



บริษัท อาร์ ซี แอล จำกัด (มหาชน)

Regional Container Lines Public Company Limited



# 2017

ANNUAL REPORT  
รายงานประจำปี 2560





# ทรงพระเจริญยิ่งยืนนาน

ด้วยเกล้าด้วยกระหม่อมข้าพระพุทธเจ้า

บริษัท อาร์ ซี แอล จำกัด (มหาชน)

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## ข้อมูลจำเพาะของบริษัท

### ชื่อ

บริษัท อาร์ ซี แอล จำกัด (มหาชน)

### ที่อยู่

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

### ประเภทธุรกิจ

บริการขนส่งตู้คอนเทนเนอร์ทางทะเลแบบฟีดเดอร์  
และการค้าระหว่างประเทศ ภายในภูมิภาคเอเชีย

### จัดตั้ง

25 มิถุนายน 2523

### จดทะเบียนในตลาดหลักทรัพย์

9 ธันวาคม 2531

### เป็นบริษัทมหาชน

11 มกราคม 2536

### เลขทะเบียน

0107536000021

### ธนาคาร

บมจ. ธนาคารยูโอบี  
บมจ. ธนาคารกรุงเทพ  
ธนาคารซีทีแบงก์  
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

## CORPORATE PROFILE

### 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 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.,  
Bangkok Bank Pcl.,  
Citibank,  
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



## Message from Chairman



A handwritten signature in black ink, appearing to read 'Jamlong Atikul'.

Dr. Jamlong Atikul  
Chairman

### Dear Valued Shareholders

On behalf of the Board of Directors, I am pleased to present to you our Annual Report for the year ended 31 December 2017.

The year started with an unusual volatility, created by the major policy changes of leading container operators in the world. With our traditionally important close link with them, we were relatively affected through uncertainty for the Shipper Owned Container part of our business. Due to our ongoing trade restructuring towards a stable Carrier Owned Container base, we managed to mitigate the impact and as a result of such adjustments, our position and results improved substantially.

While the mega carriers ordered and received their ever increasing container vessels for the intercontinental trades, we concentrated on our regional Inter-Asia field of business. The multi-year process of improvements in our internal structure, rationalisation of services and in particular cost containment in all areas bore fruit. IT with its modern trend of resorting to the Cloud, big data and digitalisation were and are still very much on our focus. Through these we achieved cost transparency,

better control in operation and management, in addition to assisting in our customers' relationships. In major markets particularly China and India, we strengthened our organisation with promising improvements to be ready for changes in the market conditions. Business expectations are generally more positive now than in past years.

I am cautiously optimistic that RCL is well placed for a better tomorrow, as we are always focusing strongly on customers' relationships with dedicated personal and a tailor-made fleet of vessels and containers

My thanks go to both customers who supported us in difficult market environments and our staff for their commitment, loyalty and dedication. With the continued support from you, our valued shareholders, the result is, under the circumstances, a promising improvement over the previous years.

We all work towards an even better next year.

Thank you.

## จุดเด่นทางการเงิน

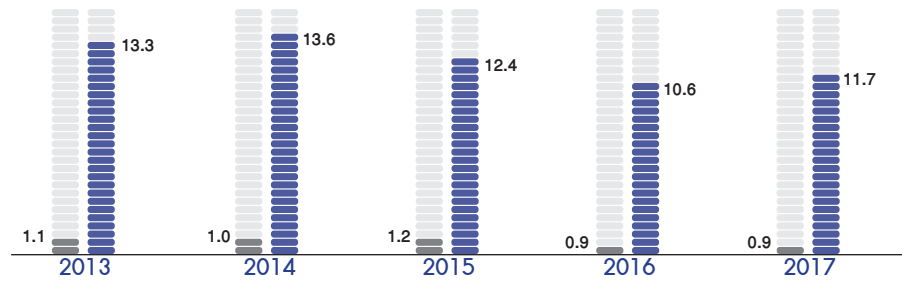
# FINANCIAL HIGHLIGHTS

เฉพาะบริษัท/Company (‘000 บาท/Baht)		2560	เปลี่ยนแปลง	2559	เปลี่ยนแปลง	2558
		2017	(ร้อยละ) % Change	2016	(ร้อยละ) % Change	2015
สินทรัพย์ถาวร	Fixed Assets	4,024,565	(18)	4,902,358	(7)	5,298,330
สินทรัพย์รวม	Total Assets	12,051,873	(10)	13,331,261	(6)	14,155,013
หนี้สินรวม	Total Liabilities	4,612,802	2	4,690,062	3	4,835,729
ส่วนของผู้ถือหุ้น	Shareholders' Equities	7,439,071	(14)	8,641,199	(7)	9,319,283
รายได้จากการเดินเรือ	Freight Income	834,523	(7)	901,355	(10)	997,906
รายได้รวม	Total Income	902,727	(4)	994,937	(19)	1,160,344
กำไรขั้นต้น (จากการเดินเรือ)	Gross Profit (from freight income)	(139,330)	(9)	(127,267)	(2,935)	(4,168)
กำไรสุทธิ	Net Profit	(446,127)	23	(580,676)	(381)	(120,706)
กำไรต่อหุ้น(บาท)	Earnings Per Share (Baht)	(0.54)	23	(0.70)	(381)	(0.15)
อัตราส่วนหนี้สินต่อส่วนของผู้ถือหุ้น	Debt to Equity Ratio	0.62		0.54		0.52
อัตราส่วนกำไรสุทธิต่อส่วนของผู้ถือหุ้น	Net Profit to Shareholders'Equity	-6.00%		-6.72%		-1.30%
อัตราส่วนกำไรสุทธิต่อรายได้รวม	Net Profit Margin	-49.42%		-61.45%		-10.40%
ราคาตามบัญชีต่อหุ้น (บาท)	Book Value Per Share (Baht)	8.98		10.43		11.24

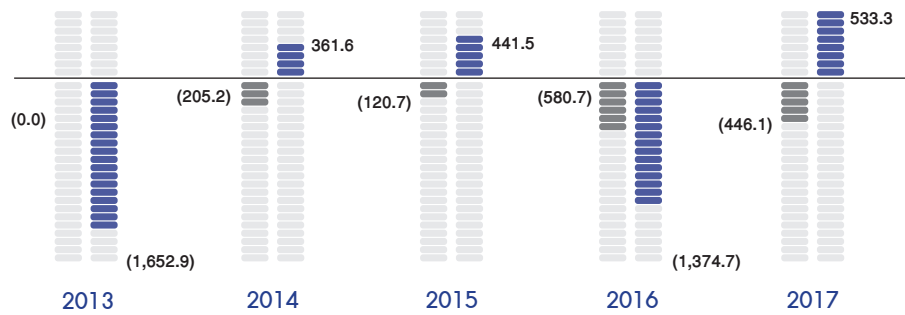
กลุ่มบริษัท/Group (‘000 บาท/Baht)		2560	เปลี่ยนแปลง	2559	เปลี่ยนแปลง	2558
		2017	(ร้อยละ) % Change	2016	(ร้อยละ) % Change	2015
สินทรัพย์ถาวร	Fixed Assets	12,258,956	(13)	14,108,039	(5)	14,827,228
สินทรัพย์รวม	Total Assets	17,409,567	(4)	18,124,353	(8)	19,617,257
หนี้สินรวม	Total Liabilities	8,486,297	(4)	8,873,713	0	8,848,006
ส่วนของผู้ถือหุ้น	Shareholders' Equities	8,923,270	(4)	9,250,640	(14)	10,769,252
รายได้จากการเดินเรือ	Freight Income	11,252,389	8	10,440,654	(12)	11,882,612
รายได้รวม	Total Income	11,713,824	11	10,552,014	(15)	12,444,508
กำไรขั้นต้น (จากการเดินเรือ)	Gross Profit (from freight income)	1,074,282	(592)	(218,451)	(123)	938,729
กำไรสุทธิ	Net Profit	533,258	(139)	(1,374,671)	(411)	441,533
กำไรต่อหุ้น(บาท)	Earnings Per Share (Baht)	0.64	(139)	(1.66)	(411)	0.53
อัตราส่วนหนี้สินต่อส่วนของผู้ถือหุ้น	Debt to Equity Ratio	0.95		0.96		0.82
อัตราส่วนกำไรสุทธิต่อส่วนของผู้ถือหุ้น	Net Profit to Shareholders'Equity	5.98%		-14.86%		4.10%
อัตราส่วนกำไรสุทธิต่อรายได้รวม	Net Profit Margin	4.55%		-13.03%		3.55%
ราคาตามบัญชีต่อหุ้น (บาท)	Book Value Per Share (Baht)	10.77		11.16		12.99



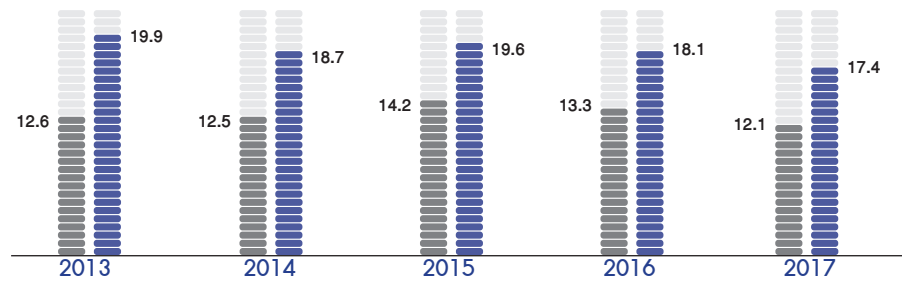
**Total Revenues**  
(Billion Baht)



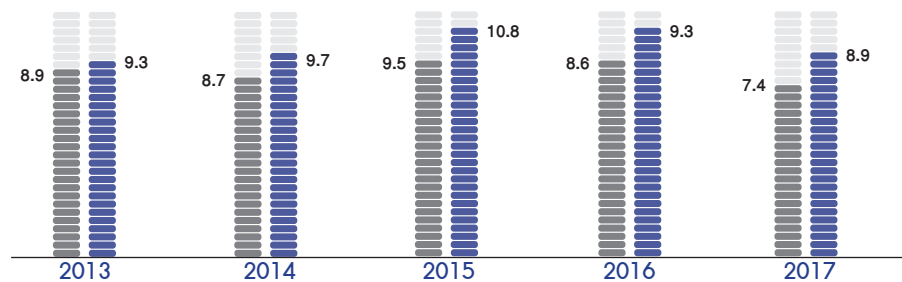
**Net Profit**  
(Million baht)



**Total Assets**  
(Billion Baht)

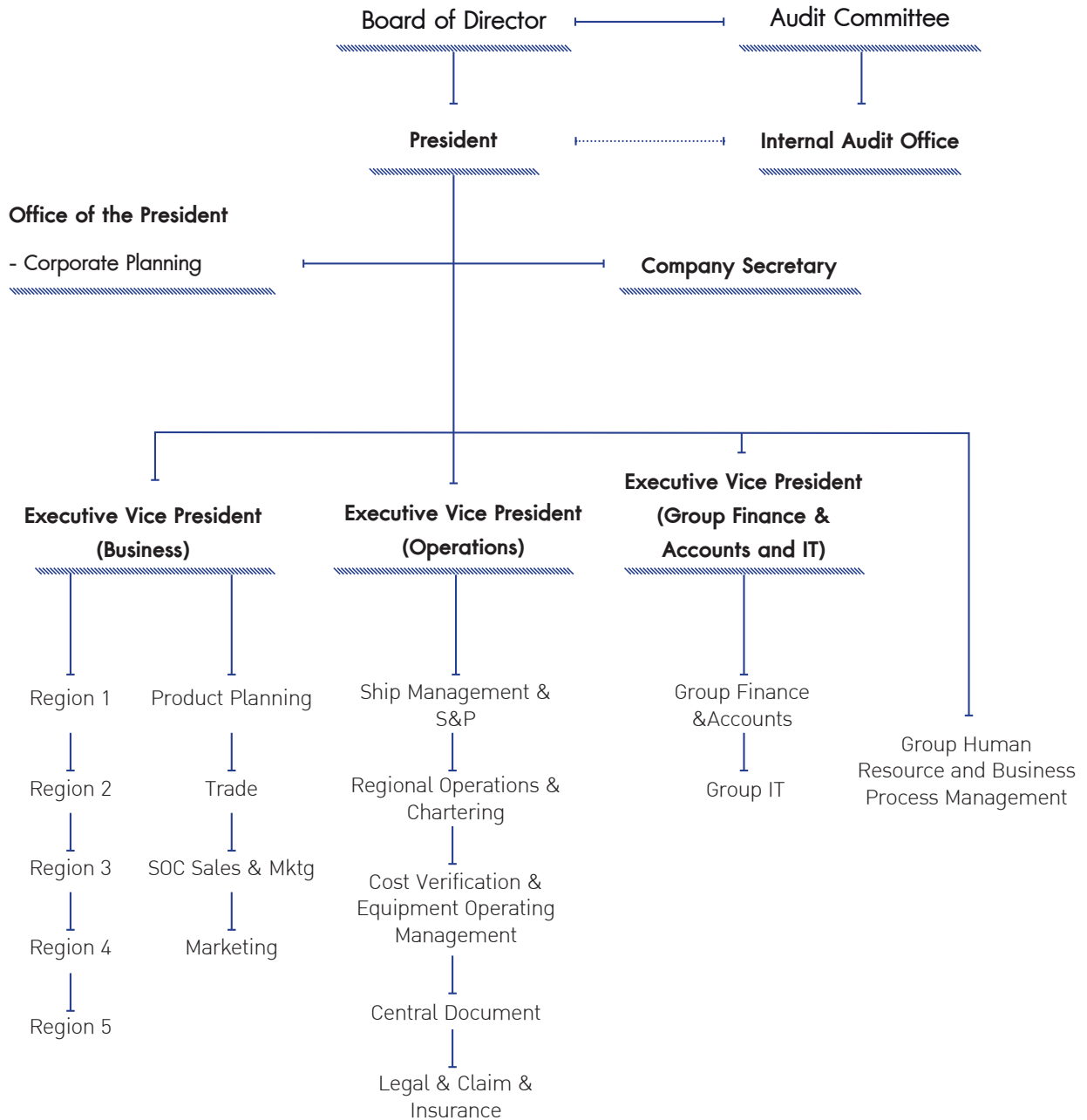


**Shareholders' Equity**  
(Billion Baht)



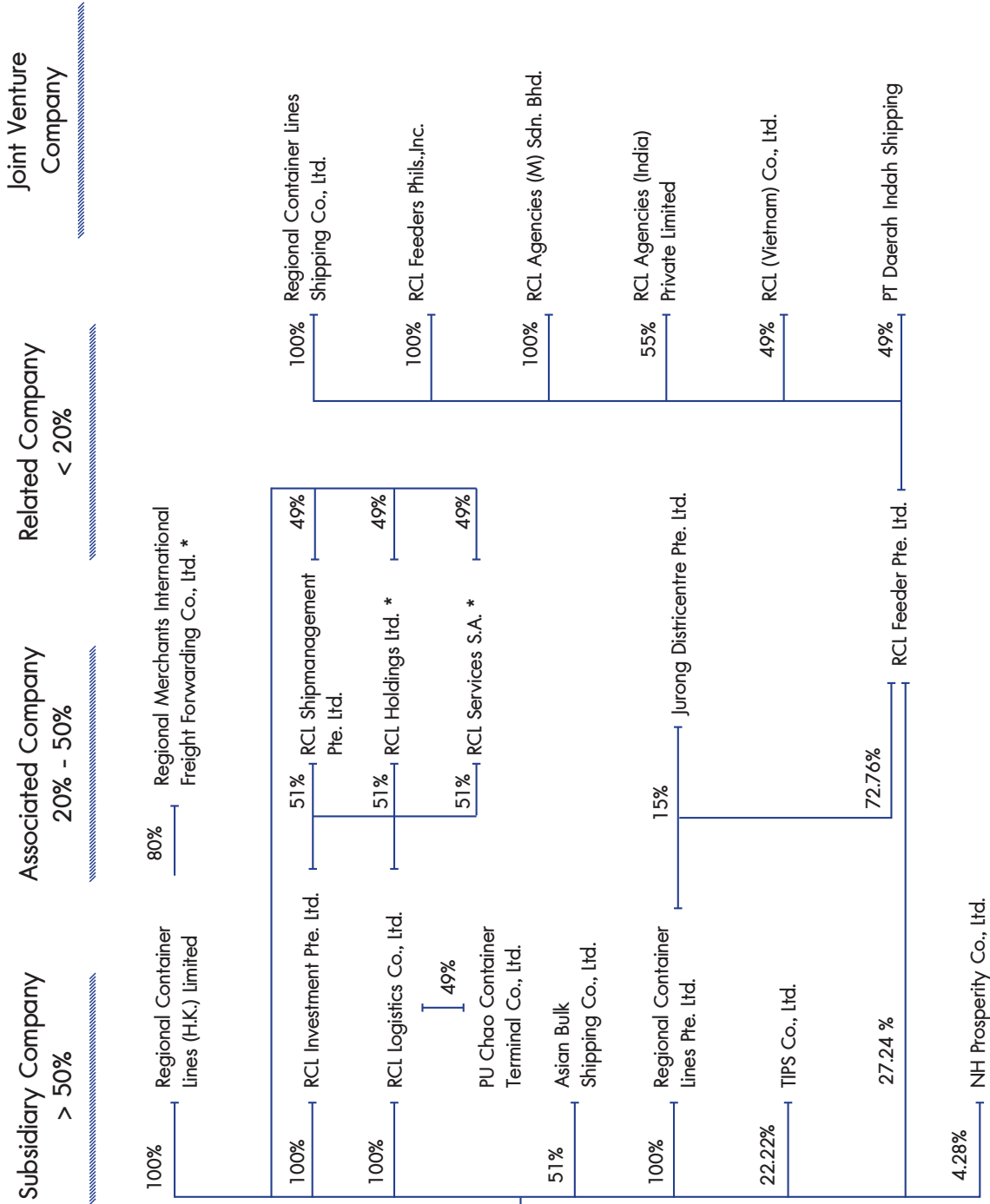
— Company — Group

# GROUP ORGANIZATION STRUCTURE





# RCL GROUP STRUCTURE 2017



**Regional Container Lines  
Public Company Limited**

\* Regional Merchants International Freight Forwarding Co., Ltd was de-registered in February 2017.

\* RCL Holdings Ltd . was de-registered in July 2017.

\* RCL Services S.A. was de-registered in January 2018.

## 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
- Member of Monetary Policy Committee, Bank of Thailand

### Shares held

2017 : -  
2016 : -



**Mr. Sumate Tanthuwani**  
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

2017 : 60,955,950  
2016 : 61,321,350





**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

#### Shares held

2017 : 300,000

2016 : 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

2017 : -

2016 : -



**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)
- The chairman of Merchant Marine Training Centre Alumni Association

**Shares held**

2017 : -  
 2016 : -



**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**

2017 : -  
 2016 : -



### Mr. Viset Choopiban

Independent Director / Audit Committee Member /  
Chairman of the Nomination & Remuneration  
and Corporate Governance Committee /  
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 Energy Development Public Company Limited.
- Director, TIPS Co., Ltd.

#### Shares held

2017 : -  
2016 : -



### 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
- 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.

#### Share held

2017 : -  
2016 : -



## GROUP MANAGEMENT COMMITTEE



Mr. Sumate Tanthuwani  
President



Mr. Kua Hock Eng  
Executive Director



Mr. Hartwig Schulze-Eckardt  
Executive Director



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



Mr. Charlie Chu  
Executive Vice President (Business)



Ms. Nadrudee Rungruengphon  
Executive Vice President  
(Group Finance & Accounts and IT)



Mrs. Suporn Amnuaypan  
Senior Vice President (Group Human  
Resources and Business  
Process Management)



Mr. Chatgamol Phitaksuteephong  
Vice President  
(Group Information Technology)



Mr. Twinchok Tanthuwani  
General Manager of Marketing  
and Chief of Region Head

## Group Management Profile

Name Position	Age	Education	Share holding (%)	Relation with Other Management	Work Experience		
					Year	Position	Company / Type of Business
Dr. Jamlong Atikul Chairman (Authorized Director)	70	<ul style="list-style-type: none"> <li>Ph.D (City &amp; Regional Planning), Cornell University, USA</li> <li>Master of Commerce (Economics) University of Auckland, New Zealand</li> <li>B.C.A. (Economics), Victoria University of Wellington, New Zealand</li> </ul>	-	Nil	2006 - 2013	Director & Nomination and Remuneration Committee	Regional Container Lines Pcl. / Maritime Transportation
					2013 - Present	Chairman	
Mr. Sumate Tanthuwanit Managing Director (Authorized Director)	72	<ul style="list-style-type: none"> <li>Honorary Doctorate in Logistics Management, Her Royal Highness Princess Maha Chakri Sirindhorn</li> <li>Ph.D. in Business Administration (Honorary), Mae Fah Luang University, Thailand</li> <li>Attended Director Certification Program Course (IOD)</li> </ul>	7.36	Father of Mr. Twinchok Tanthuwanit	1980 - Present	Managing Director	Regional Container Lines Pcl. / Maritime Transportation
Mr. Hartwig Schulze-Eckardt Executive Director	77	<ul style="list-style-type: none"> <li>Bachelor of Business Administration, Kiel College, Germany</li> <li>Attended Director Accreditation Program Course (IOD)</li> </ul>	0.04	Nil	2004 - Present	Executive Director	RCL Group / Maritime Transportation
Mr. Kua Hock Eng Executive Director	78	<ul style="list-style-type: none"> <li>B.A., English Language &amp; Literature, Nanjing University, China</li> <li>Attended Director Accreditation Program Course (IOD)</li> </ul>	-	Nil	2003 - Apr 2010	Executive Director	RCL Group / Maritime Transportation
					May 2010 - Mar 2011	Advisor to Board of Directors	
					Apr 2011 - Present	Executive Director	
Mr. Sutep Tranantasin Director & Executive Vice President (Operations) (Authorized Director)	65	<ul style="list-style-type: none"> <li>Bachelor Degree, Master Marine, Merchant Marine Training Center, Thailand</li> <li>Certificate of Competency "Master Mariner", Harbour Department, Ministry of Transportation and Communication</li> </ul>	-	Nil	2003 - Aug 2014	Executive Vice President	RCL Group / Maritime Transportation
					Aug 2014 - Present	(Operations) Director & Executive Vice President (Operations)	
Mr. Charlie Chu Executive Vice President (Business)	60	<ul style="list-style-type: none"> <li>MBA, Rutgers, University of New Jersey, USA.</li> <li>Bachelor in Engineering, National Cheng Kung University, Taiwan</li> </ul>	-	Nil	Sep 2008 - Jun 2011	Vice President (China Region)	RCL Group / Maritime Transportation
					Jul 2011 - Jul 2012	Senior Vice President (Business)	
					Aug 2012 - Present	Executive Vice President (Business)	

Name Position	Age	Education	Share holding (%)	Relation with Other Management	Work Experience		
					Year	Position	Company / Type of Business
Ms. Nadrudee Rungruengphon Executive Vice President (Group Finance & Account and IT)	54	<ul style="list-style-type: none"> <li>Bachelor in Accounting (1st Class Hons), Thammasat University</li> <li>Master in Accounting, Thammasat University</li> <li>Bachelor of Law (2nd Class Hons), Thammasat University</li> </ul>	-	Nil	Sep 2015 - Present  July 2017 - Present	Senior Vice President (Group Finance & Account)  Executive Vice President (Group Finance & Account and IT)	Regional Container Lines Pcl. / Maritime Transportation
Mrs. Suporn Amnuaypan Senior Vice President (Group Human Resources and Business Process Management)	54	<ul style="list-style-type: none"> <li>MBA, Ramkhamhaeng University</li> <li>Bachelor Degree in Finance and Banking, Ramkhamhaeng University</li> <li>Attended Director Accreditation Program Course (IOD)</li> <li>Attended Company Secretary Program (IOD)</li> <li>Attended Company Reporting Program (IOD)</li> <li>Attended Board Reporting Program (IOD)</li> <li>Diploma, National Defence College</li> </ul>	-	Nil	Jun 2015 - Present  Dec 2016 - Present	Senior Vice President - Head of Human Resources and Business Process  Management Company Secretary	Regional Container Lines Pcl. / Maritime Transportation
Mr. Chatgamol Phitaksuteephong Vice President (Group Information Technology)	44	<ul style="list-style-type: none"> <li>Master of Science Assumption University</li> </ul>	-	Nil	2011 - Present  Jul 2017 - Present	General Manager (IT)  Vice President (Group Information Technology)	Regional Container Lines Pcl. / Maritime Transportation
Mr. Twinchok Tanthuwani General Manager of Marketing and Chief of Region Head	36	<ul style="list-style-type: none"> <li>Master of Science in Biomedical Engineering Fachhochschule Aachen Julich, Germany</li> <li>Bachelor of Engineering in Electrical Engineering Fachhochschule Aachen Julich, Germany</li> </ul>	0.33	Son of Mr.Sumate Tanthuwani	Jun 2015 - Present	General Manager, Marketing	Regional Container Lines Pcl. / Maritime Transportation

Notes : Shareholding percentage is the percentage as at 31st December 2017

## Directors in Subsidiaries, Associated, Related and Joint Venture Companies

Company Name	Directors							Executives					
	Jamlong Atikul	Sumate Tanthuwaniit	Hartwig Schulze Eckardt	Kua Hock Eng	Sutep Tranantasin	Amornsuk Noparumpa	Viset Choopiban	Arpavadee Meekun-lam	Charlie Chu	Nadrudee Runguengphon	Suporn Amnuaypan	Chatgamol Phitkaksuteephong	Twinchok Tanthuwaniit
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.	-	-	-	-	-	-	-	-	X	-	-	-	/
13. Regional Merchants International Freight Forwarding Co., Ltd. *	-	/	-	X	/	-	-	-	-	/	-	-	-
Associated Companies													
1. TIPS Co., Ltd.	-	/	-	-	/	-	/	-	-	-	-	-	-
2. RCL (Vietnam) Co., Ltd.	-	-	-	-	-	-	-	-	X	/	-	-	/
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.	-	/	-	-	-	-	-	-	-	-	-	-	-
Joint Venture Company													
1. RCL Agencies (India) Private Limited	-	-	-	-	-	-	-	-	X	/	-	-	/

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

Note : \* Regional Merchants International Freight Forwarding Co., Ltd. - deregistered in February 2017.

\* RCL Holdings Ltd - deregistered in July 2017.

\* RCL Services S.A. - deregistered in January 2018.

\* RCL (Vietnam) Co Ltd - change in shareholding from 49% to 80% effective in February 2018.



## RCL FLEET PROFILE 2017

### SHIPS OWNED AND OPERATED

Name	Flag	Year Built	Shipyard	Dead weight	Designed Capacity	Age	Cargo Gear
Anan Bhum	Thai	1996	Singapore Shipbuilding & Engineering	13,825	993	21	2x40
Bani Bhum	Thai	1996	Singapore Shipbuilding & Engineering	13,825	993	21	2x40
Chana Bhum	S'pore	1996	Singapore Shipbuilding & Engineering	13,825	993	21	2x40
Danu Bhum	S'pore	1996	Singapore Shipbuilding & Engineering	13,825	993	21	2x40
Ganta Bhum	S'pore	1995	Mitsubishi Heavy Industries, Japan	18,196	1,094	22	-
Hunsa Bhum	S'pore	1995	Mitsubishi Heavy Industries, Japan	18,196	1,094	22	-
Isara Bhum	S'pore	2008	Murakami Hide Shipbuilding Co Ltd, Japan	12,475	1,088	9	-
Itha Bhum	Thai	1996	Mitsubishi Heavy Industries, Japan	21,813	1,324	21	-
Intra Bhum	Thai	2013	Daesun Shibuilding & Engineering Co. Ltd	13,021	958	4	-
Jitra Bhum	S'pore	1997	Mitsubishi Heavy Industries, Japan	21,813	1,324	20	-
Kama Bhum	S'pore	1997	Mitsubishi Heavy Industries, Japan	21,813	1,324	20	-
Kiti Bhum	S'pore	1997	Miho Shipyard Co Ltd, Japan	10,908	865	20	2x40
Lila Bhum	S'pore	1997	Miho Shipyard Co Ltd, Japan	10,908	865	20	2x40
Mathu Bhum	S'pore	1990	Hanjin Shipbuilding Co Ltd, Korea	15,152	1,036	27	2x40
Methi Bhum	S'pore	2001	Mitsubishi Heavy Industries, Japan	11,655	928	16	-
Mitra Bhum	S'pore	2007	Jiangsu Eastern Shipyard, China	13,760	1,108	10	-
Nanta Bhum	Thai	1990	Hanjin Shipbuilding Co Ltd, Korea	15,161	1,036	27	2x40
Nawata Bhum (Resourceful)	S'pore	2008	Jiangsu Eastern Shipyard, China	13,760	1,108	9	-
Nithi Bhum	S'pore	2002	Mitsubishi Heavy Industries, Japan	11,655	928	15	-
Ora Bhum	S'pore	1997	Kyokuyo Shipyard Coporation, Japan	8,006	628	20	2x36
Otana Bhum	S'pore	2008	Jiangsu Eastern Heavy Industry, China	13,760	1,022	9	-
Panja Bhum	S'pore	2008	Jiangsu Eastern Heavy Industry, China	13,760	1,022	9	-
Pira Bhum	S'pore	1997	Kyokuyo Shipyard Coporation, Japan	7,988	628	20	2x36
Racha Bhum	S'pore	2008	Stocznia Gdynia, Gdynia, Poland	38,968	2,732	9	-
Ratha Bhum	Thai	1998	Kyokuyo Shipyard Coporation, Japan	8,018	628	19	2x36
Satha Bhum	S'pore	2009	Stocznia Gdynia, Gdynia, Poland	38,948	2,732	8	-
Siri Bhum	Thai	2013	Daesun Shibuilding & Engineering Co. Ltd	13,017	958	4	-
Supa Bhum	Thai	1998	Kyokuyo Shipyard Coporation, Japan	8,016	628	19	2x36
Uru Bhum	Thai	2005	Mitsubishi, Nagasaki Shipyard, Japan	31,805	2,598	12	-
Vira Bhum	Thai	2005	Mitsubishi, Nagasaki Shipyard, Japan	31,805	2,598	12	-
Wana Bhum	Thai	2005	Mitsubishi, Shimonoseki Shipyard, Japan	30,832	2,378	12	-
Xetha Bhum	S'pore	1993	Hanjin Shipbuilding Co Ltd, Korea	15,301	1,098	24	2x40
Xutra Bhum	Thai	2005	Mitsubishi, Shimonoseki Shipyard, Japan	30,832	2,378	12	-
Yantra Bhum	S'pore	1993	Hanjin Shipbuilding Co Ltd, Korea	15,346	1,098	24	2x40
Yossa Bhum	S'pore	1994	Imabari Iwagi Shipyard, Japan	15,414	818	23	2x35
				607,402	43,996	17	
TOTAL OWN CAPACITY 43,996 TEUs							
Total 35 vessel with the average age of 17 years							

**SHIPS OPERATED ON CHARTERED**

Name	Flag	Year Built	Shipyard	Dead weight	Designed Capacity	Age	Cargo Gear
ANU BHUM	Thai	2008	Qingtian Country Jianxing, Wenzhou, China	2,974	189	9	-
TEERA BHUM	S'pore	2005	Jiangsu Yangzijiang Shipyard, China	24,279	1,858	12	-
THANA BHUM	S'pore	2005	Jiangsu Yangzijiang Shipyard, China	24,279	1,858	12	-
RATANA THIDA	Thailand	1996	Mitsubishi Heavy Industries Ltd, Kobe Japan	18,196	1,094	21	-
NATAL	Liberia	2007	Hanjin Heavy Industries Co, Korea	44,233	3,398	10	-
LOBIVIA	Liberia	2001	Stocznia Gdynia, Gdynia, Poland	30,300	2,078	16	-
DIAPOROS	Liberia	2001	Hanjin Heavy Industries Co, Korea	80,238	6,621	16	-
ARIANA	Liberia	2006	Stocznia Gdynia, Poland	38,700	2,714	11	-
SIMA PRESTIGE	S'pore	2005	Hegemann (peene Werft site), Germany	17,266	1,221	12	-
FELIXTOWE BRIDGE	Panama	2005	Hyundai Heavy Industries (HHI)	67,310	5,047	12	-
WIELAND	Portugal	2014	Jinling Yizheng Shipyard	62,264	4,957	3	-
				410,039	31,035	12	
RCL FLEET CAPACITY 75,031 TEUs							

	NO of VsIs	Capacity Teus	%
Owned	35	43,996	59%
Chartered	11	31,035	41%
No of VsIs Operating	46	75,031	100%

# Chronicle of RCL

## Incorporation

1980 : Founded with Ngow Hock Co., Ltd. as 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 newly-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's 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 Building-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 Mitsui O.S.K. Lines Ltd. to start its first 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 and set up five 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 thirteen newly-built vessels from Japan, China and Poland.
- : Holding 100% interest in the RCL Feeders Phils., Inc. in Philippines.
- : Incorporated and held 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.
- : Incorporated 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.
- : Held 100% interest in RCL (Australia) Pty Ltd. to control agency business in Australia.



- : Incorporated and held 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.
- : Incorporated 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 and set 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 and set up its 7<sup>th</sup> 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 license 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 have 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 five (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 Load list, 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 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.

## Year of Award Achievement and New Services 2016

- : The Best Container Liner for Small and Medium Liners Group Award 2016 by Thai National Shipper Council (TNSC)
- : New service cooperation for north and central PRC to Vietnam and Thailand
- : The first carrier to launch service from South China to Myanmar
- : Added additional frequency from Far East to India Sub-continent and Middle East

## Year of Service Expansion, Business Alignment and Infra-structure Enhancements 2017

### Services and New Orders

- : Launched new service from China to Pakistan and Middle East
- : Launched New South China / Philippines / Songkhla Service
- : Launched second Straits of Malacca service to serve Belawan and Penang
- : Ordered additional 3 New Vessels, tailor-made design for our services

### Business Alignment

- : Established RCL office in Mumbai, India
- : Dissolution of 3 subsidiaries:
  1. Regional Merchants Maritime Limited in HK,
  2. Regional Merchants International Freight Forwarding Co., Ltd. in China
  3. RCL Holding Ltd. in Singapore

### IT, HR and Corporate Governance Enhancements

- : Strengthened IT Infrastructure with migration to Cloud
- : Applied Big Data analysis to monitor company performance
- : Launched Online Performance Management System (ePMS) to monitor goal alignment and to measure performance real time with transparency
- : Reviewed Corporate Governance rules and procedures

## Subsidiaries, Associated, and Related Companies

NAME OF COMPANY	GROP EFFECTIVE CONTROL (%)		COUNTRY OF INCORPORATION / OPERATION	PRINCIPAL ACTIVITIES	CONTACT ADDRESS
	2017	2016			
Regional Container Lines Public Company Limited	--	--	Thailand	Ship operating, owning, related shipping activities and investment holding	30 <sup>th</sup> 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 <sup>th</sup> 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 <sup>th</sup> 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 <sup>th</sup> 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 <sup>th</sup> 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 <sup>th</sup> 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 <sup>th</sup> 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 <sup>th</sup> 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	GROP EFFECTIVE CONTROL (%)		COUNTRY OF INCORPORATION /OPERATION	PRINCIPAL ACTIVITIES	CONTACT ADDRESS
	2017	2016			
* RCL Services S.A.	100	100	Panama	Ship operating	11 Keppel Road, 8 <sup>th</sup> Fl., ABI Plaza Singapore 089057 Tel (65) 6220 0388 Fax (65) 6221 9760, 6229 2071
RCL Feeders Phils., Inc.	100	100	Philippines	Shipping agent	10 <sup>th</sup> 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
RCL Agencies (India) Private Limited	55	-	India	Shipping agent	608 — 611 A Wing, 6 <sup>th</sup> Floor, Dynasty Business Park Commercial Premises Co-Operative Society Ltd, Andheri Kurla Road, Andheri East, Mumbai 400059 India Tel (9922) 4946000
Asian Bulk Shipping Co., Ltd.	51	51	Thailand	Ship operating	30 <sup>th</sup> 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 6th flr Jln. Jend. Sudirman Kav. 47 Jakarta 12930, Indonesia Tel (62) 21 521 4808 Fax (62) 21 521 4801
Pu Chao Container Terminal Co., Ltd	49	49	Thailand	To manage the container terminal	30 <sup>th</sup> Fl. Panjathani Tower Bldg., 127/35 Ratchadapisek Road, Chongnonsi, Yannawa, Bangkok, Thailand Tel (662) 296 1096 Fax (662) 296 1098

NAME OF COMPANY	GROP EFFECTIVE CONTROL (%)		COUNTRY OF INCORPORATION /OPERATION	PRINCIPAL ACTIVITIES	CONTACT ADDRESS
	2017	2016			
	TIPS Co., Ltd.	22.22			
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

Note : \* RCL Holdings Ltd. was de-registered in July 2017.

\* RCL Services S.A. was de-registered in January 2018.

\* Regional Merchants International Freight Forwarding Co., Ltd. was de-registered in February 2017.

## REGIONAL OFFICES AND AGENTS

COUNTRY	CITY	COMPANY	TELEPHONE	FAX
BANGLADESH	Chittagong	Integrated Transportation Services Limited (ITSL)	(880) 31 713 147-8	(880) 31 710 847
CAMBODIA	Phnom Phen	Arrow Shipping Agency Co., Ltd.	(855-23) 880 241/ 242	(855-23) 885 706/ 607
	Sihanoukville	Arrow Shipping Agency Co., Ltd.	(855-34) 933 748	(855-34) 933 749
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 Container Lines Shipping Co., Ltd.	(86574) 2787 2882	(86574) 2786 2523
	Qingdao	Regional Container Lines Shipping Co., Ltd.	(86532) 8668 5577	(86532) 8668 1966
	Shanghai	Regional Container Lines Shipping Co., Ltd.	(86-21) 6132 4500	(86-21) 61324506
	Shenzhen	Regional Container Lines Shipping Co., Ltd.	(86755) 2518 1150	-
	Tianjin	Regional Container Lines Shipping Co., Ltd.	(86-22) 23174001	(86-22) 23174010
	Xiamen	Regional Container Lines Shipping Co., Ltd.	(86592) 239 8011 #353	(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 44) 42961600	(91 44) 25225634
	Bangalore	Chakiat Shipping Services Pvt. Ltd.	(91 80) 25582096	(91 80) 25589737
	Hyderabad	Chakiat Shipping Services Pvt. Ltd.	(91 40) 4904 5678	(91 40) 49045688
	Visakhapatnam	Chakiat Shipping Services Pvt. Ltd.	(91891) 4546444	(91891) 4546455
	Haldia	Chakiat Shipping Services Pvt. Ltd.	(9133) 66152900	(9133) 22892172
	Mumbai	RCL Agencies (India) Pvt. Ltd.	(91 22) 49426000	-
	New Delhi	Sea Trade Shipping (India) Pvt.Ltd	(91 11) 26361834/35	-
	Ludhiana	Sea Trade Shipping (India) Pvt.Ltd	(91 161) 5025 467/8/5055 480/84	(91161) 5025466
	Ahmedhabad	Sea Trade Shipping (India) Pvt.Ltd	(91 79) 6622 6622	-
	Dashrath	Sea Trade Shipping (India) Pvt.Ltd	(91 265) 6626 116/6161	(91265) 6621 661
	Jaipur	Sea Trade Shipping (India) Pvt.Ltd	(91 141) 2221 061, 2221 071	(91141) 221081
	Baroda (Vadodara)	Sea Trade Shipping (India) Pvt.Ltd	(91 265) 6626 116/6161	(91-265) 6621 661
	Hazira	Sea Trade Shipping (India) Pvt.Ltd	(91 261) 234 0029	-
	Pipavav	Sea Trade Shipping (India) Pvt.Ltd	(91 2794) 286 327	-
	Rajkot (Commercial Office for Pipavav)	Sea Trade Shipping (India) Pvt.Ltd	(91 281) 656 0293	-
	Mundra	Sea Trade Shipping (India) Pvt.Ltd	(91 2838) 259 146/41/42	-
	Gandhidham (Commercial office for Mundra)	Sea Trade Shipping (India) Pvt.Ltd	(91 2836) 222 9256	-
	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
	Kolkata	Chakiat Shipping Services Pvt. Ltd.	(91 33) 3052 7058-59	(91 33) 2289 2172
Vizag	Chakiat Shipping Services Pvt. Ltd.	(91 891) 4546 444	(91 891) 4546 455	

COUNTRY	CITY	COMPANY	TELEPHONE	FAX
INDONESIA	Jakarta	PT Bhum Mulia Prima	(6221) 521 4808	(6221) 521 4801-2
	Medan/Belawan	PT Bhum Mulia Prima	(6261) 845 5883	(6221) 846 2909
	Surabaya	PT Bhum Mulia Prima	(6231) 534 3998	(6231) 532 8359
	Pontianak	PT Bhum Mulia Prima	(6221) 8379 3081	(6221) 8379 3083
	Makasar	PT Bhum Mulia Prima	(6221) 8379 3081	(6221) 8379 3083
	Palembang	PT Bhum Mulia Prima	(62-711) 716 380	(62-711) 716 379
IRAQ	Umm Qasr	Sharaf Shipping Company Irag	(965) 2576 5923	(965) 2576 5925
KOREA	Seoul	Chun Jee Shipping Co., Ltd	(822) 3455 1606	(822) 3455 1600
	Busan	Chun Jee Shipping Co., Ltd		
KUWAIT	Safat	Al Kazemi International General Trading & Contracting Group Co. WLL.	(965) 2573 3870-2	(965) 2573 3864
MALAYSIA	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
	Davao	Eagle Express Lines, Inc.	(6382) 235 2924	(6382) 321 7138
	General Santos	Eagle Express Lines, Inc.	(6383) 552 1779	(6383) 552 1779
	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
	Keelung	Grand Maritime Transport Ltd.	(8862) 2547 1786	(8862) 2547 3063
	Taichung	Grand Maritime Transport Ltd.	(8864) 2327 0593	(8864) 2327 0573
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.	(8428) 3818 1522	(8428) 3818 1523
	Haiphong	VNT Logistics Haiphong	(84225) 374 1462	(84225) 3629442

# 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 Accountability, Teamwork, Result Orientation, Customer Focus and Leadership with Integrity, 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 Sub-continent and Middle East.

## Success

The Group is currently ranked 24<sup>th</sup> 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 key regional carrier.
- 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 46 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 2017, the Group owns and operates an average container box fleet of 76,985 TEUs. A network of 66 offices comprising 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, Colombo and Dubai.

In addition, RCL operates its own COC business. Currently we manage container box fleet in excess of 76,000 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.

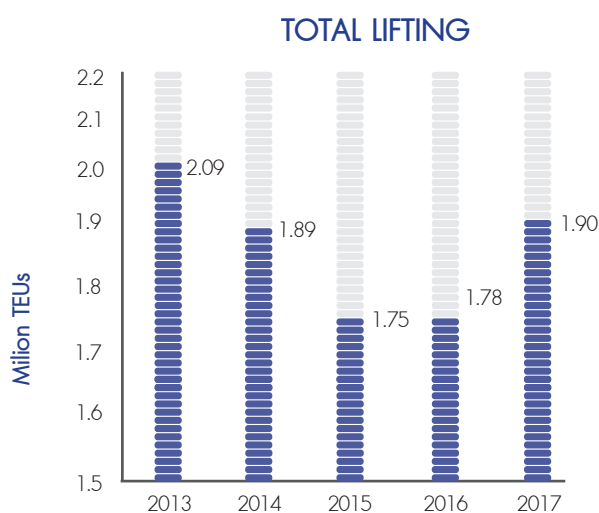
The Value-added logistic services grew steadily over the past few years. This business unit offers services ranging from the basics in custom house brokerage and domestic haulage to contract logistics arrangements including inventory management and cross country haulage and to multi country supply chain 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

2017 RCL liftings grew by 5.8% and 8.1% for COC and SOC business respectively.

RCL total liftings increased by 6.7% with utilization ratio at 119%.

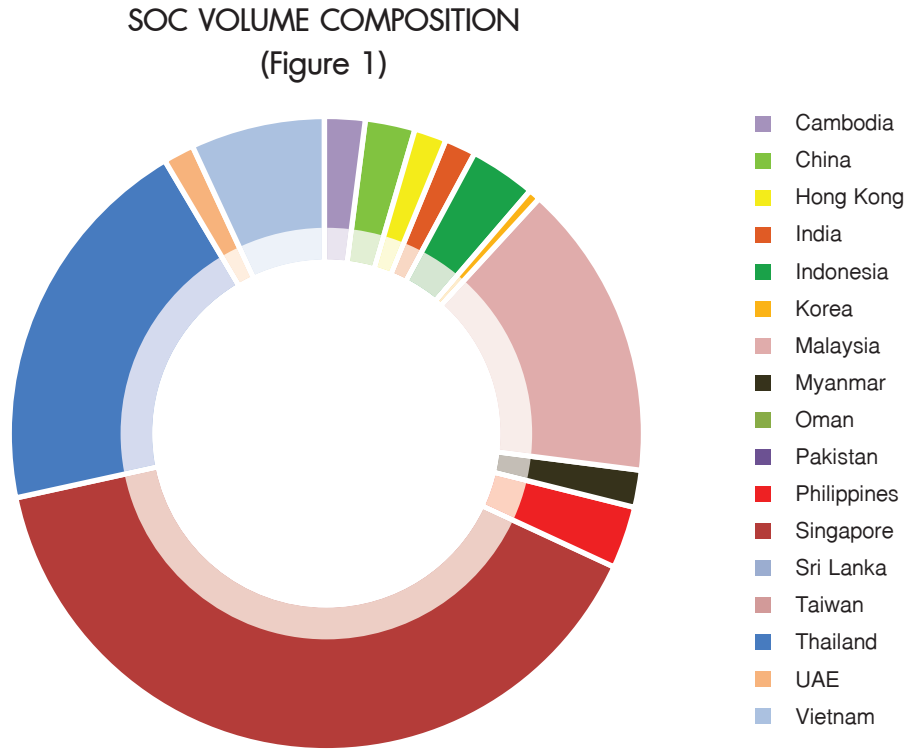
	2013	2014	2015	2016	2017
Total Liftings (TEUs)	2,088,872	1,894,397	1,752,133	1,781,816	1,901,821
Growth (%)	-6.5%	-9.3%	-7.5%	1.7%	6.7%
COC Volume (TEUs)	1,057,348	956,422	954,786	1,048,649	1,109,507
Growth (%)	-5.1%	-9.5%	-0.2%	9.8%	5.8%
SOC Volume (TEUs)	1,031,524	937,975	797,347	733,167	792,314
Growth (%)	-7.8%	-9.1%	-15.0%	-8.0%	8.1%



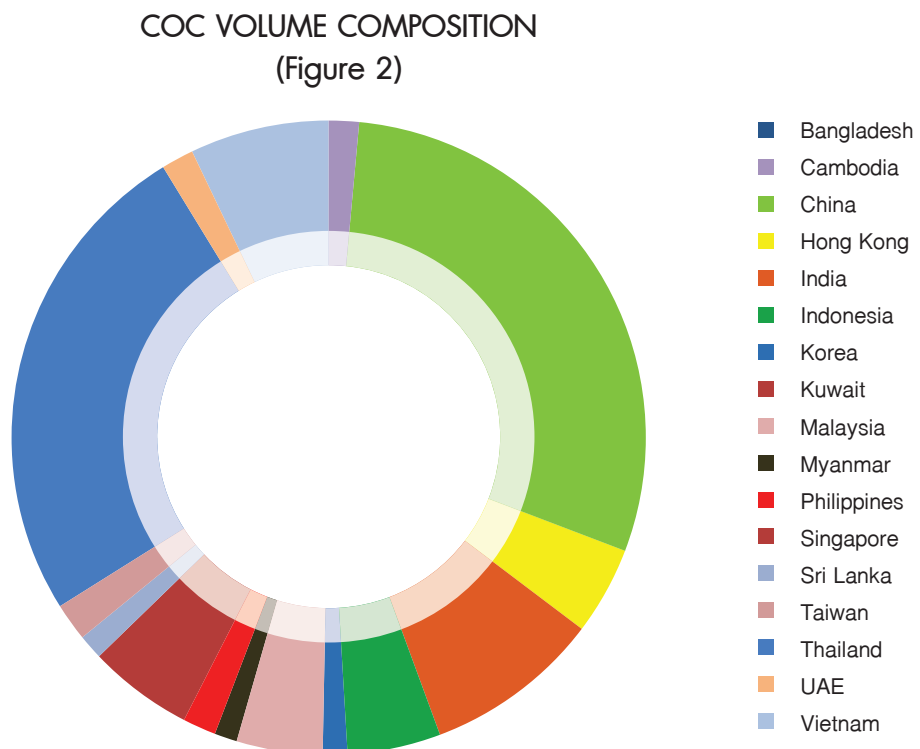
## Trade Composition

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 64% of the volume composition.



## Capacity, Network and Fleet Deployment

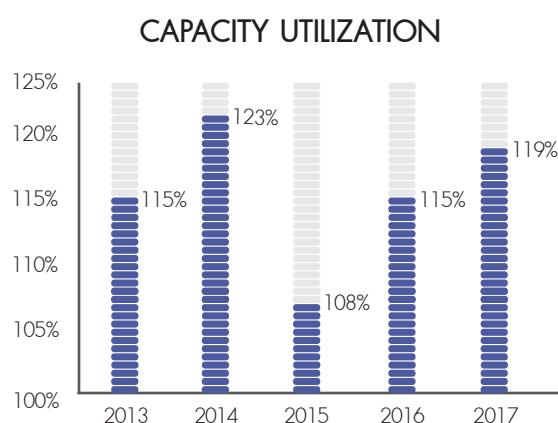
In 2017, RCL operated 46 container vessels. Of the 46 vessels operated, 35 vessels were owned whilst 11 were chartered in for various term periods.

The group in 2017 continued to cautiously balance the fleet deployment with a strategic mix of owned versus chartered ratio. The flexibility allowed RCL in achieving competitive cost structure and meeting incremental demand in selective trade lanes.

The average utilization factor for 2017 was 119%, which was higher than 2016 due to the improvement on COC volume while SOC volume was impacted by the weaker market condition.

RCL's Network Operating Fleet (nominal capacity)	As of 2017 Dec			As of 2016 Dec		
	Number of vessels	Capacity (TEUs)	%	Number of vessels	Capacity (TEUs)	%
Owned	18	22,334	29	16	20,598	26
Chartered in	11	31,030	40	14	34,760	44
Space Purchased		1,959	3		878	1
Chartered out	17	21,662	28	19	23,398	29
Number of vessels operating	46	76,985	100	49	79,634	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 28 services independently and collaboratively through joint services and slot exchanges and slot ownerships.

## Vessels' Trading Route as at 14Th Dec 2017

No.	Type of Vessel	Operator	Vessel Name	Vessel Code	Trading Routes	TEU		service	Change to Trading Routes, if any	When changed, if any (Estimated)	Days per round voyage
						14 HOMO	Nominal				
1	Rcl Own VsL	RCL	BANI BHUM	BNB	Songkhla - Hongkong - Shekou - Manila - Songkhla	728	993	RSS			
2	Rcl Own VsL	RCL	CHANA BHUM	CNB	Singapore - Bangkok (PAT) - Singapore - Portklang (WP) - Belawan - Portklang - (WP) - Singapore	728	993	RTB1	NA	NA	14
3	Rcl Own VsL	RCL	GANTA BHUM	GTB	Bangkok (PAT) - Laemchabang - Ningbo - Shanghai - Shekou - Sihanoukville - Bangkok (PAT)	902	1094	RBC2	NA	NA	21
4	Rcl Own VsL	RCL	JITRA BHUM	JTB	Bangkok (PAT) - Bangkok (TST) - Laemchabang - Vietnam (CLI) - Ningbo - Shanghai - Laemchabang	1070	1324	RBC13	NA	NA	21
5	Rcl Own VsL	RCL	KAMA BHUM	KMB	Bangkok (PAT) - Bangkok (TST) - Laemchabang - Vietnam (CLI) - Ningbo - Shanghai - Laemchabang	1070	1324	RBC13	NA	NA	21
6	Rcl Own VsL	RCL	NANTA BHUM	NTB	Singapore - Sihanoukville - Songkhla - Singapore	860	1036	RSZ5	NA	NA	7
7	Rcl Own VsL	RCL	PIRA BHUM	PRB	Songkhla - Hongkong - Haiphong - Hongkong - Keelung - Taichung - Hongkong - Sihanoukville	454	628	RSK3	NA	NA	21
8	Rcl Own VsL	RCL	RACHA BHUM	RCB	Laemchabang - Singapore - Portklang (WP) - Portklang (NP) - Penang - Portklang (WP)	2205	2732	RMB6	NA	NA	21
9	Rcl Own VsL	RCL	RATHA BHUM	RTB	Songkhla - Hongkong - Haiphong - Hongkong - Keelung - Taichung - Hongkong - Sihanoukville	454	628	RSK3	NA	NA	21
10	Rcl Own VsL	RCL	RATANA BHUM	RTD	Singapore - Haiphong - Qinzhou - Hongkong - Shekou - Vietnam (CLI) - Singapore - Yangon - Singapore	902	1094	RHY7	NA	NA	28
11	Rcl Own VsL	RCL	NAWATA BHUM	NWB	Singapore - Belawan - Penang - Portklang (NP) - Singapore	700	1108	RMS9	NA	NA	7
12	Rcl Own VsL	RCL	XETHA BHUM	XTB	Bangkok (TST) - Singapore - Yangon - Portklang (NP) - Singapore - Bangkok (TST)	859	1098	RTY2	NA	NA	21
13	Rcl Own VsL	RCL	HANSA BHUM	HSB	Singapore - Haiphong - Qinzhou - Hongkong - Shekou - Vietnam (CLI) - Singapore - Yangon - Singapore	902	1094	RHY7	NA	NA	28
14	Rcl Own VsL	RCL	ORA BHUM	ORB	Songkhla - Hongkong - Haiphong - Hongkong - Keelung - Taichung - Hongkong - Sihanoukville	454	628	RSK3	NA	NA	21
15	Rcl Own VsL	RCL	SATTHA BHUM	STB	Dalian - Tianjin Xigang - Qingdao - Hongkong - Shekou - Vietnam (CLI) - Laemchabang - Shekou - Hongkong	2201	2732	RNT	NA	NA	14
16	Rcl Own VsL	RCL	TEERA BHUM	TRB	Singapore - Portklang (WP) - Portklang (NP) - Penang - Singapore	1300	1858	RMS13	NA	NA	7
17	Rcl Own VsL	RCL	THANA BHUM	TNB	Singapore - Vietnam (CLI) - Vietnam (VIC) - Singapore	1300	1858	RHS8	NA	NA	7
18	Rcl Own VsL	RCL	WANA BHUM	WNB	Jakarta - Singapore - Laemchabang - Portklang (NP) - Singapore - Jakarta	1730	2378	RT110	NA	NA	14
19	Rcl Own VsL	RCL	YANTRA BHUM	YTB	Bangkok (TST) - Singapore - yangon - Portklang (NP) - Singapore - Bangkok (TST)	859	1098	RTY2	NA	NA	21
20	Rcl Own VsL	RCL	YOSSA BHUM	YSB	Songkhla - Hongkong - Shekou - Manila - Songkhla	756	818	RSS	NA	NA	14
21	Chater VsL In	RCL	ANU BHUM	AUB	Singapore - Pasirgudang - Singapore - Palembang - Singapore	126	189	RPS5	NA	NA	7
22	Chater VsL In	RCL	FELIXSTOWE BRIDGE	FSB	Pusan - Qingdao - Shanghai - Shekou - Singapore - Portklang (WP) - Chennai - Portklang (WP) - Singapore	3450	5047	RFM3	NA	NA	35



No.	Type of Vessel	Operator	Vessel Name	Vessel Code	Trading Routes	TEU		service	Change to Trading Routes, if any	When changed, if any (Estimated)	Days per round voyage
						14 HOMO	Nominal				
23	Chater VsL In	RCL	ARIANA	AIA	Singapore - Patangas - Davao - Singapore	2200	2714	RSP5	NA	NA	14
24	Chater VsL In	RCL	DIAPOROS	DPR	Pusan - Shanghai - Ningbo - Da Chan Bay - Singapore - Portklang - Cochin - Nhava Sheva - Mundra - Jebel Ali	5049	6621	RIM7	NA	NA	59
25	Chater VsL In	RCL	LOBIVIA	LIV	Singapore - Manila(N) - Cebu - Singapore	1640	2078	RMN2	NA	NA	14
26	Chater VsL In	RCL	NATAL	NTL	Singapore - Laemchabang - Singapore	2460	3400	RTS26	NA	NA	7
27	Chater VsL In	RCL	SIMA PRESTIGE	SMP	Bangkok (TST) - Laemchabang - Vietnam (HPH) - Shekou - Bangkok (TST)	924	1221	RBH1	NA	NA	14
28	Chater VsL In	RCL	WIELAND	WLN	Xingang - Qingdao - Shanghai - Ningbo - Shekou - Da Chan Bay - Portklang (WP) - Colombo Karachi - Jebel	3739	4957	RPM	NA	NA	49

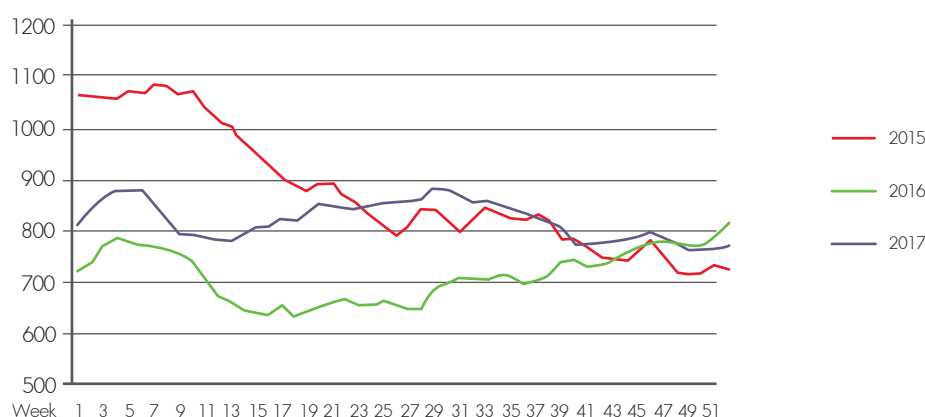
## Industrial Environment

Many economic indicators across the globe turned positive in 2017. Global manufacturing Purchasing Managers' Index (PMIs) has been in an upswing momentum throughout the year, indicating a recovery in manufacturing growth accompanied by increasing trade volumes. Global container trade growth was back on track in 2017, breaking away from the low container traffic in 2016.

Rate restoration and cost reduction initiatives in all business sectors remain a priority into 2018.

The China Containerised Freight Index (CCFI) average at 820 points in 2017, and this translated to an 15.1% increase against 2016. However CCFI came under pressure after July 2017 and gradually decreased till the end of the year due to the influx of extra capacity on most trades and lack of carriers' discipline.

### CCFI Composite Index



Source: Shanghai Shipping Exchange

Growth in container shipping demand remained lagging behind the increase of container volume supply, leading to the imbalance in capacity supply and demand in 2017. This continues to be a key obstacle for the industry.

2017 was also a year where there were many mergers and acquisitions, as well as new alliances formation. The Alliances continued to shore up their positions by adding capacity, equipment, infrastructure and access to more markets. The challenge on the Alliances will be their deployment of big ships in 2018 and cascading programme will put pressure on Indian sub-continent and intra-Asian trades.

As of 31 December 2017, container fleet was 5181 vessels, a slight increase from 5159 in 2016. Growth was constrained by a large number of vessels being scrapped. However, the total capacity increased from 20.3 million teu to 21.1 million at the end of 2017. Idling TEU was reduced significantly from 1,440,505 at the end of 2016 to 487,433 at the December 2017, a total of 66% reduction.

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

Fleet as at:	In Service End 2017		End 2018		End 2019		%TEU Growth 2017-2018	%TEU Growth 2018-2019
	No.	TEU	No.	TEU	No.	TEU		
18,000 - 21,000	66	1,279,161	98	1,926,197	113	2,252,923	50.6%	17.0%
13,300 - 17,999	145	2,104,284	165	2,391,722	176	2,548,840	13.7%	6.6%
10,000-14,500 NPX	242	2,832,395	282	3,294,012	284	3,317,858	16.3%	0.7%
7,500 - 9,999	480	4,223,873	480	4,241,045	480	4,241,045	0.4%	0%
5,100 - 7,499	459	2,847,810	462	2,861,771	462	2,861,771	0.5%	0%
4,000 - 5,099	644	2,918,581	647	2,929,574	647	2,929,574	0.4%	0%
3,000 - 3,999	244	849,697	260	904,656	261	908,276	6.5%	0.4%
2,000 - 2,999	626	1,586,887	684	1,740,021	702	1,786,356	9.6%	2.7%
1,500 - 1,999	595	1,020,275	612	1,049,978	638	1,097,018	2.9%	4.5%
1,000 - 1,499	708	816,661	728	838,394	733	843,902	2.7%	0.7%
500 - 999	786	583,973	773	575,339	773	575,339	-2%	0%
100 - 499	191	62,628	190	61,663	190	61,663	-1.5%	0%
Total	5,186	21,126,225	5,381	22,814,372	5,459	23,424,574	8.0%	2.7%
Adjusted Total	5,181	21,112,313	5,217	22,205,934	5,232	22,666,136	5.2%	2.1%
Annual Growth		3.9%		5.2%		2.1%		

Source: Alphaliner, Monthly Monitor December 2017

## Market Outlook for Container Activity

Year 2018 would see better growth prospect as The International Monetary Fund (IMF) has forecasted global activity and world trade to pick up. Global growth is projected to further strengthen in 2018 to 3.7%. The strength in global growth is broad-based across most advanced and emerging economies.

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

← Projections →

GDP Growth	2016	2017	2018	2019
World	3.2	3.6	3.7	3.7
US	1.5	2.2	2.3	1.9
Euro	1.6	2.2	2.0	1.8
Emerging market	4.3	4.6	4.9	5.0
China	6.7	6.8	6.5	6.3
India	7.1	6.7	7.4	7.8
Asean 5 <sup>^</sup>	5.1	5.4	5.3	5.3
World Trade Volume	2.3	3.7	3.5	3.9

Figures are in percentage

<sup>^</sup> 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 2018 is expected to stay positive at 5% on the back of a slightly improving global economy.

	2016	2017	Forecast	
			2018	2019
Global container demand growth	4.1%	5.0%	5.0%	
Global capacity - Existing fleet at beginning of the year	19.9	20.2	21.1	22.2
Deliveries (actual) / Orderbook (forecast)	0.9	1.2	1.6	0.7
Demolition / Scrape	0.6	0.4	0.5	0.2
Net capacity increase (deliveries less scrape)	0.3	0.8	1.1	0.5
Fleet at end of the year	20.2	21.1	22.2	22.7
Net capacity Growth	1.2%	3.9%	5.2%	2.2%

On the supply side, capacity growth is expected to grow in 2018 by 5.2% with 1.1 million teus of net capacity due.

The majority of capacity growth in 2018 is expected to be absorbed by the East-West services continuing to Asia to Europe / US routes with the Alliances offering more ports, direct calls and transit times. Capacity in the Intra-Asia trade is expected to remain stable in 2018.

## 2. Breakdown of 2017 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 merger & acquisition activities in global shipping market 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 2017, COC services accounted for 58% of the total volume, around 67% of the total freight income for the whole RCL Group. SOC accounted for 42% of volume, with 33% of freight income.

### Breakdown of Total Income by Geographical Location

Freight income	2017 \$ million	%	2016 \$ million	%	2015 \$ million	%	2014 \$ million	%	2013 \$ million	%
Thailand	992	8.82	1,068	10.23	1,178	9.91	1,089	8.18	922	7.03
Singapore	11,349	100.86	10,421	99.81	11,741	98.81	13,334	100.15	13,500	102.96
Hong Kong	81	0.72	215	2.06	392	3.30	623	4.68	413	3.15
(Elimination of inter-company transactions)	-1,170	-10.40	-1,263	-12.10	-1,429	-12.03	-1,732	-13.01	-1,723	-13.14
Total Freight Income	11,252	100	10,441	100	11,882	100	13,314	100	13,112	100

## Breakdown of Total Income by the Company and its Subsidiaries

Freight income	2017	2016	2015	2014	2013
Regional Container Lines Public Company Limited	฿ million 835	฿ million 901	฿ million 998	฿ million 890	฿ million 705
Subsidiary companies operating in Singapore	US\$ million	US\$ million	US\$ million	US\$ million	US\$ million
Regional Container Lines Pte. Ltd.	49.6	51.2	58.1	58.3	45.3
RCL Feeder Pte. Ltd.	283.6	243.0	283.7	344.8	382.6
Subsidiary company operating in Hong Kong	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Regional Container Lines (H.K.) Limited	18.5	16.3	22.4	45.4	25.6

### 3. Logistics

It was not baseless to say that 2017 was yet another year of changes in the local market environment for logistics operators. Without exception, RCL Logistics (RCLL) also anticipated higher and stronger competition from new players, particularly those overseas following the opening of the ASEAN Economic Community (AEC).

Despite the turbulence, RCLL's overall performance in this year was only slightly below expectation in terms of revenue, but ended with a positive result for the third consecutive years since 2015.

The dip in total revenue was impacted by lower volume in customers' exports than their intended target, main contributors to our bottom line came from the continuous support of our key contract logistic customers and those ad-hoc shipments secured during the year by our business unit.

During this year RCLL managed to secure a turnkey logistics project in which we completely designed our customer's supply chain door-to-door service - from chartering the right type and size of ship, container stuffing methods, cargo securing/lashing methods, selecting a suitable port of call, designing the right sea transportation routing etc, thus enabling 15,000 tons of cargo to reach a designated destination, where the inland logistics was carefully coordinated with our strategic alliance on the other end.

The project has brought together experts from various field within the Group such as ship captain, equipment planner, head of ship agency, head of documentation, head of finance, and legal advisors to name a few. The project called for intense discussions and knowledge sharing from different perspectives. This arrangement was very beneficial to the committee at large, which we opined that there should be more of such tender/project in future. It also illustrated that with the strategy of combination our Group's assets and expertise in related field, it would put us in the position second-to-none, to compete in this playing field moving forward.

In addition to the usual containerized shipment, this division was able to secure logistics activities for an import dry bulk shipment where the team has arranged and managed stevedoring, barge service, customs formalities, and delivery to our client's warehouse. The result was of much satisfaction to the customer and we are hoping for more shipments from them next year.

For business expansion on the long term, other than to expand our contracts logistics clientele and current business team, it is in our pipeline to establish a team to specialize and to deal with this project cargo proper, as more business potential is envisaged since the government has recently given the green light on various mega projects/investments in Thailand to be carried out in the next few years.



To enhance customers' level of confidence in our quality of service, RCLL has achieved recognition in its upgrading of its ISO standard to higher version ISO9001: 2015, as planned this year. With the strong support from staff and strategic partnership as well as close support from our key customers, a tracking system is currently under development. Such a system would enable them to trace their cargo movements accurately once ready in next year.

As 2018 is believed to be a better year for shipping industry and it was likewise hopeful for logistics as well. Our immediate challenge for next year is the expiry of an existing key account contract. Having said that, RCLL remains optimistic about this renewal, and we are confident that our performance in the year to come would be better than year 2017. The company is also on the lookout to set footprints on the neighboring countries as the market opportunities grow in the Cambodia, Laos, Myanmar and Vietnam (CLMV) region, an Asian sub-grouping.

## 4. Major Developments during 2017

### 4.1 Human Resource

#### a) Employees

	31 Dec 2016	31 Dec 2017
Employees by country		
Thailand	249	254
Singapore	119	120
China	138	138
Hong Kong	32	30
Malaysia	49	50
Indonesia	43	43
Philippines	31	32
Vietnam	33	35
Cambodia	15	17
India	1	0
Total	710	719
Employees by corporate function		
Management	10	6
Business	67	75
Support	225	234
Agency	293	292
Operations	76	71
Logistics	39	41
Total	710	719

As at 31 December 2017, RCL Group has 719 employees on permanent contracts at RCL Offices in the regions, excluding part-time employees on temporary and relief assignments. Compared with 710 employees in 2016, there was an increase by 9 employees, representing 1.27% increase from the previous year.

**b) Reshuffle of Headcount**

The Business, and IT Group had recruited new staff to focus on IT development and readiness for business expansion. The restructuring in Marketing Department was carried out to further strengthen in market research area and to support Big Data Analysis, in order to expand business and to provide better customers' services.

Central Document Department recruited additional headcounts to extend support to locations for centralization of documentation processing. The initiative has assisted in relieving staff turnover, hiring matters and maximize the manpower for better utilization and higher efficiency.

In optimizing the manpower needs, employees' skills were upgraded in order to be rotated, to gain well-rounded knowledge in other roles within the organization. The focus on developing a more adaptable and multi-skilled work force, equips the company with the ability to schedule and arrange staff to best suit the business's needs as well as to remain dynamics and competitive alongside with the corporate's directions.

**c) Employee in Functions**

As at end 2017, 75 employees (2016: 67) were in business function. Operations department has 71 employees (2016:76) and Logistics department has 41 employees (2016: 39); with RCL agencies having 292 employees (2016: 293) 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 by 1.0% in 2017 to USD19.9 million (2016: USD20.1 million) from actual savings in personnel cost.

**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 assignment posting to garner experience, cross function training, RCL value chain on-the-job training for as long as 6 months, including leadership-skills development for career progression.

Whilst we introduced our on-line Performance Management System (ePMS) across the regions in 2017 to monitor goals and performances, RCL was also mindful of our staff's general opinions of their working environment in RCL. Riding on this concern, we have embarked on our Employees' Survey to understand our employees better and to improve wherever appropriate.

**e) Core Values**

In the midst of rapid changing business environment, RCL deemed it timely and took the opportunity to re-define one of our core-values' abbreviation "L" from "Loyalty and integrity" to "Leadership with intergrity".

**4.2 Regions - Development****a) Geographical Offices**

For 2017, Mumbai office turned from 3rd party agency to a joint venture company during mid Jan 2017. The total numbers of geographical offices are maintained at 66.

**b) Service Development**

In 2017, RCL successfully realized unit cost of key services although the bunker price has increased substantially. This was achieved by capitalizing economy of scale and rationalization with strategic consortium partnership.

Service variety increased with four dedicated services in Intra-Asia and two dedicated services from Asia to Middle East

### 4.3 Biz –Technology

In this era, IT has become the backbone to run businesses. For RCL Group IT, 2017 saw a year of changes in strengthening IT infrastructure and sustaining improvement in core system in order to support business for business opportunities, churn more revenue and reduce cost.

A significant change in our IT infra-structure was the migration of its operation system (Dolphin Carrier) and financial system (SAP) to Cloud platform. It established the flexibility of system capacity and cost controlling. For flexibility, IT is able to manage the system volume usage easily regardless of high or low in every minute. The system can also support business growth timely and most importantly, there was no necessity to invest in big budget for system hardware. This will result in IT operation cost savings in the long run. Additionally, this migration will support IT's long term plan to implement back-up site to ensure no business disruption.

System wise, we implemented a basic sale force in 2016. We continued development in 2017 to strengthen sale opportunities. There were many new sale functions introduced to identify opportunities to find more cargo volume with better revenue. At the same time, we also enhanced our forecast system to estimate the volume. This system is able to predict the volume per vessel and port pair in advance and will definitely support the commercial team to manage space allocation effectiveness and organize empty container efficiency.

Similar to the previous year, the IT system implementation focus on both direct and indirect income. At the same time, we built new function of Demurrage and Detention (DnD) system to calculate the DnD for export shipment in various business term and condition and also control the DnD waiver process to be more efficient. In this way, the system was able to increase indirect income. IT also improved the Container Maintenance and Repair system to cross verify all requests for repairs of containers damaged from multi-locations to ensure no double accounting of repair cost, thus facilitate cost controlling. Besides generating income and cost reduction, we also enhanced our Equipment Movement module to provide accurate and timely retrieval of movement data, as this is the key data to use in many cost modules.

As before, the financial system (SAP) is constantly being updated to keep pace with new policies and regulations of various countries. In addition, we also enhanced our SAP to cope with GST implementation in India.

### 4.4 Ship Management

In 2017, RCL's ship management division has successfully carried out the following tasks that were previously planned :

#### a) Electronic Chart Display and Information System (ECDIS)

Total eight (8) vessels of 20,000 GRT and above have been installed with ECDIS and the specific training and certification were provided to navigation officers who are working on board vessels with approved ECDIS.

Commencing 1 July 2018, RCL's vessels of 10,000-20,000 GRT are scheduled to be fitted with ECDIS not later than the vessels' first safety equipment survey respectively. Concurrently, we will work closely with ECDIS manufacturer to provide specific training (ECDIS familiarization) and certification for the rest of navigation officers.

**b) Ballast Water Management (BWM) Convention**

After the enforcement of this Convention (on 8 September 2017), all vessels were provided with approved Ballast Water Management Plans. Currently, most of RCL vessels are implementing ballast exchange procedures in accordance with approved guidelines (D-1).

Some of our vessels are exempted from complying with D-2 guidelines by the de-harmonization of The International Oil Pollution Prevention Certificate. Therefore, water treatment plant will be installed on board these exempted ships in next five years and beyond.

For installation of approved ballast treatment plant which is required by the guidelines (D-2), RCL Shipmanagement Pte Ltd is in the process of studying the treatment technology (such as filtration and electrolysis system) and has lined-up the following numbers of vessels to be installed with the plant :

**8 vessels in year 2021**

**27 vessels in year 2022**

The government agencies in many countries are conducting surveys of the ecosystem in their territories. The results would be announced in the next several years and the Port States will develop their legislations according to results of these studies. RCL's ship management division will liaise with regional shipping associations to assist in the development of local and regional regulations.

**c) ISO 9001:2015**

Since January 2017, RCL Shipmanagement Pte Ltd has been accredited and certified by Nippon Kaiji Kyokai (known as Class NK or NK). According to requirements of ISO 9000:2015, our ship management services will be continuously enhanced to satisfy the requirements of all units in RCL Group, flag administration and Port States as well as our customers.

**d) Concentrated Inspection Campaign (CIC)**

In 2017, the Maritime Authorities of the Tokyo and the Paris Memoranda of Understanding (MoU) on Port State Control launched a joint Concentrated Inspection Campaign (CIC) on safety of navigation. The aim of the CIC is to ensure compliance with the applicable requirements of the SOLAS Convention, the overall status of the vessel's navigation safety, and the competency of crew involved in navigation operations.

According to the results of inspections carried out in Asia-Pacific region, the numbers of reported non-compliance were low. Nonetheless, RCL Shipmanagement Pte Ltd will continuously enhance knowledge and skill of its masters and crew on safety of navigation.

**e) Data Collection System (DCS)**

At the Marine Environment Protection Committee (MEPC) 70th session, it was made mandatory by the amendments to MARPOL Annex VI, to have DCS for fuel oil consumption of ships and at the same time the amendments to the SEEMP guidelines were also adopted. Further, it was agreed to establish a correspondence group, coordinated by Japan, to consider necessary guidelines for implementation of the DCS.

At this session, the following guidelines which have been developed by the correspondence group were approved:

- Guidelines for Administration verification of ship fuel oil consumption data.
- Guidelines for the development and management of the IMO Ship Fuel Oil Consumption Database.

MEPC circular on submission to the IMO data collection system of fuel oil consumption of data from a ship that is not entitled to fly the flag of a party to MARPOL Annex VI.

[Refer to MEPC.292(71), MEPC.293(71) and MEPC.1/Circ.871]

The Maritime and Port Authority of Singapore (MPA) has issued SHIPPING CIRCULAR No.24 of 2017 dated 1 December 2017, encouraging Singapore registered ships of 5,000 gross tonnage and above to join the voluntary experience building phase (VEBP) of the IMO data collection system for fuel oil consumption (IMO DCS).

**f) Sulphur content of fuel oils**

At the MEPC 70, it was agreed to implement the global 0.5% sulphur limit from 1 January 2020.

There are 3 methodologies for ship desulfurization :

- Low-sulphur distillate oil
- LNG alternative fuels
- Installation of Exhaust Gas Cleaning System (EGCS) or scrubber

For the scrubber, RCL Shipmanagement Pte Ltd is in process of studying various options in respect of makers and types of operation for purpose of retro-fittings and installations.

The Chinese government requires ships calling 3 emission control areas (ECA) to switch to low sulphur fuel oil while at berth. In 2017, only key ports in ECA have enforced this regulation and moving forward, in 2018, this regulation will be applied to all ports calling at these ECAs.

Other countries in Asia may require ships while berthing at its ports to use low sulphur fuel oils. RCL Shipmanagement Pte Ltd and its crew will support local agents and charterers to comply with this requirement. For the year 2018, RCL's ship management division shall continue working closely with other units in RCL Group to fulfill the requirements of international and local regulations and to achieve best practices and adhere to guidelines in the maritime industry.

## 5. Future Plans

The macroeconomic indicators signal a possible synchronized upturn 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 geopolitical tensions, China environmental protection policy, tightening global 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 2018 and the Group is positioned to capitalize on improving trade environment and faster growing opportunity in Asia countries.

It is expected that with the challenging environment resulting from the fluctuate ocean freight industry will probably continue into 2018 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.

Our external synergies will involve 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 comprising Executive Vice President (Operations), Executive Vice President (Business) and Executive Vice President (Group Finance & Account and IT) these groups 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.

For year 2018, RCL view that the geopolitical tension and the potential trade war among the main economies will be a concern for us.

However, 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 2017, the Group focused mainly on bunker consumption savings while relying on improvements derived from ports efficiency. Our ship operations team aimed for short port stay, whenever possible, thus enabling our vessels' steaming to operate on the most economical speed, resulting in lesser fuel consumption.

## 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 2017, both short term and long term constituted up to Baht3.8billion. The portion of fixed interest rate loan is only 7% or Baht 264million which is due to the loan being repaid in 2017. However, to alleviate the impact from the increasing trend of the interest rate outlook we are trying to increase our fixed interest rate portion, as the majority of the loan portion still remain as float and 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 vessels fluctuate according to the global economy - appreciates with the upturn and adversely drops with the downturn. With the economy upturn together with the signs of positive industry outlook since end of last year and throughout the whole of this year, the vessels' value had recovered from last year's drop.

## 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 as well as international market and 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 company 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 North East Asia, South East Asia, the Sub-continent, Middle East.

## Results of Operations

The demand of container shipping market was exceptionally good in 2017 and the gap between supply versus demand was narrowed substantially. The freight rates increased at the beginning of the year, and dropped slowly towards the year end.

The increase of oil price and charter fee in the 2nd half of 2017 added pressure on the running cost of shipping lines. The Group strongly focused on cost controlling, service rationalization and cargo mix to be the main strategy for operating. These were the key factors contributing to the positive results of operations in this year.

In 2017, SOC liftings was 0.79 million TEUs, increased by 8% from year 2016. COC liftings was 1.11 million, increased by 6% from year 2016. The total liftings increased by 7% to 1.90 million TEUs, while overall utilization was 119% in 2017.

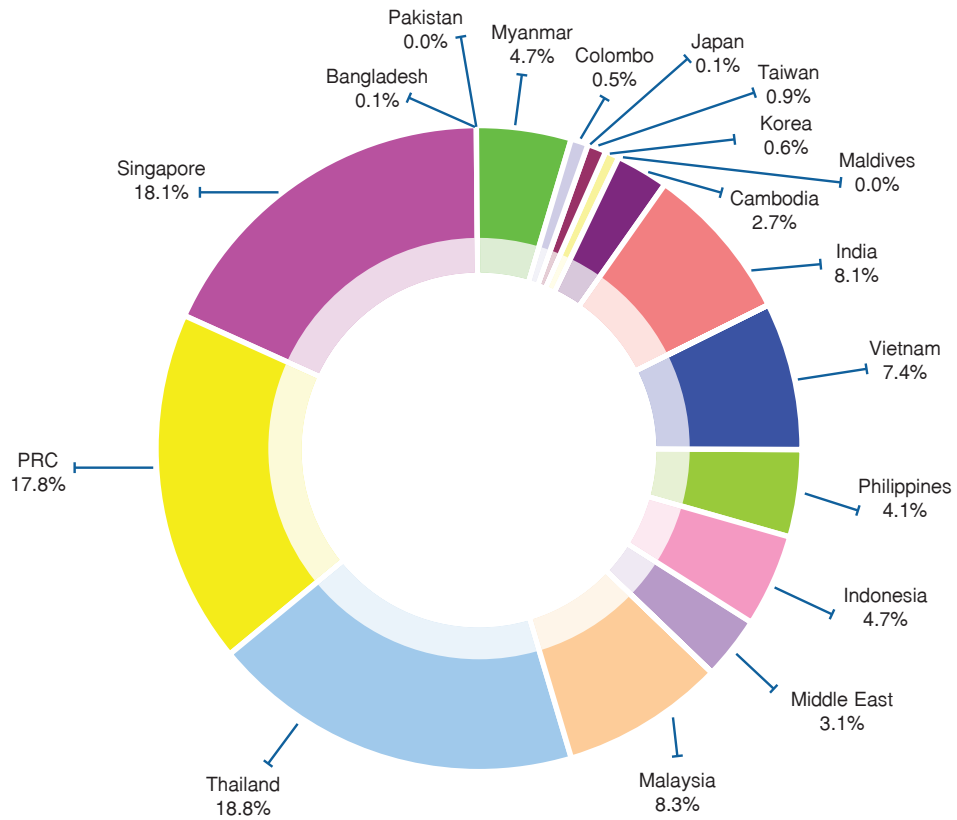
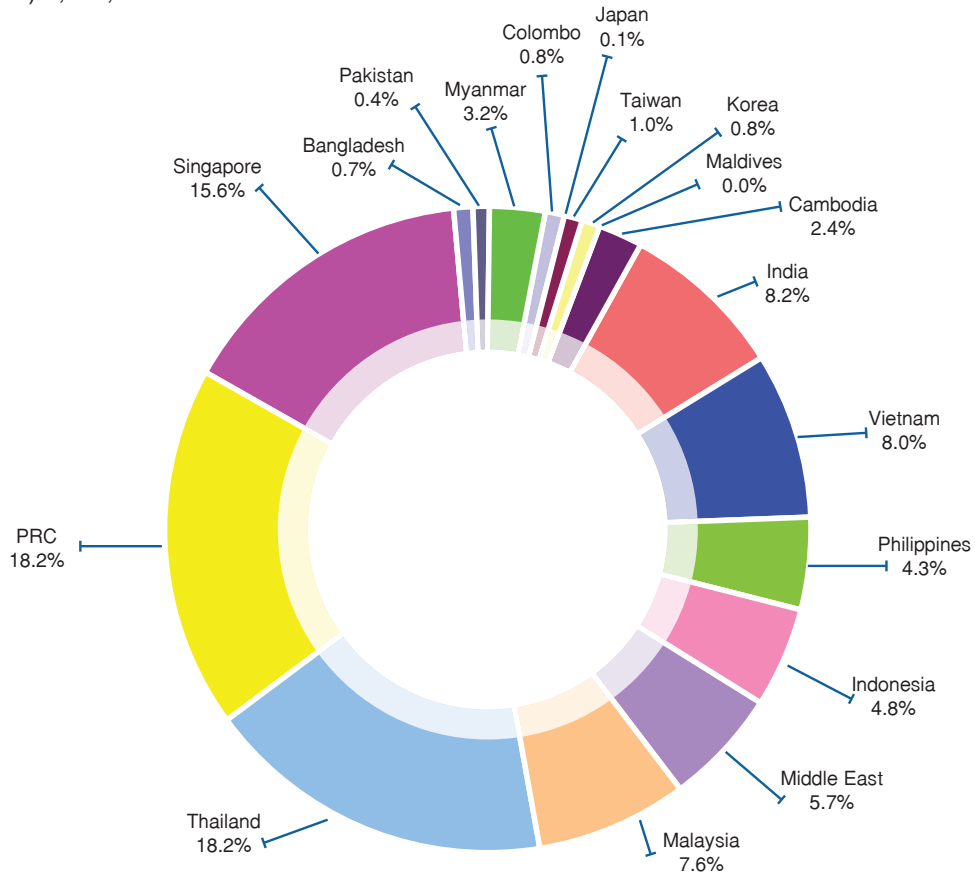
The overall freight rate increased in 2017, while consolidated revenues from freight income for the year was Baht 11,252 million up from Baht 10,441 million in 2016, mainly due to an increase of the freight rates. Total revenues also increased by 11% to Baht 11,714 million in 2017 compared to Baht 10,552 million in 2016.

In 2017, the year-on-year average rate for the Thai Baht strengthen against the USD, as our Group's revenues and majority of its costs were denominated in the US dollar. For 2017, the Group recorded an exchange gain of Baht 33.3 million as compared to the exchange gain of Baht 57.9 million in 2016.



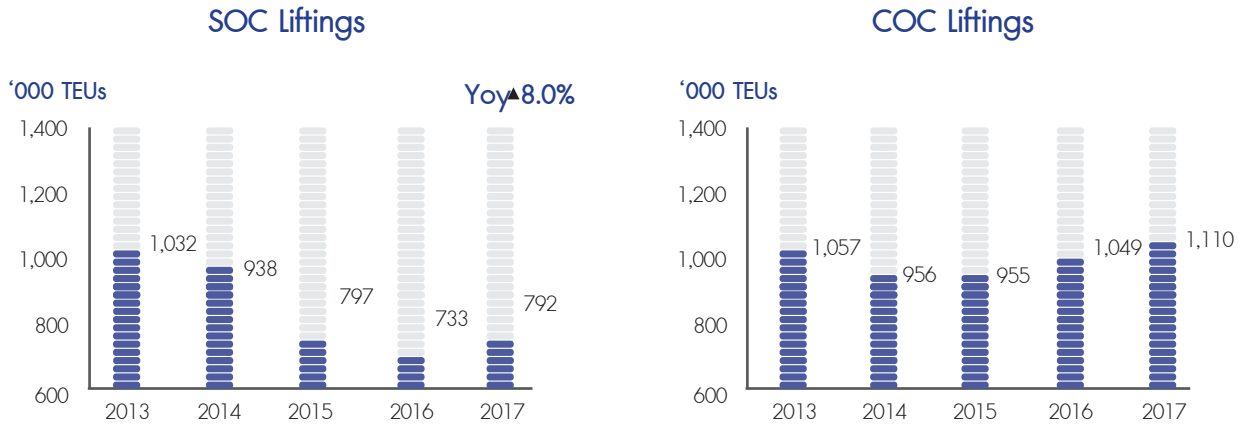
## Trade Composition

Total Liftings (2016) 1,781,814 TEUs



Total Liftings (2017) 1,901,821 TEUs

## Operational Overview



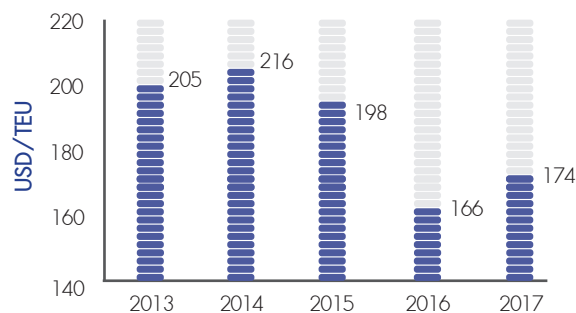
## Freight Rates

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 will use the corridor for container equipment repositioning. The different views will lead to the different ways 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 potential to cascade ships to and from the east-west trade alongside deliveries of new buildings into the market.

The improved market demand in 2017 mitigated the impact of the sustained oversupply of vessels in the market, hence freight rates recovered quite substantially when compared with the historical low freight level in 2016.

## RCL Freight Rate Movement



The average freight rate in 2017 was USD174 per TEU when compared with USD166 per TEU in 2016.

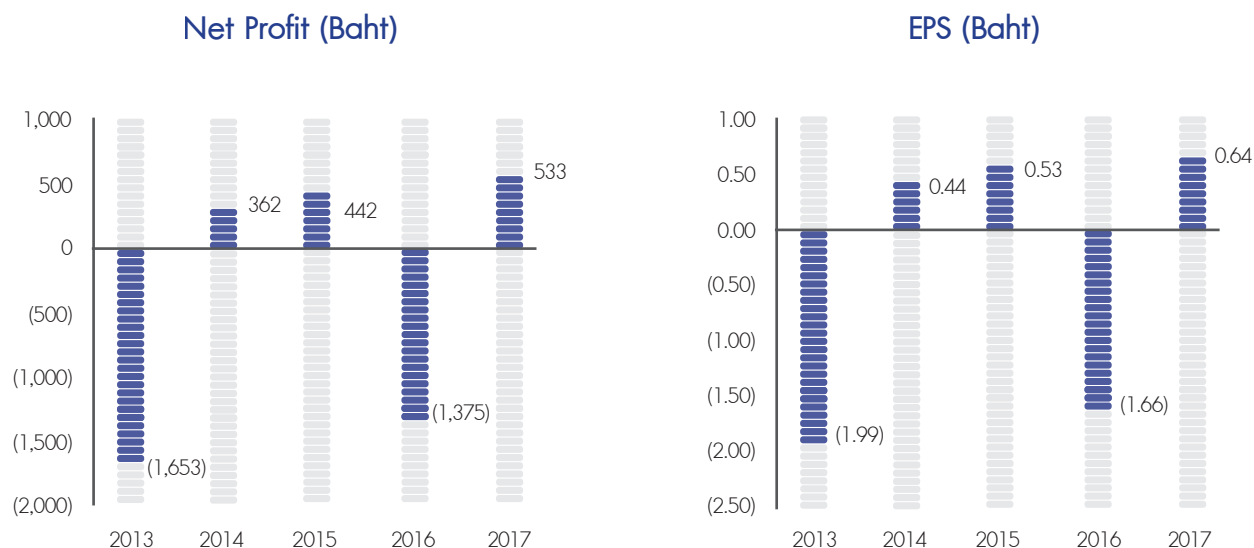
## Profitability

US\$ per TEU	Year 2013	Year 2014	Year 2015	Year 2016	Year 2017
Average Freight income	205	216	198	166	174
Average Cost of freight and operations	200	194	182	170	158
Gross Margin	2%	10%	8%	-2%	9%

In 2017, the freight has gradually increased from \$165/Teu in the first quarter to \$181/Teu in the third quarter but dropped slightly to \$175/Teu in the fourth quarter. Cost managing, routes' changing and products mix were the main strategy for operating the business, which resulted in a gross margin per TEU increase of 9% vis-vis -02% per TEU in 2016.

US\$ per TEU	1Q17	2Q17	3Q17	4Q17	Year 2017
Average Freight income	165	177	181	175	174
Average Cost of freight and operations	169	155	151	156	158
Gross Margin	-3%	12%	16%	11%	9%

Although the liftings increased in 2017, the Cost of freight and operations decreased from Baht 10.66 billion in 2016 to Baht 10.18 billion in 2017, resulting from effectiveness in cost management.



For the full year of 2017, the Group recorded a net profit of Baht 533 million attributable to equity holders of the Company, compared to a net loss of Baht 1,375 million in 2016.

Profit per share for 2017 was Baht 0.64, compared to a loss per share of Baht 1.66 in 2016.



## Financial Condition

Total assets decreased by 4% to Baht 17.4 billion. Total shareholders' equity decreased 4% to Baht 8.9 billion.

Cash flow from operations was positive at Baht 1,607 million in comparison to the positive of Baht 463 million, the year before. As at 31 December 2017, the Group held cash and cash equivalent amounted to Baht 1.6 billion, an increase from Baht 1.3 billion in 2016.

The 2017 EBITDA was Baht 1,988.6million, compared to EBITDA of Baht 390.0 million in 2016.

Computation of EBITDA	2017	2016
Computation of EBITDA	-	-
Profit / (loss) before taxation	546.0	(1,371.0)
Add: Impairment loss of assets / Provision for loss under onerous ontracts	-	163.4
Less: Reversal of impairment loss of assets/ provision for loss under onerous contracts	(291.2)	-
Less: Unrealised gain from changes in fair value of derivatives	(1.3)	(1.1)
Add: Interest	197.4	174.6
EBIT	450.9	(1,034.1)
Add: Amortisation	-	0.1
Add: Depreciation	1,537.7	1,424.0
EBITDA	1,988.6	390.0

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. This mechanism was a key factor that enabled the Group to manage its foreign exchange exposure. Most of the loans extended to the Group were thus denominated in currencies similar to that of its income flows. In addition, financial instruments, such as swap was utilized to hedge against possible exchange risks. The Group's current foreign exchange policies reflected its rather cautious and conservative management style on this issue.

The Group's cash position stood at Baht 1.6 billion as at end 2017. The year-end trade accounts receivables increased from Baht 1.5 billion in the previous year to Baht 1.6 billion in 2017. Cash and trade account receivables accounted for Baht 3.3 billion, or 75.84% of the total current assets.

Total current assets increased from Baht 3.44 billion in 2016 to Baht 4.31 billion in 2017.

Non-current assets accounted for 75.26% of the total assets. The majority of non-current assets comprised container vessels and equipment which amounted to Baht 11.9 billion as at end 2017.

## Capital Structure

As at end 2017, total liabilities were Baht 8.5 billion versus Baht 8.9 billion in 2016. Shareholders' equity decreased 3.54% from Baht 9.3 billion in 2016 to Baht 8.9 billion in 2017 of which THB 852 million caused by negative translation adjustment from USD to Thai Bath. Total debt to shareholders' equity decreased from 0.96 to 1 in 2016 to 0.95 to 1 in 2017.

## Shareholding & Management Structure

### Shareholding Structure

List of 10 Major Shareholders as at 31<sup>st</sup> March 2017

No.	Name	No. of Shares	%
1	Ngow Hock Group	387,770,337	46.79%
2	Tanthuwanit Family	71,657,675	8.65%
3	Mr.Thirachai Kirtitechakorn	25,023,300	3.02%
4	Mr.Thirapong Tunthitaruk	20,634,600	2.49%
5	Tisco Securities Co., Ltd.	20,000,000	2.41%
6	Bhureemas Navee Co., Ltd.	10,600,060	1.28%
7	Thai NVDR Company Limited	9,533,935	1.15%
8	Ms.Thitirat Rasrivisut	7,700,000	0.93%
9	EAST FOURTEEN LIMITED-DIMENTIONALEMER MKTS VALUE FD	5,753,300	0.69%
10	Mr.Viroj Engpiboon	4,674,011	0.56%

### 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	26,167	26.17
Tanthuwanit Family	24,968	24.97
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	261,670	26.17
Tanthuwanit Family	249,680	24.97
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	26,167	26.17
Tanthuwanit Family	24,968	24.97
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 2017, the Board of Directors comprised 8 members as follows:

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

Authorised directors to sign the documents for and on behalf of the company are any two of the following jointly with the affixture of the company seal thereon : Mr. Sumate Tanthuanit or Mr. Jamlong Atikul or Mr. Sutep Tranantasin.

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 the Articles of Association, as well as by 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 policies and directions.
- (c) To be responsible for selecting and appointing and/or terminating the services of the Manager(s) 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's 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 objectives of the Company.
- (f) The directors are empowered to make juristic act with the government department, ministry or relevant authorities.

The directors shall be elected in the Annual Shareholders' Meeting according to the following criteria's 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/she cannot split his/her 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 to remove any director from office prior to expiration of his/her 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 of not less than half of shares held by shareholders attending the meeting.

Nomination & Remuneration and Corporate Governance Committee will select the persons nominated for directorship, taking into account their expertise 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 a 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; and
- (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 & Remuneration Corporate Governance 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 2020.

The Nomination & Remuneration Corporate Governance Committee has a 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 Managers.
- 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, and 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 2017 as follows:

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

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	Executive Vice President (Group Finance & Accounts and IT)

The above sub-committee has meetings regularly and updates the risk management status to the Audit Committee Meeting for their review in every time of the quarterly meetings.

## 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 general meetings.

The Board of Directors may declare interim dividend to the shareholders from time to time if the Board opines 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; owes 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, 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 posts 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), explanations on appointing proxy and lists of documents required for meeting attendance are also attached thereto. If shareholders are not able to attend the meeting personally, they can appoint others or any of the Company's designated three (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 posts 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 two (2) hours ahead of the meeting's scheduled time.

All members of the Company, Board of Directors, Chief Executive Financial Officer and the Company's auditors are to 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, regardless of majority or minority, shareholders are entitled to vote equitably and are free to express 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" categories for each agenda are announced and shown on the screen and minuted.

Process relating to the re-election of the retiring Director/s for another term in office allows shareholders to cast vote on the individual's directorship re-appointment.

- **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 files the minutes of meetings properly for investigation / reference.

The Company achieved a score of 95 out of 100 accredited by Thai Investors Association for the organization of its 2017 Annual General Shareholders' 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 connected transactions. The transaction if any, is approved with transparency, in the best interests of the Company and at arm's length. The type and value of the transactions requiring approvals 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 will be excluded from 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 continual 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 (<http://www.rclgroup.com>), where they are able to access information on the ports of service, vessel fleet, sailing schedules, etc., select destination port, check departure / arrival schedules of the vessels 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 in order to accommodate their needs in selecting their desired 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 counter-partners 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. Leadership with 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 inappropriate 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 to preserve the social and public environment.

11. Uphold our RCL's brand reputation for excellence, to be the best regional container carrier and total logistics service provider.

The Company has promoted the "Employee Code of Conduct" to compliment the above ethical guidelines especially Anti-Corruption and Whistle Blower 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)). Mrs Suporn Amnuaypan (Bangkok office-telephone number (66) 2296 1076) 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 year-end 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 insider's 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's trading policy prohibiting the directors and executives of the Company, its subsidiaries and affiliates to wrongfully disclose such insider's 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 insider's 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's trading and instructs all staff in the RCL Group to observe the policy and guidelines. Any staff in possession of insider's information before official public release is prohibited to misuse the information for security trading benefits, whether directly or indirectly. The insider's trading policy is posted on the Company's website.

The Company has established Anti-Corruption policies in 2015 to be the direction of the business operation in accordance with the good corporate governance emphasizing the responsibilities in all aspects of the operations which directors, management team and all staffs are prohibited from engaging in or accepting any type of corruption, both direct or indirect manner and must strictly comply with the policy and not to ignore nor neglect any corruption activities which may involve the Company directly or otherwise. The Company has provided channels for complaining as following;

1. E-mail : [company.secretary@rclgroup.com](mailto:company.secretary@rclgroup.com)
2. By words or in 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 required of the Company's directors 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);
- Obtain 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

- Possess 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 amongst 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 ensure 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 responsibilities and approving authority in respect 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 31<sup>st</sup> December 2017 the Board of Directors comprises:

- Four executive directors,
  - One non-executive directors, and
  - Three independent and non-executive directors
- totaling eight (8) members.

In addition to the requisite qualifications of directorship's 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-members committee are selected from the members of the Board who are independent and non-executive directors and have a 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 the "Shareholding and Management Structure".

In 2017 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 Executive Vice President (Group Finance & Accounting and IT). 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 2017 with following details:

Meeting No.	Date	Agenda & Topic
1	22 February 2017	To approve Financial Statement of 2016
2	3 May 2017	To approve the 1 <sup>st</sup> quarter of 2017 Financial Statement
3	2 August 2017	To approve the 2 <sup>nd</sup> quarter of 2017 Financial Statement
4	1 November 2017	To approve the 3 <sup>rd</sup> quarter of 2017 Financial Statement

In the year 2017, Audit Committee held 4 regular meetings (2016: 4 meetings) The record of attendance of the members of Audit Committee is summarized as follows:



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

## 2. Nomination & Remuneration and Corporate Governance Committee

The Committee comprising three (3) 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 2017, the Nomination & Remuneration and Corporate Governance Committee held 4 meetings. The attendance was recorded as follows:

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

## 3. Group Management Committee

The Committee consists of four (4) executive directors, five (5) other high level executives, totaling nine (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:

(1) the principles of good corporate governance is an on-going process 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 to assure that proper standards of good corporate governance code 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:

- a selection of suitable nominees, who are diversified in their wealth 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.
- anti-corruption

#### **Controlling Systems and Internal Audit**

The Board of Directors is responsible in overseeing 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 which are well suited for the nature of the Company's business and overseeing 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 2015 and remind employee in yearly basis

#### **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 7 days in ahead of meeting, thus allowing sufficient time to analyze facts and figures to be discussed in the meeting. The quorum required for a board meeting is at least two-third of board members and all directors are required to have at least 75 attendance of all meetings conducted in the whole year.

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

In 2017, the Board held 6 meetings comprising 4 regular quarterly and 2 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	-	2	-
Mr. Sumate Tanthuanit	4	-	2	-
Mr. Amornsuk Noparumpa	4	-	2	-
Mr. Viset Choopiban	4	-	2	-
Ms. Arpavadee Meekun-lam	4	-	2	-
Mr. Sutep Tranantasin	4	-	2	-
Mr. Hartwig Schulze-Eckardt	4	-	2	-
Mr. Kua Hock Eng	4	-	2	-

Remark : 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 & Remuneration and Corporate Governance 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 & Remuneration and Corporate Governance Committee and improvement areas will be recommended for Board's discussion.

### President Performance Evaluation

The board of directors response to evaluate the president, this performance evaluation is to compare his achievements with the Company's goals. The key factors of considering are 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 2017.

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 2017, the Company remunerated its directors in accordance with the remuneration criteria approved by the resolution of the 26<sup>th</sup> 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 25<sup>th</sup> 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 5.4 million is based on

1. Remuneration of 8 directors totaling Baht 4.2 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 2017 operating year, the Company recorded the consolidated net profit amounted to Baht 533 million. The total standard remuneration amounting to Baht 5,400,000 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		
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
Mr. Sutep Tranantasin	400,000.00	-	-
Mr. Hartwig Schulze-Eckardt	400,000.00	-	-
Mr. Kua Hock Eng	400,000.00	-	-
Total	4,200,000.00	900,000.00	300,000.00

Remark : Board members did not receive any 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 33,415,579.21 (salary, annual rewards , fixed allowances, transport, and housing)

Other remunerations the Company paid a total of Baht 604,348 to the provident fund for the above Management members (only those entitled to the Company's contribution)

Neither annual remuneration nor meeting attendance fees were paid to the Group Management Committee members in 2017.

#### **Board and Management Development**

All new board members must participate actively in orientation programmes with an aim to acquire knowledge and understand the business operations in order to work efficiently. However, the Company's Board of Directors obtained training relating to their 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 2016 (Million Baht)		Value of related transactions As of 31 December 2017 (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)	<ul style="list-style-type: none"> <li>RCL Feeder Pte. Ltd. chartered ship from Regional Container Lines Public Co., Ltd.</li> <li>Total charter freight income</li> <li>Trade account receivable - subsidiary company</li> <li>Other receivable - subsidiary company</li> <li>Advance from related party</li> </ul>	219.55	122.87	261.25	187.14	<ul style="list-style-type: none"> <li>RCL Feeder Pte. Ltd. is the Company's 100% directly and indirectly owned subsidiary company.</li> <li>The Company managing director is also the executive director of RCL Feeder Pte. Ltd.</li> <li>Condition/Pricing policy: Market price as at agreement date</li> </ul>
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	<ul style="list-style-type: none"> <li>Regional Container Lines Public Co., Ltd. leased office space on 5th, 7th and 14th floors in Panjathani Tower 1,430 squaremeters from Ngow Hock Co., Ltd., the owner</li> <li>Total Value of leasing agreement</li> <li>Total accounts payable - related parties in financial statements</li> <li>Short term Loan</li> </ul>	7.14	7.14	6.65	6.65	<ul style="list-style-type: none"> <li>Ngow Hock Co., Ltd. is the Company shareholder with 25.20% shareholding and Panjamitir Holding Co., Ltd. is the Company shareholder with 18.50% shareholding</li> <li>The Company managing director is also the director of Hgow Hock Co., Ltd. and Panjamitir Holding Co., Ltd.</li> <li>Condition/Pricing policy: Market price as at agreement date</li> </ul>
3	Regional Container Lines Public Co., Ltd. And Panjamitir Holding Co., Ltd. - Related Company (incorporated in Thailand) Leasing of office space in Bangkok	<ul style="list-style-type: none"> <li>Regional Container Lines Public Co., Ltd. Leased office space on 13th floors in Panjathani Tower 492 squaremeters from Panjamitir Holding Co., Ltd., the owner</li> <li>Total Value of leasing agreement</li> <li>Total accounts payable - related parties in financial statements</li> </ul>	1.65	1.65	2.21	2.21	

No	Related Parties	Related Transactions			Value of related transactions		Relationships
		Value of related transactions As of 31 December 2016 (Million Baht)		Value of related transactions As of 31 December 2017 (Million Baht)			
		The Company Only	Consolidated	The Company Only	Consolidated		
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. <ul style="list-style-type: none"> <li>Total slot revenues</li> <li>Trade account receivable - related company</li> </ul>	-	-	-	-	Panjamitir 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 Panjamitir Holding Co., Ltd. Condition/Pricing policy: Price approximates market price.
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. <ul style="list-style-type: none"> <li>Total commission expenses</li> <li>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.</li> <li>Trade account receivable - related company</li> <li>Trade account payable - related company</li> </ul>	-	98.87	-	114.73	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: <ul style="list-style-type: none"> <li>Commission expenses: Price approximates market price.</li> <li>Terminal Operating service: Price per tariff minus volume discount.</li> </ul>
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. <ul style="list-style-type: none"> <li>Total commission expenses</li> <li>Trade account payable - associated company</li> <li>Trade account receivable - associated company</li> </ul>	5.91	8.05	-	-	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.



No	Related Parties	Related Transactions	Value of related transactions As of 31 December 2016 (Million Baht)		Value of related transactions As of 31 December 2017 (Million Baht)		Relationships
			The Company Only	Consolidated	The Company Only	Consolidated	
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. <ul style="list-style-type: none"> <li>Total logistic service fees</li> <li>Total accounts payable - related companies</li> </ul>	16.92	2.50	10.46	2.48	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. <ul style="list-style-type: none"> <li>Ship management Fee</li> <li>Advance from related party</li> <li>Advance payment to related party</li> </ul>	8.13	533.18	7.82	144.18	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: <ul style="list-style-type: none"> <li>Ship management fee: Price approximates market price</li> <li>Expenses related to cost of freight and operations advanced advanced by a subsidiary: Actual payment</li> </ul>
9	RCL Logistics Co., Ltd. - Subsidiary Company (Logistics Services Provider- incorporated in Thailand) and Ngow Hock Co., Ltd. - Related Companies (incorporated in Thailand) Leasing of office space in Bangkok	RCL Logistics Co., Ltd. leased office space on 14th floors in Panjathani Tower 150 squaremeters from Ngow Hock Co., Ltd., the owner <ul style="list-style-type: none"> <li>Total Value of leasing agreement</li> <li>Total accounts payable - related parties in financial statements</li> </ul>	0.66	-	0.66	-	RCL Logistics Co., Ltd. is the company's 100% owned subsidiary company. Ngow Hock Co., Ltd. is the Company shareholder with 25.20% shareholding The Company managing director is also the director of Ngow Hock Co., Ltd. Condition/Pricing policy: Market price as at agreement date

No	Related Parties	Related Transactions	Value of related transactions		Relationships
			As of 31 December 2016 (Million Baht)	As of 31 December 2017 (Million Baht)	
			The Company Only	The Company Only	Consolidated
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	- - 95.40 6.02 7.10	- - 86.67 9.34 6.44	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 2017, 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 increased by 8% to 792,314 TEUs from previous year while COC (Carrier Owned Container) liftings registered a 6% increase at 1,109,507 TEUs, compared to the previous year. The total liftings of the Group recorded a 7% increase year-on-year at 1,901,821 TEUs.

There was an increase in both the liftings and freight rate in 2017. Total freight income was Baht 11,252 million increase of 8% compared to previous year, while the Cost of Freight and Operations decreased 5% from Baht 10,659 million in 2016 to 10,178 million in 2017.

In the year 2017 the Group recorded a total gain on sale of assets of Baht 114.6 million against a total gain of Baht 17.7 million on the same item in 2016, arising from sale of old containers.

Also, the Group recorded a gain on exchange of Baht 33.3 million in 2017 versus a gain on exchange of Baht 57.9 million in 2016.

In the year 2017 the Group reversed a provision for loss on impairment of vessels at 27.5 million as well as under onerous contracts totaling Baht 263.7 million.

In conclusion the operational result in the year 2017, the Group recorded a net profit attributable to equity holders in the amount of Baht 533.3 million versus a net loss attributable to equity holders in the amount of Baht 1,375 million in 2016.

### 2. Dividend

The Board of Directors at its Meeting No. 2/2018 held on 8th March 2018, resolved to declare a dividend of Baht 0.10 per share, to be proposed for the Shareholders' approval.

The Board of Directors monitored the business situation closely, provided guidance and fully supported the Group Management in their various aspects of businesses. The Board was fully committed to work more on strategies as well as to focus on overseeing and providing directions to the Group Management especially in area of Corporate Governance Code and Principle, in order to improve the performance as per shareholders' expectations.

For the Board of Directors

Regional Container Lines Public Company Limited



Mr. Sumate Tanthuanit

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 were presented in the Audit Committee's report.

The Board of Directors is of the opinion that the financial statements for the year ended 31<sup>st</sup> December 2017 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 Tanthuanit Managing  
Director

23 February 2018

## Directors' Report on Internal Control

The Board of Directors has assessed the internal control report provided by the Audit Committee during the Board of Directors Meeting No. 1/2018 on 23<sup>rd</sup> February 2018. The internal control assessment covered control environment, risk assessment, control activities, information & communication and monitoring activities.

The Board of Directors is of the opinion the Company has taken appropriate measurements, including monitoring its performance in accordance with the Company's business Ethics and Code of Conducts, as well as disclosures in related transactions with major shareholders, directors, management and connected person. Besides having processes on succession planning for key personnel, more emphasis was placed on the policies of risk management, misconduct and anti-corruption, which were communicated to all levels of management and employees for their acknowledgment, involvements and compliances.

The company realizes the importance of internal audit notes thus have reviewed and updated such processes to constantly improve and to ascertain the efficiency and effectiveness of the Company's operations in both short and long term.



Dr. Jamlong Atikul  
Chairman

## Audit Committee Report

The Audit Committee of Regional Container Lines Public Company Limited comprises of three independent directors, who have the duties and responsibilities as assigned by the Board of Directors of the Company. The Audit Committee members are fully qualified 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. They are:

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

The Audit Committee maintains independency in decision-making and relies on discretionary judgement 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 2017, the Audit Committee performed its duties in accordance with the scope and authorities, as summarized as follow :**

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 next year.

2. Reviewing the adequacy of internal control system with internal audit team, support the internal audit team to audit overseas subsidiaries and follow up with the recommended actions. The Audit Committee emphasized to the Internal Audit Office, the reliability of their audit findings as well as the acceptance by the parties being audited. The Audit Committee recognizes the importance of tracking internal control systems, the integrated control within the IT system, which constantly affect the accuracy of information and reliability of Financial Reporting and passed on such findings to the Management for further action.

In year 2017, 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 up the Corporate Benchmark. In addition, the Audit Committee introduced warning signals to strengthen with the effectiveness of Risk Management.

To support the Internal Audit'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 specialists from business and operation departments to join the location audit on ad hoc basis.

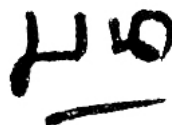
3. Reviewing the compliance with the Securities and Exchange Act, the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission and the laws related to the Company's business.

4. Recommending to the Board of Directors on the appointment of 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 2018. In the event that any of the 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 statement in his/her place.

5. Reviewing the connected transactions with due consideration in respect of conflict of interests to ensure that these transactions, if any, are performed as normal business on arm's length basis, and were 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, i.e. Mr. Amornsuk Noparumpa, Mr. Viset Choopiban, and Mrs. Arpavadee Meekhun-lam attended all four meetings accordingly. Chairman of the Audit Committee called for additional meetings with Internal Audit Office and Executive Vice President of Finance & Account to consider matters arising from internal audit, financial analysis, regulation and legal issues with all Audit Committee members present in all four 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 and should intensively implement the internal control activities. The Internal audit procedures were within the internal audit framework and the business operation was monitored in compliance with related laws and regulations.



Mr. Amornsuk Noparumpa  
Chairman of Audit Committee



# Report from Nomination & Remuneration and Corporate Governance Committee

The Nomination & Remuneration and Corporate Governance 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 & Remuneration and Corporate Governance Committee shall report its annual performance to the Board of Directors and the shareholders respectively.

**During the year 2017, the Nomination & Remuneration and Corporate Governance 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.

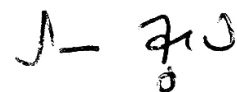
2. Reviewed the directors' remuneration for the year 2016 in accordance with the criteria and structure approved at the 26th Annual General Shareholders' Meeting held on 29th April 2005 to report to the Board of Directors and the 38th Annual General Shareholders' Meeting held on 28th April 2017 for acknowledgement before the directors were remunerated for their performing the duties in 2016. The remuneration of individual director was disclosed in the 2016 Annual Report under Section " Report on Corporate Governance"

3. Arranged Board self assessment exercise for 2016 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.

5. To add roles of Corporate Governance to perform its duties in accordance with the scope of responsibility as following;

- 5.1 Establish clear leadership role and responsibilities of the Board
- 5.2 Define objectives that promote sustainable value creation
- 5.3 Strengthen board effectiveness
- 5.4 Ensure effective CEO and people management
- 5.5 Nurture innovation and responsible business
- 5.6 Strengthen effective risk management and internal control
- 5.7 Ensure disclosure and financial integrity
- 5.8 Ensure engagement and communication with shareholders



Mr. Viset Choopiban

Chairman of Nomination & Remuneration  
and Corporate Governance Committee

## Remuneration of the Auditors

The details of 2017 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	1.757	3.932	5.689
Non audit fee (Tax services)			
• Paid during the year 2017	0.000	0.184	0.184
• Obligation to be paid in the future	0.000	0.000	0.000
<b>Total</b>	<b>1.757</b>	<b>4.116</b>	<b>5.873</b>

# 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, 2017, 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, 2017, 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'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, 2.14 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, 2016, presented herein as comparative information, were audited by another auditor in my office, whose report thereon dated February 24, 2017 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.



(CHAIYUTH ANGSUWITHAYA)

Certified Public Accountant

Registration No. 3885

A.M.T. & ASSOCIATES

Bangkok, Thailand

February 23, 2018



# Statements of financial position

## Regional Container Lines Public Company Limited and its subsidiaries As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at 31 December		As at 31 December	
		2017	2016	2017	2016
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		1,639,979,798	1,255,452,277	77,813,272	35,931,860
Trade receivables - unrelated parties		1,633,591,376	1,583,663,319	10,973,647	23,495,134
<u>Less: allowance for doubtful accounts</u>		<u>(56,384,722)</u>	<u>(62,019,921)</u>	-	-
Trade receivables - unrelated parties, net	5	1,577,206,654	1,521,643,398	10,973,647	23,495,134
Trade receivables - related parties	5 and 18	49,003,459	12,085,312	187,174,100	122,871,090
Other receivables					
- Dividend receivables	7	-	-	-	19,999,976
- Others	18	766,950,290	360,013,773	401,890,610	443,555,363
Material supplies		240,076,159	243,114,946	13,078,696	27,803,492
Other current assets	6	33,544,485	45,087,049	2,701,331	1,305,709
<b>Total current assets</b>		<b>4,306,760,845</b>	<b>3,437,396,755</b>	<b>693,631,656</b>	<b>674,962,624</b>
<b>Non - current assets</b>					
Property investments held for					
long - term investment		5,182,451	5,824,205	-	-
Investments in subsidiaries, net	7	-	-	6,838,625,155	7,527,105,527
Investments in associates	8.1	354,430,907	379,990,014	54,164,550	59,617,580
Investments in joint venture	8.2	30,312,619	11,671,381	-	-
Other long - term investments		11,007,538	12,115,725	-	-
Property and premises, net	9.1, 11 and 13	315,589,787	357,753,488	426,526	469,467
Vessels and equipment, net	9.2, 12 and 13	11,943,365,743	13,750,285,551	4,024,138,246	4,901,888,694
Intangible assets, net	10	9,159	30,940	-	-
Other non - current assets					
- Advances for vessel constructions	24	438,458,269	164,812,560	438,458,269	164,812,560
- Other		4,449,268	4,472,335	2,428,918	2,404,868
<b>Total non - current assets</b>		<b>13,102,805,741</b>	<b>14,686,956,199</b>	<b>11,358,241,664</b>	<b>12,656,298,696</b>
<b>Total assets</b>	27	<b>17,409,566,586</b>	<b>18,124,352,954</b>	<b>12,051,873,320</b>	<b>13,331,261,320</b>

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 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at 31 December		As at 31 December	
		2017	2016	2017	2016
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short - term loans from financial institutions	11	1,379,895,000	1,271,194,000	801,600,000	1,167,200,000
Trade payables - unrelated parties		3,082,437,334	2,580,879,526	48,337,371	64,687,891
Trade payables - related parties	18	7,570,296	181,356,906	-	-
Other payables					
- Accrued expenses		80,272,228	97,377,475	22,180,641	24,849,234
- Advance receipt	18	2,423,952	7,089,522	2,026,622,940	1,165,611,179
- Payable on purchase of assets	18	-	22,035,970	86,674,556	95,400,540
Current portion of liabilities					
under financial lease agreement	12	229,545,290	103,842,882	-	-
Current portion of long - term loans	13	1,073,930,166	1,525,285,310	356,294,880	1,071,568,520
Provision for onerous contracts	23.1	120,267,027	411,045,081	-	-
Income tax payable		2,685,847	3,154,757	-	-
Other current liabilities		105,480,893	87,502,710	2,531,500	2,481,041
<b>Total current liabilities</b>		<b>6,084,508,033</b>	<b>6,290,764,139</b>	<b>3,344,241,888</b>	<b>3,591,798,405</b>
<b>Non - current liabilities</b>					
Liabilities under financial lease agreements, net of current portion	12	966,414,089	511,985,233	-	-
Long - term loans, net of current portion	13	1,398,517,019	2,024,889,438	1,242,954,148	1,063,081,651
Employee benefit obligation	15	28,296,552	37,362,335	25,605,956	35,182,265
Other non - current liabilities	21	8,560,845	8,711,942	-	-
<b>Total non - current liabilities</b>		<b>2,401,788,505</b>	<b>2,582,948,948</b>	<b>1,268,560,104</b>	<b>1,098,263,916</b>
<b>Total liabilities</b>	27	<b>8,486,296,538</b>	<b>8,873,713,087</b>	<b>4,612,801,992</b>	<b>4,690,062,321</b>

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 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at 31 December		As at 31 December	
		2017	2016	2017	2016
<b>Shareholders' equity</b>					
Share capital					
Registered					
828,750,000 ordinary shares of Baht 1 each		828,750,000	828,750,000	828,750,000	828,750,000
Issued and fully paid - up					
828,750,000 ordinary shares of Baht 1 each		828,750,000	828,750,000	828,750,000	828,750,000
Share premium		4,982,964,187	4,982,964,187	4,982,964,187	4,982,964,187
Retained earnings					
Appropriated - legal reserve	16	66,300,000	66,300,000	66,300,000	66,300,000
Unappropriated		3,427,763,783	2,877,943,240	1,869,950,228	2,299,515,279
Other components of equity		(384,125,418)	474,707,794	(308,893,087)	463,669,533
Total equity of parent Company's shareholders		8,921,652,552	9,230,665,221	7,439,071,328	8,641,198,999
Non - controlling interests		1,617,496	19,974,646	-	-
<b>Total shareholders' equity</b>		8,923,270,048	9,250,639,867	7,439,071,328	8,641,198,999
<b>Total liabilities and shareholders' equity</b>	27	17,409,566,586	18,124,352,954	12,051,873,320	13,331,261,320

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 2017

(Unit: Baht)

	Consolidated financial statements										
	Note	Equity holders of parent company					Total equity of parent shareholder				
		Retained earnings		Other components of equity			Company's shareholder	Non - controlling interests	Total shareholder's equity	Total	Total
		Issued and fully paid - up share capital	Share premium	Appropriated - legal reserve	Unappropriated	Exchange differences on translating financial statement on defined employee benefit plans					
<b>Balance as at 1 January 2016</b>		828,750,000	4,982,964,187	66,300,000	4,294,051,549	564,865,002	-	564,865,002	10,756,930,738	32,320,822	10,769,251,560
Total comprehensive income (loss) for the year		-	-	-	(1,374,670,909)	(90,157,208)	-	(90,157,208)	(1,464,828,117)	(12,346,176)	(1,477,174,293)
Dividend paid	17	-	-	-	(41,437,400)	-	-	-	(41,437,400)	-	(41,437,400)
<b>Balance as at 31 December 2016</b>		828,750,000	4,982,964,187	66,300,000	2,877,943,240	474,707,794	-	474,707,794	9,230,665,221	19,974,646	9,250,639,867
<b>Balance as at 1 January 2017</b>		828,750,000	4,982,964,187	66,300,000	2,877,943,240	474,707,794	-	474,707,794	9,230,665,221	19,974,646	9,250,639,867
Subsidiaries dissolve and liquidate		-	-	-	-	(6,337,397)	-	(6,337,397)	(6,337,397)	(18,363,246)	(24,700,643)
Total comprehensive income (loss) for the year		-	-	-	533,258,437	(852,495,815)	15,226,364	(837,269,451)	(304,011,014)	6,096	(304,004,918)
Transferred to retained earnings		-	-	-	15,226,364	-	(15,226,364)	-	-	-	-
Reversal of unpaid dividend to shareholders		-	-	-	1,335,742	-	-	1,335,742	1,335,742	-	1,335,742
<b>Balance as at 31 December 2017</b>		828,750,000	4,982,964,187	66,300,000	3,427,763,783	(384,125,418)	-	(384,125,418)	8,921,652,552	1,617,496	8,923,270,048

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 2017

	Note	Separate financial statements										(Unit: Baht)
		Issued and fully paid - up share capital	Share premium	Retained earnings		Other components of equity			Total shareholder's equity			
				Appropriated - legal reserve	Unappropriated	Exchange differences on translating financial statement	Other comprehensive income (loss)	Actuarial gains (losses) on defined employee benefit plans		Total		
<b>Balance as at 1 January 2016</b>		828,750,000	4,982,964,187	66,300,000	2,921,628,844	519,640,431	-	-	519,640,431	9,319,283,462		
Total comprehensive income (loss) for the year		-	-	-	(580,676,165)	(55,970,898)	-	-	(55,970,898)	(636,647,063)		
Dividend paid	17	-	-	-	(41,437,400)	-	-	-	-	(41,437,400)		
<b>Balance as at 31 December 2016</b>		828,750,000	4,982,964,187	66,300,000	2,299,515,279	463,669,533	-	-	463,669,533	8,641,198,999		
<b>Balance as at 1 January 2017</b>		828,750,000	4,982,964,187	66,300,000	2,299,515,279	463,669,533	-	-	463,669,533	8,641,198,999		
Total comprehensive income (loss) for the year		-	-	-	(446,127,157)	(772,562,620)	15,226,364	-	(757,336,256)	(1,203,463,413)		
Transferred to retained earnings		-	-	-	15,226,364	-	(15,226,364)	-	(15,226,364)	-		
Reversal of unpaid dividend to shareholders		-	-	-	1,335,742	-	-	-	-	1,335,742		
<b>Balance as at 31 December 2017</b>		828,750,000	4,982,964,187	66,300,000	1,869,950,228	(308,893,087)	-	-	(308,893,087)	7,439,071,328		

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 2017

(Unit: Baht)					
	Note	Consolidated financial statements		Separate financial statements	
		For the years ended 31 December		For the years ended 31 December	
		2017	2016	2017	2016
<b>Revenues</b>					
Freight income	18	11,252,389,293	10,440,653,791	834,522,783	901,354,696
Others income					
Gain on exchange rate		33,268,665	57,850,750	-	-
Dividend income	7 and 8	-	2,737,878	66,422,750	41,873,080
Gain on sales of assets	9.2	114,670,959	17,788,931	-	168,203
Gain on sales of investments		-	847,237	-	-
Reversal on impairment of vessels	9.2	27,462,696	-	-	-
Reversal of provision for loss under onerous contracts	23.1	263,723,287	-	-	-
Interest income		3,982,905	4,157,432	254,485	459,855
Unrealized gain on derivatives	6	1,340,564	1,077,642	1,340,564	1,077,642
Others		16,986,087	26,900,738	186,594	3,363
<b>Total revenues</b>		<b>11,713,824,456</b>	<b>10,552,014,399</b>	<b>902,727,176</b>	<b>944,936,839</b>
<b>Expenses</b>					
Cost of freight and operations	18	10,178,107,460	10,659,104,817	973,853,143	1,028,621,629
Administrative expenses	18	887,481,160	940,641,171	224,025,615	217,379,070
Others expense					
Net doubtful debt		4,539,453	25,569,144	-	-
Loss on exchange rate		-	-	27,701,894	4,589,070
Loss on impairment of vessels	9.2	-	136,664,317	-	-
Provision for loss under onerous contracts	23.1	-	26,777,355	-	-
Loss on impairment of investment	7	-	-	-	164,443,902
Finance costs		197,412,208	174,614,270	123,273,681	110,579,333
<b>Total expenses</b>	19	<b>11,267,540,281</b>	<b>11,963,371,074</b>	<b>1,348,854,333</b>	<b>1,525,613,004</b>
Share of profit (loss) from investment in associates	8.1	79,170,708	40,320,699	-	-
Share of profit (loss) from investment in joint venture	8.2	20,529,437	-	-	-
<b>Profit (loss) before income tax expenses</b>		<b>545,984,320</b>	<b>(1,371,035,976)</b>	<b>(446,127,157)</b>	<b>(580,676,165)</b>
Tax expenses (income)	21	12,719,787	4,860,161	-	-
<b>Profit (loss) for the years</b>	27	<b>533,264,533</b>	<b>(1,375,896,137)</b>	<b>(446,127,157)</b>	<b>(580,676,165)</b>
<b>Profit (loss) for the year attributable to:</b>					
Equity holders of the parent		533,258,437	(1,374,670,909)	(446,127,157)	(580,676,165)
Non - controlling interests		6,096	(1,225,228)	-	-
		<b>533,264,533</b>	<b>(1,375,896,137)</b>	<b>(446,127,157)</b>	<b>(580,676,165)</b>
<b>Basic earnings (loss) per share</b>					
Profit (loss) attributable to equity holders of the parent	2.17	0.64	(1.66)	(0.54)	(0.70)
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 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		For the years ended 31 December		For the years ended 31 December	
		2017	2016	2017	2016
<b>Profit (loss) for the years</b>		533,264,533	(1,375,896,137)	(446,127,157)	(580,676,165)
<b>Other comprehensive income (loss):</b>					
<b>Item that will be reclassified subsequently to profit or loss:</b>					
Exchange differences on translating financial statement		(852,495,815)	(101,278,156)	(772,562,620)	(55,970,898)
<b>Total item that will be reclassified subsequently to profit or loss</b>		(852,495,815)	(101,278,156)	(772,562,620)	(55,970,898)
<b>Item that will not be reclassified subsequently to profit or losses:</b>					
Actuarial gains (losses) on defined employee benefit plans	15	15,226,364	-	15,226,364	-
<b>Total item that will not be reclassified subsequently to profit or losses</b>		15,226,364	-	15,226,364	-
<b>Other comprehensive income (loss) for the years</b>		(837,269,451)	(101,278,156)	(757,336,256)	(55,970,898)
<b>Total comprehensive income (loss) for the years</b>		(304,004,918)	(1,477,174,293)	(1,203,463,413)	(636,647,063)
<b>Total comprehensive income (loss) for the years attributable to:</b>					
Equity holders of the parent		(304,011,014)	(1,464,828,117)	(1,203,463,413)	(636,647,063)
Non - controlling interests		6,096	(12,346,176)	-	-
		(304,004,918)	(1,477,174,293)	(1,203,463,413)	(636,647,063)

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 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2017	2016	2017	2016
<b>Cash flows from operating activities</b>				
Profit (loss) before income tax expenses	545,984,320	(1,371,035,976)	(446,127,157)	(580,676,165)
Adjustments to reconcile profit (loss) before income tax expenses to net cash provided by (used in) operating activities:				
Depreciation	1,537,669,239	1,424,026,387	449,830,782	462,736,404
Amortization	20,913	54,797	-	-
Loss (gain) on sales and write - off of assets	(114,670,959)	(17,788,931)	-	(168,203)
Loss on impairment of vessels (reversal)	(27,462,696)	136,664,317	-	-
Loss on impairment of investment (reversal)	-	-	-	164,443,902
Provision for loss under onerous contracts (reversal)	(263,723,287)	26,777,355	-	-
Increase (decrease) in allowance for doubtful accounts	(5,635,199)	61,699,096	-	-
Dividend income	-	(2,737,878)	(66,422,750)	(41,873,080)
Unrealized loss (gain) on derivatives	(1,340,564)	-	(1,340,564)	-
Unrealized loss (gain) on exchange rate	(51,035,819)	(81,395,681)	16,082,215	(3,815,708)
Share of loss (profit) from investment in associates	(79,170,708)	(40,320,699)	-	-
Share of loss (profit) from investment in joint venture	(20,529,437)	-	-	-
Employee benefit obligation	7,208,521	6,790,011	6,697,995	6,337,426
Interest income	(3,982,905)	(4,157,432)	(254,485)	(459,855)
Finance costs	197,412,208	174,614,270	123,273,681	110,579,333
Profit (loss) from operating activities before changes in operating assets and liabilities	1,720,743,627	313,189,636	81,739,717	117,104,054
Operating assets decrease (increase)				
Trade receivables - unrelated parties	17,402,957	184,111,161	12,521,487	(16,189,899)
Trade receivables - related parties	(36,918,147)	32,116,539	(64,303,010)	576,297
Other receivables	(407,108,274)	(136,117,799)	41,697,035	(46,324,236)
Material supplies	3,038,787	(32,005,754)	14,724,796	(9,511,727)
Other current assets	16,848,968	22,398,449	(55,058)	6,032,370
Other non - current assets	23,067	906,518	(24,050)	576,028
Operating liabilities increase (decrease)				
Trade payables - unrelated parties	497,964,585	(89,628,553)	(19,721,382)	(14,250,886)
Trade payables - related parties	(173,786,610)	176,225,115	-	-
Other payables - accrued expenses	(26,092,046)	14,665,183	(11,798,684)	574,189
Advance receipt	(4,665,570)	(8,174,499)	754,397,020	(102,199,645)
Other current liabilities	17,972,087	8,487,307	50,456	56,840
Employee benefit obligation paid	(1,047,940)	(8,298,347)	(1,047,940)	(8,113,504)
Cash from operating activities	1,624,375,491	477,874,956	808,180,387	(71,670,119)
Cash received (paid) for income tax expenses	(17,145,156)	(14,693,851)	-	-
<b>Net cash provided by (used in) operating activities</b>	<b>1,607,230,335</b>	<b>463,181,105</b>	<b>808,180,387</b>	<b>(71,670,119)</b>

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 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2017	2016	2017	2016
<b>Cash flows from investing activities</b>				
Decrease (increase) in property, premises, vessels and equipment	(814,525,757)	(909,118,484)	(2,561,082)	(99,702,617)
Decrease (increase) in payable on purchase of assets	(22,035,970)	(72,268,528)	(8,725,984)	(676,096,196)
Decrease (increase) in advances for vessel constructions	(288,720,589)	-	(288,720,589)	-
Dividend received	69,346,519	24,925,817	86,422,726	41,873,080
Interest received	4,154,662	4,918,690	222,203	567,401
Proceeds from subsidiaries dissolve and liquidate	48,060,467	-	-	-
Investments in associates paid	-	(25,956,249)	-	-
<b>Net cash provided by (used in) investing activities</b>	<b>(1,003,720,668)</b>	<b>(977,498,754)</b>	<b>(213,362,726)</b>	<b>(733,358,332)</b>
<b>Cash flows from financing activities</b>				
Increase (decrease) in short - term loans from financial institutions	203,958,510	251,431,538	(300,000,000)	147,437,538
Increase (decrease) in short - term loan from related party	-	(300,000,000)	-	(300,000,000)
Increase (decrease) in liabilities under financial lease agreements	580,131,264	615,828,115	-	-
Increase (decrease) in long - term loans	(783,623,668)	(563,620,263)	(354,315,072)	788,407,346
Finance costs paid	(188,425,409)	(169,171,746)	(114,143,590)	(103,827,457)
Dividend paid	-	(41,437,400)	-	(41,437,400)
Payment of liquidated subsidiaries to non - controlling interests	(18,363,246)	-	-	-
<b>Net cash provided by (used in) financing activities</b>	<b>(206,322,549)</b>	<b>(206,969,756)</b>	<b>(768,458,662)</b>	<b>490,580,027</b>
Exchange differences on translating financial statement	(12,659,597)	(37,639,430)	215,522,413	8,757,057
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>384,527,521</b>	<b>(758,926,835)</b>	<b>41,881,412</b>	<b>(305,691,367)</b>
<b>Cash and cash equivalents at beginning of years</b>	<b>1,255,452,277</b>	<b>2,014,379,112</b>	<b>35,931,860</b>	<b>341,623,227</b>
<b>Cash and cash equivalents at end of years</b>	<b>1,639,979,798</b>	<b>1,255,452,277</b>	<b>77,813,272</b>	<b>35,931,860</b>

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 2017

### 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 or 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 and in the process of liquidation)	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 and completeness of liquidation in year 2017)	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 completeness of liquidation in year 2017) and Regional Merchants International Freight Forwarding Co., Ltd. (80% owned and the company has ceased its operations during the year 2016 and completeness of liquidation in year 2017)	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 2.12

(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 adopted a number of revised and new accounting standards and financial reporting standards including their interpretations, issued by the Federation of Accounting Professions, which are effective for financial statements year beginning on or after January 1, 2017. 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 2018 as follows.

###### Accounting Standards

TAS	1	Presentation of Financial Statements (revised 2017)
TAS	2	Inventories (revised 2017)
TAS	7	Statement of Cash Flows (revised 2017)
TAS	8	Accounting Policies, Changes in Accounting Estimates and Errors (revised 2017)
TAS	10	Events after the Reporting Period (revised 2017)
TAS	11	Construction Contracts (revised 2017)
TAS	12	Income Taxes (revised 2017)
TAS	16	Property, Plant and Equipment (revised 2017)
TAS	17	Leases (revised 2017)
TAS	18	Revenue (revised 2017)

### Accounting Standards

- TAS 19 Employee Benefits (revised 2017)
- TAS 20 Accounting for Government Grants and Disclosure of Government Assistance (revised 2017)
- TAS 21 The Effects of Changes in Foreign Exchange Rate (revised 2017)
- TAS 23 Borrowing Costs (revised 2017)
- TAS 24 Related Party Disclosures (revised 2017)
- TAS 26 Accounting and Reporting by Retirement Benefit Plans (revised 2017)
- TAS 27 Separate Financial Statements (revised 2017)
- TAS 28 Investments in Associates and Joint Ventures (revised 2017)
- TAS 29 Financial Reporting in Hyperinflationary Economics (revised 2017)
- TAS 33 Earnings per Share (revised 2017)
- TAS 34 Interim Financial Reporting (revised 2017)
- TAS 36 Impairment of Assets (revised 2017)
- TAS 37 Provisions, Contingent Liabilities and Contingent Assets (revised 2017)
- TAS 38 Intangible Assets (revised 2017)
- TAS 40 Investment Property (revised 2017)
- TAS 41 Agriculture (revised 2017)

### Financial Reporting Standards

- TFRS 2 Share - Based Payment (revised 2017)
- TFRS 3 Business Combinations (revised 2017)
- TFRS 4 Insurance Contracts (revised 2017)
- TFRS 5 Non - current Assets Held for Sale and Discontinued Operations (revised 2017)
- TFRS 6 Exploration for and Evaluation of Mineral Resources (revised 2017)
- TFRS 8 Operating Segments (revised 2017)
- TFRS 10 Consolidated Financial Statement (revised 2017)
- TFRS 11 Joint Arrangements (revised 2017)
- TFRS 12 Disclosure of Interests in Other Entities (revised 2017)
- TFRS 13 Fair Value Measurement (revised 2017)

### Accounting Standard Interpretations

- TSIC 10 Government Assistance - No Specific Relation to Operating Activities (revised 2017)
- TSIC 15 Operating Leases - Incentives (revised 2017)
- TSIC 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders (revised 2017)
- TSIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease (revised 2017)
- TSIC 29 Service Concession Arrangements : Disclosures (revised 2017)
- TSIC 31 Revenue - Barter Transactions Involving Advertising Services (revised 2017)
- TSIC 32 Intangible Assets - Web Site Costs (revised 2017)

## Financial Reporting Standard Interpretations

TFRIC	1	Changes in Existing Decommissioning, Restoration and Liabilities (revised 2017)
TFRIC	4	Determining whether an Arrangement contains a Lease (revised 2017)
TFRIC	5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (revised 2017)
TFRIC	7	Applying the Restatement Approach under TAS 29 (revised 2017) Financial Reporting in Hyperinflationary Economies (revised 2017)
TFRIC	10	Interim Financial Reporting and Impairment (revised 2017)
TFRIC	12	Service Concession Arrangements (revised 2017)
TFRIC	13	Customer Loyalty Programmes (revised 2017)
TFRIC	14	TAS 19 (revised 2017) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (revised 2017)
TFRIC	15	Agreements for the Construction of Real Estate (revised 2017)
TFRIC	17	Distributions of Non - cash Assets to Owners (revised 2017)
TFRIC	18	Transfers of Assets from Customers (revised 2017)
TFRIC	20	Stripping Costs in the Production Phase of a Surface Mine (revised 2017)
TFRIC	21	Levies (revised 2017)

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 23, TAS 24, TAS 27, TAS 28, TAS 33, TAS 34, TAS 36, TAS 37, TAS 38, TAS 40 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 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

## 2.8 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

## 2.9 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.

## 2.10 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.

## 2.11 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.

## 2.12 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 27 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.

2.13 Property investments held for long - term investment

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

2.14 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.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the lower of its recoverable amount (it determinable) and the carrying amount that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

2.15 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.

## 2.16 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.

## 2.17 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.

## 2.18 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 2017 by Baht 26.70 million and Baht 83.54 million, respectively (Baht 0.03 per share and Baht 0.10 per share, respectively).

5. Trade receivables

The balances of trade receivables - unrelated parties as at 31 December 2017 and 2016 are classified by aging as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Under 90 days	1,543,307	1,440,535	2,155	22,957
91 - 180 days	21,578	82,263	-	538
181 - 365 days	12,596	27,445	8,004	-
Over 365 days	56,110	33,420	815	-
Total	1,633,591	1,583,663	10,974	23,495
<u>Less</u> Allowance for doubtful accounts	(56,385)	(62,020)	-	-
Net	<u>1,577,206</u>	<u>1,521,643</u>	<u>10,974</u>	<u>23,495</u>

The balances of trade receivables - related parties as at 31 December 2017 and 2016 are classified by aging as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Under 90 days	49,003	12,085	79,559	52,009
91 - 180 days	-	-	64,330	53,434
181 - 365 days	-	-	43,285	17,428
Over 365 days	-	-	-	-
Total	<u>49,003</u>	<u>12,085</u>	<u>187,174</u>	<u>122,871</u>

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 2016		1,095	1,095
Unrealized gain on derivatives		1,341	1,341
Exchange differences on translating financial statement		(154)	(154)
Ending balance as at 31 December 2017	25.1 (2)	<u>2,282</u>	<u>2,282</u>

7. Investments in subsidiaries - net

(Unit: Million Baht)

Company's name	Paid - up capital		Separate financial statements				Dividend for the years ended 31 December	
	2017	2016	Percentage directly owned by the Company		Cost		2017	2016
			2017	2016	2017	2016		
			Percent	Percent				
<u>Subsidiaries operating in Thailand</u>								
a) Asian Bulk Shipping Co., Ltd.	Baht 25 Million	Baht 25 Million	51	51	13	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	232	255	-	-
d) Regional Container Lines Pte. Ltd.	S\$ 136.5 Million	S\$ 136.5 Million	100	100	5,156	5,675	-	-
e) RCL Feeder Pte. Ltd.	USD 138.6 Million	USD 138.6 Million	27	27	1,115	1,228	-	-
f) RCL Service S.A.	USD 10,000	USD 10,000	49	49	2	2	-	-
g) RCL Holdings Ltd.	-	S\$ 0.3 Million	-	49	-	167	-	-
h) RCL Shipmanagement Pte. Ltd.	S\$ 0.3 Million	S\$ 0.3 Million	49	49	80	88	-	-
<u>Subsidiary operating in Hong Kong</u>								
i) Regional Container Lines (H.K.) Ltd.	HK\$ 20 Million	HK\$ 20 Million	100	100	236	260	-	-
					6,839	7,694		
<u>Less</u> : Allowance for impairment					-	(167)		
Investments in subsidiaries - net					6,839	7,527		

Movement in the investments in subsidiaries for the year ended 31 December 2017 are summarized below:

	(Unit: Thousand Baht)
Investment as at 31 December 2016	7,527,106
Exchange differences on translating financial statement	(688,481)
Investment as at 31 December 2017	<u>6,838,625</u>

In July 2017, RCL Holding Ltd. Has been dissolved. The dissolution of the aforesaid subsidiary does not affect the operation of the Company.



8. Investments in associates and joint venture8.1 Investments in associates

Company's name	Paid - up capital		Percentage directly owned by the Company		Cost method		Equity method		(Unit: Million Baht) Dividend for the years ended 31 December	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
			Percent	Percent						
<u>Investment in associates of the Company</u>										
TIPS Co., Ltd. (Port operating)	Baht 100	Baht 100								
	Million	Million	22	22	54	60	331	353	66	22
Total investment in associates of the Company					54	60	331	353	66	22
<u>Investment in associates of the subsidiaries</u>										
RCL (Vietnam) Co., Ltd. (Ship agency)	VND 4,748	VND 4,748								
	Million	Million	49	49	5	5	10	13	3	5
PT Daerah Indah Shipping (Ship agency)	USD 0.75	USD 0.75								
	Million	Million	49	49	12	13	13	14	-	-
Pu Chao Container Terminal Co., Ltd. (Port operating)	Baht 30 Million	Baht 30 Million	49	49	15	15	-	-	-	-
Total investment in associates of the subsidiaries					32	33	23	27	3	5
Total investment in associates					86	93	354	380	69	27

Movements in the investment in associates for the year ended 31 December 2017 are summarized below:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Investment as at 31 December 2016	379,990	59,618
Dividend income	(69,347)	-
Share of profit under equity method	79,171	-
Exchange differences on translating financial statement	(35,384)	(5,453)
Investment as at 31 December 2017	354,430	54,165

## 8.2 Investments in joint venture

(Unit: Million Baht)

Company's name	Consolidated financial statements							
	Paid - up capital		Percentage directly owned by the Company		Equity method		Dividend for the years ended 31 December	
	2017	2016	2017	2016	2017	2016	2017	2016
			Percent	Percent				
<u>Investment in joint venture of the subsidiaries</u>								
RCL Agencies (India) Private Limited	INR	INR						
(Shipping agent and providing transportation and cargo handling services)	40	40	55	55	30	12	-	-
Total investment in joint venture	Million	Million			30	12	-	-

Movements in the investment in joint venture for the year ended 31 December 2017 are summarized below:

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Investment as at 31 December 2016	11,671	-
Dividend income	-	-
Share of profit under equity method	20,529	-
Exchange differences on translating financial statement	(1,887)	-
Investment as at 31 December 2017	30,313	-

Financial information of the associates and joint venture is summarised below. (2016: Audited financial statements, 2017: 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	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<u>Investment in associates of the Company</u>										
TIPS Co., Ltd.	Baht 100	Baht 100								
	Million	Million	1,796	1,758	267	289	1,728	1,563	360	232
<u>Investment in associates of the subsidiaries</u>										
RCL (Vietnam) Co., Ltd.	VND 4,748	VND 4,748								
	Million	Million	19	18	8	3	29	28	2	8
PT Daerah Indah Shipping	USD 0.75	USD 0.75								
	Million	Million	25	28	-	-	-	-	-	-
Pu Chao Container Terminal Co., Ltd.	Baht 30	Baht 30								
	Million	Million	33	22	52	21	152	16	(15)	(29)
<u>Investment in joint venture of the subsidiaries</u>										
RCL Agencies (India) Private Limited	INR 40	INR 40								
	Million	Million	67	23	12	3	91	-	37	(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 4<sup>th</sup> quarter of year 2016. A subsidiary' shareholding is 55% of share capital. The share capital and paid - up capital amounted Indian Rupee 40 million.

On 10 November 2017, the Board of Director of the Company approved RCL Feeder Pte Ltd., a wholly owned subsidiary to buy shares from the two existing shareholders of RCL (Vietnam) Co., Ltd. amounting to USD 0.17 million accounted for 31% of total registered shares (total registered share of RCL (Vietnam) Co., Ltd. is VND 4,748 million equivalent to Baht 5.38 million). Eventually, RCL Feeder Pte Ltd., will hold 80% of share of RCL (Vietnam) Co., Ltd. and therefore RCL (Vietnam) Co., Ltd. will become a subsidiary of the Company. Currently the approval process of share transfer has yet to be finalized.

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 2016	64,118,251	178,832,115	282,523,743	69,584,388	6,302,304	601,360,801
Acquisitions	-	-	-	310,459	-	310,459
Write - off	-	-	-	(612,816)	-	(612,816)
Exchange differences on translating financial statement	(5,864,692)	(16,357,204)	(27,753,580)	(5,082,913)	(619,104)	(55,677,493)
As at 31 December 2017	58,253,559	162,474,911	254,770,163	64,199,118	5,683,200	545,380,951
<u>Accumulated depreciation</u>						
As at 31 December 2016	(63,648,784)	(43,721,091)	(63,025,028)	(66,910,106)	(6,302,304)	(243,607,313)
Depreciation for the year	-	(3,455,147)	(2,811,361)	(2,336,722)	-	(8,603,230)
Write - off	-	-	-	585,336	-	585,336
Exchange differences on translating financial statement	5,821,751	4,137,132	6,310,644	4,945,412	619,104	21,834,043
As at 31 December 2017	(57,827,033)	(43,039,106)	(59,525,745)	(63,716,080)	(5,683,200)	(229,791,164)
<u>Allowance for loss on impairment</u>						
As at 31 December 2016	-	-	-	-	-	-
Increase	-	-	-	-	-	-
Reversal	-	-	-	-	-	-
Exchange differences on translating financial statement	-	-	-	-	-	-
As at 31 December 2017	-	-	-	-	-	-
<u>Net book value</u>						
As at 31 December 2016	469,467	135,111,024	219,498,715	2,674,282	-	357,753,488
As at 31 December 2017	426,526	119,435,805	195,244,418	483,038	-	315,589,787

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

9.2 Vessels and equipment - Consolidated financial statement

(Unit: Baht)

	Vessels	Major repair and maintenance cost	Container	Office furniture, fixtures and equipment	Motor vehicles	Total
<u>Cost</u>						
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
Acquisitions	-	141,728,264	811,302,604	5,866,646	3,359,999	962,257,513
Disposals	-	-	(142,694,818)	(3,009,106)	(6,798,501)	(152,502,425)
Write - off	-	(170,516,405)	(17,774,873)	(446,869)	-	(188,738,147)
Exchange differences on translating financial statement	(2,705,766,008)	(62,937,652)	(132,159,671)	(16,000,148)	(994,675)	(2,917,858,154)
As at 31 December 2017	26,876,175,551	608,948,479	1,679,126,061	185,536,400	17,595,344	29,367,381,835
<u>Accumulated depreciation</u>						
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)
Depreciation for the year	(1,104,030,542)	(246,728,275)	(171,506,896)	(6,098,017)	(702,279)	(1,529,066,009)
Disposals	-	-	142,315,760	2,976,828	6,520,029	151,812,617
Write - off	-	137,894,620	17,774,873	414,686	-	156,084,179
Exchange differences on translating financial statement	1,397,288,844	33,851,985	51,242,961	15,014,995	946,732	1,498,345,517
As at 31 December 2017	(14,500,694,053)	(397,518,422)	(515,419,498)	(172,027,624)	(13,420,350)	(15,599,079,947)
<u>Allowance for loss on impairment</u>						
As at 31 December 2016	(2,037,681,246)	-	-	-	-	(2,037,681,246)
Increase	-	-	-	-	-	-
Reversal	27,462,696	-	-	-	-	27,462,696
Exchange differences on translating financial statement	185,282,405	-	-	-	-	185,282,405
As at 31 December 2017	(1,824,936,145)	-	-	-	-	(1,824,936,145)
<u>Net book value</u>						
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
As at 31 December 2017	10,550,545,353	211,430,057	1,163,706,563	13,508,776	4,174,994	11,943,365,743

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 2016	9,796,071,893	253,438,122	45,545,888	6,452,927	10,101,508,830
Acquisitions	-	190,021	2,371,060	-	2,561,081
Disposals	-	-	(2,698,969)	-	(2,698,969)
Write - off	-	(30,332,190)	-	-	(30,332,190)
Exchange differences on translating financial statement	(896,015,500)	(21,976,259)	(4,152,829)	(590,229)	(922,734,817)
As at 31 December 2017	8,900,056,393	201,319,694	41,065,150	5,862,698	9,148,303,935
<u>Accumulated depreciation</u>					
As at 31 December 2016	(5,016,897,031)	(132,956,328)	(43,313,850)	(6,452,927)	(5,199,620,136)
Depreciation for the year	(366,659,266)	(81,901,684)	(1,269,832)	-	(449,830,782)
Disposals	-	-	2,698,969	-	2,698,969
Write - off	-	30,332,190	-	-	30,332,190
Exchange differences on translating financial statement	473,536,631	14,222,558	3,904,652	590,229	492,254,070
As at 31 December 2017	(4,910,019,666)	(170,303,264)	(37,980,061)	(5,862,698)	(5,124,165,689)
<u>Allowance for loss on impairment</u>					
As at 31 December 2016	-	-	-	-	-
Increase	-	-	-	-	-
Reversal	-	-	-	-	-
Exchange differences on translating financial statement	-	-	-	-	-
As at 31 December 2017	-	-	-	-	-
<u>Net book value</u>					
As at 31 December 2016	4,779,174,862	120,481,794	2,232,038	-	4,901,888,694
As at 31 December 2017	3,990,036,727	31,016,430	3,085,089	-	4,024,138,246

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

As at 31 December 2017 and 2016, certain vessels and equipment items have been fully depreciated but are still in use. The original cost of those assets amounted to approximately Baht 1,330 million and Baht 1,495 million (The Company: Baht 522 million and Baht 511 million), respectively.

As at 31 December 2017 and 2016, the subsidiary in Singapore has containers acquired under finance lease agreements, with net book value amounting to USD 35.7 million (approximately Baht 1,163.7 million) and USD 16.9 million (approximately Baht 604.4 million), respectively (the Company only: amounted to approximately Baht - million and Baht - million, respectively).

#### 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 % per annum.

#### Transactions occurred in year 2017:

At the end of year 2017, 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 recorded the reversal on impairment of vessels amounting to USD 0.8 million or approximately Baht 27.5 million (The Company: USD - million or approximately Baht - million) in the statements of income for the year 2017.

The discount rate (before tax) of the determination is 7.5 % per annum.

Depreciation in the statements of income for the years 2017 and 2016 consisted of the following:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Depreciation included in				
Cost of freight and operations	1,522,265,713	1,409,137,526	448,560,950	461,654,541
Administrative expenses	15,403,526	14,888,861	1,269,832	1,081,863
Total	<u>1,537,669,239</u>	<u>1,424,026,387</u>	<u>449,830,782</u>	<u>462,736,404</u>

	(Unit: USD)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Depreciation included in				
Cost of freight and operations	44,856,165	39,923,999	13,217,616	13,079,700
Administrative expenses	453,891	421,835	37,418	30,651
Total	<u>45,310,056</u>	<u>40,345,834</u>	<u>13,255,034</u>	<u>13,110,351</u>

10. Intangible assets, net

	(Unit: Baht)
	Consolidated financial statements
	<u>Computer software</u>
<u>Cost</u>	
As at 31 December 2016	376,763,857
Increase	-
Decrease	-
Transfer in (out)	-
Exchange differences on translating financial statement	(34,153,048)
As at 31 December 2017	<u>342,610,809</u>
<u>Accumulated amortization</u>	
As at 31 December 2016	(376,732,917)
Increase	(20,913)
Decrease	
Exchange differences on translating financial statement	34,152,180
As at 31 December 2017	<u>(342,601,650)</u>
<u>Net book value</u>	
As at 31 December 2016	<u><u>30,940</u></u>
As at 31 December 2017	<u><u>9,159</u></u>

As at 31 December 2017 and 2016, computer software have been fully amortized but are still in use. The original cost of those asset amounted to approximately Baht 343 million and Baht 372 million, respectively.



11. Short - term loans from financial institutions

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Loans from financial institution no. 1	150,000	450,000	150,000	450,000
Loans from financial institution no. 2	651,600	717,200	651,600	717,200
Loans from financial institution no. 3	122,175	103,994	-	-
Loans from financial institution no. 4	456,120	-	-	-
<b>Total</b>	<b>1,379,895</b>	<b>1,271,194</b>	<b>801,600</b>	<b>1,167,200</b>

As at 31 December 2017 and 2016, loans from financial institution no. 1 are promissory note with interest at the rate of MLR% p.a., which is unsecured.

As at 31 December 2017 and 2016, loans from financial institution no. 2 are promissory note amounting to USD 20 million, with interest at the rate of 4.50% - 4.52% p.a., and 3.61% p.a., respectively, which is unsecured.

As at 31 December 2017 and 2016, loans from financial institution no. 3 is short - term loan amounting to USD 3.75 million and USD 2.90 million, with interest at the rate of LIBOR+6% and LIBOR+2% p.a., respectively, is secured by office building subsidiaries.

As at 31 December 2017, loans from financial institution no. 4 is short - term loan amounting to USD 14 million with interest at the rate of LIBOR+1.80% p.a., which is unsecured.

12. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		Financial statements	
	2017	2016	2017	2016
Liabilities under finance lease agreements	1,300,826	677,506	-	-
<u>Less</u> : deferred interest	(104,867)	(61,678)	-	-
	1,195,959	615,828	-	-
<u>Less</u> : current portion due within one year	(229,545)	(103,843)	-	-
Liabilities under finance lease agreements net of current portion	966,414	511,985	-	-

(Unit: Thousand Baht)

	Consolidated financial statements					
	2017			2016		
	Deffered		Total	Deffered		Total
Principal	interest	Principal		interest		
1 - 5 years	861,793	64,487	926,280	417,900	38,923	456,823
Over 5 years	104,621	2,591	107,212	94,085	1,608	95,693
Total	966,414	67,078	1,033,492	511,985	40,531	552,516

(Unit: Thousand Baht)

	Separate financial statements					
	2017			2016		
	Deffered		Total	Deffered		Total
Principal	interest	Principal		interest		
1 - 5 years	-	-	-	-	-	-
Over 5 years	-	-	-	-	-	-
Total	-	-	-	-	-	-

13. Long - term loans

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<u>Loans of the Company</u>				
1) USD - million loan (2016: USD 10.5 million), repayable quarterly until the year 2017.	-	375,454	-	375,454
2) USD - million loan (2016: USD 10.5 million), repayable quarterly until the year 2017.	-	375,454	-	375,454
3) USD 8.3 million loan (2016: USD 11.3 million), repayable quarterly until the year 2020.	268,785	403,425	268,785	403,425
4) USD 21.4 million loan (2016: USD 27.3 million), repayable quarterly until the year 2021.	697,060	980,317	697,060	980,317
5) USD 19.4 million loan (2016: USD - million), repayable quarterly until the year 2027.	633,404	-	633,404	-
<u>Loans of the Singapore Subsidiaries</u>				
6) USD 8.1 million loan (2016: USD 10.5 million), repayable quarterly until the year 2018.	263,898	376,530	-	-
7) USD 5.4 million loan (2016: USD 10.7 million), repayable semi - annually until the year 2018.	174,629	384,419	-	-
8) USD 5.5 million loan (2016: USD 7.3 million), repayable quarterly until the year 2018.	179,190	262,973	-	-
9) USD 5.2 million loan (2016: USD 7.9 million), repayable semi - annually until the year 2019.	170,719	281,860	-	-
<u>Loan of the Hong Kong Subsidiary</u>				
10) HKD 20.3 million loan (2016: HKD 23.7 million), repayable monthly until the year 2023.	84,762	109,742	-	-
Total	2,472,447	3,550,174	1,599,249	2,134,650
<u>Less</u> Current portion	(1,073,930)	(1,525,285)	(356,295)	(1,071,568)
Long - term loans, net of current portion	1,398,517	2,024,889	1,242,954	1,063,082

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

Movements in the long - term loans during the year ended 31 December 2017 are summarized below:

	(Unit: Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Beginning balance as at 31 December 2016	3,550,174	2,134,650
<u>Add</u> Borrowings	676,696	676,696
<u>Less</u> Repayments	(1,460,319)	(1,031,011)
Exchange differences on translating financial statement	<u>(294,104)</u>	<u>(181,086)</u>
Ending balance as at 31 December 2017	<u><u>2,472,447</u></u>	<u><u>1,599,249</u></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 (31 December 2017: approximately Baht 1,059 million) which is for the payment of 2 container vessels' construction, at present, the Company has not drawn down the loan.

In October 2017, the Company had entered into long - term loan agreement with a financial institution. This loan has credit line of USD 27.4 million (31 December 2017: approximately Baht 894 million) which is for the payment of 2 container vessels' construction, at present, the Company has not drawn down the loan.

#### 14. 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.

15. Employee benefit obligation

- Movement in the present value of the employee benefit obligation for the years ended 31 December 2017 and 2016

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Employee benefit obligation at beginning of year	37.36	38.87	35.18	36.96
Benefits paid	(1.05)	(8.09)	(1.05)	(7.85)
Current service cost and interest	7.22	6.79	6.70	6.33
Losses (gains) on the settlement of employee benefit	-	(0.21)	-	(0.26)
Actuarial losses (gain) on defined employee benefit plans	(15.23)	-	(15.23)	-
Employee benefit obligation at ending of year	<u>28.30</u>	<u>37.36</u>	<u>25.60</u>	<u>35.18</u>

- Expenses recognized in the statements of income for the years ended 31 December 2017 and 2016 are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Current service costs	5.87	5.50	5.43	5.12
Interest cost	1.35	1.29	1.27	1.21
Losses (gains) on the settlement of employee benefit	-	(0.21)	-	(0.26)
Total	<u>7.22</u>	<u>6.58</u>	<u>6.70</u>	<u>6.07</u>

- Principal actuarial assumptions as at 31 December 2017 and 2016 are as follows:

	Percent			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Discount rate	2.81	3.39 - 3.67	2.81	3.39
Salary increase rate	5 - 6.00	6.00	6.00	6.00
Employee turnover rate	0 - 24.00*	0 - 24.00*	2 - 24.00*	0 - 24.00*
Mortality rate	TMO2017***	TMO2008**	TMO2017***	TMO2008**

\* Based on the weighted average by age group of employees

\*\* Reference from TMO2008 : Thai Mortality Ordinary Table 2008

\*\*\* Reference from TMO2017 : Thai Mortality Ordinary Table 2017

- 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 2017 as follows:

- If the discount rate increases (decreases) by 1%, the employee benefit obligation in Consolidated financial statements would decrease Baht 2.55 million (increase Baht 2.92 million) and Separate financial statements would decrease Baht 2.31 million (increase Baht 2.66 million).
- If the salary increase rate increases (decreases) by 1%, the employee benefit obligation in Consolidated financial statements would increase Baht 2.93 million (decrease Baht 2.60 million) and Separate financial statements would increase Baht 2.65 million (decrease Baht 2.35 million).
- If the employee turnover rate increases (decreases) by 10%, the employee benefit obligation would decrease Bath 1.21 million (increase Bath 1.34 million) and Separate financial statements would decrease Baht 1.16 million (increase Baht 1.27 million).
- If the mortality rate decreases (increases) by one year for all employees, the employee benefit obligation in Consolidated financial statements would decrease Baht 0.12 million (increase Baht 0.11 million) and Separate financial statements would decrease Baht 0.11 million (increase Baht 0.10 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.

16. 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.

17. Dividend paid

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

18. 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	
	2017	2016	2017	2016	
<u>Transactions with its subsidiaries</u>					
Charter freight income	-	-	261	220	Market price as at agreement date
Ship management fee	-	-	8	8	Price approximates market price
<u>Transactions with related parties</u>					
Commission expenses	152	116	-	-	Price approximates market price
Terminal operating service	242	281	-	-	Price per tariff minus volume discount
Logistic service fees	10	17	-	-	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	
	2017	2016	2017	2016
<u>Trade receivables - related parties</u>				
<u>Subsidiary</u>				
RCL Feeder Pte. Ltd.	-	-	187	123
<u>Related parties</u>				
Ngow Hock Co., Ltd.	38	-	-	-
Siam Paetra International Co., Ltd	7	12	-	-
RCL Agencies (India) Private Limited	4	-	-	-
	<u>49</u>	<u>12</u>	<u>-</u>	<u>-</u>
<u>Other receivables - related parties</u>				
<u>Receipt on behalf of the Company</u>				
<u>Subsidiaries</u>				
RCL Feeder Pte. Ltd.	-	-	348	396
Regional Container Lines Pte. Ltd.	-	-	6	7
	<u>-</u>	<u>-</u>	<u>354</u>	<u>403</u>
<u>Advances payment</u>				
<u>Subsidiary</u>				
RCL Shipmanagement Pte. Ltd.	-	-	24	20
<u>Trade payables - related parties</u>				
<u>Related parties</u>				
Ngow Hock Co., Ltd.	2	171	-	-
RCL (Vietnam) Co., Ltd.	5	8	-	-
Others	1	2	-	-
	<u>8</u>	<u>181</u>	<u>-</u>	<u>-</u>
<u>Advance from related parties</u>				
<u>Subsidiaries</u>				
RCL Feeder Pte. Ltd.	-	-	1,792	619
RCL Shipmanagement Pte. Ltd.	-	-	144	533
Regional Container Lines Pte. Ltd.	-	-	9	6
RCL Services S.A. Limited	-	-	79	-
	<u>-</u>	<u>-</u>	<u>2,024</u>	<u>1,158</u>
<u>Payable on purchase of assets</u>				
<u>Subsidiary</u>				
Regional Container Lines Pte. Ltd.	-	-	87	95



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 2017 and 2016 are as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Short - term employee benefits	30	33	15	16

19. Expenses by nature

Significant expenses by nature for the years ended 31 December 2017 and 2016 are as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Employee benefits expenses	1,408	1,486	429	429
Management benefit expenses	30	33	15	16
Depreciations	1,538	1,424	450	463
Net doubtful debt	5	25	-	-
Loss on impairment of vessels	-	137	-	-
Loss under onerous contract	-	27	-	-
Loss on impairment of investment	-	-	-	164

20. 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 2017, the Group's contributions to these funds totaled Baht 44 million (2016 : Baht 46 million).

## 21. 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 2017 and 2016 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 343.69 million and Baht 371.12 million, respectively, (the Company Baht 52.58 million and Baht 64.31 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 0.54 million and Baht 0.44 million, respectively.

As at 31 December 2017 and 2016 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 194.08million and Baht 285.86 million, respectively.

Tax expense (income) for the year ended 31 December 2017 and 2016, consisted of:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2017	2016	2017	2016
Current tax expense	12,086	4,204	-	-
Deferred tax expense (income) of temporary differences	634	656	-	-
Tax expense (income) reported in the statement of income	<u>12,720</u>	<u>4,860</u>	<u>-</u>	<u>-</u>

As at 31 December 2017 and 2016 the components of deferred tax assets and liabilities are as follows:

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	2017	2016
<u>Deferred tax assets</u>		
Employee benefit obligation	538	436
Unused tax benefits on loss carry forward	-	-
Total	<u>538</u>	<u>436</u>
<u>Deferred tax liabilities</u>		
Property and premises, net	<u>8,561</u>	<u>8,712</u>

The Company's operating results for the year 2017 can be divided into BOI promoted activities and non - BOI promoted activities as follows:

	For the year ended 31 December 2017						(Unit: Baht)
	Baht currency (a)			Functional currency			
	BOI Promoted	Non - BOI Promoted	Tax payer number	BOI Promoted	Non - BOI Promoted	Tax payer number	
	3101120028	3105114177		3101120028	3105114177		
	BOI Promoted	Non - BOI Promoted	Tax exempted	BOI Promoted	Non - BOI Promoted	Tax exempted	USD currency (b)
<b>Revenues</b>							
Freight income	176,115,660	-	652,846,165	828,961,825	-	5,560,958	834,522,783
Gain on exchange rate	63,166,719	-	273,039,432	336,206,151	-	(336,206,151)	-
Dividend income	-	66,666,600	-	66,666,600	-	(243,850)	66,422,750
Interest income	-	249,703	-	249,703	-	4,782	254,485
Unrealized gain on derivatives	-	-	1,186,830	1,186,830	-	153,734	1,340,564
Other income	-	189,534	-	189,534	-	(2,940)	186,594
<b>Total revenues</b>	<b>239,282,379</b>	<b>67,105,837</b>	<b>927,072,427</b>	<b>1,233,460,643</b>	<b>189,534</b>	<b>(330,733,467)</b>	<b>902,727,176</b>
<b>Expenses</b>							
Cost of freight and operations	126,349,355	-	850,784,438	977,133,793	-	(3,280,650)	973,853,143
Administrative expenses	47,111,712	433,421	174,639,215	222,184,348	-	1,841,267	224,025,615
Loss on exchange rate	-	-	-	-	-	27,701,894	27,701,894
Finance costs	35,439,968	-	87,019,948	122,459,916	-	813,765	123,273,681
<b>Total expenses</b>	<b>208,901,035</b>	<b>433,421</b>	<b>1,112,443,601</b>	<b>1,321,778,057</b>	<b>189,534</b>	<b>27,076,276</b>	<b>1,348,854,333</b>
<b>Profit (loss) before income tax expense</b>	<b>30,381,344</b>	<b>66,672,416</b>	<b>(85,371,174)</b>	<b>(88,317,414)</b>	<b>189,534</b>	<b>(357,809,743)</b>	<b>(446,127,157)</b>
Tax expenses (income)	-	-	-	-	-	-	-
<b>Profit (loss) for the years</b>	<b>30,381,344</b>	<b>66,672,416</b>	<b>(85,371,174)</b>	<b>(88,317,414)</b>	<b>189,534</b>	<b>(357,809,743)</b>	<b>(446,127,157)</b>

(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 2016)".

## 22. 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	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenues from external customers	731	849	10,463	9,400	58	192	11,252	10,441	-	-	11,252	10,441
Inter - segment revenues	261	219	886	1,021	23	23	1,170	1,263	(1,170)	(1,263)	-	-
Freight income	992	1,068	11,349	10,421	81	215	12,422	11,704	(1,170)	(1,263)	11,252	10,441
Segment gross profit (loss)	(104)	(93)	1,168	(202)	59	73	1,123	(222)	(49)	4	1,074	(218)
Gain (loss) on exchange rate											33	58
Dividend income											-	3
Gain on sales of assets											115	18
Interest income											4	4
Other income											18	29
Share of profit (loss) from investment in associates											79	40
Share of profit (loss) from investment in joint venture											20	-
Administrative expenses											887	941
Net doubtful debt											5	25
Loss on impairment of vessels (reversal)											(27)	137
Loss under onerous contract (reversal)											(264)	27
Finance costs											197	175
Tax expenses (income)											12	5
Profit (loss) for the years											533	(1,376)

(Unit: Million Baht)

Consolidated financial statements												
As at 31 December												
	Thailand		Singapore		Hong Kong		Total		Elimination		Grand Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Property, premises, vessels and equipment, net	4,030	4,906	7,622	8,481	195	220	11,847	13,607	412	501	12,259	14,108
Others											5,151	4,016
Total assets											17,410	18,124

23. Commitments and contingent liabilities23.1 Commitments

As at 31 December 2017, the Company and its subsidiary in Thailand have outstanding commitments relating to the lease agreements for buildings of approximately Baht 8 million (31 December 2016: Baht 6 million) in respect of lease agreements, and subsidiaries in Singapore has outstanding commitments of USD 35 million or approximately Baht 1,121 million (31 December 2016: USD 35 million or approximately Baht 1,246 million) in respect of the following agreements.

	(Unit: Million Baht)			
Payment period	Charter hire	Container lease	Other rental	Total
Within 1 year	555	-	36	591
During 1 - 5 years	477	-	53	530
Over than 5 years	-	-	-	-
Total	1,032	-	89	1,121

23.2 Guarantees

As at 31 December 2017, the Company has guarantee obligations of USD 253 million, SGD 6 million and HKD 35 million, or approximately Baht 8,551 million (31 December 2016: USD 253 million, SGD 6 million and HKD 35 million or approximately Baht 9,400 million). These guarantees were issued to secure credit lines of overseas subsidiaries from financial institutions. The subsidiaries have outstanding guarantees totaling USD 46 million and HKD 20 million, or approximately Baht 1,598 million (31 December 2016 : USD 66 million and HKD 24 million, or approximately Baht 2,470 million).

## 24. Shipbuilding contracts

On 5 November 2015, the Company entered into 2 vessel building contracts amount of USD 46 million (as at 31 December 2017 approximately Baht 1,497.4 million). The payment term of each vessel was scheduled in 5 installment periods with different percentages based on the contract price: 10% for 1<sup>st</sup> and 2<sup>nd</sup> installment, 0% for the 3<sup>rd</sup> installment, 5%, for the 4<sup>th</sup> installment and 75% for the 5<sup>th</sup> installment (payment upon delivery of the vessel). On 28 December 2016, the Company extended the payment of 2<sup>nd</sup> installment of each vessel to July 2017 and September 2017, respectively and on 5 July 2017, the Company postponed the delivery date of both vessels to August 2018 and October 2018, respectively.

On 5 July 2017, the Company entered into 2 optional vessel building contracts amount of USD 39.2 million (as at 31 December 2017 approximately Baht 1,277.1 million). The payment term of vessel was scheduled in 5 installment periods with different percentages based on the contract price: 10% for the 1<sup>st</sup> and 2<sup>nd</sup> installment, 0% for the 3<sup>rd</sup> installment, 5% for the 4<sup>th</sup> installment and 75% for the 5<sup>th</sup> installment (payment upon delivery of the vessel). On 4 January 2018, the Company postponed the delivery date of both vessels to July 2019 and August 2019, respectively.

On 16 November 2017, the Company entered into the buying contract of one vessel amounting to USD 3 million (as at 31 December 2017 approximately Baht 96.9 million). According to the agreement, the payment term was scheduled in two installment periods with different percentages based on the contract price: 10% for 1<sup>st</sup> installment period and 90% for the final installment (payment upon delivery of the vessel), which currently the Company has already made payment for the final installment upon vessel delivery in January 2018.

As at 31 December 2017, the Company had made payment for the above - mentioned contracts amounting to USD 13.4 million (approximately Baht 438.5 million).

## 25. 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.

### 25.1 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 2017 and 2016 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

2017

	Million Baht						Interest rate
	Fixed interest rates			Floating interest rate	Non - interest bearing	Total	
	within 1 year	2 - 5 years	Over than 5 years				
<u>Financial assets</u>							
Cash and cash equivalents	207	-	-	852	581	1,640	0 - 1.45% p.a.
<u>Financial liabilities</u>							
Short - term loan from financial institution	652	-	-	728	-	1,380	Note 11
Financial lease agreement	230	862	104	-	-	1,196	Note 12
Long - term loans	98	171	-	2,203	-	2,472	Note 13
Total	980	1,033	104	2,931	-	5,048	

2016

	Million Baht						Interest rate
	Fixed interest rates			Floating interest rate	Non - interest bearing	Total	
	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 12
Long - term loans	107	296	-	3,147	-	3,550	Note 13
Total	928	714	94	3,701	-	5,437	

Separate financial statements

2017

	Million Baht						Interest rate
	Fixed interest rates			Floating interest rate	Non - interest bearing	Total	
	within 1 year	2 - 5 years	Over than 5 years				
<u>Financial assets</u>							
Cash and cash equivalents	-	-	-	42	36	78	0 - 1.20% p.a.
<u>Financial liabilities</u>							
Short - term loan from financial institution	652	-	-	150	-	802	Note 11
Long - term loans	98	171	-	1,330	-	1,599	Note 13
Total	750	171	-	1,480	-	2,401	

2016

	Million Baht						Interest rate
	Fixed interest rates			Floating interest rate	Non - interest bearing	Total	
	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	107	296	-	1,732	-	2,135	Note 13
Total	824	296	-	2,182	-	3,302	

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 2017, the Company had a period - by - period knock out swap and interest rate swap agreement covering the notional amount of USD 8.30 million (31 December 2016: USD 11.30 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 2017, the Company had unrealized gain from changes in the fair value of derivatives of USD 0.03 million, or approximately Baht 1.34 million (31 December 2016: USD 0.03 million, or approximately Baht 1.09 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 2017 and 2016, 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

Bunker cost represents a major component of the operational costs of a subsidiary in Singapore. Hence the said subsidiary is exposed to bunker price fluctuations. As at 31 December 2017, a subsidiary in Singapore had not entered into any new contract to hedge the exposure to bunker price fluctuations. Due to the fact that the risk management committee assessed the bunker price in the global market shown a downward trend. And the Company will be able to cope with the risk as the freight rate shall be adapted to higher bunker price accordingly.

25.2 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.

26. 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 2017, the Group's debt - to - equity ratio was 0.95 : 1 (31 December 2016 : 0.96 : 1) and the Company's was 0.62 : 1 (31 December 2016 : 0.54 : 1).

27. Functional currency financial statements

The USD functional currency statements of financial position as at 31 December 2017 and 2016 and the statements of income for the years ended 31 December 2017 and 2016 are as follows:

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

As at 31 December 2017

(Unit: USD)

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	As at 31 December		As at 31 December	
	2017	2016	2017	2016
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	50,337,010	35,009,824	2,388,375	1,002,004
Trade receivables - unrelated parties	50,140,926	44,162,390	336,822	655,191
<u>Less: allowance for doubtful accounts</u>	<u>(1,730,654)</u>	<u>(1,729,501)</u>	-	-
Trade receivables - unrelated parties, net	48,410,272	42,432,889	336,822	655,191
Trade receivables - related parties	1,504,096	337,014	5,745,061	3,426,411
Other receivables				
- Dividend receivables	-	-	-	557,724
- Others	23,540,525	10,039,425	12,335,501	12,369,084
Material supplies	7,368,820	6,779,558	401,433	775,334
Other current assets	1,029,604	1,257,307	82,914	36,411
<b>Total current assets</b>	<b>132,190,327</b>	<b>95,856,017</b>	<b>21,290,106</b>	<b>18,822,159</b>
<b>Non - current assets</b>				
Property investments held for long - term investment	159,068	162,415	-	-
Investments in subsidiaries, net	-	-	209,902,552	209,902,552
Investments in associates	10,878,788	10,596,487	1,662,509	1,662,509
Investments in joint venture	930,406	325,470	-	-
Other long - term investments	337,862	337,862	-	-
Property and premises, net	9,686,611	9,976,394	13,092	13,092
Vessels and equipment, net	366,585,811	383,443,546	123,515,600	136,695,167
Intangible assets, net	281	863	-	-
Other non - current assets				
- Advance for vessel constructions	13,457,897	4,596,000	13,457,897	4,596,000
- Other	136,564	124,716	74,552	67,063
<b>Total non - current assets</b>	<b>402,173,288</b>	<b>409,563,753</b>	<b>348,626,202</b>	<b>352,936,383</b>
<b>Total assets</b>	<b>534,363,615</b>	<b>505,419,770</b>	<b>369,916,308</b>	<b>371,758,542</b>

## Regional Container Lines Public Company Limited and its subsidiaries

## Statements of financial position (continued)

As at 31 December 2017

(Unit: USD)

	Consolidated		Separate	
	financial statements		financial statements	
	As at 31 December		As at 31 December	
	2017	2016	2017	2016
<b>Liabilities and shareholders' equity</b>				
<b>Current liabilities</b>				
Short - term loans from financial institutions	42,354,052	35,448,801	24,604,052	32,548,801
Trade payables - unrelated parties	94,611,336	71,970,985	1,483,652	1,803,901
Trade payables - related parties	232,360	5,057,359	-	-
Other payables				
- Accrued expenses	2,463,850	2,715,490	680,805	692,951
- Advance receipt	74,400	197,700	62,204,510	32,504,495
- Payable on purchase of assets	-	614,500	2,660,361	2,660,361
Current portion of liabilities				
Under financial lease agreement	7,045,589	2,895,786	-	-
Current portion of long - term loans	32,962,866	42,534,448	10,936,000	29,882,000
Provision for onerous contracts	3,691,437	11,462,495	-	-
Income tax payable	82,439	87,974	-	-
Other current liabilities	3,237,596	2,440,121	77,700	69,186
<b>Total current liabilities</b>	<b>186,755,925</b>	<b>175,425,659</b>	<b>102,647,080</b>	<b>100,161,695</b>
<b>Non - current liabilities</b>				
Liabilities under financial lease agreements, net of current portion	29,662,802	14,277,335	-	-
Long - term loans, net of current portion	42,925,630	56,466,521	38,150,833	29,645,333
Employee benefit obligation	868,525	1,041,895	785,941	981,101
Other non - current liabilities	262,764	242,943	-	-
<b>Total non - current liabilities</b>	<b>73,719,721</b>	<b>72,028,694</b>	<b>38,936,774</b>	<b>30,626,434</b>
<b>Total liabilities</b>	<b>260,475,646</b>	<b>247,454,353</b>	<b>141,583,854</b>	<b>130,788,129</b>

**Regional Container Lines Public Company Limited and its subsidiaries****Statements of financial position (continued)****As at 31 December 2017**

(Unit: USD)

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	As at 31 December		As at 31 December	
	2017	2016	2017	2016
<b>Shareholders' equity</b>				
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	114,361,981	98,140,668	26,665,208	39,303,167
Other components of equity	(42,190,905)	(42,558,707)	-	-
Total equity of parent Company's shareholders	273,838,322	257,249,207	228,332,454	240,970,413
Non - controlling interests	49,647	716,210	-	-
<b>Total shareholders' equity</b>	<b>273,887,969</b>	<b>257,965,417</b>	<b>228,332,454</b>	<b>240,970,413</b>
<b>Total liabilities and shareholders' equity</b>	<b>534,363,615</b>	<b>505,419,770</b>	<b>369,916,308</b>	<b>371,758,542</b>

## Regional Container Lines Public Company Limited and its subsidiaries

## Statements of income

For the year ended 31 December 2017

(Unit: USD)

	Consolidated		Separate	
	financial statements		financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2017	2016	2017	2016
<b>Revenues</b>				
Freight income	331,570,909	295,806,938	24,590,642	25,537,383
Others income				
Gain on exchange rate	980,318	1,639,040	-	-
Dividend income	-	77,570	1,957,260	1,186,357
Gain on sales of assets	3,378,976	504,000	-	4,766
Gain on sales of investment	-	24,004	-	-
Reversal of provision for loss on impairment of vessels	809,235	-	-	-
Reversal of provision for loss under onerous contracts	7,771,058	-	-	-
Interest income	117,363	117,789	7,499	13,029
Unrealized gain on derivatives	39,502	30,532	39,502	30,532
Others	500,524	762,159	5,498	95
<b>Total revenues</b>	<b>345,167,885</b>	<b>298,962,032</b>	<b>26,600,401</b>	<b>26,772,162</b>
<b>Expenses</b>				
Cost of freight and operations	299,915,356	301,996,142	28,696,249	29,143,138
Administrative expenses	26,151,151	26,650,456	6,601,298	6,158,833
Other expenses				
Net doubtful debt	133,763	724,431	-	-
Loss on exchange rate	-	-	816,284	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	5,817,088	4,947,210	3,632,470	3,132,958
<b>Total expenses</b>	<b>332,017,358</b>	<b>338,948,905</b>	<b>39,746,301</b>	<b>43,224,009</b>
Share of profit (loss) from investment in associates	2,332,900	1,142,375	-	-
Share of profit (loss) from investment in joint ventures	604,935	-	-	-
<b>Profit (loss) before income tax expenses</b>	<b>16,088,362</b>	<b>(38,844,498)</b>	<b>(13,145,900)</b>	<b>(16,451,847)</b>
Tax expenses (income)	374,810	137,699	-	-
<b>Profit (loss) for the years</b>	<b>15,713,552</b>	<b>(38,982,197)</b>	<b>(13,145,900)</b>	<b>(16,451,847)</b>
<b>Profit (loss) for the year attributable to:</b>				
Equity holders of the parent	15,713,372	(38,947,484)	(13,145,900)	(16,451,847)
Non - controlling interests	180	(34,713)	-	-
	<b>15,713,552</b>	<b>(38,982,197)</b>	<b>(13,145,900)</b>	<b>(16,451,847)</b>
<b>Basic earnings (loss) per share</b>				
Profit (loss) attributable to equity holders of the parent	0.019	(0.047)	(0.016)	(0.020)
The weighted average number of ordinary shares (share)	828,750,000	828,750,000	828,750,000	828,750,000

28. Approval of financial statements

These financial statements were authorized for issue by the Company's Board of Directors on 23 February 2018.



# Core Values



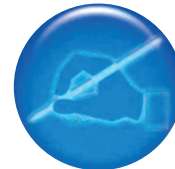
## RESULT ORIENTATION

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



## LEADERSHIP WITH INTEGRITY

- Ability to initiate, coordinate and direct, drive for success with effective communication
- Develop self & others to have continuous improvement, share knowledge, skill and information among and across teams.
- Integrity to keep the group honorable and adhering to moral and ethical principles, conduct all aspects of work with unwavering ethical behavior and honesty



## 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.



## TEAMWORK

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



## CUSTOMER FOCUS

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





**RCL**

**บริษัท อาร์ ซี แอล จำกัด (มหาชน)**

**REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED**

เลขทะเบียน 0107536000021

ชั้น 30 อาคารปัญจธานี ทาวเวอร์

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