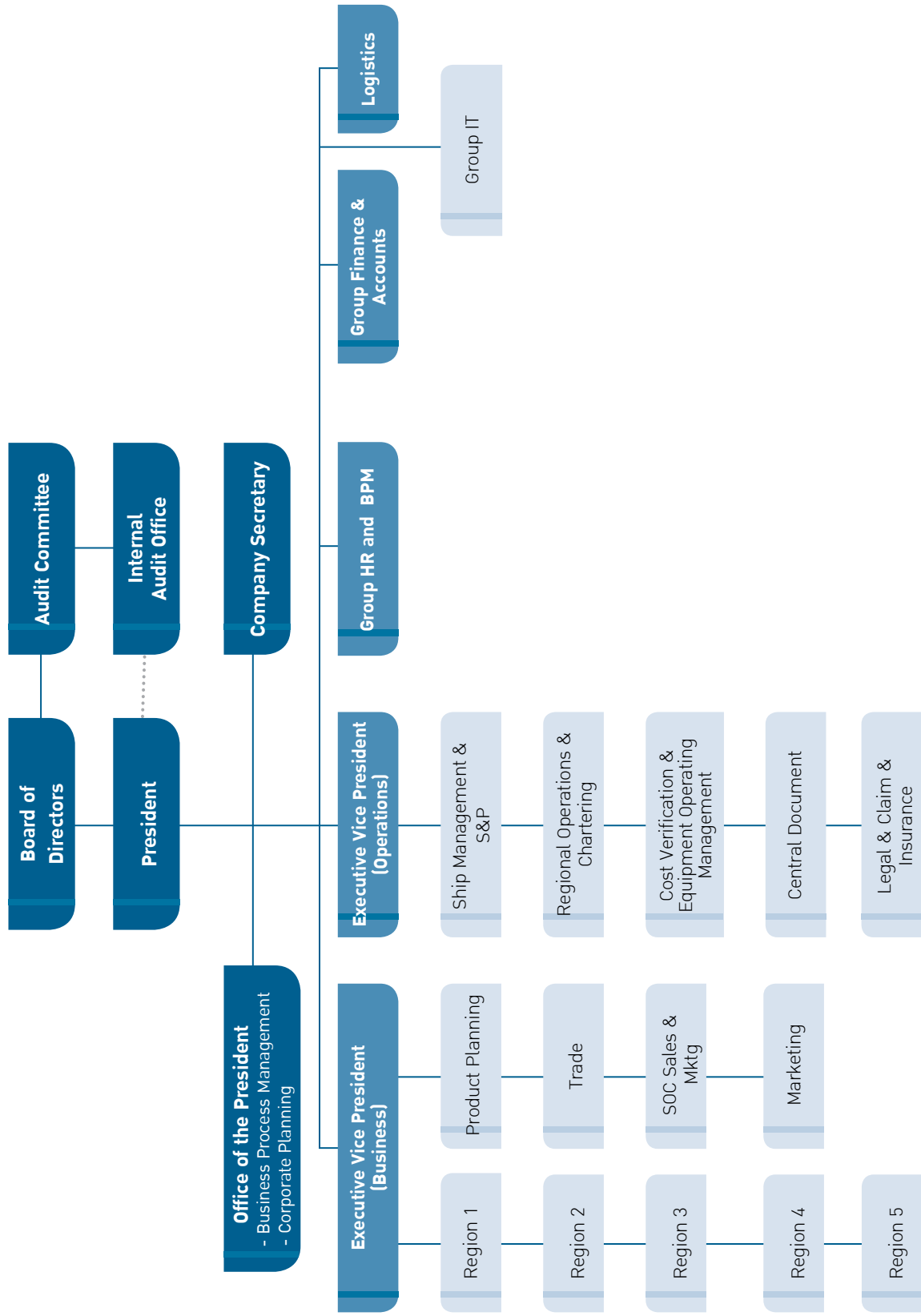
Internally, we improved our cost structure, took advantage of the transparency features of the new IT system and adopted an even more flexible approach to accommodate the needs of our customers as well as to create value-added services to them.

Under these circumstances, I must say our result for year 2016 was in line with the industry and I firmly believe that our prudent decisions, both operationally and financially, will bear fruits soon in the coming years.

Finally, I wish to thank our management and staff for their continuous resilient efforts during the trying twelve months and I am very grateful to all our stakeholders for the support.

Thank you.

Group Organization Structure



Board of Directors



Dr. Jamlong Atikul

Chairman
Directorship since 2006

Education

- Ph.D. (City & Regional Planning), Cornell University, USA
- M.Com. (Economics), University of Auckland, New Zealand
- B.C.A. (Economics), Victoria University of Wellington, New Zealand

Training

- Director Accreditation Program #55/2006, Thai Institute of Directors
- Director Certification Program #77/2006, Thai Institute of Directors
- Role of the Chairman Program #26/2011, Thai Institute of Directors

Experience

- President, Bank of Ayudhya Pcl.
- Executive Director, The Thai Bankers' Association
- Director, Siam City Cement Pcl.
- Director, Member of the Audit Committee, Council of National Institute of Development Administration
- Director, Executive Director and Chairman of Risk Management Committee, Krungthai Bank Pcl.
- Director & Chairman of Executive Committee, Krungthai AXA Life Insurance Co., Ltd.
- Audit Committee member, Assumption University

Other positions currently held

- Member of Monetary Policy Committee, Bank of Thailand.

Shares held

2016 : -

2015 : -



Mr. Sumate Tanthuanit

Director & Managing Director
Directorship since 1980

Education

- Honorary Doctorate in Logistics Management, Chulalongkorn University
- Ph.D. in Business Administration (Honorary), Mae Fah Luang University
- Master in Management Engineering, Asian Institute of Technology
- Bachelor of Engineering (Hons), Chulalongkorn University
- Diploma, National Defence College

Training

- Director Certification Program #33/2003, Thai Institute of Directors

Other positions currently held

- President, Ngow Hock Group
- Executive Director, RCL Group
- Honorary Chairman, Thai Shipowners' Association
- Executive Director, Board of Trade of Thailand

Shares held

2016 : 61,321,350

2015 : 61,594,350



Mr. Amornsuk Noparumpa

Independent Director/Chairman of the Audit Committee/
Nomination & Remuneration Committee Member
Directorship since 1998

Education

- Barrister-at-Law, Lincoln's Inn, London
- Barrister-at-Law, Council of Legal Education, Thailand
- Bachelor of Law (Hons), Thammasat University
- Diploma, National Defence College #399

Training

- Director Certification Program #30/2003, Thai Institute of Directors
- Audit Committee Program #23/2008, Thai Institute of Directors
- Role of Compensation Committee Program #9/2009, Thai Institute of Directors
- Curriculum in Securities Psychology, Class 31
- Curriculum in Advanced Management, Class 7

Experience

- Deputy Director-General, Legal Execution Department, Ministry of Justice
- Director-General, Department of Probation, Ministry of Justice
- Director, Executive Director and Nomination, Remuneration and Human Resource Development Committee, Thai Airways International Pcl.
- Chairman of Board of Directors, Siam Realty and Services Co., Ltd.
- Senior Executive Vice President, Bank of Ayudhya Pcl.
- Chairman of the Board, Ayudhya Securities Pcl.

Other positions currently held

- Chairman of the Board, L.P.N. Development Pcl.

Shares held

2016 : -
2015 : -



Mr. Hartwig Schulze-Eckardt

Director (Executive Director)
Directorship since 2004

Education

- Business Administration, Kiel College, Germany

Training

- Director Accreditation Program #57/2006, Thai Institute of Directors

Experience

- Consultant to RCL Group
- Managing Director, Leschaco Pte Ltd., Singapore
- V.P., Hoechst A.G., Germany
- 21 years with Hapag-Lloyd

Other positions currently held

- Chairman, PT Daerah Indah Shipping (Associated Company)

Shares held

2016 : 300,000
2015 : 300,000

**Mr. Kua Hock Eng**

Director (Executive Director)
Directorship since 2003

Education

- B.A., English Language & Literature, Nanjing University, China
- Diploma in Management of Executive Development, the Chinese University of Hong Kong, Hong Kong

Training

- Director Accreditation Program #57/2006, Thai Institute of Directors

Experience

- Senior Vice President, North Asia Business/Research & Development, RCL Group
- Executive Director, Regional Container Lines Public Company Limited
- Fellow Member of The Hong Kong Institute of Directors

Other positions currently held

- Executive Director, RCL Services S.A. (Subsidiary company)
- Executive Director, Regional Container Lines (H.K.) Limited (Subsidiary company)
- Executive Director, Regional Container Lines Shipping Co., Ltd. (Subsidiary company)
- Executive Director of Hong Kong Sea Transport and Logistics Association

Shares held

2016 : -

2015 : -

**Mr. Sutep Tranantasin**

Director (Executive Director)
Directorship since 2014

Education

- Bachelor Degree, Master Marine, Merchant Marine Training Center, Thailand

Training

- Certificate of Competency "Master Mariner", Harbour Department, Ministry of Transportation and Communication

Experience

- Senior Vice President (Group Operations), Regional Container Lines Pcl.
- Managing Director, Thai Ship Management Co., Ltd.

Other positions currently held

- Executive Vice President (Operations), Regional Container Lines Pcl.
- The Chairman of Thai Committee of Class NK (Nippon Kaiji Kyokai).

Shares held

2016 : -

2015 : -



Mr. Viset Choopiban

Independent Director/Audit Committee Member/Nomination & Remuneration Committee Member
Directorship since 2008

Education

- Ph.D. (Honorary in Engineering, Chulalongkorn University)
- Master in Electrical Engineering, Chulalongkorn University
- Bachelor in Electrical Engineering, Chulalongkorn University
- Diploma, National Defence College

Training

- Chairman 2000 #3/2001, Thai Institute of Directors

Experience

- Minister to the Ministry of Energy
- President, PTT Public Company Limited
- Governor, Petroleum Authority of Thailand

Other positions currently held

- Member Council of Trustees, The Petroleum Institute of Thailand
- Chairman, Gulf JP Co., Ltd.

Shares held

2016 : -

2015 : -



Mrs. Arpavadee Meekun-lam

Independent Director/Audit Committee Member/Nomination & Remuneration Committee Member
Directorship since 2013

Education

- Master Degree in Accounting, St. Louis University, USA
- Bachelor Degree in Accounting, Faculty of Commerce and Accountancy, Chulalongkorn University

Training

- Directors Accreditation Program #118/2015, Thai Institute of Directors
- Advanced Audit Committee Program #19/2015, Thai Institute of Directors
- Director Certification Program #209/2015, Thai Institute of Directors

Experiences

- First Executive Vice President, Bank of Ayudhaya PCL. (In charge of International Trade Dept., International Banking Dept., Financial Telecommunication Center, and Cash Management Dept.)
- Senior Vice President, Bank of Asia PCL. (Marketing & Credit Group)
- Senior Vice President, Siam Commercial Bank PCL. (International Trade Finance)

Other positions currently held

- Director, ITBC Business Consultant Group Co., Ltd.
- Honorary Member and Committee Commission on Banking Technique and Practices, International Chamber of Commerce (ICC), Thailand

Shares held

2016 : -

2015 : -

Group Management Committee



1. **Mr. Sumate Tanthuanit**
President



2. **Mr. Kua Hock Eng**
Executive Director



3. **Mr. Hartwig Schulze-Eckardt**
Executive Director



4. **Mr. Sutep Tranantasin**
Director & Executive
Vice President (Operations)



5. **Mr. Charlie Chu**
Executive Vice
President (Business)



6. **Mrs. Suporn Amnuayphan**
Senior Vice President
(Head of Human Resources
and Business Process Management)



7. **Ms. Nadrudee Rungruengphon**
Senior Vice President
(Group Finance &
Account)



8. **Mr. Twinchok Tanthuanit**
General Manager,
Marketing



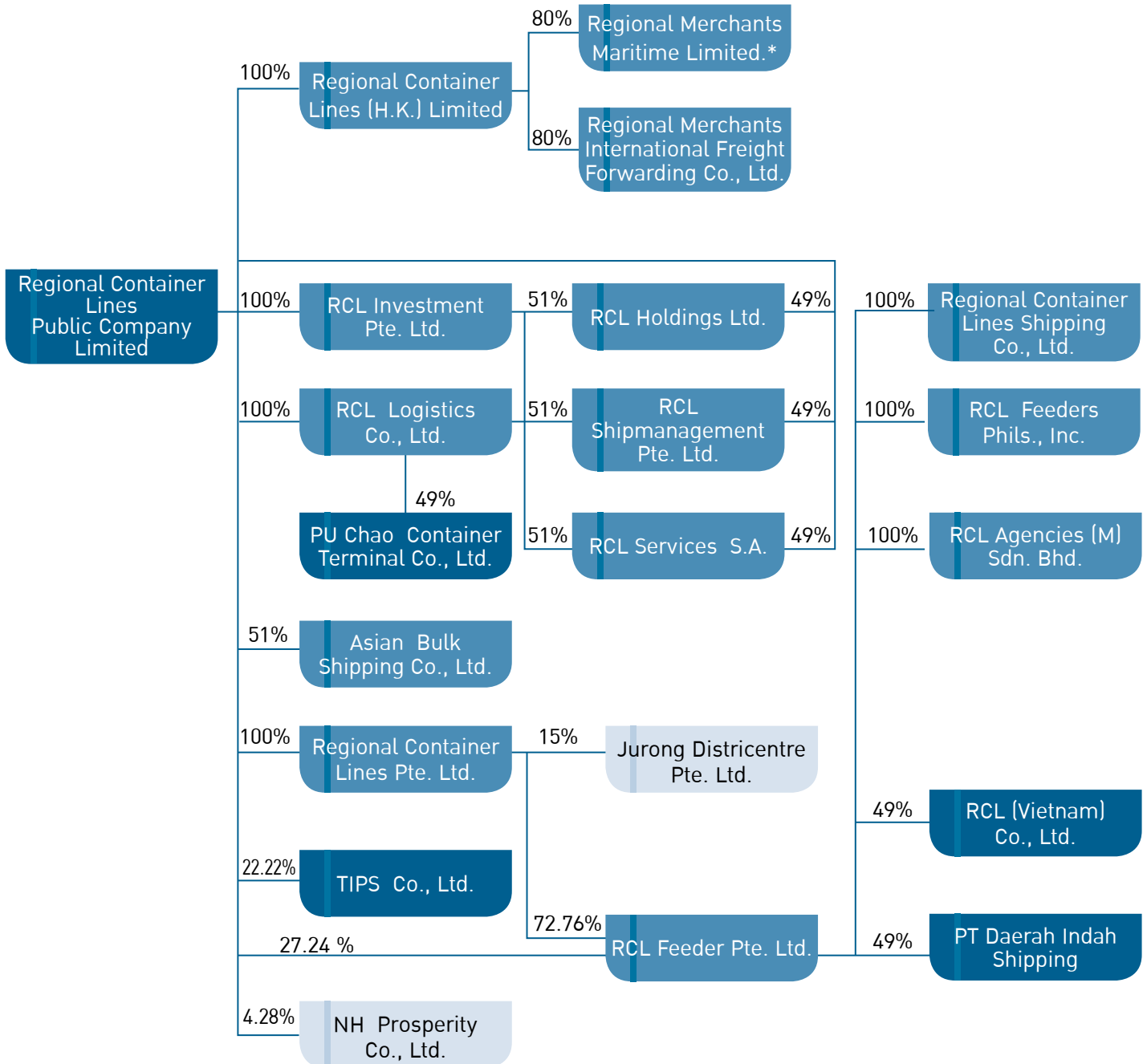
9. **Mr. Chatgamol Phitaksuteephong**
General Manager,
Information Technology (IT)

RCL GROUP STRUCTURE 2016

Subsidiary Company
> 50%

Associated Company
20% - 50%

Related Company
< 20%



* Regional Merchants Maritime Limited is under deregistration process

Group Management Profile

Name / Position	Age	Education	Share holding (%)	Relation with Other Management	Work Experience up to 5 years		
					Year	Position	Company/ Type of Business
Dr.Jamlong Atikul Chairman (Authorized Director)	69	- Ph.D (City & Regional Planning), Cornell University, USA - Master of Commerce (Economics) University of Auckland, New Zealand - B.C.A. (Economics), Victoria University of Wellington, New Zealand	-	Nil	2006-2013 2013-present	Director & Nomination and Remuneration Committee Chairman	Regional Container Lines Pcl./Maritime Transportation
Mr.Sumate Tanthuanit Managing Director (Authorized Director)	71	- Honorary Doctorate in Logistics Management, Her Royal Highness Princess Maha Chakri Sirindhorn - Ph.D. in Business Administration (Honorary), Mae Fah Luang University, Thailand - Attended Director Certification Program Course (IOD)	7.40	The father of Mr.Twinchok Tanthuanit	1980-present	Managing Director	Regional Container Lines Pcl./Maritime Transportation
Mr.Sutep Tranantasin Director & Executive Vice President (Operations) (Authorized Director)	64	- Bachelor Degree, Master Marine, Merchant Marine Training Center, Thailand - Certificate of Competency "Master Mariner", Harbour Department, Ministry of Transportation and Communication	-	Nil	2003-Aug 2014 Aug 2014-Present	Executive Vice President (Operations) Director & Executive Vice President (Operations)	RCL Group/Maritime Transportation
Mr.Kua Hock Eng Executive Director	77	- B.A., English Language & Literature, Nanjing University, China - Attended Director Accreditation Program Course (IOD)	-	Nil	2003-Apr 2010 May 2010-Mar 2011 Apr 2011-present	Executive Director Advisor to Board of Directors Executive Director	RCL Group/Maritime Transportation
Mr.Hartwig Schulze- Eckardt Executive Director	76	- Bachelor of Business Administration, Kiel College, Germany - Attended Director Accreditation Program Course (IOD)	0.04	Nil	2004-present	Executive Director	RCL Group/Maritime Transportation

Name / Position	Age	Education	Share holding (%)	Relation with Other Management	Work Experience up to 5 years		
					Year	Position	Company/ Type of Business
Mr.Charlie Chu Executive Vice President (Business)	59	- MBA, Rutgers, University of New Jersey, USA.	-	Nil	Sep 2008–Jun 2011	Vice President (Region 2)	RCL Group/Maritime Transportation
		- Bachelor in Engineering, National Cheng Kung University Taiwan			Jul 2011- July 2012	Senior Vice President (Business)	
					Aug 2012–present	Executive Vice President (Business)	
Ms.Suporn Amnuaypan Sevior Vice Presendient - Head of Human Resources, Administration and Business Process Management	53	- Master Degree - MBA Ramkhamhaeng University	-	Nil	Jun 2015–present	Sevior Vice Presendient	Regional Container Lines Pcl./Maritime Transportation
		- Bachelor Degree In Finance and Banking Ramkhamhaeng University				- Head of Human Resources and Business Process Management	
		- Attended Director Accreditation Program Course (IOD)			Dec 2016–present	Company Secretary	
Ms.Nadrudee Rungruengphon Senior Vice President (Group Finance & Account)	53	- Bachelor in Accounting (1 st Class Hons), Thammasat University	-	Nil	Sep 2015–present	Senior Vice President (Group Finance & Account)	Regional Container Lines Pcl./Maritime Transportation
		- Master in Accounting, Thammasat University					
		- Bachelor of Law (2 nd Class Hons), Thammasat University					
Mr.Twinchok Tanthuwani General Manager, Marketing	35	- Master of Science in Biomedical Engineering Fachhochschule Aachen Julich, Germany	0.30	Son of Mr.Sumate Tanthuwani	Jun 2015–present	General Manager, Marketing	Regional Container Lines Pcl./Maritime Transportation
		- Bachelor of Engineering Fachhochschule Aachen Julich, Germany					
Mr.Chatgamol Phitaksuteephong General Manager (IT)	43	- Master of Science Assumption University	-	Nil	2011–Present	General Manager (IT)	Regional Container Lines Pcl./Maritime Transportation

Notes Shareholding percentage is the percentage as at 31st December 2016

Directors in Subsidiaries, Associated and Related Companies

Company Name	Directors								Executives				
	Jamlong Atikul	Sumate Tanhuwanit	Amornsuk Noparumpa	Hartwig Schulze Eckardt	Kua Hock Eng	Viset Choopiban	Sutep Tranantasin	Arpavadee Meekun-lam	Charlie Chu	Supon Amnuaypan	Nadrudee Runguengphon	Twinchok Tanhuwanit	Chatgamol Phitkaksuteephong
Regional Container Lines Public Company Limited	X	//	/	//	//	/	//	/	-	-	-	-	-
Subsidiary Companies													
1. RCL Investment Pte. Ltd.	-	//	-	-	-	-	-	-	-	-	-	/	-
2. Regional Container Lines Pte. Ltd.	-	//	-	-	-	-	//	-	-	-	/	/	-
3. RCL Shipmanagement Pte. Ltd.	-	//	-	-	-	-	//	-	-	-	-	/	-
4. RCL Holdings Ltd.	-	//	-	-	-	/	-	-	-	-	-	-	-
5. RCL Services S.A.	-	//	-	-	/	-	-	-	-	-	-	-	-
6. RCL Feeder Pte. Ltd.	-	-	-	-	-	-	-	-	//	-	-	/	-
7. Regional Container Lines (H.K.) Limited	-	//	-	-	/	-	-	-	-	-	-	/	-
8. Asian Bulk Shipping Co., Ltd.	-	/	-	-	-	-	/	-	-	-	-	-	-
9. Regional Container Lines Shipping Co., Ltd.	-	/	-	-	X	-	/	-	-	-	-	-	-
10. RCL Logistics Co., Ltd.	-	/	-	-	-	-	/	-	-	-	-	-	-
11. RCL Agencies (M) Sdn. Bhd.	-	/	-	-	-	-	-	-	/	-	-	-	-
12. RCL Feeders Phils., Inc.	-	-	-	-	-	-	-	-	-	-	-	/	-
13. Regional Merchants Maritime Limited*	-	X	-	-	/	-	/	-	-	-	/	-	-
14. Regional Merchants International Freight Forwarding Co., Ltd.	-	/	-	-	X	-	/	-	-	-	/	-	-
Associated Companies													
1. TIPS Co., Ltd.	-	/	-	-	-	-	/	-	-	-	-	-	-
2. RCL (Vietnam) Co., Ltd.	-	-	-	-	-	-	-	-	/	-	/	-	-
3. PT Daerah Indah Shipping	-	-	-	X	-	-	/	-	-	-	-	-	-
4. Pu Chao Container Terminal Co., Ltd.	-	-	-	-	-	-	/	-	-	-	-	-	-
Related Companies													
1. Jurong Districentre Pte. Ltd.	-	-	-	-	-	-	-	-	/	-	-	-	-
2. NH Prosperity Co., Ltd.	-	/	-	-	-	-	-	-	-	-	-	-	-

Remark: X = Chairman / = Director // = Executive Director

Note : *Regional Merchants Maritime Limited is under deregistration process

Award 2016



Regional container Lines Public Company Limited (RCL) has won “The Best container Liner for Small and Medium Liners Group Award” on 21st September 2016, organized by the Thai National Shippers Council (TNSC).

Measurement Criteria

The group was assessed 3 main areas which included; Service Quality (8 criteria), Time (3 criteria) and Cost of Service (3 criteria).

RCL Fleet Profile 2016

SHIPS OWNED AND OPERATED

Name	Flag	Year Built	Shipyard	Deadweight	Designed Capacity	Age	Cargo Gear
Anan Bhum	Thai	1996	Singapore Shipbuilding & Engineering	13,825	1,018	20	2x40
Bani Bhum	Thai	1996	Singapore Shipbuilding & Engineering	13,825	1,018	20	2x40
Chana Bhum	S'pore	1996	Singapore Shipbuilding & Engineering	13,825	1,018	20	2x40
Danu Bhum	S'pore	1996	Singapore Shipbuilding & Engineering	13,825	1,018	20	2x40
Ganta Bhum	S'pore	1995	Mitsubishi Heavy Industries, Japan	18,196	1,094	21	-
Hunsa Bhum	S'pore	1995	Mitsubishi Heavy Industries, Japan	18,196	1,094	21	-
Isara Bhum	S'pore	2008	Murakami Hide Shipbuilding Co Ltd, Japan	12,200	1,088	8	-
Itha Bhum	Thai	1996	Mitsubishi Heavy Industries, Japan	21,813	1,324	20	-
Intra Bhum	Thai	2013	Daesun Shipbuilding & Engineering Co. Ltd	12,750	958	3	-
Jitra Bhum	S'pore	1997	Mitsubishi Heavy Industries, Japan	21,813	1,324	19	-
Kama Bhum	S'pore	1997	Mitsubishi Heavy Industries, Japan	21,813	1,324	19	-
Kiti Bhum	S'pore	1997	Miho Shipyard Co Ltd, Japan	10,908	865	19	2x40
Lila Bhum	S'pore	1997	Miho Shipyard Co Ltd, Japan	10,908	865	19	2x40
Mathu Bhum	S'pore	1990	Hanjin Shipbuilding Co Ltd, Korea	15,152	1,036	26	2x40
Methi Bhum	S'pore	2001	Mitsubishi Heavy Industries, Japan	11,655	928	15	-
Mitra Bhum	S'pore	2007	Jiangsu Eastern Shipyard, China	13,760	1,108	9	-
Nanta Bhum	Thai	1990	Hanjin Shipbuilding Co Ltd, Korea	15,161	1,036	26	2x40
Nawata Bhum (Resourceful)	S'pore	2008	Jiangsu Eastern Shipyard, China	13,760	1,108	8	-
Nithi Bhum	S'pore	2002	Mitsubishi Heavy Industries, Japan	11,655	928	14	-
Ora Bhum	S'pore	1997	Kyokuyo Shipyard Coporation, Japan	8,006	628	19	2x36
Otana Bhum	S'pore	2008	Jiangsu Eastern Heavy Industry, China	13,760	1,022	8	-
Panja Bhum	S'pore	2008	Jiangsu Eastern Heavy Industry, China	13,760	1,022	8	-
Pira Bhum	S'pore	1997	Kyokuyo Shipyard Coporation, Japan	7,988	628	19	2x36
Racha Bhum	S'pore	2008	Stocznia Gdynia, Gdynia, Poland	38,968	2,732	8	-
Ratha Bhum	Thai	1998	Kyokuyo Shipyard Coporation, Japan	8,018	628	18	2x36
Satha Bhum	S'pore	2009	Stocznia Gdynia, Gdynia, Poland	38,968	2,732	7	-
Siri Bhum	Thai	2013	Daesun Shipbuilding & Engineering Co. Ltd	12,750	958	3	-
Supa Bhum	Thai	1998	Kyokuyo Shipyard Coporation, Japan	8,016	628	18	2x36
Uru Bhum	Thai	2005	Mitsubishi, Nagasaki Shipyard, Japan	31,805	2,598	11	-
Vira Bhum	Thai	2005	Mitsubishi, Nagasaki Shipyard, Japan	31,805	2,598	11	-
Wana Bhum	Thai	2005	Mitsubishi, Shimonoseki Shipyard, Japan	30,832	2,378	11	-
Xetha Bhum	S'pore	1993	Hanjin Shipbuilding Co Ltd, Korea	15,301	1,098	23	2x40
Xutra Bhum	Thai	2005	Mitsubishi, Shimonoseki Shipyard, Japan	30,832	2,378	11	-
Yantra Bhum	S'pore	1993	Hanjin Shipbuilding Co Ltd, Korea	15,346	1,098	23	2x40
Yossa Bhum	S'pore	1994	Imabari Iwagi Shipyard, Japan	15,414	818	22	2x35
TOTAL OWN CAPACITY 44,096 TEUs							
Total 35 vessel with the average age of 16 years							

SHIPS OPERATED ON CHARTERED

Name	Flag	Year Built	Shipyard	Deadweight	Designed Capacity	Age	Cargo Gear
Anu Bhum	Thai	2008	Qingtian Country Jianxing, Wenzhou, China	2,974	189	8	-
Thana Bhum	S'pore	2005	Jiangsu Yangzijiang Shipyard, China	24,279	1,858	11	-
Teera Bhum	S'pore	2005	Jiangsu Yangzijiang Shipyard, China	24,279	1,858	11	-
Ratana Thida	Thailand	1996	Mitsubishi Heavy Industries Ltd, Kobe Japan	18,195	1,128	20	-
KEA	Liberia	2013	Hyundai Samho H.I.	80,229	6,881	3	-
Hansa Rotenburg	Bahamas	2009	Guangzhou Wenchong	23,332	1,732	7	-
Thea S.	Antigua	2002	Volkswerft	33,588	2,474	14	-
Natal	Liberia	2007	Hanjin Heavy Industries Co	44,233	3,388	9	-
Lobivia	Liberia	2001	Stocznia Gdynia	30,375	2,082	15	-
Innwa Star	Liberia	1995	Kvaerner-Warnow, Warnemunde (Germany)	20,416	1,388	21	-
Pathein Star	Liberia	1993	Kvaerner-Warnow, Warnemunde (Germany)	20,540	1,468	23	-
Diaporos	Liberia	2001	Hanjin Heavy Industries Co	80,238	6,627	15	-
Ocean Prologue	China (Hong Kong)	1995	China shipbuilding Corp. (CSBC)	18,585	1,471	21	-
RCL FLEET CAPACITY 76,640 TEUs							

Chronicle of RCL

Incorporation

1980 : Founded by Ngow Hock Co., Ltd. a major shareholder.

Years of Pioneering and Going Public

1981 : Purchased its first vessel, M.V.Siri Bhum, to commence Bangkok - Singapore route.

1988 : Had its stock listed in the Stock Exchange of Thailand.

: Raised registered capital from Baht 55 million to Baht 70 million.

1993 : Converted to a public company and raised registered capital to Baht 221 million.

Regional Scale of Operation

1989 : Incorporated RCL Investment Pte.Ltd. to hold 50% interest in four RCL Singapore subsidiaries (holding 51% interest in 1991 to become their major shareholder) to extend the operation network into Southeast Asia Region.

: Raised registered capital from Baht 70 million to Baht 84 million.

Years of Expansion 1990 – 1994

: Took delivery of two firstly - built vessels, M.V. Maha Bhum and Nanta Bhum from Korea.

: Acquired 20% interest in TIPS Co., Ltd., an operator of one of Laem Chabang deep sea ports, and 70% interest in Regional Container Lines (H.K.) Co., Ltd. and its subsidiaries in Hong Kong.

: Directly purchased the remaining 49% interest in four RCL Singapore subsidiaries for 100% control.

: Invested 20% interest in NH Prosperity Co., Ltd., an operator of Inland Container Depot.

: Further acquired the remaining 30% interest in Regional Container Lines (H.K.) Ltd. and its subsidiaries for 100% control

Years of Asset Build – Up 1995 – 1998

: Took delivery of nine newly built vessels from Japan and Singapore.

: Acquired a freehold 12 - storey office building in Singapore as RCL regional operation centre.

: Raised registered capital from Baht 221 million to Baht 663 million.

: Joined with Mitsui O.S.K. Lines Ltd. to firstly start dry bulk shipping business.

Years of Strengthening Service Network 2000 – 2004

: Launched E- commerce facility, namely BHUMNET.

: Extended service to West Asia and the Middle East.

: Incorporated four wholly owned subsidiary companies, Regional Container Lines Shipping Co.,Ltd. in Shanghai, RCL Agencies (M) Sdn. Bhd. and Regional Container Lines (M) Sdn. Bhd. in Malaysia and RCL Logistics Co., Ltd. in Thailand.

: Regional Container Lines Shipping Company Limited, a subsidiary company established in Shanghai increased its registered capital to USD 1.6 million in setting up 5 branch offices in Qingdao, Tianjin, Xiamen, Guangzhou and Shenzhen to enhance market expansion in north and south PRC.

Years of Investment in Assets and Subsidiaries 2005 - 2010

- : Took delivery of 13 newly built vessels from Japan, China and Poland.
- : Holding 100 % interest in the RCL Feeders Phils ., Inc. , in Philippines.
- : Incorporating and holding 80% interest in Regional Merchants Maritime Ltd., in Hong Kong and Regional Merchants International Freight Forwarding Co., Ltd., in PRC to expand shipping and logistics business into North East Asia.
- : Incorporating and holding 49 % in RCL (Vietnam) Co., Ltd., in Vietnam to expand shipping and logistics business into Indochina.
- : Raised registered capital in wholly owned subsidiary in Hong Kong, namely Regional Container Lines (H.K.) Co., Ltd. to HK\$ 20 million; and subsidiary in Thailand, namely RCL Logistics Co., Ltd. to Baht 5 million.
- : Holding 100% interest in RCL (Australia) Pty Ltd. to control agency business in Australia.
- : Incorporating and holding 85% interest in RCL (Korea) Ltd. ; acquired another 15% interest for effective control and increased the registered capital from KRW 340 million to KRW 400 million in 2007 to expand the business in Korea.
- : Incorporating and holding 49% interest in PT Daerah Indah Shipping to expand the services in Indonesia.
- : Regional Container Lines Shipping Co.,Ltd., a subsidiary company established in Shanghai increased its registered capital to USD 1.72 million in setting up its 6th branch office in Ningbo to enhance market expansion in PRC.
- : Changing of group holding structure in a subsidiary in China where RCL Feeder Pte. Ltd. (100% owned by the Company) hold 100% interest in Regional Container Lines Shipping Co.,Ltd.
- : Regional Container Lines Shipping Co.,Ltd., a subsidiary company in Shanghai increased its registered capital to USD 1.84 million in setting up its 7th branch office in Foshan to expand business operations into the West Bank of Pearl River Delta, PRC.
- : Changing of group holding structure from 85% to 100% direct holding in Regional Container Lines Pte. Ltd., a subsidiary in Singapore; and increased the registered capital from US\$ 24 million to US\$ 51.95 million.
- : Raised registered capital in a subsidiary in Singapore, namely RCL Feeder Pte Ltd. from US\$ 12.2 million to US\$ 32.7 million.
- : Raised registered capital from Baht 663 million to Baht 828.7 million.
- : Raised registered capital in a wholly owned subsidiary in Singapore, namely Regional Container Lines Pte. Ltd., from US\$ 51.95 million to US\$ 91.95 million to strengthen the financial position for overall group operational efficiency.
- : Raised registered capital in a subsidiary in Singapore, namely RCL Feeder Pte Ltd. from US\$ 32.7 million to US\$ 138.55 million for overall group operational efficiency.
- : Raised registered capital increase in a subsidiary in Malaysia, namely RCL Agencies (M) Sdn. Bhd. (100% owned by RCL Feeder Pte Ltd.) from RM 200,000 to RM 500,000 to support group business operation in Malaysia.

Years of consolidation and systems enhancements 2011 - 2014

Corporate

- : Took deliveries of Daesun vessels Hull nos : SB521 (Siri Bhum) and SB522 (Intra Bhum) respectively on 25 February 2013 and 30 May 2013.
- : Obtained extension of investment licence in Vietnam under our joint venture investing arm, RCL (Vietnam) Co., Ltd.
- : Consolidation and streamline of services with dissolution of RCL (Korea) Ltd as well as closure of Fremantle and Semarang branch offices in year 2012 and 2013, respectively.

Ship Management

- : Commenced installation of the mandatory Electronic Chart Display and Information System (ECDIS), which facilitates navigation and significantly improves safety at sea. About 27% of RCL's fleet has so far completed installation of ECDIS on board.
- : About 27% of the Group's vessels has achieved complete verification and obtained from classification society, Ballast Water Management (BWM) certification, which is a set of technical standards and requirements for the control and management of ships' ballast water and sediments.

Human Resource

- : Launched RCL's 5 core values - Integrity/Loyalty, Result Orientation, Customer Focus, Teamwork and Accountability as well as the reinforcement of Performances Management System, which strives to provide goals-oriented assessment and objective evaluation of staff's performance.

IT

- : Dolphin EZ Loadlist, an integrated module in Dolphin Carrier System went live successfully in 2011. It covers all RCL locations and facilitates the use and integration with other modules, allowing the operation teams to complete the loading and discharging of containers timely and accurately.
- : Dolphin SAP, the financial system was successfully rolled out in 2011 and to be implemented throughout the network in stages.

Year of enhancement of the system 2015

- : 2015 focus was on enhancement of the system to integrate with local government of each location, such as authorized Chinese government accounting system. With the completion of this integration, data-transfer errors will be reduced. Information and requirements will also be aligned with those of local authorities.

Subsidiaries, Associated and Related Companies

NAME OF COMPANY	GROUP EFFECTIVE CONTROL (%)		COUNTRY OF INCORPORATION / OPERATION	PRINCIPAL ACTIVITIES	CONTACT ADDRESS
	2016	2015			
Regional Container Lines Public Company Limited	--	--	Thailand	Ship operating, owning, related shipping activities and investment holding	30 th Fl. Panjathani Tower Bldg., 127/35 Ratchadapisek Road, Chongnonsi, Yannawa, Bangkok, Thailand Tel (662) 296 1096 Fax (662) 296 1098
RCL Investment Pte Ltd.	100	100	Singapore	Holding company	11 Keppel Road, 8 th Fl. ABI Plaza, Singapore 089057 Tel (65) 6220 0388 Fax (65) 6221 9760, 6229 2071
RCL Feeder Pte Ltd.	100	100	Singapore	Holding company, cargo consolidation and operating	11 Keppel Road, 8 th Fl. ABI Plaza, Singapore 089057 Tel (65) 6220 0388 Fax (65) 6221 9760, 6229 2071
Regional Container Lines Pte Ltd.	100	100	Singapore	Ship owning and operating	11 Keppel Road, 8 th Fl. ABI Plaza, Singapore 089057 Tel (65) 6220 0388 Fax (65) 6221 9760, 6229 2071
RCL Shipmanagement Pte Ltd.	100	100	Singapore	Ship management	11 Keppel Road, 8 th Fl. ABI Plaza, Singapore 089057 Tel (65) 6220 0388 Fax (65) 6221 9760, 6229 2071
RCL Holdings Ltd.	100	100	Singapore	Ship owning and operating	11 Keppel Road, 8 th Fl. ABI Plaza, Singapore 089057 Tel (65) 6220 0388 Fax (65) 6221 9760, 6229 2071
Regional Container Lines (H.K.) Ltd.	100	100	Hong Kong	Holding company, shipping agent and the provision of transportation and cargo handling services	11 th Fl. No.9 Des Voeux Road West, Hong Kong Tel (852) 2526 3318 Fax (852) 2537 5463
Regional Container Lines Shipping Co., Ltd.	100	100	China	Shipping agent and broker	Room 2601-2603, Harbour Ring Plaza, No.18, Xi Zang Middle Road, Shanghai, China Tel (8621) 6132 4500 Fax (8621) 6132 4504
RCL Logistics Co., Ltd.	100	100	Thailand	Logistics services	13 th Fl. Panjathani Tower Bldg., 127/17 Ratchadapisek Road, Chongnonsi, Yannawa, Bangkok, Thailand Tel (662) 296 1284-6 Fax (662) 296 1279
RCL Agencies (M) Sdn Bhd	100	100	Malaysia	Shipping agent	Suite 6.02, Level 6 IMS 2, 88 Jalan Batai Laut 4, Taman Intan, 41300 Klang Selangor, Malaysia Tel (603) 33422722 Fax (603) 33422871

NAME OF COMPANY	GROUP EFFECTIVE CONTROL (%)		COUNTRY OF INCORPORATION / OPERATION	PRINCIPAL ACTIVITIES	CONTACT ADDRESS
	2016	2015			
	RCL Services S.A.	100			
RCL Feeders Phils., Inc.	100	100	Philippines	Shipping agent	10 th Fl, Ayala Life-Fgu Centre 6811 Ayala Avenue, Makati City Philippines Tel (632) 815 3187 Fax (632) 815 2102
Regional Merchants International Freight Forwarding Co., Ltd.	80	80	China	Freight forwarding, NVOCC and logistics services	803-804 Room, 8F, SEL BLDG., No. 258 Changle Rd., Eastern New City, Jiangdong District, Ningbo, China Postcode: 315040 Tel (86-574) 27872887 Fax (86-574) 27862525
Regional Merchants Maritime Limited*	80	80	Hong Kong	Shipping and logistics services	11 th Fl. No 9 Des Voeux Road West, Hong Kong Tel (852) 2526 3318 Fax (852) 2537 5463
Asian Bulk Shipping Co., Ltd.	51	51	Thailand	Ship operating	30 th Fl. Panjathani Tower Bldg., 127/35 Ratchadapisek Road, Chongnonsi, Yannawa, Bangkok, Thailand Tel (662) 296 1096 Fax (662) 296 1098
RCL (Vietnam) Co., Ltd.	49	49	Vietnam	Shipping agent	Room 004-008, 147 Nguyen Tat Thanh Street, Dist. 4 Ho Chi Minh City, Vietnam Tel (848) 3825 9561 Fax (848) 38255391/ 3825 9560
PT Daerah Indah Shipping	49	49	Indonesia	Sea transportation and shipping agent	Plaza Sentral Building 6 th flr Jln. Jend. Sudirman Kav. 47 Jakarta, Indonesia Tel (62) 21 521 4808 Fax (62) 21 521 4801
TIPS Co., Ltd.	22.22	22.22	Thailand	Terminal operating	29 th Fl. Panjathani Tower Bldg., 127/34 Ratchadapisek Road, Chongnonsi, Yannawa, Bangkok, Thailand Tel (662) 633 5400 Fax (662) 633 5444
Jurong Districentre Pte Ltd.	15	15	Singapore	Warehouse Facilities for Rental Data Storage And Container Storage Handling	38 Tanjong Penjuru CWT Logistics Hub 1 Singapore 609039 Tel (65) 62626888 Fax (65) 62612373
NH Prosperity Co., Ltd.	4.28	4.28	Thailand	Inland container depot operating	106 Moo 6 Bangkok-Chonburi Intercity Motorway, Tubyao, Ladkrabang, Bangkok, Thailand Tel (662) 737 4561-9 Fax (662) 737 4551-2
Pu Chao Container Terminal Co., Ltd.	49	-	Thailand	To manage the container terminal	30 th Fl. Panjathani Tower Bldg., 127/35 Ratchadapisek Road, hongnonsi, Yannawa, Bangkok, Thailand Tel (662) 296 1096 Fax (662) 296 1098

หมายเหตุ : *Regional Merchants Maritime Limited is under deregistration process

REGIONAL OFFICES AND AGENTS

COUNTRY	CITY	COMPANY	TELEPHONE	FAX
BANGLADESH	Chittagong	Integrated Transportation Services Limited (ITSL)	(880) 31 713 147	(880) 31 710 847
CAMBODIA	Phnom Phen	Arrow Shipping Agency Co., Ltd.	(85523) 880 241/ 242	(85523) 885 706 / 607
CHINA	Fangcheng	China Ocean Shipping Agency Fangcheng	(86770) 2822556	(86770) 6102204
	Guangzhou	Regional Container Lines Shipping Co., Ltd.	(8620) 8363 3236	(8620) 8363 4004
	Ningbo	Regional Merchants International Freight Forwarding Co.,Ltd.	(86574) 2787 2887	(86574) 2786 2525
	Ningbo	Regional Container Lines Shipping Co., Ltd.	(86574) 2787 2882	(86574) 2786 2525
	Qingdao	Regional Container Lines Shipping Co., Ltd.	(86532) 8668 5577	(86532) 8668 1966
	Shanghai	Regional Merchants International Freight Forwarding Co.,Ltd.	(8621) 6132 4650	(8621) 5385 2808
	Shenzhen	Regional Container Lines Shipping Co., Ltd.	(86755) 2518 1150	(86755) 2518 1572
	Shenzhen	Regional Merchants International Freight Forwarding Co.,Ltd.	(86755) 2518 1150	(86755) 2518 1495
	Tianjin	Regional Container Lines Shipping Co., Ltd.	(8622) 6032 8670 - 1	(8622) 6032 8691-2
	Xiamen	Regional Container Lines Shipping Co., Ltd.	(86592) 239 8011	(86592) 239 8001-2
HONG KONG	Hong Kong	Regional Container Lines (H.K.) Limited	(852) 2526 3318	(852) 2537 5463
INDIA	Chennai	Chakiat Shipping Services Pvt. Ltd.	91 4442961600	91 44 25225634
	Mumbai	Maritime Services Pvt. Ltd.	(9122) 2262 1181	(9122) 2262 0579
	Vizag	Chakiat Shipping Services Pvt. Ltd.	91 891 4546 444	91 891 4546 455
	Tuticorin	Chakiat Shipping Services Pvt. Ltd.	(91 461) 425 2680	(91 461) 425 2681
	Cochin	Chakiat Shipping Services Pvt. Ltd.	(91 484) 266 2166	(91 484) 266 8085
	Vizag	Chakiat Shipping Services Pvt. Ltd.	(91 891) 4546 444	(91 891) 4546 455
INDONESIA	Jakarta	PT Bhum Mulia Prima	(6221) 521 4808	(6221) 521 4801-2
	Medan / Belawan	PT Bintika Bangunusa	(6261) 845 5883	(6261) 846 2909
	Semarang	PT Bhum Mulia Prima	(6224) 841 0171	(6224) 845 3980
	Surabaya	PT Bhum Mulia Prima	(6231) 534 3998	(6231) 532 8359
KOREA	Pusan	Chun Jee Shipping Co., Ltd	(8251) 468 2937	(8251) 468 6791
	Seoul	Chun Jee Shipping Co., Ltd	(822) 3455 1606	(822) 3455 1600
KUWAIT	Safat	Al Kazemi International General Trading & Contracting Group Co. WLL.	(965) 2573 3870-2	(965) 2573 3864
MALAYSIA	Singapore	Geniki Shipping Pte Ltd as agents for Regional Container Lines in East Malaysia	(65) 6327 1788	(65) 6327 1588
	Bintulu	Trans East Shipping Sdn Bhd.	(60) 86 317298	(60) 86 333525
	Kuching	Trans East Shipping Sdn Bhd.	(60) 82 489779	(60) 82 483135
	Kota Kinabalu	Trans East Shipping Sdn Bhd.	(60) 88 253566	(60) 88 262566
	Johore Bahru/Pasir Gudang	RCL Agencies (M) Sdn. Bhd.	(607) 255 2388	(607) 254 1288
	Penang	RCL Agencies (M) Sdn. Bhd.	(604) 370 2666	(604) 370 2233
	Port Klang	RCL Agencies (M) Sdn. Bhd.	(603) 334 22722	(603) 334 22871
	Kuantan	Liraship Agency Sdn. Bhd.	(09) 566 8936	(09) 566 9711
MYANMAR	Yan Gon	Tangent Marine Services Company Limited	(959) 861 2023	(951) 256 776
PAKISTAN	Karachi	United Marine Agencies (Pvt.) Ltd.	(9221) 111111862	(9221) 35147951
PHILIPPINES	Cebu	Eagle Express Lines, Inc.	(6332) 414 3814	(6332) 420 2365
	Manila	RCL Feeders Phils., Inc.	(632) 815 3187	(632) 815 2102
SAUDI ARABIA	Dammam	Gulf Shipping Co., Ltd.	(9663) 835 2777	(9663) 835 5365
SINGAPORE	Singapore	RCL Feeder Pte. Ltd.	(65) 6220 0388	(65) 6229 2677
SRI LANKA	Colombo	Delmege Forsyth & Co (Shipping) Ltd.	(9411) 772 9530	(9411) 772 9556
TAIWAN	Taipei	Grand Maritime Transport Ltd.	(8862) 2547 1786	(8862) 2547 3063
THAILAND	Bangkok (Head Office)	Regional Container Lines Public Co., Ltd.	(662) 296 1096	(662) 296 1098
	Bangkok (Agent)	Ngow Hock Co., Ltd.	(662) 295 1000	(662) 296 1525
	Laem Chabang	Ngow Hock Agency Co., Ltd.	(6638) 330 727 - 9	(6638) 330 730
	Songkhla	Songkhla Shipping Agency Co., Ltd.	(6674) 245 574	(6674) 232 345
UNITED ARAB EMIRATES	Dubai	Peninsula Shipping Company LLC.	(9714) 355 3100	(9714) 355 6806
VIETNAM	Ho Chi Minh	RCL (Vietnam) Co., Ltd.	(848) 3825 9561	(848) 3825 9560

Nature of Business Operation

Vision and Mission

RCL Group is committed to continuously enhance its position as a leading asset-based regional transportation provider with emphasis on meeting the expectations of its customers and shareholders through the dedication of the management and staff. In addition to promoting its competencies with up-to-date techniques and resources, the group embraces its 5 core values introduced in 2011, namely Integrity/Loyalty, Results Orientation, Customer Focus, Teamwork and Accountability to achieve this mission.

The Group's vision is "To be a trusted, leading and efficient container carrier and logistics provider with quality services in Asia through contribution from committed staff with passion and innovation".

Corporate Goal

The Group's goal is to uphold its leadership position amongst the containerized shipping operators focusing on the inter-Asia regional trades. RCL's geographical business coverage includes North East Asia, South East Asia, Indian Subcontinent and Middle East.

Success

The Group is currently ranked 26th amongst the world container shipping operators and recognized as amongst the top regional operators by leading industrial publications.

Following are key factors in supporting the Group's performance and achievements;

- Maintaining its position as a market leader in the region.
- Enhanced presence in the regional trades it serves.
- Loyal and large diverse customer base support.
- Strong customer oriented business units ensuring customer expectations are met.
- Competent and motivated management, staff and vessel crew.
- Complementing business strategy between Shipper-Owned-Container (SOC) and Carrier-Owned-Container activities (COC).
- Comprehensive and effective service network.
- Competitive operating cost structure

1. Business Activities

RCL, a Thai-based container shipping line, was incorporated in 1980 and listed in the Stock Exchange of Thailand since 1988. The company operates on three core lines of business, namely; Shipper-Owned-Container (SOC), Carrier-Owned-Container (COC) and Value-added logistic services. The geographical business scope is Asian-centric with business activities covering North East Asia, South East Asia, Indian Sub-Continent, Middle East and Australia.

The Group currently operates a fleet of 49 vessels with sizes ranging from 200 TEUs to 7,000 TEUs. This range of vessel sizes is tailored-made for servicing the regional trades. To cater for the COC activity in 2016, the Group owns and operates an average container box fleet of 79,000 TEUs. A network of 64 offices comprising of both owned-offices and agency representations supports the direct links with RCL customers.

RCL is recognized as a leading SOC and Intra COC operator by both peers and customers alike.

Lines of Business

The SOC activity entails RCL offering space on vessels to container owning customers. These customers include main-line operators, non vessel operating common carriers (NVOCC), ISO tank operators and other container box owners requiring transportation of their boxes between ports.

In particular, main line operators will require feeder services for movements of their boxes between a transshipment hub port and the neighboring ports. With increasingly larger vessels employed for the East-West trades, fast cargo feeds to and from these vessels with neighboring ports are essential to meet their customers' requirements and to ensure fast turn around time of these vessels.

Such "hub and spoke" activities form a significant part of RCL's SOC business. Currently RCL offers feeder services for hub ports at Singapore, Hong Kong and Dubai.

In addition, RCL operates its own COC business. Currently we manage a container box fleet in excess of 79,000 TEUs. These boxes are offered directly to exporters and importers to load for transportation in the trading lanes that RCL serves. RCL's COC business has expanded since its beginning in the early nineties and the group has experienced consecutive annual significant growths for the past few years.

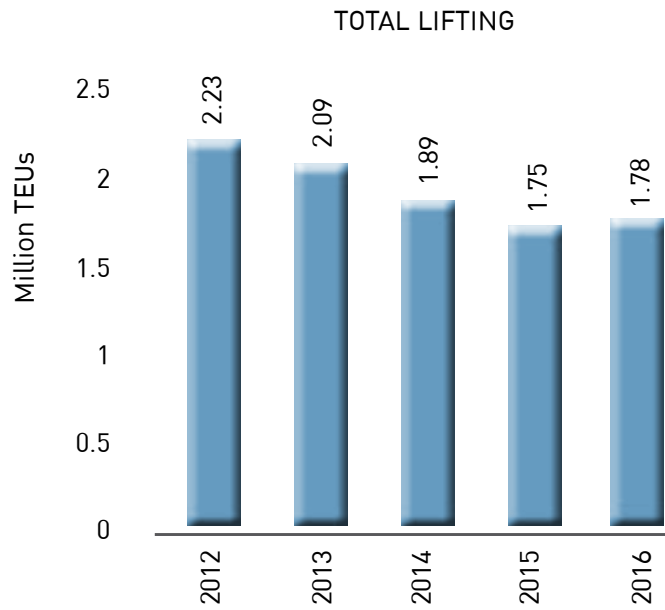
The Value-added logistic services grew steadily over the past few years. This business unit offers services ranging from the basics in custom house brokerage and domestic haulage to contract logistics arrangements including inventory management and cross country haulage and to multi country supply chain management. The Value-added logistic services are designed to offer RCL's customers the convenience of a seamless management of their transportation needs.

Total Liftings

2016 continued to be a challenging year for the shipping industry with higher capacities growth. This is inevitable as carriers strive to achieve lower unit cost by capitalizing through the economies of large scale vessels. The constant gap of supply outpacing demand resulted in a low freight environment throughout 2016.

RCL total lifting was increased 2% with utilization ratio at 115%

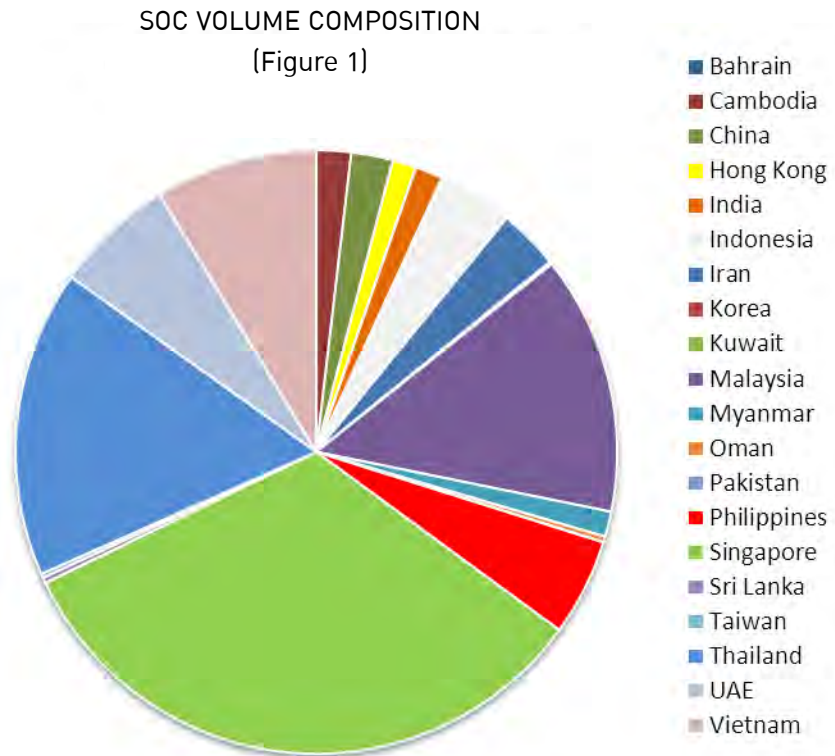
	2012	2013	2014	2015	2016
Total Liftings (TEUs)	2,233,642	2,088,872	1,894,397	1,752,133	1,781,816
Growth (%)	-4.5%	-6.5%	-9.3%	-7.5%	2%
COC Volume (TEUs)	1,114,414	1,057,348	956,422	954,786	1,048,649
Growth (%)	-8.6%	-5.1%	-9.5%	-0.2%	10%
SOC Volume (TEUs)	1,119,228	1,031,524	937,975	797,347	733,167
Growth (%)	0.01%	-7.80%	-9.1%	-15.0%	-8%



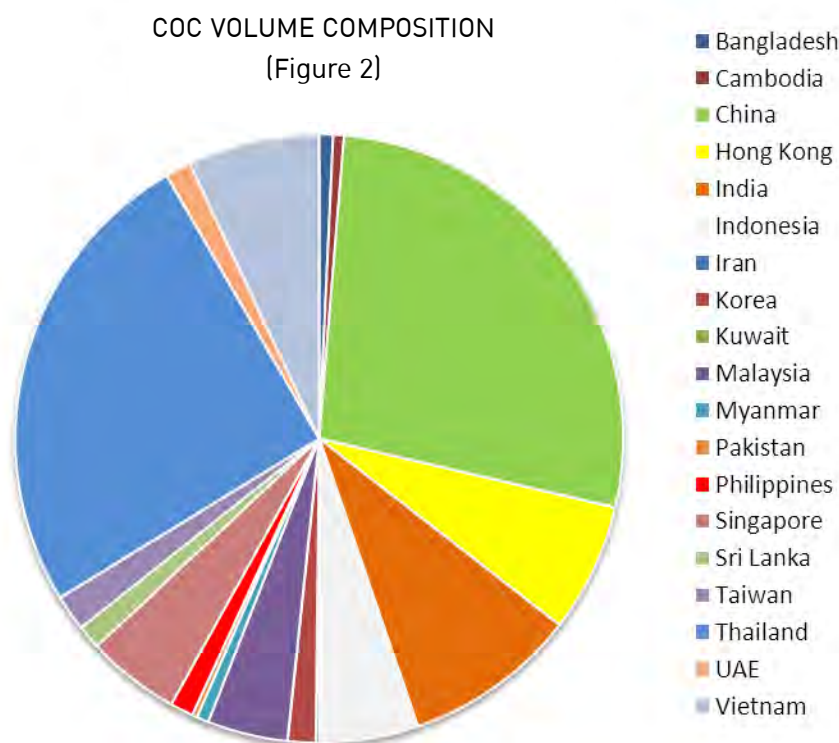
Trade Composition

For SOC, the transshipment hub ports activities continued to be concentrated at Singapore hub where cargo was moved between neighboring ports. In addition RCL also moved SOC boxes between ports within and across the five Regions.

Figure 1 shows the SOC volume composition by origin ports of loading.



For COC in Figure 2, the top three export areas of PRC, Thailand and India made up almost 62% of the volume composition.



Capacity, Network and Fleet Deployment

In 2016, RCL operated 49 container vessels. Of the 49 vessels operated, 35 vessels were owned whilst 14 were chartered in for various term periods.

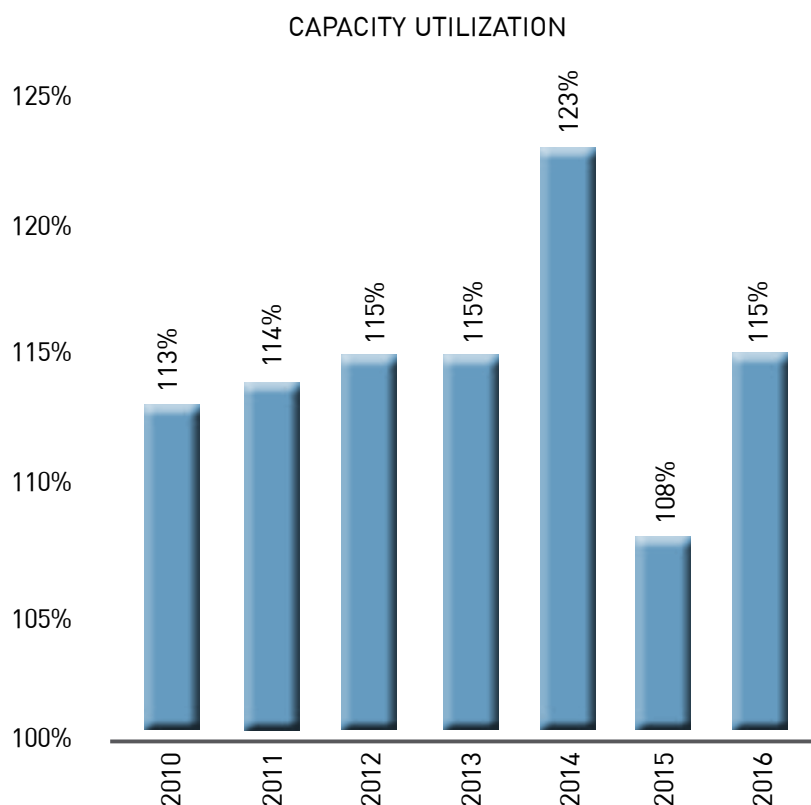
The group in 2016 continued to cautiously balance the fleet deployment with a strategic mix of owned versus chartered ratio. The flexibility allowed RCL in achieving unit cost savings and meeting incremental demand in selective trade lanes.

The average utilization factor for 2016 was 115%, which was higher than 2015 due to the improvement on COC volume and SOC volume was impacted by the weaker market condition.

Fleet Composition and Deployment

RCL's Fleet Composition (nominal capacity)	As of 2016 Dec			As of 2015 Dec		
	Number of vessels	Capacity (TEUs)	%	Number of vessels	Capacity (TEUs)	%
Owned	35	43,996	55	35	43,996	56
Chartered	14	34,760	44	14	32,737	42
Space Purchase		878	1		1,345	2
Number of vessels operating	49	79,634	100	49	78,078	100

RCL deploys its fleet across its five Regions as well as within each Region. The Group manages its flexibility through the use of added chartered vessels, slot purchases, reassignments of differing vessel sizes and realignment of services to meet the changing cargo trade patterns.



RCL's sailing routes link the countries in North Asia, North East Asia, South East Asia, Indian Sub-Continent and Middle East with each other through its main trunk services.

In addition, secondary services within regions and between regions are also available to complement the main trunk services. In total RCL operates 26 services independently and collaboratively through joint services and slot exchanges and slot ownerships.

Vessels' Trading Routers as at December 2016

No.	Type of Vessel	Operator	Vessel Name	Vessel Code	Trading Routes	Service	Days per round
1	Rcl Own Vsl.	RCL	CHANA BHUM	CNB	Singapore-Sihanoukville-Songkhla-Singapore	RSZ5	7
2	Rcl Own Vsl.	RCL	GANTA BHUM	GTB	Bangkok (PAT)-Laemchabang-Ningbo-Shanghai-Shekou-Sihanoukville-Bangkok (PAT)	RBC2	21
3	Rcl Own Vsl.	RCL	JITRA BHUM	JTB	Bangkok (PAT)-Bangkok (TST)-Laemchabang-Vietnam (CLI)-Ningbo-Shanghai-Laemchabang-Bangkok (PAT)	RBC13	21
4	Rcl Own Vsl.	RCL	RAMA BHUM	KMB	Bangkok (PAT)-Bangkok (TST)-Laemchabang-Vietnam (CLI)-Ningbo-Shanghai-Laemchabang-Bangkok (PAT)	RBC13	21
5	Rcl Own Vsl.	RCL	NANTA BHUM	NTB	Singapore-Bangkok (PAT)-Singapore-Portklang(Wp)-Belawan-Portklang(Wp)-Singapore	RTB1	14
6	Rcl Own Vsl.	RCL	PIRA BHUM	PRB	Songkhla-Hong Kong-Haiphong-Hong Kong-Keelung-Taichung-Hong Kong-Sihanoukville-Songkhla	RSK3	21
7	Rcl Own Vsl.	RCL	RACHA BHUM	RCB	Jakarta-Singapore-Laemchabang-Portklang(NP)-Singapore-Jakarta	RTI10	14
8	Rcl Own Vsl.	RCL	RATHA BHUM	RTB	Songkhla-Hong Kong-Haiphong-Hong Kong-Keelung-Taichung-Hong Kong-Sihanoukville-Songkhla	RSK3	21
9	Rcl Own Vsl.	RCL	RATANA THIDA	RTD	Singapore-Haiphong-Qinzhou-Hong Kong-Shekou-Vietnam(CLI)-Singapore-Yangon-Singapore	RHY3	28
10	Rcl Own Vsl.	RCL	SUPA BHUM	SPB	Songkhla-Hong Kong-Haiphong-Hong Kong-Keelung-Taichung-Hong Kong-Sihanoukville-Songkhla	RSK3	21

No.	Type of Vessel	Operator	Vessel Name	Vessel Code	Trading Routes	Service	Days per round
11	Rcl Own Vsl.	RCL	SATTHA BHUM	STB	Dalian-Tianjin Xingang-Qingdao-Hongkong-Shekou-Vietnam(CLI)-Laemchabang-Shekou-Hongkong-Incheon-Dalian	RNT	28
12	Rcl Own Vsl.	RCL	THANA BHUM	TNB	Singapore-Vietnam (CLI)-Vietnam (VIC)-Singapore	RHS8	7
13	Rcl Own Vsl.	RCL	TEERA BHUM	TRB	Singapore-Portklang (Np)-Portklang (Wp) - Penang - Portklang (Wp)-Singapore	RMS10	7
14	Rcl Own Vsl.	RCL	XETHA BHUM	XTB	Bangkok (TPT)-Singapore-Yangon-Portklang(Np)-Singapore-Bangkok (TPT)	RTY	21
15	Rcl Own Vsl.	RCL	HANSA BHUM	HSB	Singapore-Haiphong-Qinzhou-Hong Kong-Shekou-Vietnam(CLI)-Singapore-Yangon-Singapore	RHY3	28
16	Rcl Own Vsl.	RCL	YANTRA BHUM	YTB	Bangkok (TPT)-Singapore-Yangon-Portklang(Np)-Singapore-Bangkok (TPT)	RTY	21
17	Charter Vsl. In	RCL	ANU BHUM	AUB	Singapore-Pasirgudung-Singapore-Palembang-Singapore	RPS5	7
18	Charter Vsl. In	RCL	DIAPOROS	DPR	Pusan-Shanghai-Ningbo-Shekou-Singapore-Portklang-Colombo-Cochin-Nhava Sheva-Mundra-Jeble Ali-Bandar abbas-Imamkhomni-Jebel Ali-Hazira-Cochin-Portklang-Hong Kong-Pusan	RIM5	56
19	Charter Vsl. In	RCL	HANSA ROTENBURG	HRT	Singapore-Cebu-General Santos-Davao Mindanao-Singapore	RSP4	14
20	Charter Vsl. In	RCL	INNWA STAR	INS	Singapore-Haiphong-Qinzhou-Hong Kong-Shekou-Vietnam(CLI)-Singapore-Yangon-Singapore	RHY3	28
21	Charter Vsl. In	RCL	THEA S	TEA	Laemchabang-Singapore-Portklang (Wp)-Portklang (Np)-Chennai-Visasakhatnam-Penang-Portklang (Wp)-Portklang (Np)-Singapore-Lamchabang	RMB5	28
22	Charter Vsl. In	RCL	LOBIVIA	LIV	Singapore-Patangas-Manila(N)-Cebu-Singapore	RMN9	14
23	Charter Vsl. In	RCL	NATAL	NTL	Singapore-Laemchabang-Singapore	RTS26	7
24	Charter Vsl. In	RCL	PATHEIN STAR	PTA	Singapore-Haiphong-Qinzhou-Hong Kong-Shekou-Vietnam(CLI)-Singapore-Yangon-Singapore	RHY3	28
25	Charter Vsl. In	RCL	KEA	KEA	Shanghai-Ningbo-Xiamen-Hong Kong-Singapore-Colombo-Nhava Sheva-Pipavav-Port Klang-Singapore-Hong Kong-Shanghai	RKI7	42
26	Charter Vsl. In	RCL	OCEAN PROLOGUE	OCP	Bangkok (TST)-Laemchabang-Haiphong-Shekou-Bangkok (TST)	RBH1	14

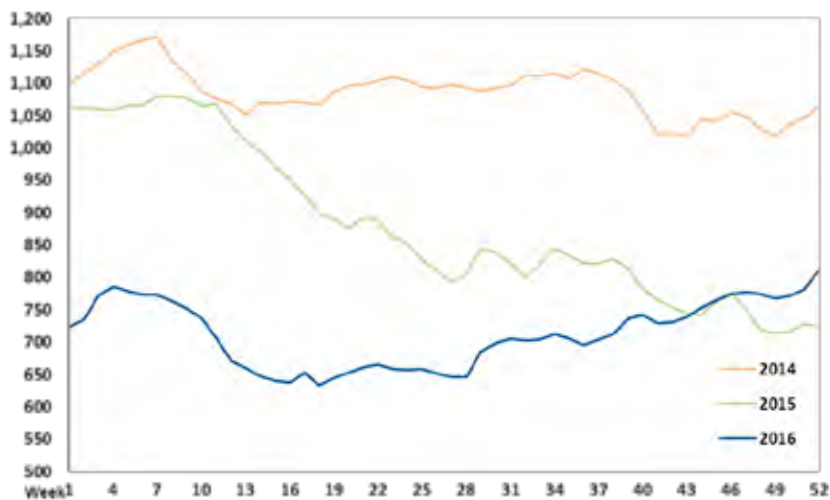
Industrial Environment

Various social and economic factors played an influential role within Asia's shipping environment in 2016. Weak global demand and uncertainties have resulted in a slower momentum worldwide. 2016 experienced the second lowest annual container traffic since 2009.

Rate restoration and cost reduction initiatives in all business sectors remain a priority into 2017.

The China Containerised Freight Index (CCFI) average at 712 points in 2016, and this translated to an 18.6% loss against 2015. Despite the negative growth, the CCFI steadily climbed higher after bottoming out in Week 18.

CCFI COMPOSITE INDEX



Source : Chineseshipping Net

Growth in container shipping demand continues to trail the increase of container volume supply, leading to the widening of overcapacity in 2016. This continues to be a key obstacle for the industry.

2016 was also the year where there were many mergers and acquisitions, as well as new alliances formed. In this challenging market context, consolidation is a result of carriers struggling to attain operational efficiencies to be profitable, in the midst of current low container rate trends.

As of 31 December 2016, container fleet was 5,201 vessels, a slight increase from 5,171 in 2015. Growth was constrained by a large number of vessels being scrapped. However, the total capacity increased from 19.9 million teu to 20.3 million at the end of 2016. The idle containership fleet was at its peak of 1.59 million teu in October 2016.

The current outlook of world fleet capacity for cellular container vessels of different size range is presented as follows:

Size range	In service 2016		On order 2017		On order 2018		TOTAL	% of Total Fleet
	No	TEU	No	TEU	No	TEU		
0 - 499	328	86,238	4	1,238	-	-	332	6%
500 - 999	688	523,515	4	2,518	-	-	692	12%
1,000 - 2,999	1,872	3,365,430	100	191,138	89	187,105	2,061	37%
3,000 - 4,999	872	3,598,414	12	43,400	19	67,920	903	16%
5,000 - 7,499	613	3,703,321	5	26,500	3	15,900	621	11%
7,500 - 9,999	456	3,981,622	6	55,200	3	26,400	465	8%
10,000 - 12,999	120	1,286,237	22	239,710	18	213,200	160	3%
13,000 - 15,999	190	2,591,496	26	365,500	36	510,750	252	4%
Over 16,000	62	1,132,873	25	506,280	32	642,500	119	2%
Total	5,201	20,269,146	204	1,431,484	200	1,663,775	5,605	100%

Source: Containerisation International Dec 2016

Market Outlook for Container Activity

The International Monetary Fund (IMF) has forecasted global activity and world trade to pick up in 2017. Global growth is projected to increase from 3.1% in 2016 to 3.4% in 2017 and 3.6% in 2018. World trade volumes are expected to increase at a faster rate than global growth.

Much potential remains in the China, India and Intra-Asean region, with growth rate about double that of the global growth.

	2015	2016	2017	2018
GDP Growth				
World	3.2	3.1	3.4	3.6
USA	2.6	1.6	2.3	2.5
Euro	2	1.7	1.6	1.6
Emerging and Developing Asia	6.7	6.3	6.4	6.3
China	6.9	6.7	6.5	6
India	7.6	6.6	7.2	7.7
Asean 5 [^]	4.8	4.8	4.9	5.2
World Trade Volume*	2.7	1.9	3.8	4.1

Figures are in percentage

[^] Indonesia, Malaysia, Philippines, Thailand, Vietnam

* Average of growth rates for export and import volumes (goods and services)

Source: World Economic Outlook 2017, IMF

On the container industry side, demand growth in 2017 is expected to strengthen to 4.2% on the back of a slightly improving global economy.

	Actual		Forecast	
	2015	2016	2017	2018
Global container demand growth	1.3%	3.4%	4.2%	4.6%
Global capacity -				
Existing fleet at beginning of the year	18.4	19.9	20.3	21.9
Deliveries (actual)/Orderbook (forecast)	1.6	0.9	1.7	1.2
Estimate Deferrals		0.1	0.3	0.2
Demolition/Scrape	0.2	0.7	0.6	0.5
Net capacity increase (Deliveries less scrape)	1.4	0.3	0.8	0.6
Fleet at end of the year	19.8	20.2	21.1	22.5
Net Capacity Growth	7.8%	1.2%	3.0%	3.1%

No. in million teu
Source: Alphaliner, Clarksons

On the supply side, capacity growth is expected to grow in 2017 by 3.0% with 0.8 million teu of net capacity due.

The majority of capacity growth in 2017 is expected to be absorbed by the East-West services confining to Asia to Europe / US routes with the Ocean Alliance offering more ports, direct calls and transit times. Capacity in the Intra-Asia trade is expected to remain stable in 2017.

2. Breakdown of 2016 Revenues

The Group's main source of revenue was from freight rates that were priced in US dollars and payable either in US dollars or in local currency equivalents. Freight income for the year was derived from the two main activities — SOC and COC.

A balanced combination of COC and SOC activities assures the optimal use of the Company's assets. While COC business flows relied mainly on regional economies, SOC activities tended to be more global in nature given the fact that the throughput demands from Main Line Operators (MLOs) depended on major East-West trades.

Relentless decline in global trade demand coupled with oversupply in capacity continued to add pressure on freight rates in shipping market. The bunker price fluctuation also remained a crucial factor for the market strategy of shipping industry. Similar to all other container carriers in the industry, the slowdown in global growth and freight rates were persistent challenges to RCL. The Group inevitably had to face stiff market competition and our strategy was to focus on service optimization, unit cost reduction and cargo mix enhancement.

Income Classified by Nature of Activities

In 2016, COC services accounted for 59% of the total volume, around 49% of the total freight income for the whole RCL Group. SOC accounted for 41% of volume with 51% of freight income.

Breakdown of Total Income by Geographical Location

Freight income	2016	%	2015	%	2014	%	2013	%	2012	%
	฿ million		฿ million		฿ million		฿ million		฿ million	
Thailand	1,068	10.23	1,178	9.91	1,089	8.18	922	7.03	987	7.29
Singapore	10,421	99.81	11,741	98.81	13,334	100.15	13,500	102.96	14,426	106.48
Hong Kong	215	2.06	392	3.30	623	4.68	413	3.15	413	3.05
(Elimination of inter-company transactions)	-1,263	-12.10	-1,429	-12.02	-1,732	-13.01	-1,723	-13.14	-2,278	-16.82
Total Freight Income	10,441	100	11,883	100	13,314	100	13,112	100	13,548	100

Breakdown of Total Income by the Company and its Subsidiaries

Freight income	2016	2015	2014	2013	2012
	฿ million	฿ million	฿ million	฿ million	฿ million
Regional Container Lines Public Company Limited	901	998	890	705	703
Subsidiary companies operating in Singapore	US\$ million	US\$ million	US\$ million	US\$ million	US\$ million
Regional Container Lines Pte. Ltd.	51.2	58.1	58.3	45.3	48.4
RCL Feeder Pte. Ltd.	243.0	283.7	344.8	382.6	407.4
Subsidiary company operating in Hong Kong	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Regional Container Lines (H.K.) Limited	16.3	22.4	45.4	25.6	20.8

3. Logistics

2016 was another challenging year for RCL Logistics to navigate through a difficult and competitive logistics market environment - a similar situation to shipping industry as anticipated by our parent company.

Nevertheless, it was another satisfactory year as RCL Logistics managed to maintain a positive result, despite some shortcomings, one of which was overall revenue falling below the annual target. This was due to two factors. One was in view of early termination of cross-border service contract at the beginning of the second quarter by one of our key customers. The other was for the fact that actual export volume of most accounts were below their annual projections.

Part of our achievement was credited to the contributions from strong teamwork and internal work process improvements following our ISO standard implementation a year earlier. This is in addition to tightening of cost control, both internally and externally.

Furthermore, our approach on strategic partnership with our vendors was adopted to strengthen the joint efforts and thus giving rise to better collaboration. This approach has helped both sides in improving work efficiency for customers as well as reducing and avoiding unnecessary cost at work during the year. To increase the revenue,

two new yearly contract businesses were secured. One was a small scale operation for a local cargo distribution, whilst the other was logistic service for a multi-national company to handle their imported product. Moreover, some addition earning was generated from ad-hoc shipments managed during the year, through close dialogue and collaboration with our third party partners, as well as support from RCL's teams in the network.

To ensure that our standard and quality of service to customers do not slacken, RCL Logistics continued pursuing the ISO directives and has renewed the SMETA as well as ISO 9001 certifications in year 2016. The latter would progress further into higher version in the year after. Above certifications are essential and useful to assure us that all vendors engaged, would also meet our criteria and standard.

Moving forward to 2017, despite uncertainty developing in regional and global economy, owing to political changes, nonetheless it is expected that the level of impact to this region would not be that significant. As such, RCL Logistics' performance in year 2017 is expected to be on par with year 2016 and hopefully with more new businesses to be secured and handled during the next year

4. Major Developments during 2016

4.1 Human Resource

a) Employees

Employee Data

	31 Dec 2015	31 Dec 2016
Employees by country		
Thailand	245	249
Singapore	131	119
China	173	138
Hong Kong	37	32
Malaysia	51	49
Indonesia	45	43
Philippines	33	31
Vietnam	35	33
Cambodia	16	15
India	1	1
Total	767	710
Employees by corporate function		
Management	7	10
Business	62	67
Support	250	225
Agency	335	293
Operations	73	76
Logistics	40	39
Total	767	710

As at 31 December 2016, RCL Group has 710 employees on permanent contracts at RCL Offices in the regions, excluding part-time employees on temporary and relief assignments. Compared with 767 employees in 2015, there was a decrease by 57 employees, representing a 7.43% decrease from the previous year.

b) Reshuffle of headcount

During the year, the Business Units in Bangkok and Singapore Offices were restructured. The departments were renamed to Trade, Regional Marketing, SOC Sales and Marketing Departments. Roles and responsibilities were re-defined to improve business processes and to be more customer-centric.

In July 2016, the operations of RMF SHA, RMF NGB and RMF SZN were ceased and this contributed to the reduction in headcount.

In optimizing the manpower needs, employees' skills were upgraded in order to be redeployed and to take on other roles within the organization. The focus on developing a more adaptable and multi-skilled work force, enables the company with the ability to schedule and arrange staff to best suit the business's needs. The Group's staff strength has remained lean, dynamics and competitive alongside with the corporate's directions, as evident from the overall reduction in headcount for Year 2016.

c) Employee in Functions

As at end 2016, 67 employees (2015: 62) were in business function. Operations department has 76 employees (2015:73) and Logistics department has 39 employees (2015: 40); with RCL agencies having 293 employees (2015: 335) within the Group's network. The remaining management and support staff being mainly attached to management team and corporate support departments located in Bangkok, Singapore, Shanghai and Hong Kong. Salary and manpower expenses decreased slightly by 1% in 2016 to USD20.1 million (2015: USD20.3 million) due to organizational development and process improvements.

d) Career, Training and Development

The key areas of focus were performance management, succession plan, talent and leadership development, which involved initiatives on talent acquisition, overseas assignments and leadership-skills development for career progression.

4.2 Regions - Development

a) Geographical Offices

For 2016, the Group maintained its existing number of geographical offices.

b) Service Rationalization

In 2016, RCL successfully realized lowered unit cost for several of our key services. This was achieved by capitalizing economy of scale rationalization with strategic consortium partnership. Services include our Asia to India, China to Indochina and various feeders' services in SE Asia were fine tuned in anticipation of the changes in trade conditions.

Service variety increased with three dedicated services in Intra ASEAN and one dedicated service from Asia to Middle East.

4.3 Biz - Technology

In 2016, our IT team implemented a new system and enhanced the existing to support our commercial division in achieving higher revenue. We implemented a new basic forecast system called 'Sales Monitoring Report' on the commercial module. This module not only assists the commercial division in forecasting the future

lifting volume of each RCL service vessel, but also helps the operating team to manage empty container movements, thus reducing empty containers' reposition costs. In addition, IT team also enhanced the 'Sales Lead Module' in terms of sales opportunities.

As the Group does not only focus on churning out direct income, consequentially IT department also supported the operation team to explore opportunities for extra income avenue, by revamping the 'Demurrage and Detention Module'. This module effectively covers a variety of business terms and conditions to cater for individual customer's needs.

Whilst the Group put in every effort to increase revenue, the cost control mechanism is also carried out concurrently. The all new 'Third Party Claim Module' was introduced with the aim to reduce container maintenance costs by recovering the repair costs of damage containers caused by external parties. Besides, we also built in new function to recover the revenue sharing portion due from RCL's partners in respect of containers' related activities.

Having said the above, we also ensure our system meets the International Marine Standards. We stepped up our system to comply with the new Maritime Organization (IMO) Standards for safety of Life at Sea called 'Verified Gross Mass' (VGM), since September 2016.

Furthermore, the financial system (SAP) is constantly updated to keep pace with new policies and regulations of various countries, where RCL's offices are located, an example of which, is the new India tax regulations, which has been incorporated into the SAP system.

4.4 Ship Management

Electronic Chart Display and Information System (ECDIS) :

According to regulation V/19 of SOLAS, installation of ECDIS on board vessels of 20,000 GRT and above is to be done before 1 July 2017. Eight of RCL's ships (ie 40% of 18 vessels) will be fitted with this equipment and the rest of our vessels (10,000-20,000 GRT) will be equipped before 1 July 2018.

Installation of this equipment will enhance safety in navigation as it provides officer on the watch with solutions that befit the requirements, such as:-

1. Availability — If the voyage orders are received at the last minute, master does not have to order new charts and other publications as these are assessable from the system.
2. Speed and accuracy — It facilitates the navigator to plan and summarize the routes much faster. Daily reporting data can be done quickly with ease.
3. Corrections - The Navigating Officer is able to receive weekly updates to the Electronic Charts easier with ECDIS.
4. Continuous monitoring of vessel's position — It enables the user to pinpoint the vessel's position in real time
5. Anti-grounding alarms and indicators - ECDIS warns the user of approaching shallow waters.

Ballast Water Management (BWM) Convention :

The convention will finally come into effect on 8 September 2017, by which time, all vessels should have their Ballast Water Management Plans approved by Class Society, certifying vessels have attained approved plans and will install the ballast treatment plant within a certain time frame. RCL Shipmanagement Pte Ltd, our ship management division is in the process of preparing our plans to be certified by the Flag Administration. The

convention also requires ships to install ballast water treatment plant on board before their renewal verifications for survey of The International Oil Pollution Prevention Certificate.

Since the installation cost is huge, the regulations allow shipowners to extend the installation of ballast water treatment plant. Similar to others, our ship management division is in the midst of requesting for exemption from Flag Administration, as our tentative plans for commencement of installation are scheduled for year 2021 and 2022 :

In year 2021 - plan to install in 8 vessels.

In year 2022 - plan to install in the rest of the 27 vessels in RCL Fleet

ISO 9001:2015 :

In 2016, RCL Shipmanagement has developed a quality management system to enhance working standards as required by ISO 9001:2015. The company will be accredited and certified by Nippon Kaiji Kyokai (known as Class NK or NK). The accreditation is scheduled for in January 2017. The primary objective of this quality management system is to enhance ship management service by ensuring that requirements of customers are met and shipboard operations are in compliance with relevant laws and regulations.

Concentrated Inspection Campaign (CIC) :

This is a campaign which aims to focus on crew familiarization of procedures and measures that are in place, with respect to enclosed spaces. RCL Shipmanagement is proud to be scheduled for this accreditation in year 2017. Topics covered will include crew familiarisation on minimum standards for working and living conditions as per Maritime Labour Convention (MLC) 2006, scopes of the additional inspections by third parties and advance knowledge of international trade for system improvements.

5. Future Plans

The macroeconomic indicators signal a possible pick up in trade and activity especially in emerging market and developing economies that RCL is operating in. However, uncertainties remain with different factors like risks relating to change in policies under the administration in the United States, normalization of monetary policy, delivery of mega ships in the market, panama size ship cascading into Intra Asia and Alliances realignment. RCL continues to improve on our position in our unit cost strategy into 2017 and the Group is positioned to capitalize on improving trade environment and faster growing opportunity in Asia countries.

The weak yield environment resulting from the low ocean freight industry will probably continue into 2017 due to the persistent global supply and demand imbalance. However RCL is cautiously optimistic on its performance as always.

RCL viewed that our niche market remains. With better growth prospect and our flexibility in operating own vessels and chartered vessels, RCL is confident in lifting the Group's operating cost competitiveness and enabling us to work on growth opportunity.

The Group will continue to focus on previous year's successful strategies giving rise to our unit cost efficiency. This will be managed by both internal operational efficiency and external synergy with selective partners.

External synergies will be involving more businesses with potential partnerships to further enhance service network coverage, to increase trade connectivity and to achieve economy of scale in our operations through a competitive cost base structure.

Risk Factors

The Group Management Committee embraces a top-down and cross-functional approach for purpose of evaluating and managing the Group's risk factors.

Having established its sub-committee, namely Risk Management Committee led by Executive Vice President (Operations), and other sub-committee members comprise Executive Vice President (Business), these group of top management are tasked with the responsibility of driving business results and are accountable for the associated risks. The sub- committee has identified three major risk areas that may adversely affect our Group's business and performance. They are Business Risk, Financial Risk and Operation Risk.

1. Business Risk

1.1 Economic and Market Risks

As our Group provides feeder services between 'hub and spoke ports', and operates as a regional liner of carrier-owned-containers, business and results of operations depend very much on the strength of both global and regional trade. Adverse macro economic conditions and business contractions in the markets in which our Group operates, can hamper shipment demand and pose downward pressure to freight rate.

Our Group remains vigilant to cope with any potential adverse situations, and makes decisive actions to adjust our business strategies appropriately in order to adapt to the current and upcoming circumstances. Though we can exercise limited measures to counter the global economic downturn and volatility in trade markets, we are continuously exploring avenues to improve our market position and new business opportunities. Efforts were made to reduce this risk by continually improving efficiency of our operations.

1.2 Competition in Freight Rates

Freight rate competition amidst depressing market conditions and tonnage oversupply from cascading effect is the major risk in this category. In the liner shipping business, freight rates are directly affected by factors such as trade growth, imbalances and in particular, supply and demand. RCL Group's policy is to develop customer relationships with a view to lessen the impact, although we are far from free of such effects.

1.3 Imbalance of Demand & Supply

Extraordinary negative market conditions, such as deterioration in global trade activities and the region, can result in demand slump and thus sharp decline in lifting volumes. Depressed demand and imbalance in cargo volume between import and export trade in any country, are key risk factors in the marine transportation market. Such unfavorable circumstances, combined with oversupply of the tonnage and reduced growth in the world seaborne trade, low freight rates as well as intensified competition among operators of both liners and feeders services, compelled them to take lower profit margins. In addition to competing with lower freight rate, the Group will have to achieve the lowest cost of operations with regard to the imbalances of supply and demand of containers.

Our Group acknowledged these challenges and has implemented various mitigation strategies. Strict monitoring and controlling of costs remain vital elements to assure profitability and a solid basis for the future growth of our business.

1.4 Oil Price Risk

Decreasing oil prices is a key factor in the transportation industry. Bunker costs constitute a significant percentage of the operating cost for shipping lines. Traditionally, bunker surcharges have always been applied by transportation companies as cushions against impacts of increases in fuel costs. However, the bunker surcharge application is subject to the market environment.

In relation to oil price, the Group has taken protection against the higher price risk with the physical purchase contract within the certain limit in accordance with the Group's policy. The physical bunker forward purchase policy which blends interval forward with spot purchase has provided the Group with a less risk exposure to oil price.

During the year 2016, the Group implemented various activities to reduce the business risk.

- SOC service pattern change - MLOs services alliance and consolidation risks.
Engaging in mutually benefiting partnership and joint services with MLOs to continue operating profitably in our key feeder sectors.
- Excess capacity over demand - critical over supply by various consortiums actions.
Participation in multi-level service consolidation across key long haul consortiums thus achieving wider coverage and lower unit slot cost.
- Extreme rate volatility expectations.
Countering with periodic stable non-mitigation THC surcharge and DND rate increase.
- Wider spread of seasonal fluctuation in major corridors.
Implement medium to long term voyages plans to address wider fluctuation of low season demand.

2. Financial Risk

2.1 Currency Risk

Our Group's revenues are based on the US Dollar via an established pricing mechanism. Freight rates are quoted in US Dollars whilst freight revenues are collected either in US Dollars, or in the corresponding amount of loading port currencies. Our Group's operating costs are predominantly in US Dollars with the balance proportionately distributed among major loading port currencies (such as Thai Baht and Singapore Dollar). Main assets, such as container vessels were bought and resold in US Dollars. Furthermore, the majority of our Group's loan portfolio mainly used to finance the purchases of our vessels and fixed assets are also in US Dollars.

Thus, currency fluctuations should not affect the cash flow from our operations, though it may create certain accounting translation effects, as our Group has always been able to enjoy a natural foreign exchange hedge.

2.2 Interest Rate Risk

Due to long term nature of the vessels financing requirements, together with the volatile economic environment, our Group is exposed to the changes in interest risk. To partially mitigate the long term obligations, we have adopted both fixed and variable interest rates for our loan portfolio.

Our Group's total borrowings, as at year ended 2016, both short term and long term constituted up to Baht 4.8billion. We have increased the portion of fixed interest rate loan to 33.3%, or Baht 1.5billion, to alleviate the impact from the increasing trend of the interest rate outlook. However, due to majority of the loan portion still remaining as float; the upward trend of the interest rate will increase our interest expense.

2.3 Vessel Valuation Risk

Vessels are the Group's key fixed assets and resources for operation. The value of vessel fluctuates according to the global economy - appreciates with the upturn and adversely drops with the downturn. With the economy downturn together with the uncertain industry outlook, the vessels' value began to drop since beginning of the year. Fortunately, due to the fact that RCL's fleet size is not in the high capacity range, our supply did not surpass the demand too much. Thus the value of the Group's vessels did not fall as much as those larger vessels. With the postponement and cancellations of newbuilding orders, as well as the scrapping of vessels at the youngest age in 2016, there were signs of asset value improvement during the year end.

2.4 Funding Risk

The financial and economic crisis during the past years had adversely impacted the shipping industry, thus reducing the availability of ship finance. However, the Group was able to raise new debt from local market in Thailand as well as garner support from the financing community.

3. Operation Risk

Risk on Managing the Fleet

Risk management is a structured and systematic methodology, aimed at enhancing maritime safety, including protection of life, health, the marine environment and property, by dealing with the risks associated with these aspects. Risk on Ship Management provides the tool to judge how best hazards can be identified and how these hazards or risks can be dealt with to perform shipboard/shore operations. It pre-warns persons concerned to take appropriate and adequate measures to mitigate the risk involved in a work activity.

As for Risk Assessment and Safety practices, the Group provided procedures for safe practices in ship operation and a safe working environment, referred to in the standard of "Code of Safe Working Practices for Merchant Seaman". The Group identified risk to ship personnel and environment. At the same time we established appropriate safeguards including the review of procedures implemented. The Group also provided in-house training to on-board and on-shore staff in order to continuously improve their safety-management skills and be prepared for emergency situations. Every work place on board should conduct risk assessments for all routine and non-routine operations under various environmental situations. Routine operations include activities such as preparatory and troubleshooting work activities, whereas non-routine operations cover emergency situations, urgent repair work and non- scheduled maintenance on board.

Management Discussion & Financial Analysis

The Group operates on three core lines of business, namely Shipper-Owned-Container [SOC], Carrier-Owned Container [COC] and Value-added services. The geographical business scope is Asian-centric with business activities covering Northeast Asia, Southeast Asia, the sub-continent, and Middle East.

Results of Operations

The container shipping industry has been facing slow trade demand and excess capacity in 2016. As a result of which, the freight rate declined since prior year and continued to drop throughout the year. While the oil price plunged to the lowest level in Quarter 1, it however gradually increased during the year till Quarter 4, 2016.

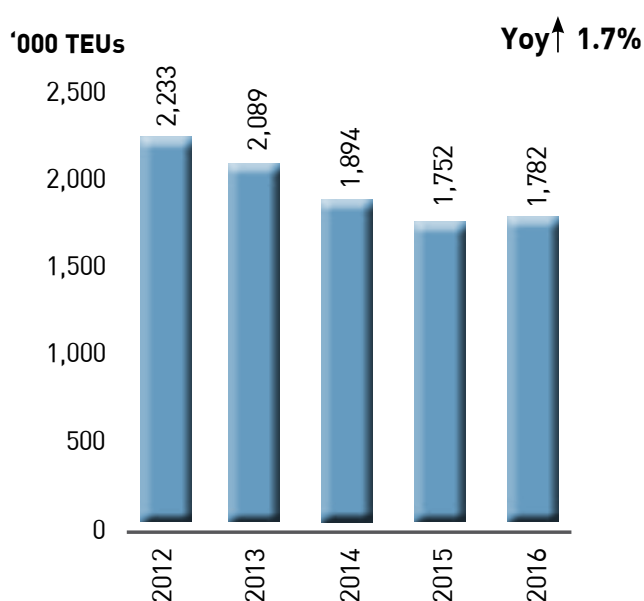
The overall shrinking market condition and low freight rate caused several shipping companies to suffer huge losses in 2016, driving some of them to merge and consolidate. Nevertheless, the Group's main strategies in focusing on cost controlling, routes' changing and products mix have been constantly varied to minimize the negative impact from very low freight rate. Similar to many shipping companies, the Group incurred a net loss of THB 1,376 million including provisions of loss in both vessel impairment and onerous contract of THB 163 million.

In 2016, SOC lifting was 0.73 million TEUs, declined by 8% from year 2015. COC lifting was 1.05 million, increased by 10% from year 2015. The total lifting rose to 1.78 million TEUs, an increase of 2%, while overall utilization was 115% in 2016.

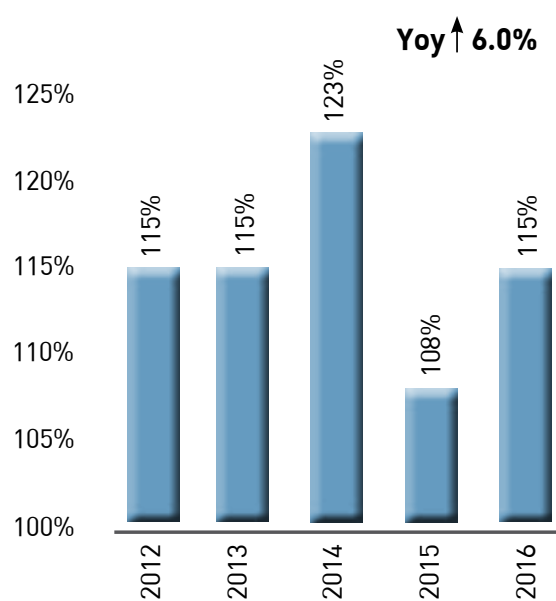
Bearing the wrath of deteriorating freight rate, the Group's consolidated revenues from freight income for the year reduced to Baht 10,441 million, a decrease from Baht 11,883 million in 2015. Total revenues also dropped by 15% to Baht 10,552 million in 2016, compared to Baht 12,445 million in 2015.

For 2016, the Group recorded an exchange gain of Baht 57.9 million as compared to the exchange gain of Baht 10.7 million in 2015.

Total Liftings

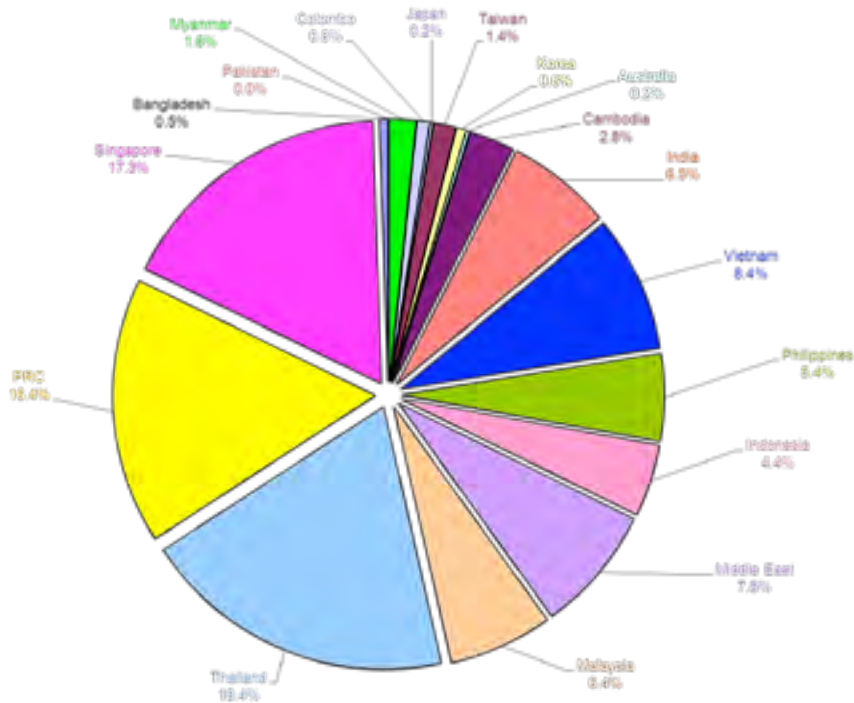


Capacity Utilization

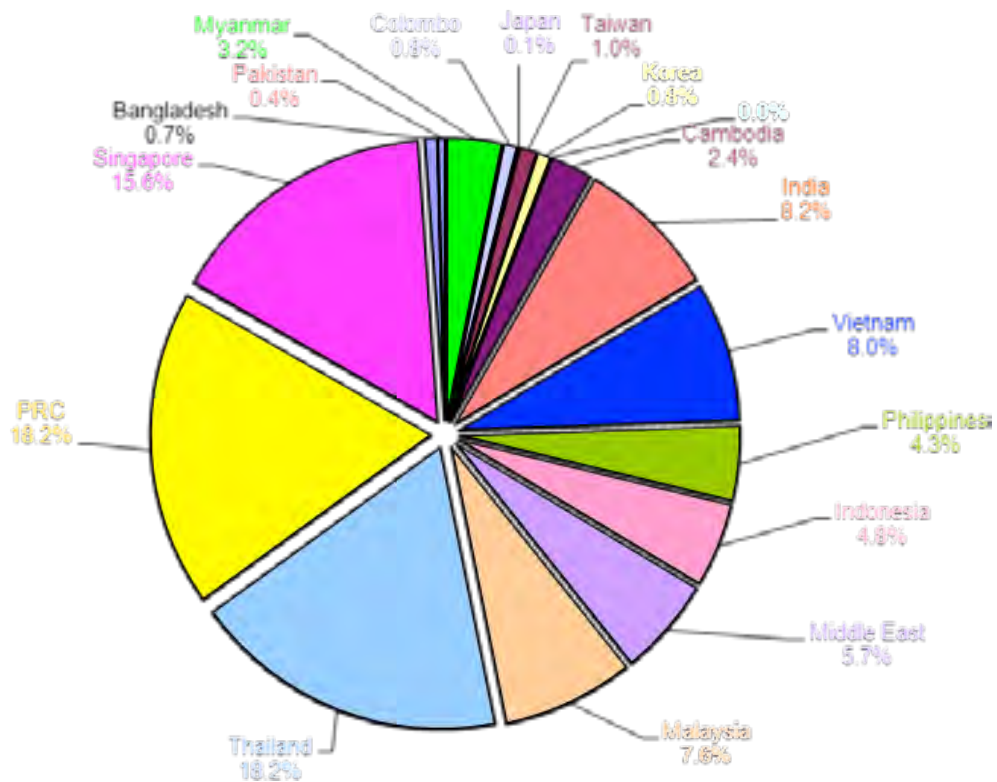


Trade Composition

Total Liftings (2015) 1,752,131 TEUs

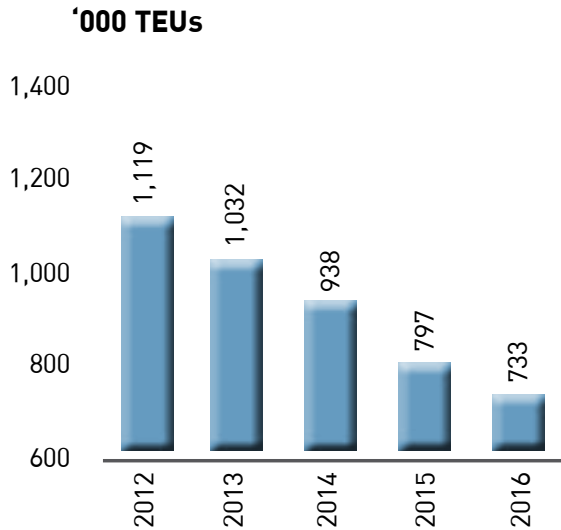


Total Liftings (2016) 1,781,814 TEUs

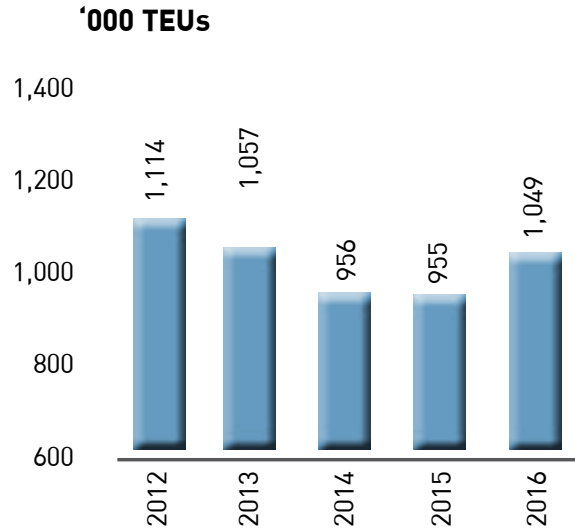


Operational Overview

SOC Liftings



COC Liftings



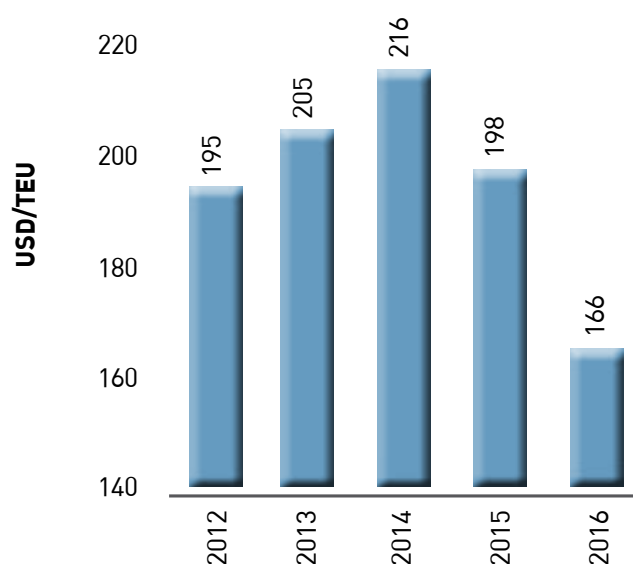
Freight Rates

In the shipping industry, freight rate fluctuations are highly influenced by business demand and capacity supply. In addition, freight rates in the different Intra Asia corridors are also particularly dependent on the individual carrier's business objectives. Different carriers will view a trade corridor differently depending on their own business needs. Some carriers will see a certain port pair as a core segment. Others will see the same corridor as secondary trade, while another group may use the corridor for container equipment repositioning. The different views will lead to different ways in which carriers price their business in the trade.

In addition to supply-demand factor, freight rate depends on future economies of scale, market sentiment and potential capacity management tactics of carriers, in particular their flexibility in cascading ships to and from the East-West trade, alongside deliveries of new buildings into the market.

The prevalence of oversupply depressed freight rates, despite concerted effort on the part of major carriers to restore freight rates. The slowdown of global economic recovery also contributed to the weakening prices.

RCL Freight Rate Movement



In 2016 the average freight rate was USD166 per TEU, a decrease when compared with USD198 per TEU in 2015.

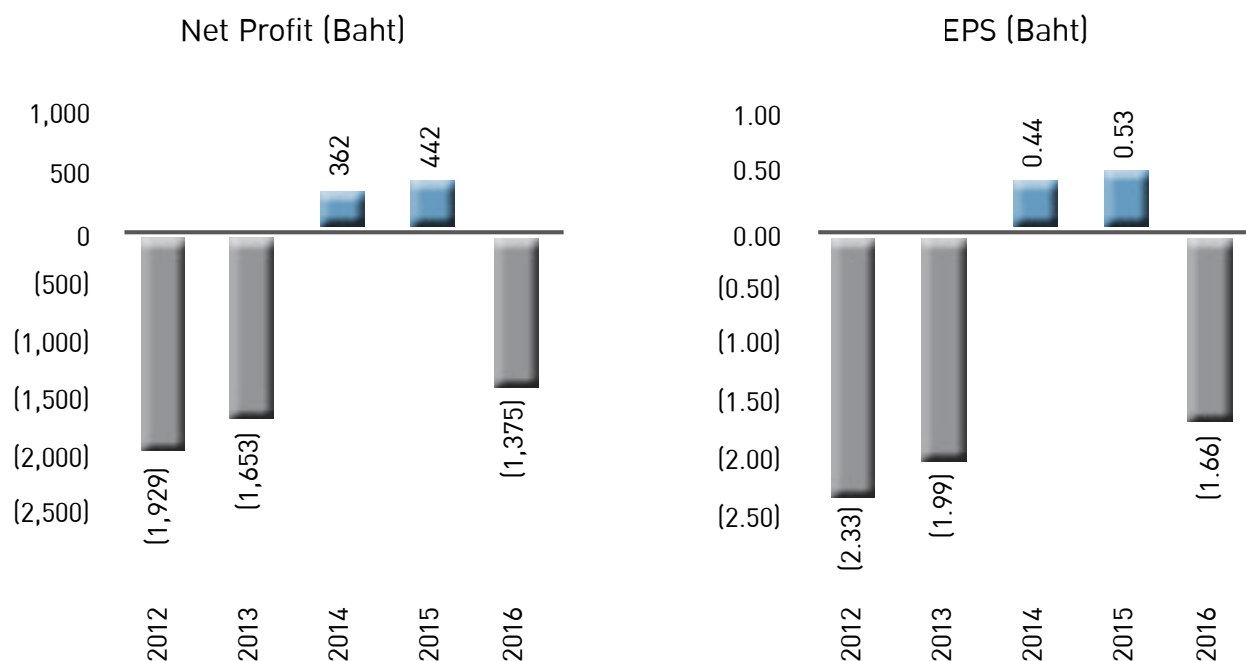
Profitability

US\$ per TEU	Year 2012	Year 2013	Year 2014	Year 2015	Year 2016
Average Freight income	195	205	216	198	166
Average Cost of freight and operations	174	200	194	182	170
Gross Margin	11%	2%	10%	8%	-2%

The freight rate continued to drop from the fourth quarter of last year at US\$ 186 per TEU to US\$ 177 per TEU in the first quarter of this year and reached the lowest freight rate of US\$ 158 per TEU in the third quarter this year. Even with efficient cost management, routes' changing and products mix as our the main strategies for operating the business, the Group inevitably registered a gross margin per TEU of -2%, a decrease from 8% per TEU in 2015.

US\$ per TEU	1Q16	2Q16	3Q16	4Q16	Year 2016
Average Freight income	177	171	158	159	166
Average Cost of freight and operations	174	168	171	165	170
Gross Margin	2%	2%	-8%	-4%	-2%

The Group recorded a 2.6% decrease in cost of freight and operations from Baht 10.94 billion in 2015 to Baht 10.66 billion in 2016, benefiting from the expansion of liftings, the efficiency in managing the cost and the reduction in oil price.



For the full year of 2016 the Group recorded a net loss of Baht 1,376 million, attributable to equity holders, as compared to net profit of Baht 442 million in 2015.

Loss per share for 2016 was Baht 1.66, compared to the profit per share of Baht 0.53 in 2015.

Financial Condition

Total assets were Baht 18.1 billion, decreased by 8% and total shareholders' equity decreased 14% to Baht 9.3 billion.

Net cash flow from operations was positive - at Baht 463 million as compared to Baht 1,395 million, the year before. As at 31 December 2016, the Group held cash and cash equivalent amounted to Baht 1.3 billion, a decrease from Baht 2.0 billion in 2015.

In 2016, the Group locked in earnings before interest, tax, depreciation and amortisation or EBITDA at Baht 390.0 million, compared to EBITDA of Baht 1,383.6 million in 2015.

Computation of EBITDA	2016	2015
Profit / (loss) before taxation	(1,371.0)	469.7
Add: Impairment loss of assets / Provision loss under onerous contracts	163.4	-
Deduct: Reversal of impairment loss of assets	-	(461.2)
Less Adjustment/ Add Allowance for unrealised loss on derivatives	(1.1)	-
Less: Realised loss on derivatives		-
Add: Interest	174.6	152.4
EBIT	(1,034.1)	160.9
Add: Amortisation	0.1	1.3
Add: Depreciation	1,424.0	1,221.4
EBITDA	390.0	1,383.6

In the past year, the Group witnessed fluctuations of the Thai Baht against the US dollar. Nevertheless, the Group was not so overly affected as freight charges were priced in US dollars and paid in local currency equivalents. A natural foreign currency hedge was created by matching the currency of income flows (linked to the US dollar) to the currency of indebtedness. Most of the loans extended to the Group were thus denominated in currencies similar to that of its income flows. This mechanism was a key factor enabling the Group to manage its foreign exchange exposure.

As at December 2016, the Group's cash position stood at Baht 1.3 billion. The year-end trade accounts receivables decreased from Baht 1.7 billion as at December 2015 to Baht 1.5 billion. Cash and trade account receivables accounted for Baht 2.8 billion, or 81.14% of the total current assets.

Total current assets decreased from Baht 4.25 billion in 2015 to Baht 3.44 billion in 2016.

Non-current assets accounted for 81.03% of the total assets. The majority of non-current assets comprised container vessels and equipment which amounted to Baht 13.8 billion as at December 2016.

Capital Structure

The majority of the Group's debts were long-term in nature. As at December 2016, total liabilities were Baht 8.9 billion, increasing by Baht 0.1 billion. Shareholders' equity decreased 14.10% to Baht 9.3 billion in 2016. Total debt to shareholders' equity ratio increased from 0.82;1 for 2015 to 0.96;1 in 2016.

Shareholding & Management Structure

Shareholding Structure

List of 10 Major Shareholders as at 5th April 2016

No.	Name	No. of Shares	%
1.	Ngow Hock Group	387,770,337	46.79%
2.	Tanthuwanit Family	71,657,675	8.65%
3.	Thai NVDR Company Limited	21,659,000	2.61%
4.	Mr.Thirachai Kirtitechakorn	20,210,600	2.44%
5.	Tisco Securities Co., Ltd.	20,000,000	2.41%
6.	Mr.Thirapong Tunthitaruk	16,000,000	1.93%
7.	Bhureemas Navee Co., Ltd.	10,600,060	1.28%
8.	Mr.Viroj Engpiboon	8,100,011	0.98%
9.	Ms.Thitirat Rasrivisut	7,800,000	0.94%
10.	EAST FOURTEEN LIMITED-DIMENTIONALEMER MKTS VALUE FD	5,818,900	0.70%

Notes

1. Ngow Hock Group comprises 4 companies as follows :

	Number of Shares	%	Principal Activities
Ngow Hock Co., Ltd.	208,812,500	25.20 %	Ship agent
Panjamitr Holding Co., Ltd.	153,311,587	18.50 %	Investment holding
Ngow Hock Agency Co., Ltd.	24,426,250	2.95 %	Ship agent
Sintanachote Co., Ltd.	1,220,000	0.18 %	Container Depot

2. List of 5 major shareholders of Ngow Hock Co., Ltd.

	Number of Shares	%
Bulsook Family	26,197	26.20 %
Tanthuwanit Family	24,938	24.94 %
Allied Assets Co., Ltd.	12,973	12.97 %
Sotikul Family	11,855	11.86 %
Bulkul Family	6,462	6.46 %

(Total number of shares of Ngow Hock Co., Ltd. is 100,000 shares at par Baht 200 each.)

3. List of 5 major shareholders of Panjamitr Holding Co., Ltd.

	Number of Shares	%
Bulsook Family	261,970	26.20 %
Tanthuwanit Family	249,380	24.94 %
Allied Assets Co., Ltd.	129,730	12.97 %
Sotikul Family	118,550	11.86 %
Bulkul Family	64,620	6.46 %

(Total number of shares of Panjamitr Holding Co., Ltd. is 1 million shares at par Baht 1,000 each.)

4. List of 5 major shareholders of Ngow Hock Agency Co., Ltd.

	Number of Shares	%
Bulsook Family	26,197	26.20 %
Tanthuwanit Family	24,938	24.94 %
Allied Assets Co., Ltd.	12,973	12.97 %
Sotikul Family	11,855	11.86 %
Bulkul Family	6,462	6.46 %

(Total number of shares of Ngow Hock Agency Co., Ltd. is 100,000 shares at par Baht 10 each.)

5. List of 3 major shareholders of Sintanachote Co., Ltd.

	Number of Shares	%
NH Prosperity Co., Ltd.	4,245	49.94 %
Panjamitr Holding Co., Ltd.	2,126	25.01 %
Ngow Hock Agency Co., Ltd.	2,125	25.00 %

(Total number of shares of Sintanachote Co.,Ltd. is 8,500 shares at par Baht 10,000 each.)

Management

1. **The Board of Directors** comprising at least 5 and not exceeding 10 members. As at 31st December 2016, the Board of Directors comprised 8 members as follows:

Mr.Jamlong Atikul	Chairman (Non-Executive Director)
Mr.Amornsuk Noparumpa	Director (Independent Director)
Mr.Viset Choopiban	Director (Independent Director)
Mr.Arpavadee Meekun-lam	Director (Independent Director)
Mr.Sutep Tranantasin	Director (Executive Director)
Mr.Hartwig Schulze-Eckardt	Director (Executive Director)
Mr.Kua Hock Eng	Director (Executive Director)
Mr.Sumate Tanthuwanit	Managing Director

Mrs. Suporn Amnuaypan as Company Secretary (The Board of Directors at its meeting no.8/2016 held on 14th November, 2016 appointed Mrs. suporn Amnuaypan as Company Secretary in place of Mr. Weerasak Wahawisal, effective from 1st December, 2016).

Authorised directors to sign the documents for and on behalf of the company are Mr. Sumate Tanthuwani or Mr. Jamlong Atikul or Mr. Sutep Tranantasin, making the total of two directors to jointly sign with company seal affixed thereon;

The Board of Directors is entrusted with the accountabilities prescribed as highlighted below:

- (a) To operate the business in compliance with the laws, the Stock Exchange of Thailand's regulations, the Company's objectives and Articles of Association, and the shareholders' resolutions.
- (b) To be responsible for defining the policy framework and direction of the company; monitoring and supervising the management to successfully and effectively operate the business in line with the defined policy and direction.
- (c) To be responsible for selecting and appointing and/or terminating the services of the Manager of the Company, the Audit Committee and other committees.
- (d) The directors are empowered to do any act in order to acquire, purchase, sell, mortgage, pledge, make legal binding to the immovable and moveable properties for the Company business, and shall be empowered to hire out the immovable property for a period exceeding 3 years.
- (e) The directors may act as guarantor or surety in the name of the Company in accordance with the objective of the Company.
- (f) The directors are empowered to make jurassic act with the government department, ministry or relevant authorities.

The directors shall be elected in the Annual Shareholders' Meeting according to the following criteria and procedures:

- (a) One shareholder shall have one vote for each share.
- (b) Each shareholder shall exercise all the votes he has under (a) to elect a person or several persons to be directors; but he cannot split his votes to any person to any extent.
- (c) Persons receiving most votes will be appointed directors, in descending order, to the number of directors to be elected. In case of equal votes for the last to be elected, the presiding chairman shall cast the vote.

At the Annual Shareholders' Meeting, one-third of directors must retire from office. The retiring directors are eligible for re-election. The meeting of the shareholders may pass a resolution removing any director from office prior to expiration of his term provided that such resolution has been passed by the majority of not less than three-fourth of shareholders attending the meeting and holding the total number of shares not less than half of shares held by shareholders attending the meeting

The Nomination & Remuneration Committee will select the persons nominated for directorship, taking into account their expertise and experience in the areas contributory to the business operation of the Company.

The Company has defined "an independent director" of the Company (please refer to item 5 of the Report on Corporate Governance-Responsibilities of the Board). The Board of Directors comprises a proportion of at least 3 independent directors.

2. The Audit Committee comprises following 3 independent directors:

Mr.Amornsuk Noparumpa	Chairman of the Audit Committee
Mr.Viset Choopiban	Committee Member
Mrs.Arpavadee Meekun-lam	Committee Member

whose current term in office will expire in May 2019

The Audit Committee has 3-year term in office with the scope and authority as stipulated in the Charter;

- (a) ensure that the financial reports of the company are correct with sufficient disclosure of the information
- (b) review the internal control systems to ensure that the company has effective internal control systems and transparency;
- (c) review the operations to ensure compliance with the Securities and Exchange Act as well as other relevant laws
- (d) review disclosure of information relating to connected transactions to ensure accuracy and completeness.
- (e) consider the appointment, removal of the Company's external auditors, review the annual audit fee and recommend to the Board to propose to the Shareholders' Meeting.
- (f) give an opinion to the appointment, removal or transfer of the Head of Internal Audit as well as the appointment of Secretary to Audit Committee.

The Audit Committee has presented the quarterly report to the Board of Directors, as well as report to the shareholders published in the Annual Report. Mrs.Arpavadee Meekun-lam Audit Committee member, has possessed knowledge in accounting and adequate experience in reviewing the credibility of the financial statements.

In addition to the scope and authority as stipulated in the above charter, the Audit Committee was entrusted by the Board of Directors to supervise the corporate risk management function.

3. The Nomination and Remuneration Committee comprises a minimum number of 3 but not more than 4 members from independent and non-executive directors. The current Committee comprises 3 independent as follows:

Mr.Viset Choopiban	Chairman
Mr.Amornsuk Noparumpa	Committee Member
Mrs.Arpavadee Meekun-lam	Committee Member

whose current term in office will expire in August 2017.

The Nomination and Remuneration Committee has 3-year term in office. The duties and responsibilities are summarized as follows:

- a) Nomination: consider and propose the criteria and method for the nomination of the Company's directors, Board's sub-committees and senior management; recruit select and nominate the qualified persons to be appointed as the Company's directors, sub-committees and senior management to the Board of Directors for consideration; consider and propose the criteria and method for the performance evaluation of the Company's directors, CEO/Company's Manager.
- b) Remuneration : consider and propose the criteria and method for the remuneration of the Company's directors, Board's sub-committees and senior management; review the policy and structure for the remuneration of the Company's directors, Board's sub-committees and senior management to propose to the Board of Directors for consideration.

4. The Group Management Committee comprising 9 members of executive directors and top management as at 31st December 2016 as follows:

Mr.Sumate Tanthuwani	President
Mr.Kua Hock Eng	Executive Director
Mr.Hartwigh Schulze-Eckardt	Executive Director
Mr.Sutep Tranantasin	Director & Executive Vice President (Operations)
Mr.Charlie Chu	Executive Vice President (Business)
Ms.Nadrudee Rungruengphon	Senior Vice President (Group Finance & Account)
Mrs.Suporn Amnuaypan	Senior Vice President (Head of Human Resources and Business Process Management)
Mr.Twinchok Tanthuwani	General Manager, Marketing
Mr.Chatgamol Phitaksuteepong	General Manager, Informaiton Technology (IT)

The Group Management Committee is entrusted with the following accountabilities:

- (a) implement strictly the overall management policies and strategies for the Group; formulate business plan/marketing strategies; determine service routes and vessel deployment.
- (b) formulate investment/funding plans/acquisition of vessels/chartering in and out arrangements
- (c) approve the Group's annual budget.
- (d) review the issues in relation to group business operations for obtaining Board's approval.
- (e) apply industry experience and knowledge in ways that will continue to create growth and value for shareholders and stakeholders.
- (f) achieve the Board's objectives, monitor both the performance of the Group in relation to its financial objectives, major goals, strategies and competitors; and offer the President constructive advice and feedback.
- (g) assure that the Company's Management Committee and employees perform their duties legally and ethically with loyalty.

The Group Management Committee has established a sub-committee, namely Risk Management Committee comprising the Chief Officer of each line of command as follows:

Mr.Sutep Tranantasin	Director & Executive Vice President (Operations)
Mr.Charlie Chu	Executive Vice President (Business)
Ms.Nadrudee Rungruengphon	Senior Vice President (Group Finance & Account)

The above sub-committee meets regularly and updates the risk management status to the Audit Committee for their review at the quarterly meeting.

Dividend Policy

The Company has set the policy to pay dividend to the shareholders at the rate of not exceeding 50% of the consolidated net earnings, upon obtaining approval from the shareholders based on majority votes at the general meeting.

The Board of Directors may declare interim dividend to the shareholders from time to time if the Board views that the earnings of the Company justify such payment. The dividend payout, when made, shall be reported to the shareholders at the next general meeting.

Report on Corporate Governance

The Company recognizes the importance of and implements the principles of good corporate governance outlined in 5 sections as follows :

1. Rights of Shareholders

The Company protects its shareholders' statutory rights and provides sufficient information on its business operations, whilst promoting good communication with its shareholders.

The Company realizes its responsibility to emphasize unbiased entitlement and fair treatment to all shareholders; it has a duty to protect shareholders' equitable benefits and rights, honor dissemination of information, as well as ensure accessibility of management accountability through shareholder's meeting arrangements, whereby the Company has fully accommodated its shareholders in each annual meeting.

Usually, within four months after the Company's financial year-end, the Company organizes an Annual General Shareholder's Meeting. The meeting process is arranged in accordance with applicable laws, from scheduling of the meeting date, fixing the record date, closing of the shareholders' registration book, announcing the meeting agenda, delivery of meeting materials, up to advertising the notification in the Thai daily newspapers for 3 consecutive days at least 7 days prior to the Annual General Shareholder's Meeting.

Annual Shareholder's Meeting Procedures

- **Prior to the Meeting**

The Company invites the shareholders to propose agenda of the Annual General Shareholder's Meeting and director-nominee in advance. The Company has posted the criteria and procedures on its website well in advance before the meeting date.

The Company delivers the meeting notification to the shareholders, the Stock Exchange of Thailand, and the Ministry of Commerce in advance of the meeting date in accordance with regulatory requirements (at least 7 days prior to the meeting).

Details such as date, time, venue, meeting location map, meeting agenda, CD-ROMs of the Company's annual report, proxy forms (forms A, B and C), explanation on appointing proxy and lists of documents required for meeting attendance are also attached thereto. If shareholders are not able to personally attend the meeting, they can appoint others or any of the Company's designated 3 independent directors to be their proxy. Each item of the agenda is supported with Board's opinions and sufficient disclosure of facts and reasons, so that shareholders can make decisions based on equitable receipt of adequate information. Names and credential details of proposed candidates for directorship position(s), to be appointed in replacement of the retiring directors or those nominated to resume directorship position for another term, are distributed together with the meeting notification.

In addition, for quick and easy access to the information, the Company has posted the meeting notification and all supporting details for the Annual General Shareholder's Meeting in both Thai and English on its website (<http://www.rclgroup.com>) at least 30 days before the meeting date.

- **During the Meeting**

The Company provides a team of staff, equipments and other conveniences to facilitate document verification and uses the e-voting program to enhance registration process. Shareholders can register to attend the meeting at the meeting venue 2 hours ahead of the meeting time.

All members of the Company's Board of Directors, Chief Executive Financial Officer and the Company's auditors all duly participate in the meeting. The meeting is conducted and proceeded in accordance with the outlined agenda, without insertion of non-agenda item.

Without prejudicing the rights of any shareholder, major as well as minor shareholders are equitably entitled to vote and freely expresses their views and suggestions. Sufficient time is allotted to the shareholders to ask questions about any issues relating to the Company's operations as well as items in the Company's financial statements.

Voting ballots are distributed to the shareholders for vote casting, in particular "not approving" or "abstaining". Vote counting by "approving", "not approving" and "abstaining" for each agenda are announced and shown on the screen and minuted.

Process relating to the re-election of the retired Directors for another term in office allows shareholders to cast vote on the individual.

- **Procedures following the Meetings**

The Company prepares and submits the minutes of the meeting to the Stock Exchange of Thailand within the required time frame (within 14 days after the meeting date) and posts both Thai and English on its website for all shareholders to be equally informed. The Company properly files the minutes of meetings for investigation / reference.

The Company has been scored 1000 out of 100 by Thai Investors Association for the organization of 2015 Annual General Shareholder's Meeting.

2. Equitable Treatment of Shareholders

The Company treats all shareholders without bias, regardless of their engagement or non-engagement in the management, as well as nationality. It also acts with prudence in emphasizing unbiased entitlements and equitable treatment for all shareholders.

The Company also prescribes written guidelines for storage and protection of internal information. Such guidelines are distributed to all employees in the organization for compliance. In accordance with the applicable laws and the Stock Exchange of Thailand's regulations, the Company's Board members and Group management team are required to submit and file their securities holding report.

The Board of Directors and the management give emphasis to a prudent and unbiased review of related transactions and conflict of interests.

The Company complies with the Exchange and Securities Act B.E 2551 and the regulations issued by the Office of the Securities and Exchange Commission in relation to the connected transactions. The transaction is approved with transparency, in the best interests of the Company and at arm-length. The type and value of the

transactions to obtain approval from the Board of Directors will have to be reviewed and recommended by the Audit Committee prior to Board's decision whereby the interested person does not involve in the decision-making. The Company has disclosed all connected transactions in the Company's Annual Report under "Related Transactions" and in the Notes to Financial Statements.

3. Role of Stakeholders

Equal rights of various groups of stakeholders are fully recognized by the Board of Directors. Efforts have been made to instill confidence among all parties involved, and good cooperation has been mutually promoted between the Company and all its stakeholders for ultimate and mutual achievement of sustainable wealth and business growth.

The Company's stakeholders include shareholders, customers, creditors, counterparts, competitors, staff and communities. The Board of Directors, thus, acts in accordance with the corporate governance policy and applicable laws and regulations to ensure that the rights of concerned parties are recognized and well-protected as detailed below :

Shareholders: The Company manages its business activities with the ultimate goal of maximizing shareholders' economic satisfaction, driving for a long-term growth in the Company's value and creating a continued flow of good earnings.

Customers: Customers are supplied with needed information on the Company's services and commercial activities via various communication channels, such as:

- The Company's website (HYPERLINK "<http://www.rclgroup.com>" <http://www.rclgroup.com>), where they access information on the ports of service, vessel fleet, sailing schedules, etc., select destination port, check departure / arrival schedule of the vessel and container box position during the shipment.
- Contact agents at their respective locations for above information as well as freight rates and other details.
- The Company assigns local agents, either its own subsidiary or appointed agent, at every port of service to attend to its customers, efficiently and quickly accommodate their need in selecting the services.

Creditors: The Company strictly complies with all existing loan covenants and regularly reports its operational and financial results to the creditors.

Business Environment : The Company applies free and fair trade policies. Within the legal framework prevailing in the trade areas, the Company believes in lawful cooperation with counterpartners for the benefit of both the Company and its customers.

Staff: The Company promotes a conducive working environment by establishing 5 core values to guide the staff of all levels in the RCL Group:

1. Integrity
2. Result Orientation
3. Customer Focus (external and internal)
4. Teamwork
5. Accountability

to elevate the performance platform to effectively achieve the corporate goals and with consistent observance of the business ethics prescribed as follows:

1. Maintaining the high ethical standards and undertaking business duties with prudence, honesty and fairness with regard to shareholders and all stakeholders.
2. Cooperating with all concerned parties in offering efficient services in the best interest of customers.
3. Conducting duties with awareness of effective and economical utilization of the Company's assets.
4. Develop processing routines that include the principle of check and balance without unduly hampering the smooth workflow.
5. Providing accurate and reliable information on corporate business and services, keeping customer's secrets and avoiding any misappropriate utilization of such information for personal benefits or for the benefit of the others.
6. Treating counterparts and creditors alike and complying with agreements made earlier.
7. Competing under fair business conducts and avoiding any unlawful or dishonest acts of destruction towards competitors.
8. Diligently conducting business; offering useful opinions to the Company based on acquired knowledge, capability, personal experiences and independent professional judgment; eager to learn and apply such knowledge to improve work performance for self achievement and corporate benefits.
9. Creating a good harmonious working environment and adopting a humble and straightforward attitude as well as exchanging ideas with colleagues and applying perspective thinking in solving any problems, free from office politics.
10. Adhering to international conventions, where applicable, such as the International Maritime Organization's codes in order to preserve the social and public environment.
11. Uphold our RCL brand reputation for excellence to be the best regional container carrier and total logistics service provider.

The Company has established the "Employee Code of Conduct" to compliment the above ethical guidelines to be observed by staff of all levels in the RCL Group.

The Company promotes staff development. In-house trainings are arranged to improve staff's knowledge and competencies, as well as sponsoring public courses relating to the Company's business operations organized by domestic and overseas institutions. The Company has increased efforts to value-add the skills for career advancement through job rotations, promote and appropriately remunerate the staff taking into consideration their knowledge, accountability and performance. In addition, the IT system and applications are continuously upgraded to better support staff handling of their routines as well as to enhance human resources management and development.

Accident and health insurances, as well as performance-based annual rewards, and long-service awards are provided by the Company for all levels of staff.

4. Disclosure and Transparency

The Company discloses information related to its financial and operations, in a full, fair, accurate and timely manner and in accordance to the corporate governance practices.

The Board of Directors is responsible for all financial information presented in the annual report of the Regional Container Lines Public Company Limited and its subsidiaries. Responsibility statement made by the Board on the financial information and report of the Audit Committee are presented alongside the report of Independent Auditor in the Company's annual report.

The Board recognizes the importance of full, fair and transparent disclosure of the Company's financial information, other general information, as well as material information that may have an impact on the Company's share prices. In addition to news release via the Stock Exchange of Thailand, the Company also discloses the information in its website ([http:// www.rclgroup.com](http://www.rclgroup.com)). Mr. Weerasak Wahawisal (Bangkok office - telephone number (66) 2296 1094) and Ms. Michelle Ng (Singapore office) - telephone number (65) 6229 2087 attend to the queries and provide explanation / additional information to shareholders, investors, analysts, and creditors; and/or arrange company visits for financial and operational overview for the benefit of complete, accurate and equitable disclosure.

The Company invites the analysts to attend quarterly and yearend presentations, which cover business overview, current situation and industrial outlook, and answers all queries related to business operations.

The Company safeguard against misuse of the Company's unofficially disclosed inside information for personal benefit prior to public disclosure. Such information could have an effect on the Company's share price traded in the Stock Exchange of Thailand. The Company sets insider trading policy prohibiting the directors and executive of the Company, its subsidiaries and affiliates to wrongfully disclose such inside information or make use of such information for personal benefits. Directors and executives are required to report the movement of their trading / holding of the Company's shares. Directors and executives who have access to material inside information must restrain from share trading activities during a one - month period prior to the official public release of the Company's financial statements.

The Company follows such policy and guidelines on insider trading and instructs all staff in the RCL Group to observe the policy and guidelines. Any staff in possession of inside information before official public release, is prohibited to misuse the information for security trading benefits, whether directly or indirectly. The insider trading policy is posted on the Company's website.

The Company has established Anti Corruption in 2015 to be the direction of the business operation in accordance with the good corporate governance emphasizing the responsibility towards the impacts from all aspects of the operation which directors, management team and all staffs are prohibited from operating or accepting every type of corruption both in direct or indirect manner and must strictly comply with the policy, not ignore or neglect any corruption conditions involved directly with the Company. The Company has provided channels for complaining as following;

1. E-mail : company.secretary@rclgroup.com
2. By words or writing

5. Responsibilities of the Board

The Board of Directors plays an important role in corporate governance for the best interest of the Company and its shareholders. The Board is independent in performing its fiduciary duties and establishes the requisite qualifications of the Company's director as follows:

- Not having prohibited characteristics as prescribed in Section 68 of the Public Limited Company Act ;
- May or may not be a shareholder of the Company (in accordance with the Company's Article of Association Clause 20) ;
- Obtaining bachelor's degree and above; or lower level but having not less than 10-year practical experience in maritime business or international transport management ;

- Being a professional with recognized skills, knowledge, expertise and vast experience in transportation industry, international trade, finance and accounting, law or other areas beneficial to organizational management; and being successful as executive in a large organization
- Possessing strong leadership, broad vision; independent in decision-making, and highly determined to drive the Company to success
- Being ethical and having transparent professional records
- Being able to work devotedly towards maximizing the Company's interest.

These qualifications are essential for the Board to effectively perform its fiduciary duties in overseeing the Group Management Committee and ensure that the Group Management Committee operates the business with far-sighted managerial vision and adhere to virtuous corporate missions. The Board also ensures that the management team exercises prudence in daily operations and is accountable for its decisions, so as to maximize corporate and shareholder's benefits. Segregation of duties and responsibility between the Board and the Management is clearly defined. The Board of Directors is accountable for accurately and clearly reporting the Company's operational performance at the Annual Shareholder's Meeting as well as monitoring risk management through proper internal control systems conducted with transparency and adequate disclosure of information.

Board Structure

The Chairman of the Board of Directors and the Managing Director (President of the Company) have separate roles and are not the same person.

Duties and responsibilities of the Chairman of the Board of Directors are:

- a) To conduct and ensure the pre-scheduled regular meetings pertaining to directing and supervising the business management of the Company are carried out accordingly.
- b) To oversee that the Board members perform their duties in good faith, with due diligence and care, and in the best interest of the Company and the shareholders.
- c) To achieve the Board's goals in building long-term value for the shareholders of the Company and to assure the viability of the Company for its stakeholders.

The President is appointed by the Board to manage the Company and its subsidiaries (RCL Group). There is a clear written scope of duty and authority for each management level. Segregation of roles and responsibility and approving authority in the considerations of acquisition and disposal of assets, service acquisition, investment, joint-venture, vessel chartering, purchase / lease-purchase of container boxes and vessel operating costs are defined for check and balance purpose.

As at 31st December 2016 the Board of Directors comprises:

- Four executive directors,
- One non-executive directors
- Three independent and non-executive directors

totaling 8 members.

In addition to the requisite qualifications of directorship position, the Board of Directors has defined "Independent Director" in compliance with the standard set by the Securities and Exchange Commission as a Director who:

- holds shares not exceeding one percent of the total number of voting rights of the Company, its subsidiary, affiliate or juristic person which may have conflicts of interest, including the shares held by related persons of the independent director;

- neither being nor having been an executive director, employee, staff, or advisor who receives salary, or a controlling person of the company, its subsidiary, affiliate or juristic person who may have conflicts of interest unless the foregoing status has ended not less than two years prior to the date of appointment;
- not being a person related by blood or registration under laws, such as parents, spouse, siblings, son and daughter, including son's and daughter's spouse of the executive, major shareholders, controlling persons, or persons to be nominated as executive or controlling persons of the company or its subsidiary;
- not having a business relationship with the company, its subsidiary, affiliate or juristic person who may have conflicts of interest, in the manner which may interfere with his independent judgement, and neither being nor having been a major shareholder, non-independent director or executive of any person having business relationship with the company, its subsidiary, affiliate or juristic person who may have conflicts of interest unless the foregoing relationship has ended not less than two years prior to the date of appointment.

Board-Appointed Committees

1. Audit Committee

The three- committee members are selected from the members of the Board who are independent and non-executive directors and have 3-year term in office. They are entrusted with the accountabilities stipulated in the Audit Committee Charter. Members of the Committee, scope of duty and authority are presented in "Shareholding and Management Structure"

In 2016, the Audit Committee held quarterly meetings with the Company's internal auditors and the Company's external auditors (A.M.T. & Associates) and relevant responsible executives. In addition, the Committee also held internal meetings as deemed appropriate with the Company's internal auditing team, and Vice President — Group Accounts. The members of Audit Committee regularly have informal and formal discussions with internal auditors in connection with the results of the various areas of review undertaken by internal auditors.

The Audit Committee held totaling of 4 meetings throughout the year 2016 with following details :

Meeting No.	Date	Agenda & Topic
1	23 February 2016	To approve Financial Statement of 2015
2	4 May 2016	To approve the 1st quarter of 2016 Financial Statement
3	3 August 2016	To approve the 2nd quarter of 2016 Financial Statement
4	2 November 2016	To approve the 3rd quarter of 2016 Financial Statement

In the year 2016, Audit Committee held 4 regular meetings (2015: 4 meetings) The record of attendance of the members of Audit Committee is summarized as follows :

Audit Committee Members	Quarterly Meeting / Number of Attendances
1. Mr. Amornsuk Noparumpa	4/4
2. Mr. Viset Choopiban	4/4
3. Mrs. Arpavadee Meekun-lam	4/4

2. Nomination and Remuneration Committee

The Committee comprising three independent directors and a non-executive director serves a 3-year term. Members of the Committee, scope of duty and authority are presented in “Shareholding and Management Structure”

In 2016, the Nomination and Remuneration Committee held 4 meetings. The attendance is recorded as follows :

Committee Members	Number of Attendances
1. Mr. Amornsuk Noparumpa	4/4
2. Mr. Viset Choopiban	4/4
3. Mrs. Arpavadee Meekun-lam	4/4

3. Group Management Committee

As at 31st December 2016 the Committee consists of 4 executive directors, 5 other high level executives, totaling 9 members. The Committee members, scope of duty and responsibilities are presented in “Shareholding and Management Structure”. The Group Management Committee regularly holds meetings at least once a month.

Roles and Responsibilities of the Board of Directors

The Board of Directors prescribes, considers and approves, on a case by case basis, the corporate visions, missions, objectives and policies of the Company. It monitors management’s execution of the annual business plan and budget submitted to the Board. The Board has established the policy on corporate governance as follows:

The good corporate governance not only defines the suitable structure and proper role of the Company’s Board of Directors, but also aspires approaches in which the Company sets its objectives and missions towards maximized benefits of, and equitable responsibilities to, its shareholders and stakeholders; and assuring the existence of effective internal controlling and auditing framework. These principles govern that:

(1) the principles of good corporate governance is an on-going agenda that requires relevant assessments and updates, whereby the Board of Directors as well as the Company’s high level executives are both responsible for monitoring that these principles are duly complied with.

(2) the Board of Directors will review these principles and other aspects of governance if deemed necessary or within an applicable timeframe.

(3) the Company’s high level executives and the Board of Directors assure that proper standards of good corporate governance are maintained. Business ethics and morals are the keys behind the formulation of corporate strategies and business goals. Emphasis is given to the following responsibilities, which include:

- a selection of suitable nominees, who are diversified in their breadth of experience, appropriate knowledge, farsighted vision, professional integrity and leadership calibre, for executive posts and for election to the positions of Board members, all of whom are subject to appointment and

re-appointment by shareholders in general meetings.

- effective management of corporate activities; maintain sufficient and suitable internal controls and audits, carry out prudent risk management practices, and conduct business in accordance with the highest standards of professional integrity to comply with applicable laws and regulations and protect long-term equitable interests of shareholders and stakeholders.
- avoidance of conflicts of interest and assurance of equal rights of shareholders and stakeholders. The Company values its relationship with its shareholders, stakeholders, customers, staff and the communities in which it operates, as well as recognizes the importance of good communication with them.
- emphasis on transparency, clear accountability, sufficient disclosure, whilst encouraging creation of shareholder value as well as, integrity, morals, social responsibility and environmental awareness.

Controlling Systems and Internal Audit

The Board of Directors is responsible to oversee that the business activities are managed towards maximizing the shareholders' benefits while maintaining equitable concerns over stakeholders' interests. Thus it is the Board's vital concern in having and keeping adequate internal control systems those wells suited the nature of the Company's business and oversee the risk management function. In this respect , the Board adopts the practice guidelines set by the Securities and Exchange Commission and the Stock Exchange of Thailand.

The Audit Committee entrusts the internal audit team with the duties in auditing and assessing the Company's internal control systems and corporate governance practices, to ensure that these systems and practice are adequate, appropriate and efficient enough to meet the business objective, approves the annual audit plan and oversees that the performance results are duly reported.

The Company announced Anti Corruption Policy and Whistle Blower Policy in 2014.

Board of Directors' Meetings

The Board meets regularly every quarter, on yearly pre-scheduled dates. In addition to regular meetings, special meetings are held to support the business operation decisions. The meeting's agenda is clearly set and delivered to the directors together with the supplementary information at least 5 days in ahead of meeting that allowing sufficient time to analyze facts and figures to be discussed in the meeting. The policy of meting resolutions, must hat at least directors two-third of all directors and shall be involved in the meeting at least 75% of the whole year meeting.

The minutes of the meeting is drafted and presented to the directors within 7 days for review. The minutes will be adopted at the next meeting and properly filed for investigation at all times.

In 2016, the Board held 9 meetings comprising 4 regular quarterly and 5 special sessions. The director's attendance is recorded as follows:

Director	Regular Quarterly Sessions	Regular Quarterly Sessions via Tele-Conference	Special Sessions	Special Sessions via Tele-Conference
Mr. Jamlong Atikul	4	-	5	-
Mr. Sumate Tanthuanit	4	-	5	-
Mr. Amornsuk Noparumpa	4	-	5	-
Mr. Viset Choopiban	3	-	5	-
Ms. Arpavadee Meekun-lam	4	-	5	-
Ms. Tuangrat Kirtiputra*	1	-	2	-
Mr. Sutep Tranantasin	4	-	5	-
Mr. Hartwig Schulze-Eckardt	4	-	-	5
Mr. Kua Hock Eng	4	-	-	5

Remark : *Ms.Tuangrat Kirtiputra finished term on 30th April ,2016

Teleconferencing facilities between offices in Bangkok, Singapore and Hong Kong are provided for special sessions to support the management in their business decisions. Foreign directors attended via teleconferencing to save travelling costs.

Board's Self Assessment

The Nomination and Remuneration Committee establishes the annual assessment of Board performance. The self-assessment, aimed to review and improve the performance of the board as a team and of directors as a collective body, has been undertaken by adopting SET's self-assessment form. The result from self-assessment exercise will be reviewed by Nomination and Remuneration Committee and improvement areas will be recommended for Board's discussion.

President Performance Evaluation

The board of director responses to evaluate the president, this performance evaluation is to compare their achievements with their goals. The key factors of considering consist of leadership, strategic planning, financial results, management of operation, management development and succession planning, human resources, communications and board relations.

Remuneration for Directors and Management

Remuneration for the Directors and Management for 2016.

The remuneration of the Board members and the Management are determined in line with the industry norm, fair and adequate enough to motivate and retain qualified persons.

The management's remuneration is set in accordance with the role and accountabilities. Annual adjustment usually links to corporate performance and individual contribution. Remuneration of Board members requires approval from the shareholders. In 2016, the Company remunerated its directors in accordance with the remuneration criteria approved by the resolution of the 26th Annual General Shareholders' Meeting held on 29 April 2005, which are as follows:

1. In the event that the Company's net profit is less than Baht 1 billion, the "standard remuneration" structure

approved by the resolution of the 25th Annual General Shareholders' Meeting on 30th April 2004 will be applied.

2. In the event that the Company's net profit exceeds Baht 1 billion, an additional remuneration of 0.5% of the amount in excess of the first Baht 1 billion profits will be proportionately paid to all directors, each in accordance with their remuneration entitlement as prescribed in the "standard remuneration" structure.

The approved remuneration of Baht 5.5 million is based on

1. Remuneration of 9 directors totaling Baht 4.3 million
2. Remuneration of 3 Audit Committee members totaling Baht 0.9 million
3. Remuneration of 3 Nomination and Remuneration Committee members totaling Baht 0.3 million

For 2016 operating year, the Company recorded the consolidated net loss amounted to Baht 1,376 million. The total standard remuneration amounting to Baht 5,533,333.33 which was within the approved amount was paid to the individual director as detailed below:

Board Members	Board Members	Audit Committee	Nomination & Remuneration Committee
	Standard Remuneration	Standard Remuneration	Standard Remuneration
Mr. Jamlong Atikul	1,000,000.00	-	-
Mr. Sumate Tanthuanit	800,000.00	-	-
Mr. Amornsuk Noparumpa	400,000.00	300,000.00	100,000.00
Mr. Viset Choopiban	400,000.00	300,000.00	100,000.00
Mrs. Arpavadee Meekun-lam	400,000.00	300,000.00	100,000.00
Ms. Tuangrat Kirtiputra*	133,333.33	-	-
Mr. Sutep Tranantasin	400,000.00	-	-
Mr. Hartwig Schulze-Eckardt	400,000.00	-	-
Mr. Kua Hock Eng	400,000.00	-	-
Total	4,333,333.33	900,000.00	300,000.00

Remark : *Ms.Tuangrat Kirtiputra received the remuneration to 30th April, 2016

Board members did not receive the meeting attendance fee and those appointed in subsidiaries' Boards received neither additional remuneration nor meeting attendance fees.

Total Management Remuneration of 7 Management members (Managing Director, four executives in the level secondary to the Managing Director, all other executives in the same level of the fourth executive plus Chief Accountant of the Company) was Baht 32,789,221.44 (salary, annual rewards , fixed allowances, transport, and housing)

Other remunerations the Company paid a total of Baht 435,949.22 to the provident fund for the above Management members (only those entitled to the Company's contribution)

Annual remuneration nor meeting attendance fees were paid to the Group Management Committee members in 2016.

Board and Management Development

All new board members must participate actively in the orientation for new committee members to acknowledge and to understand the business including several operations to work properly. However, the Company's Board of Directors obtained training relating to their performing the duties and good corporate governance, namely Director Accreditation Program, Director Certification Program, Chairman, Audit Committee Program, Chartered Directors Class organized by the Thai Institute of Directors Association (IOD).

Related Transactions

1. The related transactions between the Company and its subsidiaries and among its subsidiaries, associated companies or related companies as below:

No	Related Parties	Related Transactions	Value of related transactions As of 31 December 2015 (Million Baht)		Value of related transactions As of 31 December 2016 (Million Baht)		Relationships
			The Company Only	Consolidated	The Company Only	Consolidated	
1	Regional Container Lines Public Co., Ltd. and RCL Feeder Pte. Ltd. - Subsidiary Company (Ship operating and agency - incorporated in Singapore)	RCL Feeder Pte. Ltd. chartered ship from Regional Container Lines Public Co., Ltd. - Total charter freight income - Trade account receivable - subsidiary company - Other receivable - subsidiary company - Advance from related party	273.15 123.45 367.18 666.12	- - - -	219.55 122.87 396.18 619.32	- - - -	RCL Feeder Pte. Ltd. is the Company's 100% directly and indirectly owned subsidiary company. The Company managing director is also the executive director of RCL Feeder Pte. Ltd. Condition/Pricing policy: Market price as at agreement date
2	Regional Container Lines Public Co., Ltd. and Ngow Hock Co., Ltd. - Related Company (incorporated in Thailand) Leasing of office space in Bangkok Short term loan agreement	Regional Container Lines Public Co., Ltd. leased office space on 5 th and 14 th floors in Panjathani Tower 1,490 squaremeters from Ngow Hock Co., Ltd., the owner - Total Value of leasing agreement - Total accounts payable - related parties in financial statements - Short term Loan	4.46 - 300.00	4.46 - 300.00	3.91 - -	- - -	Ngow Hock Co., Ltd. is the Company shareholder with 25.20% shareholding and Panjamir Holding Co., Ltd. is the Company shareholder with 18.50% shareholding The Company managing director is also the director of Ngow Hock Co., Ltd. and Panjamir Holding Co., Ltd. Condition/Pricing policy: Market price as at agreement date
3	Regional Container Lines Public Co., Ltd. And Panjamir Holding Co., Ltd. - Related Company (incorporated in Thailand) Leasing of office space in Bangkok	Regional Container Lines Public Co., Ltd. Leased office space on 13 th floors in Panjathani Tower 342 squaremeters from Panjamir Holding Co., Ltd., the owner - Total Value of leasing agreement - Total accounts payable - related parties in financial statements	0.87 - -	0.87 - -	1.26 - -	1.26 - -	
4	RCL Feeder Pte. Ltd. - Subsidiary Company (Ship operating and agency - incorporated in Singapore) and Siam Paetra International Co., Ltd. - Related Company (incorporated in Thailand)	RCL Feeder Pte. Ltd. exchanged slot on ship with Siam Paetra International Co., Ltd. - Total slot revenues - Trade account receivable - related company	- - -	- - -	- - -	- - -	Panjamir Holding Co., Ltd. is the Company shareholder with 18.50% shareholding and Siam Paetra International Co., Ltd. shareholder with 28.96% shareholding The Company managing director is also the director of Panjamir Holding Co., Ltd. Condition/Pricing policy: Price approximates market price.

No	Related Parties	Related Transactions	Value of related transactions As of 31 December 2015 (Million Baht)		Value of related transactions As of 31 December 2016 (Million Baht)		Relationships
			The Company Only	Consolidated	The Company Only	Consolidated	
5	RCL Feeder Pte. Ltd. - Subsidiary Company (Ship operating and agency - incorporated in Singapore) and Ngow Hock group of Companies - Related Companies	Ngow Hock group of Companies acted as ship agent to RCL Feeder Pte. Ltd. - Total commission expenses - Terminal operating service charged from Ngow Hock group of companies which Ngow Hock group of companies, acting as ship agent, paid during the year on behalf of RCL Feeder Pte. Ltd. The settlement was then made afterwards. - Trade account receivable - related company - Trade account payable - related company	-	107.88	-	98.87	RCL Feeder Pte. Ltd. is the Company's 100% directly and indirectly owned subsidiary company. Ngow Hock group of companies are the company shareholder with 46.83% shareholding. The Company managing director is also the director of Ngow Hock group of companies. Condition/Pricing policy: - Commission expenses: Price approximates market price. - Terminal Operating service: Price per tariff minus volume discount.
6	RCL Feeder Pte. Ltd. - Subsidiary Company (Ship operating and agency - incorporated in Singapore) and RCL (Vietnam) Co., Ltd. - Associated Company (Ship Agent - incorporated in Vietnam)	RCL (Vietnam) Co., Ltd. acted as ship agent for RCL Feeder Pte. Ltd. - Total commission expenses - Trade account payable - associated company - Trade account receivable - associated company	-	8.94	-	5.91	RCL Feeder Pte. Ltd. is the Company's 100% directly and indirectly owned subsidiary company. RCL Feeder Pte. Ltd. is the shareholder in RCL (Vietnam) Co., Ltd. with 49% shareholding. The Company managing director is also the director of RCL (Vietnam) Co., Ltd. Condition/Pricing policy: Price approximates market price.
7	RCL Logistics Co., Ltd. - Subsidiary Company (Logistics Services Provider - incorporated in Thailand) and Ngow Hock group of Companies - Related Companies	Ngow Hock group of Companies provided logistic services to RCL Logistics Co., Ltd. - Total logistic service fees - Total accounts payable - related companies	-	23.81	-	16.92	RCL Logistics Co., Ltd. is the company's 100% owned subsidiary company. Ngow Hock group of companies are the company shareholder with 46.83% shareholding. The Company managing director is also the director of Ngow Hock group of companies. Condition/Pricing policy: Market price
8	Regional Container Lines Public Co., Ltd. and RCL Shipmanagement Pte. Ltd. - Subsidiary Company (Ship management - incorporated in Singapore)	RCL Shipmanagement Pte. Ltd. services ship management to Regional Container Lines Public Co., Ltd. - Ship management Fee - Advance from related party - Advance payment to related party	7.89	-	8.13	-	RCL Shipmanagement Pte. Ltd. is the Company's 100% directly and indirectly owned subsidiary company. The Company managing director is also the executive director RCL Shipmanagement Pte. Ltd. Condition/Pricing policy: - Ship management fee: Price approximates market price - Expenses related to cost of freight and operations advanced by a subsidiary: Actual payment
			583.23	-	533.18	-	
			10.65	-	19.75	-	

No	Related Parties	Related Transactions	Value of related transactions		Relationships
			As of 31 December 2015 (Million Baht)	As of 31 December 2016 (Million Baht)	
			The Company Only	The Company Only	
9	RCL Logistics Co., Ltd. - Subsidiary Company (Logistics Services Provider - incorporated in Thailand) and Panjamitir Holding Co., Ltd.	RCL Logistics Co., Ltd. leased office space on 13 th floors in Panjathani Tower 150 squaremeters from Panjamitir Holding Co., Ltd., the owner	-	0.38	RCL Logistics Co., Ltd. is the company's 100% owned subsidiary company. Panjamitir Holding Co., Ltd. is the Company shareholder with 18.50% shareholding. The Company managing director is also the director of Panjamitir Holding Co., Ltd. Condition/Pricing policy: Market price as at agreement date
	- Related Companies (incorporated in Thailand) Leasing of office space in Bangkok	- Total Value of leasing agreement - Total accounts payable - related parties in financial statements	-	-	0.38
10	Regional Container Lines Public Co., Ltd. and Regional Container Lines Pte. Ltd. - Subsidiary Company (Ship owning and operating - incorporated in Singapore)	Regional Container Lines Public Co., Ltd. Increased share capital of Regional Container Lines Pte. Ltd. - Purchase investment in subsidiary - Transfer of vessels ownership - Payable on purchase of assets - Advance from related party - Other receivable - related company	- - 621.60 1.80 7.03	- - 95.40 6.02 7.10	Regional Container Lines Pte. Ltd. is the Company's 100% owned subsidiary company. The Company managing director is also the executive director of Regional Container Lines Pte. Ltd. Condition/Pricing policy: Price at book value

2. The necessity and appropriateness of transactions

The Group Management Committee realizes the conflict of interests and thus closely monitors the company's business operation. The transactions between the Company and related companies are freight and related service charges. Most of subsidiary companies are wholly owned by the Company. The related transactions have been concluded on commercial terms and bases agreed upon in the ordinary course of businesses between the Company and those companies.

3. Procedures in approving related transactions

The approval of the above related transactions follows the normal course of business transactions in accordance with the operating procedures and guidelines set by Group Management Committee.

4. Policy for future related transactions

The Company enters into related transactions as normal business operation with outsiders who have no conflicts of interests taking into account reasonableness, fair market prices and disclosing such related transactions in compliance with the rules and regulations of SEC and SET.

Directors' Report

Dear Shareholders

The directors are pleased to present their report to the shareholders together with the audited consolidated financial statements of the Company and its subsidiaries for the financial year ended 31st December 2016, which were prepared to reflect their financial status in accordance with the generally accepted accounting standards.

1. Results of the Operation

The Group's full year SOC (Shipper Owned Container) liftings dropped by 8% to 733,167 TEUs from previous year while COC (Carrier Owned Container) liftings registered a 10% increase at 1,048,649 TEUs, compared to the previous year. The total liftings of the Group recorded a 2% increase year-on-year at 1,781,816 TEUs, with the utilization rate at 115%, higher than year 2015. Decline in SOC liftings was partly due to the Group's adoption of business strategy to focus more on cost-margin per teu than the volume and market share.

Although there was an increase in the liftings in 2016, the deterioration in freight rate resulted in lower total freight income before exchange difference, gain on sale of assets and reversal of provision for loss under onerous contracts at Baht 10,474 million compared to Baht 11,944 million in the previous year, while the Cost of Freight and Operations decreased from Baht 10,944 million in 2015 to 10,659 million in 2016.

In the year 2016 the Group recorded a total gain on sale of assets in the amount of Baht 18 million from sale of old containers compared to a total gain of Baht 29 million in 2015 from sale of old containers.

The Group recorded a gain on exchange of Baht 57.9 million in 2016 versus a gain on exchange of Baht 10.7 million in 2015.

In the year 2016 the Group had the provision for loss on impairment of vessels and loss under onerous contracts totaling Baht 163.4 million.

For the operational result in the year 2016, the Group recorded a net loss attributable to equity holders in the amount of Baht 1,376 million versus a net profit attributable to equity holders in the amount of Baht 442 million in 2015.

However, compared to the period of time, the freight rate improved better and the world economy tended to growth, including the less of competitors from merging was the factor that would benefit to the business

For the Board of Directors
Regional Container Lines Public Company Limited



Mr.Sumate Tanthuwani
Managing Director

Report on the Board of Directors' Responsibilities for Financial Statements

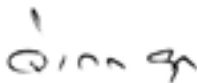
Dear Shareholders,

The Board of Directors is responsible for the Company and its subsidiaries' financial statements and financial information presented in this Annual Report. The aforementioned financial statements have been prepared in accordance with Thai Generally Accepted Accounting Principles, using appropriate accounting policies consistently employed by the Company after applying prudent judgement and best estimation. Important information is adequately disclosed in the Notes to Financial Statements.

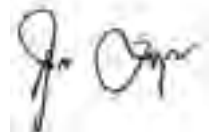
The Board of Directors has appointed the Audit Committee comprising 3 independent directors to be responsible for the financial reporting presented in the financial statements and internal control systems. Comments on these issues are presented in the Audit Committee's report.

The Board of Directors is of the opinion that the financial statements for the year ended 31st December 2016 presented the true and accurate financial and operational status of the Company and its subsidiaries.

Regional Container Lines Public Company Limited



Dr. Jamlong Atikul
Chairman



Mr. Sumate Tanthuwant
Managing Director

24 February 2017

Directors, Report on Internal Control

The Board of Directors has assessed the internal control, during the Board of Directors' Meeting No. 1/2017 on 24th February 2017 from the Audit Committee's report on such assessment and concluded that , for the 5 components of internal control, namely, control environment, risk assessment, control activities, information & communication and monitoring activities, the Board of Directors is of the opinion the company has appropriate internal control, in relating to transaction with major shareholders, directors, management, and connected person as well as the progress in term of monitoring and assessment process on the internal control and the compliance with code of conduct, beside process on succession plan for key person. And communication of risk management policy has been communicated to all level of management and employee for their acknowledgment, involvement and compliance to managing the risk.

The company realizes the importance of internal audit roles thus shall review and update such process to improve it consistently to ascertain the efficiency and effectiveness of the operation of the company in both short and long term.



Dr. Jamlong Atikul
Chairman

Report from Audit Committee

The Audit Committee, comprising of three independent directors, has the duties and responsibilities as assigned by the Board of Directors of the Regional Container Lines Public Company Limited (the Company). The Audit Committee members fulfill the qualification as stipulated in the Audit Committee Charter, in accordance with the Notification of the Securities and Exchange Commission No. Kor Wor 32/2551 dated June 5, 2008.

The Audit Committee maintains independence in decision-making and relies on discretionary judgments for the best benefits of the Company, shareholders and all other stakeholders. It also promotes and supports compliance of good corporate governance practices.

During the year 2016, the Audit Committee performed its duties in accordance with the scope and authorities, as summarized below:

1. Reviewing the Company's quarterly and the year end consolidated financial statements as well as the notes to financial statements which have been reviewed and audited by the auditors, before presenting to the Board of Directors. This is to ensure the adequacy of disclosure and the compliance to the generally accepted accounting standards as well as new accounting standards effective in year 2016 and readiness for the new accounting standard effective in the year later.

2. Reviewing the adequacy of internal control system with internal auditor team, support the internal audit team to audit overseas subsidiaries and follow up the recommended action. The Audit Committee emphasized to the Internal Audit Office on the reliability of the audit finding and accepted by the parties being audited. The Audit Committee recognizes the importance of tracking internal control systems the integrated control within the IT system constantly that effect the accuracy of information and reliability of Financial Reporting as well and passed on to the Management to take action.

In year 2016, the Audit Committee continued to focus on the transparency for good governance and to have systematic evaluation for the President's performance together with setting the Corporate Benchmark. In addition, the Audit Committee worked out the Warning Sign to cope with the effectiveness of Risk Management.

To support the Internal Audit office's work, the Audit Committee has approved the additional task force to carry out the work more effectively and approved as special case to have the specialist from business and operation departments to join the location audit on ad hoc basis.

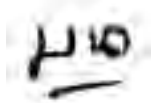
3. Reviewing the compliance with the Securities and Exchange Act, the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission and the laws related to the Company's business.

4. Making the recommendation to the Board of Directors on the appointment of Prof. Emeritus Kesree Narongdej, registration No. 0076 or Mr. Chaiyuth Angsuwithaya, registration No. 3885 or Mrs. Natsarak Sarochanunjeen, registration No. 4563 of A.M.T. & Associates as the Company's auditor for the year 2016. In the event that any of those auditors is unable to perform their duties, A.M.T. & Associates is authorized to nominate a qualified auditor to perform the audit and express an opinion on the Company's financial statements in their place.

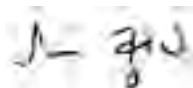
5. Reviewing the connected transactions with the awareness of conflict of interests to ensure that these transactions are performed as normal business on arm's length basis, and sufficiently disclosed according to the Notifications and Regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission.

6. Audit Committee held quarterly meetings with the Company's external auditors to review the quarterly and year end consolidated financial statements which all members, Mr.Amornsuk Noprumpa, Mrs.Arpavadee Meekun-lam and Mr.Viset Choopiban attended 4 meetings accordingly. Chairman of the Audit Committee also called the additional meetings to have the internal meeting with Internal Audit Office and Vice President of Finance & Account to consider matters arising from internal audit, financial analysis, regulation and legal matters, with all members, Mr.Amornsuk Noprumpa, Mrs.Arpavadee Meekun-lam and Mr.Viset Choopiban attended 4 meetings accordingly.

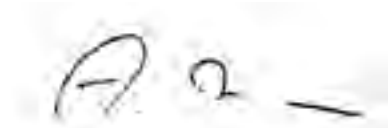
7. In connection with the scope and authorities described in Audit Committee Charter, the Audit Committee is of the opinion that the Company has disclosed the information, complied with generally accepted accounting standards, should intensively implement the internal control activities. The internal audit procedure is within the internal audit framework and the business operation is monitored in compliance with related laws and regulations.



(Mr.Amornsuk Noparumpa)
Chairman of the Audit Committee



(Mr.Viset Choopiban)
Audit Committee



(Mrs.Arpavadee Meekun-lam)
Audit Committee

Report from Nomination and Remuneration Committee

The Nomination and Remuneration Committee of Regional Container Lines Public Company Limited comprising 3 independent and non-executive directors is responsible for nomination of qualified candidates to fill in the vacancies or to replace the retiring directors; reviewing the remuneration of directors; reviewing the performance and remuneration of Company's Manager and undertaking Board self assessment to improve the performance effectiveness. The Nomination and Remuneration Committee shall report its annual performance to the Board of Directors and the shareholders respectively.

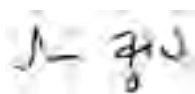
During the year 2016, the Nomination and Remuneration Committee performed its duties in accordance with the scope of responsibility as summarized below:

1. Reviewed the qualifications and nominated the candidates for directorship in place of the retiring directors and /or nominated the retiring directors for re-election, based on their contribution in the past operational year as well as their devoted efforts in performing the duties, to the Board of Directors for proposing to the Annual General Shareholders' Meeting. In an event that any Committee member is due to retire from directorship, the Committee will not nominate such member for re-election. The Meeting of the Board of Directors will decide on the nomination whereby the interested Committee member will abstain from voting.

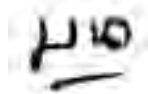
2. Reviewed the directors' remuneration for the year 2015 in accordance with the criteria and structure approved at the 26th Annual General Shareholders' Meeting held on 29th April 2005 to report to the Board of Directors and the 37th Annual General Shareholders' Meeting held on 29th April 2016 for acknowledgement before the directors were remunerated for their performing the duties in 2015. The remuneration of individual director was disclosed in the 2015 Annual Report under Section "Report on Corporate Governance"

3. Arranged Board self assessment exercise for 2015 performance, reviewed the assessment result and brought forward to the Meeting of the Board of Directors to improve the performance level.

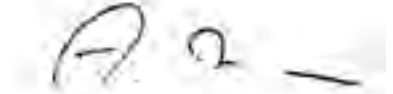
4. Arranged Board's evaluation of the Company's Manager/CEO by adopting IOD's framework whereby each director evaluated the Company's Manager/CEO from 8 perspectives. The Committee reviewed the evaluation results and reported to the Board of Directors prior to conveying to CEO to more effectively manage the Company's business operations.



(Mr. Viset Choopiban)
Chairman



(Mr. Amornsuk Noparumpa)
Member



(Mrs. Arpawadee Meekun-lam)
Member

Remuneration of the Auditors

The details of 2016 remuneration of the auditors of the Company and its subsidiary companies are as follows :

Auditors' Remuneration	Amounts of Auditors' Remuneration (Mil. Baht)		
	The Company & subsidiaries whose financial statements were audited by A. M. T. & Associates - Thailand	Subsidiaries whose financial statements were audited by Ernst & Young Office Limited (Singapore)	Total
Audit fee	1.877	4.089	5.966
Non audit fee (Tax services)			
- Paid during the year 2016	0.000	0.192	0.192
- Obligation to be paid in the future	0.000	0.000	0.000
Total	1.877	4.281	6.158

INDEPENDENT AUDITOR'S REPORT

**To The Shareholders and Board of Directors of
Regional Container Lines Public Company Limited**

Opinion

I have audited the consolidated financial statements of Regional container lines Public Company Limited and its subsidiaries (the “Group”) and the separate financial statements of Regional container lines Public Company Limited (the “Company”) which comprise the consolidated and separate statements of financial position as of December 31, 2016, and the related consolidated and separate statements of changes in equity, income, comprehensive income, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of Regional container lines Public Company Limited and its subsidiaries and of Regional container lines Public Company Limited as of December 31, 2016, and financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (“TFRSs”).

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (“TSAs”). My responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of my report. I am independent of the Group in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King’s Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key Audit Matters included Audited Procedures are as follows:

Impairment of vessels (the consolidated and separate financial statement)

As describe in Note 2.6 , 2.13 and 9.2 to the financial statement , the Company and its subsidiary's vessels which are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any) are significant amount. The management exercise judgement in determining the impairment loss due to the recoverable amount of the vessels is determined on value in use by estimate future cash flows that the entity expects to derive from the assets which related to the projection of future operating performance , future plan and determination of an appropriate discount rate and key assumptions. Therefore, I have identified that considering the impairment loss of vessels is the significant matter that requires special attention in the audit.

My audit procedure on such matter

I verified the impairment of vessels by consider and assess the reasonable and supportable assumptions and approaches in preparation of the estimate of future cash inflows or outflows which the Group expected to derive from the continuing use of the vessels. Including assess the Group's reasonable discount rate which used for calculation of the recoverable amount of the vessels and considered the adequacy of the information disclosure related to impairment of vessels.

Other Matter

The consolidated financial statements of Regional container lines Public Company Limited and its subsidiaries and the separate financial statements of Regional container lines Public Company Limited for the year ended December 31, 2015, presented herein as comparative information, were audited by another auditor in my office, whose report thereon dated February 25, 2016 expressed an unmodified opinion on those statements.

Other Information

Management is responsible for the other information. The other information comprise the information included in the annual report of the Group, but does not include the financial statements and my auditor's report thereon, which is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and the management of the Group.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

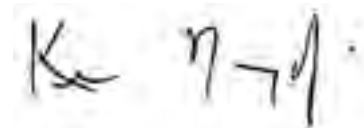
As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current year and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



(KESREE NARONGDEJ)
Certified Public Accountant
Registration No. 76

A.M.T. & ASSOCIATES
Bangkok, Thailand
February 24, 2017

Statements of financial position

Regional Container Lines Public Company Limited and its subsidiaries
As at 31 December 2016

(Unit : Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at 31 December		As at 31 December	
		2016	2015	2016	2015
Assets					
Current assets					
Cash and cash equivalents		1,255,452,277	2,014,379,112	35,931,860	341,623,227
Trade receivables - unrelated parties		1,583,663,319	1,690,459,568	23,495,134	7,305,235
Less: allowance for doubtful accounts		(62,019,921)	(320,825)	-	-
Trade receivables - unrelated parties, net	5	1,521,643,398	1,690,138,743	23,495,134	7,305,235
Trade receivables - related parties	5 and 19	12,085,312	44,201,851	122,871,090	123,447,387
Other receivables					
- Dividend receivables	7	-	-	19,999,976	-
- Others	19	360,013,773	224,657,232	443,555,363	397,338,673
Material supplies		243,114,946	211,109,192	27,803,492	18,291,765
Other current assets	6	45,087,049	63,003,127	1,305,709	7,338,079
Total current assets		3,437,396,755	4,247,489,257	674,962,624	895,344,366
Non - current assets					
Property investments held for					
long - term investment		5,824,205	5,934,542	-	-
Investments in subsidiaries, net	7	-	-	7,527,105,527	7,732,800,559
Investments in associates	8	391,661,395	353,320,138	59,617,580	59,916,832
Other long - term investments		12,115,725	12,176,540	-	-
Property and premises, net	9.1, 11 and 14	357,753,488	369,286,623	469,467	471,823
Vessels and equipment, net	9.2, 13 and 14	13,750,285,551	14,457,941,154	4,901,888,694	5,297,858,186
Intangible assets, net	10	30,940	90,532	-	-
Other non - current assets					
- Advances for vessel constructions	25	164,812,560	165,639,840	164,812,560	165,639,840
- Other		4,472,335	5,378,854	2,404,868	2,980,896
Total non - current assets		14,686,956,199	15,369,768,223	12,656,298,696	13,259,668,136
Total assets	28	18,124,352,954	19,617,257,480	13,331,261,320	14,155,012,502

The accompanying notes to financial statements are an integral part of these financial statements.

Statements of financial position (continued)

Regional Container Lines Public Company Limited and its subsidiaries
 As at 31 December 2016

				(Unit : Baht)	
		Consolidated financial statements		Separate financial statements	
		As at 31 December		As at 31 December	
Note		2016	2015	2016	2015
Liabilities and shareholders' equity					
Current liabilities					
	Short - term loans from financial institutions	1,271,194,000	1,020,800,000	1,167,200,000	1,020,800,000
	Trade payables - unrelated parties	2,580,879,526	2,669,958,038	64,687,891	78,388,167
	Trade payables - related parties	181,356,906	5,131,791	-	-
	Other payables				
	- Accrued expenses	97,377,475	77,269,768	24,849,234	17,523,169
	- Advance receipt	7,089,522	15,264,021	1,165,611,179	1,267,810,824
	- Payable on purchase of assets	22,035,970	94,304,498	95,400,540	771,496,736
	Current portion of liabilities under financial lease agreement	103,842,882	-	-	-
	Current portion of long - term loans	1,525,285,310	1,144,329,054	1,071,568,520	180,200,000
	Short - term loan from related party	-	300,000,000	-	300,000,000
	Provision for onerous contracts	411,045,081	385,766,152	-	-
	Income tax payable	3,154,757	8,770,568	-	-
	Other current liabilities	87,502,710	80,240,631	2,481,041	2,424,200
	Total current liabilities	6,290,764,139	5,801,834,521	3,591,798,405	3,638,643,096
Non - current liabilities					
	Liabilities under financial lease agreements, net of current portion	511,985,233	-	-	-
	Long - term loans, net of current portion	2,024,889,438	2,999,265,283	1,063,081,651	1,160,127,600
	Employee benefit obligation	37,362,335	38,870,671	35,182,265	36,958,344
	Other non - current liabilities	8,711,942	8,035,445	-	-
	Total non - current liabilities	2,582,948,948	3,046,171,399	1,098,263,916	1,197,085,944
	Total liabilities	8,873,713,087	8,848,005,920	4,690,062,321	4,835,729,040

The accompanying notes to financial statements are an integral part of these financial statements.

Statements of financial position (continued)

Regional Container Lines Public Company Limited and its subsidiaries
As at 31 December 2016

	Note	Consolidated financial statements		Separate financial statements		(Unit : Baht)
		As at 31 December		As at 31 December		
		2016	2015	2016	2015	
Shareholders' equity						
Share capital						
Registered		828,750,000	828,750,000	828,750,000		828,750,000
828,750,000 ordinary shares of Baht 1 each						
Issued and fully paid - up		828,750,000	828,750,000	828,750,000		828,750,000
828,750,000 ordinary shares of Baht 1 each		4,982,964,187	4,982,964,187	4,982,964,187		4,982,964,187
Share premium						
Retained earnings		66,300,000	66,300,000	66,300,000		66,300,000
Appropriated - legal reserve	17	2,877,943,240	4,294,051,549	2,299,515,279		2,921,628,844
Unappropriated		474,707,794	564,865,002	463,669,533		519,640,431
Other components of equity		9,230,665,221	10,736,930,738	8,641,198,999		9,319,283,462
Total equity of parent Company's shareholders		19,974,646	32,320,822	-		-
Non - controlling interests		9,250,639,867	10,769,251,560	8,641,198,999		9,319,283,462
Total shareholders' equity		18,124,352,954	19,617,257,480	13,331,261,320		14,155,012,502
Total liabilities and shareholders' equity	28					

The accompanying notes to financial statements are an integral part of these financial statements.

Statements of changes in equity

Regional Container Lines Public Company Limited and its subsidiaries
 For the year ended 31 December 2016

(Unit : Baht)

	Note	Consolidated financial statements							Total shareholder's equity
		Equity holders of parent company							
		Issued and fully paid - up share capital	Share premium	Retained earnings		Other components of equity		Total equity of parent Company's shareholder	
				Appropriated - legal reserve	Unappropriated	Other comprehensive income (loss)	Exchange differences on translating financial statement		
Balance as at 1 January 2015		828,750,000	4,982,964,187	66,300,000	3,919,129,713	(82,514,851)	9,714,629,049	23,665,066	9,738,294,115
Total comprehensive income (loss) for the year		-	-	-	441,533,172	647,379,853	1,088,913,025	8,655,756	1,097,568,781
Reversal of unpaid dividend to shareholders		-	-	-	16,263,364	-	16,263,364	-	16,263,364
Dividend paid	18	-	-	-	(82,874,700)	-	(82,874,700)	-	(82,874,700)
Balance as at 31 December 2015		828,750,000	4,982,964,187	66,300,000	4,294,051,549	564,865,002	10,736,930,738	32,320,822	10,769,251,560
Balance as at 1 January 2016		828,750,000	4,982,964,187	66,300,000	4,294,051,549	564,865,002	10,736,930,738	32,320,822	10,769,251,560
Total comprehensive income (loss) for the year		-	-	-	(1,374,670,909)	(90,157,208)	(1,464,828,117)	(12,346,176)	(1,477,174,293)
Dividend paid	18	-	-	-	(41,437,400)	-	(41,437,400)	-	(41,437,400)
Balance as at 31 December 2016		828,750,000	4,982,964,187	66,300,000	2,877,943,240	474,707,794	9,230,665,221	19,974,646	9,250,639,867

The accompanying notes to financial statements are an integral part of these financial statements.

Statements of changes in equity (continued)

Regional Container Lines Public Company Limited and its subsidiaries

For the year ended 31 December 2016

(Unit : Baht)

Note	Separate financial statements						Total shareholders' equity
	Issued and fully paid - up share capital	Share premium	Retained earnings		Other components of equity		
			Appropriated - legal reserve	Unappropriated	Other comprehensive income (loss)	Exchange differences on translating financial statement	
Balance as at 1 January 2015	828,750,000	4,982,964,187	66,300,000	3,108,946,070	(298,614,074)	8,688,346,183	
Total comprehensive income (loss) for the year	-	-	-	(120,705,890)	818,254,505	697,548,615	
Reversal of unpaid dividend to shareholders	-	-	-	16,263,364	-	16,263,364	
Dividend paid	-	-	-	(82,874,700)	-	(82,874,700)	
Balance as at 31 December 2015	828,750,000	4,982,964,187	66,300,000	2,921,628,844	519,640,431	9,319,283,462	
Balance as at 1 January 2016	828,750,000	4,982,964,187	66,300,000	2,921,628,844	519,640,431	9,319,283,462	
Total comprehensive income (loss) for the year	-	-	-	(580,676,165)	(55,970,898)	(636,647,063)	
Dividend paid	-	-	-	(41,437,400)	-	(41,437,400)	
Balance as at 31 December 2016	828,750,000	4,982,964,187	66,300,000	2,299,515,279	463,669,533	8,641,198,999	

The accompanying notes to financial statements are an integral part of these financial statements.

Statements of income

Regional Container Lines Public Company Limited and its subsidiaries
For the year ended 31 December 2016

(Unit : Baht)

	Note	Consolidated financial statements		Separate financial statements	
		For the years ended 31 December		For the years ended 31 December	
		2016	2015	2016	2015
Revenues					
Freight income	19	10,440,653,791	11,882,612,300	901,354,696	997,905,720
Others income					
Gain on exchange rate		57,850,750	10,679,008	-	81,104,232
Dividend income	7 and 8	2,737,878	5,482,497	41,873,080	23,376,076
Gain on sales of assets	9.2	17,788,931	28,982,743	168,203	316,904
Gain on sales of investments		847,237	-	-	-
Reversal on impairment of building	9.1	-	22,728,848	-	-
Reversal on impairment of vessels	9.2	-	438,429,145	-	53,667,383
Interest income		4,157,432	10,362,085	459,855	3,813,789
Unrealized gain from changes in the fair value of derivative	6	1,077,642	-	1,077,642	-
Others		26,900,738	45,231,688	3,363	159,533
Total revenues		10,552,014,399	12,444,508,314	944,936,839	1,160,343,637
Expenses					
Cost of freight and operations	19	10,659,104,817	10,943,883,331	1,028,621,629	1,002,073,722
Administrative expenses	19	940,641,171	933,023,887	217,379,070	205,052,714
Others expense					
Net doubtful debt		25,569,144	-	-	-
Loss on exchange rate		-	-	4,589,070	-
Loss on impairment of vessels	9.2	136,664,317	-	-	-
Provision for loss under onerous contracts	24.1	26,777,355	-	-	-
Loss on impairment of investment	7	-	-	164,443,902	-
Finance costs		174,614,270	152,351,275	110,579,333	73,923,091
Total expenses	20	11,963,371,074	12,029,258,493	1,525,613,004	1,281,049,527
Share of profit (loss) of associates		40,320,699	54,549,555	-	-
Profit (loss) before income tax expenses		(1,371,035,976)	469,799,376	(580,676,165)	(120,705,890)
Tax expenses (income)	22	4,860,161	25,144,941	-	-
Profit (loss) for the years	28	(1,375,896,137)	444,654,435	(580,676,165)	(120,705,890)
Profit (loss) for the year attributable to:					
Equity holders of the parent		(1,374,670,909)	441,533,172	(580,676,165)	(120,705,890)
Non - controlling interests		(1,225,228)	3,121,263	-	-
		(1,375,896,137)	444,654,435	(580,676,165)	(120,705,890)
Basic earnings (loss) per share	2.17				
Profit (loss) attributable to equity holders of the parent		(1.66)	0.53	(0.70)	(0.15)
The weighted average number of ordinary shares (share)		828,750,000	828,750,000	828,750,000	828,750,000

The accompanying notes to financial statements are an integral part of these financial statements.

Statements of comprehensive income

Regional Container Lines Public Company Limited and its subsidiaries
For the year ended 31 December 2016

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2016	2015	2016	2015
Profit (loss) for the years	(1,375,896,137)	444,654,435	(580,676,165)	(120,705,890)
Other comprehensive income (loss):				
Item that will be reclassified subsequently to profit or loss:				
Exchange differences on translating financial statement	(101,278,156)	652,914,346	(55,970,898)	818,254,505
Total item that will be reclassified subsequently to profit or loss	(101,278,156)	652,914,346	(55,970,898)	818,254,505
Other comprehensive income (loss) for the years	(101,278,156)	652,914,346	(55,970,898)	818,254,505
Total comprehensive income (loss) for the years	(1,477,174,293)	1,097,568,781	(636,647,063)	697,548,615
Total comprehensive income (loss) for the years attributable to:				
Equity holders of the parent	(1,464,828,117)	1,088,913,025	(636,647,063)	697,548,615
Non - controlling interests	(12,346,176)	8,655,756	-	-
	(1,477,174,293)	1,097,568,781	(636,647,063)	697,548,615

The accompanying notes to financial statements are an integral part of these financial statements.

Statements of cash flows

Regional Container Lines Public Company Limited and its subsidiaries
 For the year ended 31 December 2016

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2016	2015	2016	2015
Cash flows from operating activities				
Profit (loss) before income tax expenses	(1,371,035,976)	469,799,376	(580,676,165)	(120,705,890)
Adjustments to reconcile profit (loss) before income tax expenses to net cash provided by (used in) operating activities:				
Depreciation	1,424,026,387	1,221,436,796	462,736,404	440,883,213
Amortization	54,797	1,097,719	-	-
Loss (gain) on sales and write - off of assets	(17,788,931)	(28,982,743)	(168,203)	(316,904)
Loss on impairment of building (reversal)	-	(22,728,848)	-	-
Loss on impairment of vessels (reversal)	136,664,317	(438,429,145)	-	(53,667,383)
Loss in impairment of investment (reversal)	-	-	164,443,902	-
Loss under onerous contracts	26,777,355	-	-	-
Increase (decrease) in allowance for doubtful accounts	61,699,096	(555,282)	-	-
Dividend income	(2,737,878)	(5,482,497)	(41,873,080)	(23,376,076)
Unrealized loss (gain) on exchange rate	(81,395,681)	79,665,279	(3,815,708)	23,325,541
Share of loss (profit) of associates	(40,320,699)	(54,549,555)	-	-
Employee benefit obligation	6,790,011	6,341,275	6,337,426	5,957,134
Interest income	(4,157,432)	(10,362,085)	(459,855)	(3,813,789)
Finance costs	174,614,270	152,351,275	110,579,333	73,923,091
Profit (loss) from operating activities before changes in operating assets and liabilities	313,189,636	1,369,601,565	117,104,054	342,208,937
Operating assets decrease (increase)				
Trade receivables - unrelated parties	184,111,161	78,517,011	(16,189,899)	(7,305,235)
Trade receivables - related parties	32,116,539	1,962,165	576,297	(83,393,164)
Other receivables	(136,117,799)	(84,473,393)	(46,324,236)	(387,556,555)
Material supplies	(32,005,754)	85,407,370	(9,511,727)	1,260,382
Other current assets	22,398,449	15,274,635	6,032,370	(3,663,275)
Other non - current assets	906,518	(924,166)	576,028	(447,091)
Operating liabilities increase (decrease)				
Trade payables - unrelated parties	(89,628,553)	(19,201,837)	(14,250,886)	56,911,310
Trade payables - related parties	176,225,115	810,921	-	-
Other payables - accrued expenses	14,665,183	(51,222,776)	574,189	(68,555,661)
Advance receipt	(8,174,499)	1,513,960	(102,199,645)	152,594,558
Other current liabilities	8,487,307	23,818,614	56,840	20,849
Employee benefit obligation paid	(8,298,347)	(300,000)	(8,113,504)	(300,000)
Cash from operating activities	477,874,956	1,420,784,069	(71,670,119)	1,775,055
Cash received (paid) for income tax expenses	(14,693,851)	(25,796,387)	-	-
Net cash provided by (used in) operating activities	463,181,105	1,394,987,682	(71,670,119)	1,775,055

The accompanying notes to financial statements are an integral part of these financial statements.

Statements of cash flows (continued)

Regional Container Lines Public Company Limited and its subsidiaries
For the year ended 31 December 2016

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2016	2015	2016	2015
Cash flows from investing activities				
Decrease (increase) in property, premises, vessels and equipment	(909,118,484)	(505,430,870)	(99,702,617)	(275,382,943)
Decrease (increase) in payable on purchase of assets	(72,268,528)	-	(676,096,196)	-
Decrease (increase) in intangible assets	-	(68,158)	-	-
Dividend received	24,925,817	28,858,574	41,873,080	23,376,076
Interest received	4,918,690	12,967,810	567,401	3,961,888
Investments in associates paid	(25,956,249)	-	-	-
Net cash provided by (used in) investing activities	(977,498,754)	(463,672,644)	(733,358,332)	(248,044,979)
Cash flows from financing activities				
Increase (decrease) in short - term loans from financial institutions	251,431,538	422,750,000	147,437,538	570,800,000
Increase (decrease) in short - term loan from related party	(300,000,000)	-	(300,000,000)	-
Increase (decrease) in liabilities under financial lease agreements	615,828,115	-	-	-
Increase (decrease) in long - term loans	(563,620,263)	(888,233,912)	788,407,346	28,231,313
Finance costs paid	(169,171,746)	(138,988,072)	(103,827,457)	(61,838)
Dividend paid	(41,437,400)	(82,874,700)	(41,437,400)	(82,874,700)
Net cash provided by (used in) financing activities	(206,969,756)	(687,346,684)	490,580,027	516,094,775
Exchange differences on translating financial statement	(37,639,430)	(3,169,180)	8,757,057	(165,848,114)
Net increase (decrease) in cash and cash equivalents	(758,926,835)	240,799,174	(305,691,367)	103,976,737
Cash and cash equivalents at beginning of years	2,014,379,112	1,773,579,938	341,623,227	237,646,490
Cash and cash equivalents at end of years	1,255,452,277	2,014,379,112	35,931,860	341,623,227

The accompanying notes to financial statements are an integral part of these financial statements.

Notes to financial statements

Regional Container Lines Public Company Limited and its subsidiaries
For the year ended 31 December 2016

1. General information

1.1 Corporate information

Regional Container Lines Public Company Limited (“the Company”) was incorporated as a public limited company under Thai laws. The Company operates its business in Thailand and other countries in South China Sea and its principal activity is in the business of international vessel operations. The Company’s registered address is 127/35 Ratchadapisek Road, Chongnonsi, Yannawa, Bangkok.

1.2 Basis for preparation of financial statements

These financial statements have been prepared in accordance with financial reporting standards and guidelines promulgated by the Federation of Accounting Professions.

These financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

An English language version of the financial statements has been prepared from the statutory financial statements that were issued in Thai language. In case of conflict of difference in understanding, the financial statements in Thai language shall prevail.

1.3 Basis for consolidation of financial statements

(a) These consolidated financial statements include the financial statements of Regional Container Lines Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's Name	Type of business	Place of incorporation	Holding of investment
<u>Subsidiaries operating in Thailand</u>			
a) Asian Bulk Shipping Co., Ltd. (The company has ceased its operations)	Ship operating	Thailand	51% owned by the Company
b) RCL Logistics Co., Ltd.	Logistics services	Thailand	100% owned by the Company
<u>Group of subsidiaries operating in Singapore</u>			
c) RCL Investment Pte. Ltd.	Holding company	Singapore	100% owned by the Company
d) Regional Container Lines Pte. Ltd.	Ship owning and operating	Singapore	100% owned by the Company
e) RCL Feeder Pte. Ltd. and its subsidiaries, RCL Agencies (M) Sdn Bhd. (100% owned), RCL Feeder Phils., Inc. (100% owned) and Regional Container Lines Shipping Co., Ltd. (100% owned)	Holding company, cargo consolidation and operating	Singapore	73% owned by Regional Container Lines Pte. Ltd. and 27% owned by the Company
f) RCL Services S.A. (The company has ceased its operations)	Ship operating	Panama	51% owned by RCL Investment Pte. Ltd. and 49% owned by the Company
g) RCL Holdings Ltd. (The company has ceased its operations)	Ship operating	Singapore	51% owned by RCL Investment Pte. Ltd. and 49% owned by the Company
h) RCL Shipmanagement Pte. Ltd.	Ship management	Singapore	51% owned by RCL Investment Pte. Ltd. and 49% owned by the Company
<u>Group of subsidiaries operating in Hong Kong</u>			
i) Regional Container Lines (H.K.) Ltd. and its subsidiaries, Regional Merchants Maritime Ltd. (80% owned and the company has ceased its operations) and Regional Merchants International Freight Forwarding Co., Ltd. (80% owned and the company has ceased its operations during the year 2016 and in the process of liquidate)	Holding company, shipping agent and the provision of transportation and cargo handling services	Hong Kong	100% owned by the Company

(b) Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

(c) Investments in associates and joint ventures are accounted for using the equity method and is recognised initially at cost. The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity accounted investee from the date that significant influence incurs until the date that significant influence ceases.

(d) The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent significant accounting policies.

(e) The financial statements of the subsidiaries, the associates and joint ventures are translated into the Group's functional currency and into the presentation currency as stated in note 2.11

(f) Material outstanding balances and transactions between the Company and its subsidiaries ("the Group") have been eliminated from the consolidated financial statements.

(g) No Thai income tax has been accrued for undistributed net income of the overseas subsidiaries, since the net income are intended to be retained by those subsidiaries for long - term reinvestment purposes.

(h) Non - controlling interest represent the portion of net income or loss and net assets of the subsidiaries that are not held by the group's Company and are presented separately in the consolidated statements of income and within equity in the consolidated statements of financial position.

1.4 Adoption of new financial reporting standards

1.4.1 Financial reporting standards which are effective for the current year

During the year, the Company and its subsidiaries adopted a conceptual Framework for Financial Reporting (revised 2015) and the Federation of Accounting Professions has issued the revised and new accounting standard, financial reporting standards, accounting standard interpretations, and financial reporting standard interpretations which are effective for financial statements year beginning on or after 1 January 2016 which adoption of the above financial reporting standards in the current year do not have material effect on the financial statements.

1.4.2 Financial reporting standards which are not effective for the current year

During the year, the Federation of Accounting Professions has issued the revised and new accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations, which are effective for financial statements period beginning on or after 1 January 2017 as follows.

Accounting Standards

TAS 1 Presentation of Financial Statements (revised 2016)

TAS 2 Inventories (revised 2016)

TAS 7 Statement of Cash Flows (revised 2016)

TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (revised 2016)

TAS 10 Events After the Reporting Period (revised 2016)

TAS 11 Construction Contracts (revised 2016)

TAS 12 Income Taxes (revised 2016)

Accounting Standards

- TAS 16 Property, Plant and Equipment (revised 2016)
- TAS 17 Leases (revised 2016)
- TAS 18 Revenue (revised 2016)
- TAS 19 Employee Benefits (revised 2016)
- TAS 20 Accounting for Government Grants and Disclosure of Government Assistance (revised 2016)
- TAS 21 The Effects of Changes in Foreign Exchange Rate (revised 2016)
- TAS 23 Borrowing Costs (revised 2016)
- TAS 24 Related Party Disclosures (revised 2016)
- TAS 26 Accounting and Reporting by Retirement Benefit Plans (revised 2016)
- TAS 27 Separate Financial Statements (revised 2016)
- TAS 28 Investments in Associates and Joint Venture (revised 2016)
- TAS 29 Financial Reporting in Hyperinflationary Economics (revised 2016)
- TAS 33 Earnings per Share (revised 2016)
- TAS 34 Interim Financial Reporting (revised 2016)
- TAS 36 Impairment of Assets (revised 2016)
- TAS 37 Provisions, Contingent Liabilities and Contingent Assets (revised 2016)
- TAS 38 Intangible (revised 2016)
- TAS 40 Investment Property (revised 2016)
- TAS 41 Agriculture (revised 2016)
- TAS 104 Accounting for Troubled Debt Restructuring (revised 2016)
- TAS 105 Accounting for Investments in Debt and Equity Securities (revised 2016)
- TAS 107 Financial Instruments : Disclosure and Presentation (revised 2016)

Financial Reporting Standards

- TFRS 2 Share - Based Payment (revised 2016)
- TFRS 3 Business Combinations (revised 2016)
- TFRS 4 Insurance Contracts (revised 2016)
- TFRS 5 Non - current Assets Held for Sale and Discontinued Operations (revised 2016)
- TFRS 6 Exploration for and Evaluation of Mineral Resources (revised 2016)
- TFRS 8 Operating Segments (revised 2016)
- TFRS 10 Consolidated Financial Statement (revised 2016)
- TFRS 11 Joint Arrangements (revised 2016)
- TFRS 12 Disclosure of Interests in Other Entities (revised 2016)
- TFRS 13 Fair Value Measurement (revised 2016)

Accounting Standard Interpretations

- TSIC 10 Government Assistance - No Specific Relation to Operating Activities (revised 2016)
- TSIC 15 Operating Leases - Incentives (revised 2016)
- TSIC 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders (revised 2016)
- TSIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease (revised 2016)
- TSIC 29 Service Concession Arrangements : Disclosures (revised 2016)
- TSIC 31 Revenue - Barter Transactions Involving Advertising Services (revised 2016)
- TSIC 32 Intangible Assets - Web Site Costs (revised 2016)

Financial Reporting Standard Interpretations

- TFRIC 1 Changes in Existing Decommissioning, Restoration and Liabilities (revised 2016)
- TFRIC 4 Determining whether an Arrangement contains a Lease (revised 2016)
- TFRIC 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (revised 2016)
- TFRIC 7 Applying the Restatement Approach under TAS 29 (revised 2016)
Financial Reporting in Hyperinflationary Economies (revised 2016)
- TFRIC 10 Interim Financial Reporting and Impairment (revised 2016)
- TFRIC 12 Service Concession Arrangements (revised 2016)
- TFRIC 13 Customer Loyalty Programmes (revised 2016)
- TFRIC 14 TAS 19 (revised 2016) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (revised 2016)
- TFRIC 15 Agreements for the Construction of Real Estate (revised 2016)
- TFRIC 17 Distributions of Non - cash Assets to Owners (revised 2016)
- TFRIC 18 Transfers of Assets from Customers (revised 2016)
- TFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (revised 2016)
- TFRIC 21 Levies (revised 2016)

The management of the Company has assessed that TAS 1, TAS 7, TAS 8, TAS 10, TAS 12, TAS 16, TAS 17, TAS 18, TAS 19, TAS 21, TAS 24, TAS 27, TAS 28, TAS 33, TAS 34, TAS 36, TAS 37, TAS 38, TAS 40, TAS 107 and TFRS 8, TFRS 10, TFRS 11, TFRS 12 and TFRS 13 will not have material impact on the financial statements when it is applied. For the other TAS, TFRS, TSIC and TFRIC are not relevant to the Group's business, therefore they do not have impact on the financial statement when they are applied.

2. Significant accounting policies

2.1 Revenue recognition

Freight income

Freight income is recognised when services have been rendered taking into account the stage of completion.

Interest income

Interest income is recognised on an accrual basis based on the effective rate method.

Dividends

Dividends are recognised when the right to receive the dividends is established.

Other income

Other income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

2.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, cash at banks and all short - term highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

2.3 Trade receivables

Trade receivables are stated at their net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

2.4 Material supplies

Material supplies are valued at cost, on a first - in, first - out basis.

2.5 Investments

- (a) Investments in securities held for trading are stated at fair value. Gains or losses arising from changes in carrying amounts of securities are included in determining earnings.
- (b) Investments in available - for - sale securities are stated at fair value. Changes in the carrying amounts of securities are recorded as separate items in shareholders' equity until the securities are sold, when the changes are then included in determining earnings.
- (c) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortized cost. The premium/discount on debt securities is amortized by the effective rate method with the amortized amount presented as an adjustment to the interest income.
- (d) Other long - term investments in non - marketable equity securities are stated at cost.
- (e) Investments in associated companies and joint ventures are accounted for in the consolidated financial statements using the equity method.
- (f) Investments in subsidiary, associated and joint ventures companies are accounted for in the separate financial statements using the cost method.

The weighted average method is used for computation of the cost of investments.

Provision for loss is set aside only for any permanent diminution in the value of the investments.

2.6 Property, premises, vessels and equipment/Depreciation and amortization

Property, premises, vessels and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of fixed assets is calculated by reference to their costs after deducting residual value on the straight - line basis over the following estimated useful lives of assets.

Vessels	25 years
Condominiums and leasehold buildings	20, 50 years
Long - term leasehold land and leasehold improvements	The term of the lease
Other fixed assets	3 - 10 years

No depreciation is provided for land and vessels installation.

Major repair and maintenance costs of vessels are capitalized when incurred and amortized on a straight - line basis over a period of 30 months.

2.7 Intangible assets

Intangible assets are measured at cost on the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

Intangible assets with finite lives are amortized on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method of such intangible assets are reviewed at least at each financial year end. The amortization expense is charged to the statements of income.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Computer software	3 years

2.8 Financial instruments

Financial instruments carried in the statements of financial position principally comprise cash and cash equivalents, trade receivables, trade payables and loans. The particular recognition methods adopted are disclosed in the individual policy associated with each item.

Cross interest rate swap contracts

Cross interest rate swap contracts protect the Group from fluctuations in interest rates. The Group recognizes the total amount of interest received from/paid to the counterparties, according to derivatives under cross interest rate swap contracts in finance costs using the accrual basis and recognizes derivative assets/liabilities of cross interest rate swap contracts at fair value at the end of reporting period, in the statements of financial position. The Group recognizes movements in the fair value of derivatives in profit or loss.

2.9 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

2.10 Long - term leases

Leases of property, plant and equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased property or the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long - term payables, while the interest element is charged to the statements of income over the lease period. If there is no reasonable certainty that the lessees will obtain ownership by the end of the lease term, the asset acquired under finance lease shall be fully depreciated over the shorter of the useful life of the asset or the lease term.

2.11 Foreign currencies

The Group's consolidated financial statements are presented in Thai Baht, which is different from the Group's functional currency of USD. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

a) Translation of foreign currency transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency. Foreign currency transactions during a particular year are translated into USD at the exchange rates ruling on the transaction dates.

Monetary assets and liabilities in foreign currencies outstanding on the statement of financial position date are translated into their functional currency at the exchange rates ruling at the reporting date. The exchange differences arising on the translation are recognized in the statement of income.

Non - monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non - monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

b) Translation into the Group's functional currency

As Group's functional currency is USD, The assets and liabilities of each entity in the Group whose functional currency is not USD are translated into USD at the exchange rates ruling at the reporting date and the items in their statements of income and statements of comprehensive income are translated at the average exchange rates of each year.

The exchange differences arising on the translation are recognized in other comprehensive income.

The USD functional currency statements are disclosed in note 28 to the financial statements.

c) Translation into the presentation currency

The assets and liabilities of each entity in the Group are translated into the Thai Baht presentation currency financial statements at the exchange rate ruling at the reporting date and the items in their statements of income and statements of comprehensive income are translated at the average exchange rates of each year.

The exchange differences arising on the translation are recognized in other comprehensive income.

2.12 Property investments held for long - term investment

Property investments held for long - term investment are stated at fair value.

2.13 Impairment of assets

At each reporting date, the Group performs impairment reviews in respect of the property, plant, vessels and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognized when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre - tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal. An impairment loss is recognized in the statements of income.

2.14 Employee benefits

Salaries, wages, bonuses, contributions to the social security fund, provident fund and other benefits are recognized as expenses when incurred.

Severance Payment as specified in Thai Law are recognized as expenses in the statements of income along the service period of employees. The Company and its subsidiary in Thailand's post - employment benefit obligations are estimated by a qualified actuary under the actuarial assumption using the Projected Unit Credit Method.

However, the actual benefit obligation may be different from the estimate.

The Company and its subsidiary in Thailand shall recognize the actuarial gains or losses arising from defined benefit plan in the period incurred in other comprehensive income.

2.15 Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provision for cargo claims is made based on the estimated amounts that are unrecoverable from insurance companies.

2.16 Income tax

Income tax for the year comprises current and deferred tax. Current and deferred tax are recognized in the statement of income except to the extent that they relate to business combination or items recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted at the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

2.17 Basic earnings (loss) per share

Basic earnings per share are determined by dividing profit (loss) for the year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding.

3. Significant accounting judgments and estimates

The preparation of financial statements in conformity with financial reporting standards principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. Significant judgments and estimates are as follows:

3.1 Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

3.2 Premises, vessels and equipment

In determining depreciation of premises, vessels and equipment, the management is required to make estimates of useful lives and salvage values of the Group's premises, vessels and equipment and to review estimated useful lives and salvage values when there are any changes.

In addition, the management is required to review premises, vessels and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

3.3 Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

3.4 Intangible assets

The initial recognition and measurement of intangible assets and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

3.5 Litigation

The Group has contingent liabilities as a result of litigation. The management has used judgment to assess of the results of the litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the statements of financial position date.

3.6 Provision for onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting the Group's obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

3.7 Post - employment benefits under defined benefit plans

The obligation under the defined benefit plan is estimated using the actuarial method. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

4. Change in accounting estimation

During the current year, the Group changed the estimated residual value of the vessels. This change was made so that the residual value of the vessels would approximate market value. The effect of the change is to decrease net income of the Company and the Group for the year ended 31 December 2016 by Baht 17.83 million and Baht 51.42 million, respectively (Baht 0.022 per share and Baht 0.062 per share, respectively).

5. Trade receivables

The balances of trade receivables - unrelated parties as at 31 December 2016 and 2015 are classified by aging as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2016	2015	2016	2015
	Under 90 days	1,440,535	1,592,303	23,495
91 - 180 days	82,263	33,143	-	-
181 - 365 days	27,445	44,044	-	-
Over 365 days	33,420	20,970	-	-
Total	1,583,663	1,690,460	23,495	7,305
<u>Less</u> Allowance for doubtful accounts	(62,020)	(321)	-	-
Net	1,521,643	1,690,139	23,495	7,305

The balances of trade receivables - related parties as at 31 December 2016 and 2015 are classified by aging as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2016	2015	2016	2015
	Under 90 days	12,085	44,202	122,871
91 - 180 days	-	-	-	-
181 - 365 days	-	-	-	-
Over 365 days	-	-	-	-
Total	12,085	44,202	122,871	123,447

6. Unrealized gain from changes in the fair value of derivatives

	Note	(Unit: Thousand Baht)	
		Consolidated financial statement	Separate financial statement
Beginning balance as at 31 December 2015		-	-
Unrealized gain on derivatives		1,078	1,078
Exchange differences on translating financial statement		17	17
Ending balance as at 31 December 2016	26.1 (2)	1,095	1,095

Investments in subsidiaries - net

(Unit: Million Baht)

Company's name	Separate financial statements							
	Paid - up capital		Percentage directly owned by the Company		Cost		Dividend for the years ended 31 December	
	2016	2015	2016	2015	2016	2015	2016	2015
			Percent	Percent				
<u>Subsidiaries operating in Thailand</u>								
a) Asian Bulk Shipping Co., Ltd.	Baht 25 Million	Baht 25 Million	51	51	14	14	-	-
b) RCL Logistics Co., Ltd.	Baht 5 Million	Baht 5 Million	100	100	5	5	20	-
<u>Subsidiaries operating in Singapore</u>								
c) RCL Investment Pte. Ltd.	S\$ 10 Million	S\$ 10 Million	100	100	255	257	-	-
d) Regional Container Lines Pte. Ltd.	S\$ 136.5 Million	S\$ 136.5 Million	100	100	5,675	5,704	-	-
e) RCL Feeder Pte. Ltd.	USD 138.6 Million	USD 138.6 Million	27	27	1,228	1,234	-	-
f) RCL Service S.A.	USD 10,000	USD 10,000	49	49	2	2	-	-
g) RCL Holdings Ltd.	S\$ 0.3 Million	S\$ 0.3 Million	49	49	167	168	-	-
h) RCL Shipmanagement Pte. Ltd.	S\$ 0.3 Million	S\$ 0.3 Million	49	49	88	88	-	-
<u>Subsidiary operating in Hong Kong</u>								
i) Regional Container Lines (H.K.) Ltd.	HK\$ 20 Million	HK\$ 20 Million	100	100	260	261	-	-
					7,694	7,733		
<u>Less</u> : Allowance for impairment					(167)	-		
Investments in subsidiaries - net					<u>7,527</u>	<u>7,733</u>		

Movement in the investments in subsidiaries for the year ended 31 December 2016 are summarized below:

	(Unit: Thousand Baht)
Investment as at 31 December 2015	7,732,801
<u>Less</u> : Allowance for impairment	(167,074)
Exchange differences on translating financial statement	(38,621)
Investment as at 31 December 2016	<u>7,527,106</u>

As at 31 December 2016, the Company provided the allowance for impairment due to plan to close the subsidiary.

8. Investments in associated companies

(Unit : Million Baht)

Company's name	Separate financial statements									
	Paid - up capital		Percentage directly owned by the Company		Cost method		Equity method		Dividend for the years ended 31 December	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
				Percent	Percent					
<u>Investment in associated company of the Company</u>										
<u>Associated company operating in Thailand</u>										
TIPS Co., Ltd. (Port operating)	100	100								
	Million	Million								
	Baht	Baht	22	22	60	60	353	325	22	23
Total investment in associated company					60	60	353	325	22	23

Movements in the investment in associated company of the Company for the year ended 31 December 2016 are summarized below:

(Unit: Thousand Baht)

Investment as at 31 December 2015	59,917
Exchange differences on translating financial statement	(299)
Investment as at 31 December 2016	59,618

The accumulated share of the profit of the associate, as at 31 December 2016 and 2015, are as follows :

(Unit: Thousand Baht)

	Consolidated financial statements	
	2016	2015
The Company's investment in associate	352,548	325,130
The subsidiaries' investments in associates	39,113	28,190
Total investments in associates accounted for under equity method	391,661	353,320

Financial information of the associated company is summarised below. (2015: Audited financial statements, 2016: Management's accounts)

(Unit : Million Baht)

Company's name	Paid-up capital		Total assets		Total liabilities		Total revenues for the years ended 31 December		Profit (loss) for the years ended 31 December	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<u>Investment in associated company of the Company</u>										
TIPS Co., Ltd.	100	100	1,758	1,620	289	283	1,563	1,499	232	232
<u>Investment in associated company of the Subsidiaries</u>										
RCL (Vietnam) Co., Ltd.	7	7	18	22	3	9	28	25	8	6
PT Daerah Indah Shipping	-	-	-	-	-	-	-	-	-	-
Pu Chao Container Terminal Co., Ltd.	30	-	22	-	21	-	16	-	(29)	-
RCL Agencies (India) Private Limited	21	-	23	-	3	-	-	-	(1)	-

In June 2016, a subsidiary in Thailand invested in a new company in Thailand, named Pu Chao Container Terminal Co., Ltd., to manage the container terminal with 49% of share capital amounting Baht 30 million with paid - up capital amounting to Baht 30 million.

In October 2016, a subsidiary in Singapore and a foreign company in India had entered into a joint venture agreement to setting up company namely RCL Agencies (India) Private Limited, for the purpose of shipping agent and providing transportation and cargo handling services, which has been registered in 4th quarter of year 2016. A subsidiary' shareholding is 55% of share capital. The share capital and paid-up capital amounted Indian Rupee 40 million.

9. Property, premises, vessels and equipment, net9.1 Property and premises, net

(Unit : Baht)

	Building in Bangkok	Building in Singapore	Building in Hong Kong	Improvement of buildings in Singapore	Improvement of buildings in Hong Kong	Total
<u>Cost</u>						
As at 31 December 2015	64,440,094	179,729,766	284,110,403	71,249,193	6,337,698	605,867,154
Acquisitions	-	-	-	149,201	-	149,201
Exchange differences on translating financial statement	(321,843)	(897,651)	(1,586,660)	(1,814,006)	(35,394)	(4,655,554)
As at 31 December 2016	64,118,251	178,832,115	282,523,743	69,584,388	6,302,304	601,360,801
<u>Accumulated depreciation</u>						
As at 31 December 2015	(63,968,271)	(40,271,269)	(60,377,162)	(65,626,131)	(6,337,698)	(236,580,531)
Depreciation for the year	-	(3,593,499)	(2,935,018)	(2,979,561)	-	(9,508,078)
Exchange differences on translating financial statement	319,487	143,677	287,152	1,695,586	35,394	2,481,296
As at 31 December 2016	(63,648,784)	(43,721,091)	(63,025,028)	(66,910,106)	(6,302,304)	(243,607,313)
<u>Allowance for loss on impairment</u>						
As at 31 December 2015	-	-	-	-	-	-
Increase	-	-	-	-	-	-
Reversal	-	-	-	-	-	-
Exchange differences on translating financial statement	-	-	-	-	-	-
As at 31 December 2016	-	-	-	-	-	-
<u>Net book value</u>						
As at 31 December 2015	471,823	139,458,497	223,733,241	5,623,062	-	369,286,623
As at 31 December 2016	469,467	135,111,024	219,498,715	2,674,282	-	357,753,488

The subsidiaries have mortgaged the above properties to secure credit facilities.

At the end of year 2015, the subsidiaries in Singapore and Hong Kong arranged to reappraise the values of their buildings by an independent professional appraiser and recorded the reversal on impairment of buildings amounting to USD 0.7 million or approximately Baht 22.7 million in the statements of income for the year 2015 and recorded accumulated depreciation amounting to USD 0.6 million or approximately Baht 22.2 million in the statements of financial position as at 31 December 2015.

9.2 Vessels and equipment - Consolidated financial statements

(Unit : Baht)

	Vessels	Major repair and maintenance cost	Container	Office furniture, fixtures and equipment	Motor vehicles	Total
<u>Cost</u>						
As at 31 December 2015	29,730,428,716	584,133,285	527,349,288	197,224,204	23,800,840	31,062,936,333
Acquisitions	-	280,569,717	647,498,752	9,313,197	-	937,381,666
Disposals	-	-	(21,289,249)	(850,541)	(1,134,798)	(23,274,588)
Write - off	-	(162,991,795)	(479,787)	(2,832,257)	-	(166,303,839)
Exchange differences on translating financial statement	(148,487,157)	(1,036,935)	7,373,815	(3,728,726)	(637,521)	(146,516,524)
As at 31 December 2016	29,581,941,559	700,674,272	1,160,452,819	199,125,877	22,028,521	31,664,223,048
<u>Accumulated depreciation</u>						
As at 31 December 2015	(13,753,813,150)	(226,632,561)	(508,433,145)	(186,327,515)	(21,426,404)	(14,696,632,775)
Depreciation for the year	(1,091,376,965)	(248,662,649)	(69,097,912)	(4,919,017)	(461,766)	(1,414,518,309)
Disposals	-	-	20,042,625	653,116	1,134,798	21,830,539
Write - off	-	153,154,075	479,787	2,663,287	-	156,297,149
Exchange differences on translating financial statement	51,237,760	(395,617)	1,762,449	3,594,013	568,540	56,767,145
As at 31 December 2016	(14,793,952,355)	(322,536,752)	(555,246,196)	(184,336,116)	(20,184,832)	(15,876,256,251)
<u>Allowance for loss on impairment</u>						
As at 31 December 2015	(1,908,362,404)	-	-	-	-	(1,908,362,404)
Increase	(136,664,317)	-	-	-	-	(136,664,317)
Reversal	-	-	-	-	-	-
Exchange differences on translating financial statement	7,345,475	-	-	-	-	7,345,475
As at 31 December 2016	(2,037,681,246)	-	-	-	-	(2,037,681,246)
<u>Net book value</u>						
As at 31 December 2015	14,068,253,162	357,500,724	18,916,143	10,896,689	2,374,436	14,457,941,154
As at 31 December 2016	12,750,307,958	378,137,520	605,206,623	14,789,761	1,843,689	13,750,285,551

Vessels and equipment - Separate financial statements

Unit : Baht)

	Vessels	Major repair and maintenance cost	Office furniture, fixtures and equipment	Motor vehicles	Total
<u>Cost</u>					
As at 31 December 2015	9,845,243,475	210,501,959	43,872,304	7,644,052	10,107,261,790
Acquisitions	-	97,180,632	1,862,908	-	99,043,540
Disposals	-	-	-	(1,134,798)	(1,134,798)
Write - off	-	(53,885,568)	-	-	(53,885,568)
Exchange differences on translating financial statement	(49,171,582)	(358,901)	(189,324)	(56,327)	(49,776,134)
As at 31 December 2016	9,796,071,893	253,438,122	45,545,888	6,452,927	10,101,508,830
<u>Accumulated depreciation</u>					
As at 31 December 2015	(4,673,566,032)	(85,766,939)	(42,426,581)	(7,644,052)	(4,809,403,604)
Depreciation for the year	(360,900,812)	(100,753,729)	(1,081,863)	-	(462,736,404)
Disposals	-	-	-	1,134,798	1,134,798
Write - off	-	53,885,568	-	-	53,885,568
Exchange differences on translating financial statement	17,569,813	(321,228)	194,594	56,327	17,499,506
As at 31 December 2016	(5,016,897,031)	(132,956,328)	(43,313,850)	(6,452,927)	(5,199,620,136)
<u>Allowance for loss on impairment</u>					
As at 31 December 2015	-	-	-	-	-
Increase	-	-	-	-	-
Reversal	-	-	-	-	-
Exchange differences on translating financial statement	-	-	-	-	-
As at 31 December 2016	-	-	-	-	-
<u>Net book value</u>					
As at 31 December 2015	5,171,677,443	124,735,020	1,445,723	-	5,297,858,186
As at 31 December 2016	4,779,174,862	120,481,794	2,232,038	-	4,901,888,694

The Group has mortgaged most of their vessels to secure credit facilities granted to the Group.

As at 31 December 2016 and 2015, certain vessels and equipment items have been fully depreciated but are still in use. The original cost of those assets amounted to approximately Baht 607 million and Baht 524 million (The Company : Baht 47 million and Baht 49 million), respectively.

Transactions occurred in year 2015:

At the end of year 2015, the management determined the recoverable amount of the Group and the Company's vessels according to value in use by reference the revenue information of the independent professional appraiser. The result of this determination, the recoverable amount was higher than the carrying amount. Hence, the Group and the Company recorded the reversal on impairment of vessels amounting to USD 12.8 million or approximately Baht 438.4 million in the statements of income for the year 2015 (The Company: USD 1.6 million or approximately Baht 53.7 million) and recorded accumulated depreciation amounting to USD 6.8 million or approximately Baht 231.6 million in the statements of financial position as at 31 December 2015 (The Company: USD 1.3 million or approximately Baht 45.7 million).

Transactions occurred in year 2016:

At the end of year 2016, the management determined the recoverable amount of the Group and the Company's vessels according to value in use by reference the revenue information of the independent professional appraiser. The result of this determination, the Group's recoverable amount was lower than the carrying amount and the Company's recoverable amount was higher than the carrying amount. Hence, the Group recorded the loss on impairment of vessels amounting to USD 3.9 million or approximately Baht 136.7 million (The Company : USD - million or approximately Baht - million) in the statement of income for the year 2016.

The discount rate (before tax) of the determination is 7.5% and 8.5 % per annum in year 2016 and 2015.

Depreciation in the statements of income for the years 2016 and 2015 consisted of the following:

	(Unit : Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Depreciation included in				
Cost of freight and operations	1,409,137,526	1,208,753,907	461,654,541	440,219,075
Administrative expenses	14,888,861	12,682,889	1,081,863	664,138
Total	<u>1,424,026,387</u>	<u>1,221,436,796</u>	<u>462,736,404</u>	<u>440,883,213</u>

	(Unit : USD)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Depreciation included in				
Cost of freight and operations	39,923,999	26,496,916	13,079,700	9,788,862
Administrative expenses	421,835	231,796	30,651	13,812
Total	<u>40,345,834</u>	<u>26,728,712</u>	<u>13,110,351</u>	<u>9,802,674</u>

10. Intangible assets, net

	(Unit: Baht)
	Consolidated financial statements
	Computer software
<u>Cost</u>	
As at 31 December 2015	379,006,560
Increase	-
Decrease	-
Transfer in (out)	-
Exchange differences on translating financial statement	(2,242,703)
As at 31 December 2016	376,763,857
<u>Accumulated amortization</u>	
As at 31 December 2015	(378,916,028)
Increase	(54,797)
Decrease	-
Exchange differences on translating financial statement	2,237,908
As at 31 December 2016	(376,732,917)
<u>Net book value</u>	
As at 31 December 2015	90,532
As at 31 December 2016	30,940

As at 31 December 2016 and 2015, computer software have been fully amortized but are still in use. The original cost of those asset amounted to approximately Baht 372 million and Baht 374 million, respectively.

11. Short - term loans from financial institutions

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Loans from financial institution no. 1	450,000	300,000	450,000	300,000
Loans from financial institution no. 2	717,200	720,800	717,200	720,800
Loans from financial institution no. 3	103,994	-	-	-
Total	1,271,194	1,020,800	1,167,200	1,020,800

As at 31 December 2016 and 2015, loans from financial institution no. 1 is promissory note with interest at the rate of MLR% p.a., and MLR - 1.00% p.a., respectively, which is unsecured.

As at 31 December 2016 and 2015, loans from financial institution no. 2 is promissory note amounting to USD 20 million with interest at the rate of 3.61% p.a., and 2.24% p.a., respectively, which is unsecured.

As at 31 December 2016, loans from financial institution no. 3 is promissory note amounting to USD 2.9 million with interest at the rate of LIBOR+2% p.a., is secured by office building subsidiaries.

12. Short - term loan from related party

(Unit: Thousand Baht)

	Balance as at			Balance as at
	31 December 2015	Increase	Decrease	31 December 2016
Loan	300,000	-	300,000	-

As at 31 December 2015, loan from a related party is promissory note with 15 month term repayment and interest at the rate of 4.75% p.a., which is unsecured.

In January 2016, the Company paid the total remaining amount.

13. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidated financial statements		Separate Financial statements	
	2016	2015	2016	2015
Liabilities under finance lease agreements	677,506	-	-	-
<u>Less</u> : deferred interest	(61,678)	-	-	-
	615,828	-	-	-
<u>Less</u> : current portion due within one year	(103,843)	-	-	-
Liabilities under finance lease agreements net of current portion	511,985	-	-	-

(Unit : Thousand Baht)

	Consolidated financial statements					
	2016			2015		
	Principal	Deffered interest	Total	Principal	Deffered interest	Total
1 - 5 years	417,900	38,923	456,823	-	-	-
Over 5 years	94,085	1,608	95,693	-	-	-
Total	511,985	40,531	552,516	-	-	-

(Unit : Thousand Baht)

	Separate financial statements					
	2016			2015		
	Principal	Deffered interest	Total	Principal	Deffered interest	Total
1 - 5 years	-	-	-	-	-	-
Over 5 years	-	-	-	-	-	-
Total	-	-	-	-	-	-

14. Long - term loans

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	As at 31 December 2016	As at 31 December 2015	As at 31 December 2016	As at 31 December 2015
<u>Loans of the Company</u>				
1) USD 10.5 million loan (2015: USD 11.5 million), repayable quarterly until the year 2017.	375,454	413,379	375,454	413,379
2) USD 10.5 million loan (2015: USD 11.5 million), repayable quarterly until the year 2017.	375,454	413,379	375,454	413,379
3) USD 11.3 million loan (2015: USD 14.3 million), repayable quarterly until the year 2020.	403,425	513,570	403,425	513,570
4) USD 27.3 million loan (2015: USD - million), repayable quarterly until the year 2021.	980,317	-	980,317	-
<u>Loans of the Singapore Subsidiaries</u>				
5) USD 10.5 million loan (2015: USD 17.4 million), repayable quarterly until the year 2018.	376,530	627,096	-	-
6) USD 10.7 million loan (2015: USD 16.1 million), repayable semi - annually until the year 2018.	384,419	579,523	-	-
7) USD 7.3 million loan (2015: USD 9.2 million), repayable quarterly until the year 2018.	262,973	330,366	-	-
8) USD 7.9 million loan (2015: USD 10.5 million), repayable semi - annually until the year 2019.	281,860	377,699	-	-
9) USD - million loan (2015: USD 21.2 million), repayable quarterly until the year 2017.	-	762,787	-	-
<u>Loan of the Hong Kong Subsidiary</u>				
10) HKD 23.7 million loan (2015: HKD 27.1 million), repayable monthly until the year 2023.	109,742	125,795	-	-
Total	3,550,174	4,143,594	2,134,650	1,340,328
<u>Less</u> Current portion	(1,525,285)	(1,144,329)	(1,071,568)	(180,200)
Long - term loans, net of current portion	2,024,889	2,999,265	1,063,082	1,160,128

The above loans carry interest at rates based on LIBOR or SIBOR.

Movements in the long - term loans during the year ended 31 December 2016 are summarized below:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Beginning balance as at 31 December 2015	4,143,594	1,340,328
<u>Add</u> Borrowings	1,048,570	1,048,570
<u>Less</u> Repayments	(1,612,191)	(260,163)
Exchange differences on translating financial statement	(29,799)	5,915
Ending balance as at 31 December 2016	<u>3,550,174</u>	<u>2,134,650</u>

These loans have been secured by the mortgage of most of the vessels of the Group and the property of subsidiaries, and guaranteed by the Company.

The loan agreements contain certain covenants and restrictions pertaining to matters such as the maintenance of financial ratios and shareholding structure.

In January 2016, the Company had entered into long - term loan agreement with a financial institution. This loan has credit line of USD 32.5 million (as at 31 December 2016: approximately Baht 1,165 million) which is for the payment of 2 container vessels' construction, at present, the Company has not drawn down the loan.

15. Debenture

At the Annual General Meeting of Shareholders held on 24 April 2015, the shareholders approved issue and offer debentures not exceeding Baht 3,000 million and not longer than 7 years from the date of each issuance. The terms and conditions of the debentures shall be determined by the Board of Directors. Currently, the Company has not issued and offered the said debentures.

16. Employee benefit obligation

- Movement in the present value of the employee benefit obligation for the years ended 31 December 2016 and 2015

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Employee benefit obligation at beginning of year	38.87	32.83	36.96	31.30
Benefits paid	(8.09)	(0.30)	(7.85)	(0.30)
Current service cost and interest	6.79	6.34	6.33	5.96
Losses (gains) on the settlement of employee benefit	(0.21)	-	(0.26)	-
Employee benefit obligation at end of year	<u>37.36</u>	<u>38.87</u>	<u>35.18</u>	<u>36.96</u>

- Expenses recognized in the statements of income for the years ended 31 December 2016 and 2015 are as follows :

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Current service costs	5.50	5.22	5.12	4.90
Interest cost	1.29	1.12	1.21	1.06
Total	<u>6.79</u>	<u>6.34</u>	<u>6.33</u>	<u>5.96</u>

- Principal actuarial assumptions as at 31 December 2016 and 2015 are as follows :

	Percent	
	Consolidated	Separate
	financial statements	financial statements
Discount rate	3.39 - 3.67	3.39
Salary increase rate	6.00	6.00
Employee turnover rate	0 - 24.00*	0 - 24.00*
Mortality rate	TMO2008**	TMO2008**

* Based on the weighted average by age group of employees

** Reference from TMO2008 : Thai Mortality Ordinary Table 2008

- Sensitivity analysis of significant actuarial assumptions

Significant actuarial assumptions for sensitivity analysis are discount rate, salary increase rate and mortality, while holding all other assumptions constant. The sensitivity analysis of change in the relevant actuarial assumption that were reasonably possible as at 31 December 2016 as follows:

- If the discount rate increases (decreases) by 0.5%, the employee benefit obligation in Consolidated financial statements would decrease Baht 1.74 million (increase Baht 1.86 million) and Separate financial statements would decrease Baht 1.63 million (increase Baht 1.74 million).
- If the salary increase rate increases (decreases) by 0.5%, the employee benefit obligation in Consolidated financial statements would increase Baht 1.90 million (decrease Baht 1.79 million) and Separate financial statements would increase Baht 1.77 million (decrease Baht 1.67 million).
- If the life expectancy increases (decreases) by one year for all employees, the employee benefit obligation in Consolidated financial statements would increase Baht 0.31 million (decrease Baht 0.30 million) and Separate financial statements would increase Baht 0.29 million (decrease Baht 0.29 million).

In presenting the above sensitivity analysis, the present value of the employee benefit obligation has been calculated by using the same method that applied in calculating the employee benefit obligation recognized in the statement of financial position.

17. Legal reserve

Under the Public Limited Companies Act., the Company is required to set aside to a legal reserve at least 5% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of its registered share capital. The legal reserve is not available for dividend payment.

18. Dividend paid

At the Annual General Meeting of Shareholders held on 29 April 2016 and 24 April 2015, the shareholders approved pay dividend amounted Baht 41.44 million at Baht 0.05 per and Baht 82.88 million at Baht 0.10 per share, respectively.

19. Related party transactions

- a) The Group has business dealings with its customers through regional shipping agents (third parties and related companies) of which a substantial part is through its related companies, which have been concluded on commercial terms and bases agreed upon in the ordinary course of businesses between the Group and those companies.
- b) In addition to the matter discussed in a), during the years, the Group had other significant business transactions with its related parties. The transactions are summarised below:

(Unit: Million Baht)

	For the years ended 31 December				Pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2016	2015	2016	2015	
<u>Transactions with its subsidiaries</u>					
Charter freight income	-	-	220	273	Market price as at agreement date
Ship management fee	-	-	8	8	Price approximates market price
<u>Transactions with related parties</u>					
Commission expenses	116	132	-	-	Price approximates market price
Terminal operating service	281	249	-	-	Price per tariff minus volume discount
Logistic service fees	17	24	-	-	Price approximates market price

The outstanding balances of the above transactions have been presented in the statements of financial position as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<u>Trade receivables - related parties</u>				
<u>Subsidiary</u>				
RCL Feeder Pte. Ltd.	-	-	123	123
<u>Related parties</u>				
Ngow Hock Co., Ltd.	-	44	-	-
Siam Paetra International Co., Ltd	12	-	-	-
	12	44	-	-
<u>Other receivables - related parties</u>				
<u>Receipt on behalf of the Company</u>				
<u>Subsidiaries</u>				
RCL Feeder Pte. Ltd.	-	-	396	367
Regional Container Lines Pte. Ltd.	-	-	7	7
	-	-	403	374
<u>Advances payment</u>				
<u>Subsidiary</u>				
RCL Shipmanagement Pte. Ltd.	-	-	20	11
<u>Trade payables - related parties</u>				
<u>Related parties</u>				
Ngow Hock Co., Ltd.	171	1	-	-
RCL (Vietnam) Co., Ltd.	8	-	-	-
Others	2	4	-	-
	181	5	-	-
<u>Advance from related parties</u>				
<u>Subsidiaries</u>				
RCL Feeder Pte. Ltd.	-	-	619	666
RCL Shipmanagement Pte. Ltd.	-	-	533	583
Regional Container Lines Pte. Ltd.	-	-	6	3
	-	-	1,158	1,252
<u>Payable on purchase of assets</u>				
<u>Subsidiary</u>				
Regional Container Lines Pte. Ltd.	-	-	95	734
<u>Short - term loan from related party</u>				
<u>Related party</u>				
Ngow Hock Co., Ltd.	-	300	-	300

c) Management benefit expenses

Management benefit expenses consist the benefits paid to the Company's management such as salaries and related benefit including the benefit paid by other means. The Company's management are the persons who are defined under the Securities and Exchange.

Management benefit expenses for the years ended 31 December 2016 and 2015 are as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Short - term employee benefits	33	32	16	14

20. Expenses by nature

Significant expenses by nature for the years ended 31 December 2016 and 2015 are as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Employee benefits expenses	1,486	1,472	429	418
Management benefit expenses	33	32	16	14
Depreciations	1,424	1,221	463	441
Amortizations	-	1	-	-
Net doubtful debt	25	-	-	-
Loss on impairment of vessels	137	-	-	-
Loss under onerous contract	27	-	-	-
Loss on impairment of investment	-	-	164	-

21. Provident Fund

The Company, its subsidiaries and its employees jointly registered a provident fund scheme under the Provident Fund Act B.E. 2530. The fund is contributed to by both the Company, its subsidiaries and its employees, at a rate of 5 percent of the employees' basic salaries on a monthly basis. The fund will be paid to the employees upon termination in accordance with the rules of the fund.

The Singaporean subsidiaries contribute to the Central Provident Fund which is managed by the Government of Singapore. In addition, the Hong Kong subsidiary operate provident fund schemes for their employees.

During 2016, the Group's contributions to these funds totaled Baht 46 million (2015 : Baht 45 million).

22. Tax expenses

The Company has been granted various tax privileges by the Board of Investment under the Investment Promotion Act. B.E. 2520. These include exemption from corporate income tax on profits for a period of 8 years for certain operations. In addition, since 1999 shipping profits have been exempted from income tax.

The corporate income tax rate being used by the Company and its subsidiaries in Thailand 20% on the net income of those operations which are not eligible for the above tax exemption.

Corporate income tax of the overseas subsidiaries and associate has been calculated by applying the applicable statutory rates of the relevant countries.

As at 31 December 2016 and 2015 the Group has deductible temporary differences, temporary differences arising from exchange difference occurring while translating financial statements in functional currency into presentation currency, employee benefit obligation and unused tax losses totaling Baht 397.86 million and Baht 373.43 million, respectively, (the Company Baht 64.03 million and Baht 81.76 million, respectively). However, the Group did not recognize deferred tax assets as the Group believes that it is not probable that future taxable profit will be available to allow the entire deferred tax assets to be utilized including almost income of the Group being exempted from income tax, except a subsidiary in Thailand which recognized deferred tax assets amounted Baht 0.44 million and Baht 0.38 million, respectively.

As at 31 December 2016 and 2015 the Group has temporary difference arising from exchange difference from the translation of the financial statements from functional currency into presentation currency associated with investments in subsidiaries for which deferred tax liability has not been recognized, aggregating Baht 336.77 million and Baht 349.10 million, respectively.

Tax expense (income) for the year ended 31 December 2016 and 2015, consisted of:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Current tax expense	4,204	24,801	-	-
Deferred tax expense (income) of temporary differences	656	344	-	-
Tax expense (income) reported in the statement of income	4,860	25,145	-	-

As at 31 December 2016 and 2015 the components of deferred tax assets and liabilities are as follows:

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	2016	2015
<u>Deferred tax assets</u>		
Employee benefit obligation	436	382
Unused tax benefits on loss carry forward	-	-
Total	436	382
<u>Deferred tax liabilities</u>		
Property and premises, net	8,712	8,035

The Company's operating results for the year 2016 can be divided into BOI promoted activities and non - BOI promoted activities as follows:

	For the year ended 31 December 2016						USD currency (b)
	Baht currency (a)			Functional currency			
	Tax payer number		Tax exempted	Tax payer number		Total	
	BOI Promoted	Non - BOI Promoted		3101120028	3105114177		
Revenues							
Freight income	202,148,632	-	694,720,867	896,869,499	4,485,197	901,354,696	
Gain on exchange rate	9,373,063	-	24,945,482	34,318,545	(34,318,545)	-	
Dividend income	-	42,222,176	-	42,222,176	(349,096)	41,873,080	
Interest income	-	467,394	-	467,394	(7,539)	459,855	
Unrealized gain from changes in the fair value of derivatives	-	-	1,094,877	1,094,877	(17,235)	1,077,642	
Other income	-	171,564	-	171,564	2	171,566	
Total revenues	211,521,695	42,861,134	720,761,226	975,144,055	(30,207,216)	944,936,839	
Expenses							
Cost of freight and operations	126,496,872	-	879,647,777	1,006,144,649	22,476,980	1,028,621,629	
Administrative expenses	49,017,189	147,895	168,456,563	217,621,647	(242,577)	217,379,070	
Loss on exchange rate	-	-	-	-	4,589,070	4,589,070	
Loss on impairment of investment	24,390,098	-	83,821,046	108,211,144	56,232,758	164,443,902	
Finance costs	34,401,588	-	76,324,200	110,725,788	(146,455)	110,579,333	
Total expenses	234,305,747	147,895	1,208,249,586	1,442,703,228	82,909,776	1,525,613,004	
Profit (loss) before income tax expense	(22,784,052)	42,713,239	(487,488,360)	(467,559,173)	(113,116,992)	(580,676,165)	
Tax expenses (income)	-	-	-	-	-	-	
Profit (loss) for the years	(22,784,052)	42,713,239	(487,488,360)	(467,559,173)	(113,116,992)	(580,676,165)	

(a) Increase the Company's functional currency is Baht currency which is prepared in accordance with the revenue Code.

(b) Increase the Company's functional currency is USD currency is prepared in accordance with TAS 21 "The Effects of Changes in Foreign Exchange Rates (reused 2015)".

23. Financial information by segment

The Group's operations involve mainly a single industry segment, the business of feeder and vessel operations, and are carried on in geographic areas in Thailand, Singapore, Hong Kong, The People's Republic of China, Taiwan and other countries around the South China Sea. Financial information of the Group presented by geographical segment are as follows:

(Unit: Million Baht)

Consolidated financial statements												
For the years ended 31 December												
	Thailand		Singapore		Hong Kong		Total		Elimination		Grand Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Revenues from external customers	849	906	9,390	10,611	202	366	10,441	11,883	-	-	10,441	11,883
Inter - segment revenues	219	273	1,031	1,130	13	26	1,263	1,429	(1,263)	(1,429)	-	-
Freight income	1,068	1,179	10,421	11,741	215	392	11,704	13,312	1,263	(1,429)	10,441	11,883
Segment gross profit (loss)	(93)	25	(202)	803	73	110	(222)	938	4	1	(218)	939
Gain (loss) on exchange rate											58	11
Dividend income											3	5
Gain on sales of assets											18	29
Reversal on impairment of building											-	23
Interest income											4	10
Other income											29	45
Share of profit (loss) of associates											40	55
Administrative expenses											941	933
Net doubtful debt											25	-
Loss on impairment of vessels (reversal)											137	(438)
Loss under onerous contract (reversal)											27	-
Finance costs											175	152
Tax expenses (income)											5	25
Profit (loss) for the years											(1,376)	445

(Unit: Million Baht)

Consolidated financial statements												
As at 31 December												
	Thailand		Singapore		Hong Kong		Total		Elimination		Grand Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Property, premises, vessels and equipment, net	4,906	5,302	8,481	9,147	220	225	13,607	14,674	501	153	14,108	14,827
Others											4,016	4,790
Total assets											18,124	19,617

24. Commitments and contingent liabilities

24.1 Commitments

As at 31 December 2016, the Company and its subsidiary in Thailand have outstanding commitments relating to the lease agreements for buildings of approximately Baht 6 million (31 December 2015: Baht 6 million) in respect of lease agreements, and subsidiaries in Singapore has outstanding commitments of USD 35 million or approximately Baht 1,246 million (31 December 2015: USD 53 million or approximately Baht 1,903 million) in respect of the following agreements.

(Unit: Million Baht)

Payment period	Charter hire	Container lease	Other rental	Total
Within 1 year	568	-	30	598
During 1 - 5 years	635	-	13	648
Over than 5 years	-	-	-	-
Total	1,203	-	43	1,246

24.2 Guarantees

As at 31 December 2016, the Company has guarantee obligations of USD 253 million, SGD 6 million and HKD 35 million, or approximately Baht 9,400 million (31 December 2015: USD 338 million, SGD 6 million and HKD 43 million or approximately Baht 12,628 million). These guarantees were issued to secure credit lines of overseas subsidiaries from financial institutions. The subsidiaries have outstanding guarantees totaling USD 66 million and HKD 24 million, or approximately Baht 2,470 million (31 December 2015 : USD 107 million and HKD 27 million, or approximately Baht 3,978 million).

25. Shipbuilding contracts

On 5 November 2015, the Company entered into 2 vessel building contracts amount of USD 46 million (approximately Baht 1,648.1 million) by making the 1st advance payment of USD 4.6 million (approximately Baht 164.8 million) and 28 December 2016 the Company amended to extend the 2nd payment to July 2017 and September 2017 for each vessel including postponed the delivery date of 2 vessels to July 2018 and September 2018 respectively.

26. Financial instruments

The Group could be exposed to the market risk, including primarily changes in interest rates and currency exchange rates. The Group uses derivatives and other instruments to manage and hedge such risk but not for speculative or trading purposes.

26.1 Financial risk management

The Group's financial instruments principally comprise cash and cash equivalents, trade receivables, trade payables and loans. The financial risks associated with these financial instruments and how they are managed is described below.

(1) Credit risk

Credit risk arises from the inability of customers to meet the payment terms in the normal course of business. Credit limits are set for specific amounts and due care is taken in granting credit. Furthermore, it is the Group's policy to evaluate customer's credit worthiness based on its latest financial performance. Therefore, the Group does not anticipate incurring material credit losses from its debt collection.

(2) Interest rate risk

Significant financial assets and liabilities as at 31 December 2016 and 2015 classified by type of interest rates are summarized in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date or the repricing date if this occurs before the maturity date.

Consolidated financial statements

2016

Million Baht

	Fixed interest rates			Floating interest rate	Non - interest bearing	Total	Interest rate
	within 1 year	2 - 5 years	Over than 5 years				
<u>Financial assets</u>							
Cash and cash equivalents	264	-	-	515	476	1,255	0 - 1.48% p.a.
<u>Financial liabilities</u>							
Short - term loan from financial institution	717	-	-	554	-	1,271	Note 11
Financial lease agreement	104	418	94	-	-	616	Note 13
Long - term loans	-	-	-	3,550	-	3,550	Note 14
Total	821	418	94	4,104	-	5,437	

2015

Million Baht

	Fixed interest rates			Floating interest rate	Non - interest bearing	Total	Interest rate
	within 1 year	2 - 5 years	Over than 5 years				
<u>Financial assets</u>							
Cash and cash equivalents	684	-	-	600	730	2,014	0 - 3.05% p.a.
<u>Financial liabilities</u>							
Short - term loan from financial institution	721	-	-	300	-	1,021	Note 11
Short - term loan from related party	300	-	-	-	-	300	Note 12
Long - term loans	-	-	-	4,144	-	4,144	Note 14
Total	1,021	-	-	4,444	-	5,465	

Separate financial statements

2016

Million Baht

	Fixed interest rates			Floating interest rate	Non - interest bearing	Total	Interest rate
	within 1 year	2 - 5 years	Over than 5 years				
<u>Financial assets</u>							
Cash and cash equivalents	-	-	-	25	11	36	0 - 0.88% p.a.
<u>Financial liabilities</u>							
Short - term loan from financial institution	717	-	-	450	-	1,167	Note 11
Long - term loans	-	-	-	2,135	-	2,135	Note 14
Total	717	-	-	2,585	-	3,302	

2015

Million Baht

	Fixed interest rates			Floating interest rate	Non - interest bearing	Total	Interest rate
	within 1 year	2 - 5 years	Over than 5 years				
<u>Financial assets</u>							
Cash and cash equivalents	300	-	-	41	1	342	0 - 1.49% p.a.
<u>Financial liabilities</u>							
Short - term loan from financial institution	721	-	-	300	-	1,021	Note 11
Short - term loan from related party	300	-	-	-	-	300	Note 12
Long - term loans	-	-	-	1,340	-	1,340	Note 14
Total	1,021	-	-	1,640	-	2,661	

The Group could be exposed to risk in interest rates due primarily to the Group's long - term loan obligations. However, derivative and other financial instrument hedging are used for its long - term loan interest obligations.

The Group's policy is to manage its interest cost using a mix of fixed and variable interest rate debt. To manage this mix in a cost - efficient manner, the Group enters into interest rate swaps in which the Group agrees to exchange at specific intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed - upon notional principal amount. These swaps are designated to hedge underlying debt obligations at the statements of financial position date. The Group does not hold or issue derivative instruments for speculative or trading purposes.

As at 31 December 2016, the Company had a period - by - period knock out swap and interest rate swap agreement covering the notional amount of USD 11.3 million (31 December 2015: USD - million), an interest rate of LIBOR is to be swapped for a fixed interest rate, with the notional amount base used for determination of the interest to be amortized at a rate of USD 0.75 million per quarter over the period from 2015 to 2020.

As at 31 December 2016, the Company had unrealized gain from changes in the fair value of derivatives of USD 0.03 million, or approximately Baht 1.09 million (31 December 2015: USD - million, or approximately Baht - million). The Company recorded the unrealized gain in the statements of income.

(3) Foreign currency risk

The Group business spans across the Asian region and, as a result, is exposed to foreign currency exchange rates. For that reason, the freight charges are prices in US dollars and payable in local currency equivalents, a natural foreign currency hedge is created by matching the currency of income flow (linked to US dollars) to the currency of indebtedness. This mechanism functions as a key factor for the Group's ability to manage its foreign exchange exposures. Most of the loans extended to the Group, are thus denominated in currencies similar to that of its income flow. In addition, the Group uses derivative instruments, as and when it considers appropriate, to manage such risks. The Group does not use foreign currency forward contracts or purchased currency options for trading purposes.

In addition to foreign currency transactional exposures, the Group is also exposed to foreign exchange movements on its net investment in foreign subsidiaries. As at 31 December 2016 and 2015, the Group does not hedge such exposures to foreign movement risk as it is minimal.

Whenever possible, it is the Group's policy to negotiate the terms of the hedged derivatives to match the terms of the hedged financial assets or liabilities item to maximise hedge effectiveness.

(4) Commodity price risk

Since year 2008, a subsidiary in Singapore had entered into various contracts to hedge exposure to bunker price fluctuations, which those contracts have been expired in June 2009 and the Group has not made any renewal.

However, a subsidiary in Singapore has taken protection against the higher price risk with the physical bunker forward purchase contract within the certain limit in accordance with the Group's policy. The physical bunker forward purchase policy which blends interval forward with spot purchase has provide the Group with a less risk exposure to bunker price. And a subsidiary has outstanding commitments under the above purchase contract.

26.2 Fair value

Other than the long - term loans, which carry interest at rates which closely approximate market interest rates, the majority of financial assets and liabilities are short - term, and their carrying values do not materially differ from their fair values.

27. Capital management

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

The Company manages its capital position with reference to its debt - to - equity ratio also to comply with a condition in the long - term loan agreements, which require the Company to maintain a consolidated debt - to - equity ratio of not more than 1.5 : 1.

As at 31 December 2016, the Group's debt - to - equity ratio was 0.96:1 (31 December 2015 : 0.82 : 1) and the Company's was 0.54 : 1 (31 December 2015 : 0.52 : 1).

28. Functional currency financial statements

The USD functional currency statements of financial position as at 31 December 2016 and 2015 and the statements of income for the years ended 31 December 2016 and 2015 are as follows:

Regional Container Lines Public Company Limited and its subsidiaries**Statements of financial position**

As at 31 December 2016

(Unit: USD)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2016	2015	2016	2015
Assets				
Current assets				
Cash and cash equivalents	35,009,824	55,892,872	1,002,004	9,479,002
Trade receivables - unrelated parties	44,162,390	46,905,094	655,191	202,698
<u>Less</u> : allowance for doubtful accounts	(1,729,501)	(8,902)	-	-
Trade receivables - unrelated parties, net	42,432,889	46,896,192	655,191	202,698
Trade receivables - related parties	337,014	1,226,466	3,426,411	3,425,288
Other receivables				
- Dividend receivables	-	-	557,724	-
- Others	10,039,425	6,233,552	12,369,084	11,024,935
Material supplies	6,779,558	5,857,636	775,334	507,541
Other current assets	1,257,307	1,748,145	36,411	203,609
Total current assets	95,856,017	117,854,863	18,822,159	24,843,073
Non - current assets				
Property investments held for long - term investment	162,415	164,665	-	-
Investments in subsidiaries, net	-	-	209,902,552	214,561,614
Investments in associates	10,921,957	9,803,555	1,662,509	1,662,509
Other long - term investments	337,862	337,862	-	-
Property and premises, net	9,976,394	10,246,577	13,092	13,092
Vessels and equipment, net	383,443,546	401,163,739	136,695,167	146,999,395
Intangible assets, net	863	2,512	-	-
Other non - current assets				
- Advance for vessel constructions	4,596,000	4,596,000	4,596,000	4,596,000
- Other	124,716	149,247	67,063	82,710
Total non - current assets	409,563,753	426,464,157	352,936,383	367,915,320
Total assets	505,419,770	544,319,020	371,758,542	392,758,393

Statements of financial position (continued)

Regional Container Lines Public Company Limited and its subsidiaries
As at 31 December 2016

(Unit: USD)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Liabilities and shareholders' equity				
Current liabilities				
Short - term loans from financial institutions	35,448,801	28,324,084	32,548,801	28,324,084
Trade payables - unrelated parties	71,970,985	74,083,186	1,803,901	2,175,032
Trade payables - related parties	5,057,359	142,392	-	-
Other payables				
- Accrued expenses	2,715,490	2,144,000	692,951	486,214
- Advance receipt	197,700	423,530	32,504,495	35,177,881
- Payable on purchase of assets	614,500	2,616,662	2,660,361	21,406,680
Current portion of liabilities				
Under financial lease agreement	2,895,786	-	-	-
Current portion of long - term loans	42,534,448	31,751,639	29,882,000	5,000,000
Short - term loan from related party	-	8,324,084	-	8,324,084
Provision for onerous contracts	11,462,495	10,703,833	-	-
Income tax payable	87,974	243,357	-	-
Other current liabilities	2,440,121	2,226,433	69,186	67,265
Total current liabilities	175,425,659	160,983,200	100,161,695	100,961,240
Non - current liabilities				
Liabilities under financial lease agreements, net of current portion	14,277,335	-	-	-
Long - term loans, net of current portion	56,466,521	83,220,457	29,645,333	32,190,000
Employee benefit obligation	1,041,895	1,078,543	981,101	1,025,481
Other non - current liabilities	242,943	222,959	-	-
Total non - current liabilities	72,028,694	84,521,959	30,626,434	33,215,481
Total liabilities	247,454,353	245,505,159	130,788,129	134,176,721

Statements of financial position (continued)

Regional Container Lines Public Company Limited and its subsidiaries
As at 31 December 2016

(Unit: USD)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Shareholders' equity				
Share capital				
Registered				
828,750,000 ordinary shares	25,833,963	25,833,963	25,833,963	25,833,963
Issued and fully paid - up				
828,750,000 ordinary shares	25,833,963	25,833,963	25,833,963	25,833,963
Share premium	173,890,186	173,890,186	173,890,186	173,890,186
Retained earnings				
Appropriated - legal reserve	1,943,097	1,943,097	1,943,097	1,943,097
Unappropriated	98,140,668	138,247,564	39,303,167	56,914,426
Other components of equity	(42,558,707)	(41,851,872)	-	-
Total equity of parent Company's shareholders	257,249,207	298,062,938	240,970,413	258,581,672
Non - controlling interests	716,210	750,923	-	-
Total shareholders' equity	257,965,417	298,813,861	240,970,413	258,581,672
Total liabilities and shareholders' equity	505,419,770	544,319,020	371,758,542	392,758,393

Statements of income

Regional Container Lines Public Company Limited and its subsidiaries
For the year ended 31 December 2016

(Unit: USD)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Revenues				
Freight income	295,806,938	346,717,913	25,537,383	29,117,485
Others income				
Gain on exchange rate	1,639,040	311,598	-	2,366,507
Dividend income	77,570	159,972	1,186,357	682,081
Gain on sales of assets	504,000	845,676	4,766	9,247
Gain on sales of investment	24,004	-	-	-
Reversal on impairment of building	-	663,196	-	-
Reversal on impairment of vessels	-	12,792,746	-	1,565,939
Interest income	117,789	302,351	13,029	111,281
Unrealized gain on derivatives	30,532	-	30,532	-
Others	762,159	1,319,797	95	4,655
Total revenues	298,962,032	363,113,249	26,772,162	33,857,195
Expenses				
Cost of freight and operations	301,996,142	319,327,122	29,143,138	29,239,102
Administrative expenses	26,650,456	27,224,325	6,158,833	5,983,149
Other expenses				
Net doubtful debt	724,431	-	-	-
Loss on exchange rate	-	-	130,019	-
Loss on impairment of vessels	3,872,004	-	-	-
Loss under onerous contracts	758,662	-	-	-
Loss on impairment of investment	-	-	4,659,061	-
Finance costs	4,947,210	4,445,396	3,132,958	2,156,972
Total expenses	338,948,905	350,996,843	43,224,009	37,379,223
Share of profit (loss) of associates	1,142,375	1,591,679	-	-
Profit (loss) before income tax expenses	(38,844,498)	13,708,085	(16,451,847)	(3,522,028)
Tax expenses (income)	137,699	733,694	-	-
Profit (loss) for the years	(38,982,197)	12,974,391	(16,451,847)	(3,522,028)
Profit (loss) for the year attributable to:				
Equity holders of the parent	(38,947,484)	12,883,317	(16,451,847)	(3,522,028)
Non - controlling interests	(34,713)	91,074	-	-
	(38,982,197)	12,974,391	(16,451,847)	(3,522,028)
Basic earnings (loss) per share				
Profit (loss) attributable to equity holders of the parent	(0.047)	0.016	(0.020)	(0.004)
The weighted average number of ordinary shares (share)	828,750,000	828,750,000	828,750,000	828,750,000

29. Approval of financial statements

These financial statements were authorized for issue by the Company's Board of Directors on 24 February 2017.

Core Values



Integrity

- Conduct all aspects of work with unwavering ethical behavior honesty.
- Giving due respect to self and others and maintain the environment of teamwork and growth.

Teamwork

- Collaborating within and outside the company to give the best result and align with the company goals.

Result Orientation

- Strives to achieve high performance levels and concrete results and outcomes at work minimizing errors committed.

Accountability

- Accountable for customers, partners, employees, and community by returning the best service quality and the best support/contribution to them.
- Accountable for our action. Taking ownership of the company and customer success.

Customer Focus

- An inclination to constantly factor the customers' needs and convenience whatever one does.



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



บริษัท อาร์ ซี แอล จำกัด (มหาชน)

REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED

เลขทะเบียน 0107536000021 ชั้น 30 อาคารปัทมจธานี ทาวเวอร์
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