



40th Anniversary
— since 1979 —

บริษัท อาร์ ซี แอล จำกัด (มหาชน)

Regional Container Lines Public Company Limited



รายงานประจำปี 2561
ANNUAL REPORT

2018



ทรงพระเจริญยิ่งยืนนาน

ด้วยเกล้าด้วยกระหม่อมขอพระเจ้า

บริษัท อาร์ ซี แอล จำกัด (มหาชน)

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ข้อมูลจำเพาะของบริษัท

CORPORATE PROFILE

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. ธนาคารกรุงเทพ
ธนาคารซีทีแบงก์
ธนาคารเพื่อการส่งออกและนำเข้าแห่งประเทศไทย
บมจ. ธนาคารกรุงไทย
บมจ. ธนาคารสแตนดาร์ดชาร์เตอร์ด (ไทย)
บมจ. ธนาคารยูโอบี

ผู้สอบบัญชี

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

นายทะเบียนหุ้น

หุ้นสามัญ

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

ทุนจดทะเบียน

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

Name

Regional Container Lines Public Company Limited

Address

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



Type Of Business

Container Feeder Services and Regional
Trade in Asia Region

Incorporated

June 25, 1980

Set Listing

December 9, 1988

Registered As A Public Company

January 11, 1993

Registration No.

0107536000021

Bankers

Bangkok Bank Plc.,
Citibank,
Export-Import Bank of Thailand,
Krung Thai Bank Plc.
Standard Chartered Bank (Thai) Plc.
United Overseas Bank (Thai) Plc.,

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

Dear Valued Shareholders,

On behalf of the Directors, I am presenting to you the Annual Report for the year ended December 31, 2018.

The frantic volatility that I reported last year already for our trading area accelerated to hitherto unexperienced dimensions.

Liner shipping saw a dramatic increase in ultra big vessels which in turn led to cascading of medium and ultimately smaller vessels into trade routes so far dominated by specialized carriers like us thus creating strong competition.

Another main factor is the distinct shift of feeder activities for the main lines. They depend less and less on independent common carriers and instead run their own dedicated services.

RCL has seen this developing over the years and invested heavily in liner services within our traditional geographic Asia area.

Substantial necessary investment in organisation and particularly in our own IT to support liner business and it bear more and more fruit in coming years. We have started our journey into digital technology through business intelligence for more accurate decision making, process robotics to increase people's productivity and efficiency.

The ongoing international trade conflicts create an uncertainty not only for the immediate future but also for our investment decisions in environment related areas such as Sulphur and NOX reduction measures.

On the cost containment or reduction, we have made good progress to stall in part the effects of negative market effects.

Our customer focus with dedicated well experienced personel has helped us to maintain our regional market position. We are implementing a customer journey project which will help us serve our customers better throughout their experience with RCL, including after sales service.

The realigning of our fleet with disposing of older vessels and taking delivery of two out of total four state-of-the-art new buildings in 2018, will bear fruit soon.



My thanks go to our ever-supportive customers, committed staff and to you for the continued support throughout this difficult market condition.

Thank you.

A handwritten signature in black ink, appearing to read 'Jamlong Atikul'. The signature is stylized and written in a cursive-like font.

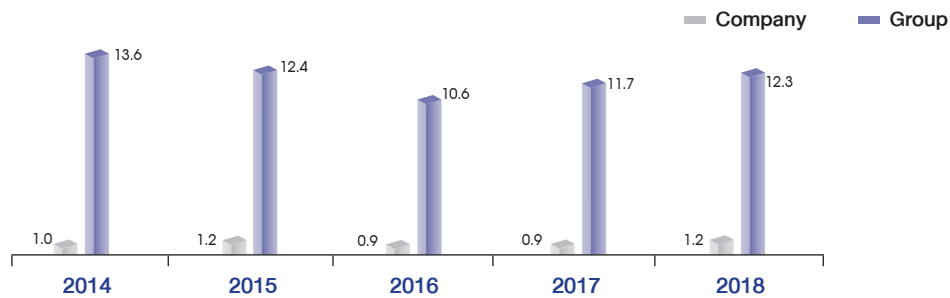
Dr. Jamlong Atikul
Chairman

จุดเด่นทางการเงิน FINANCIAL HIGHLIGHTS

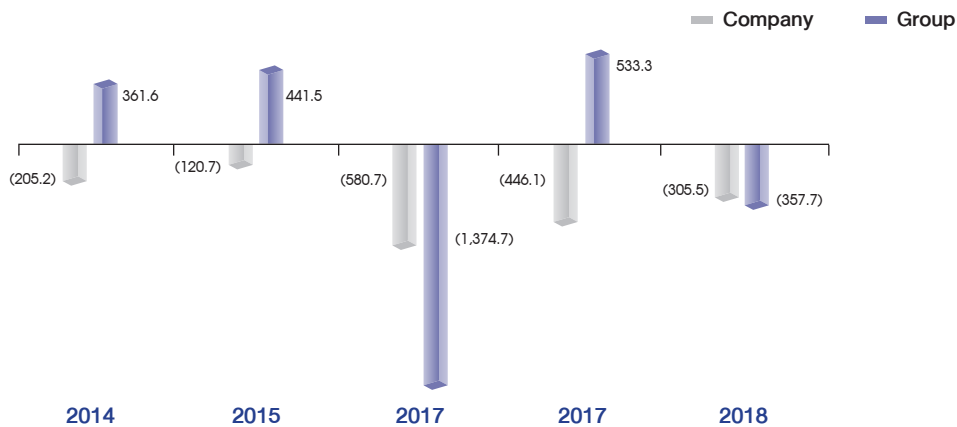
เฉพาะบริษัทฯ /Company (‘000 บาท/Baht)		2561 2018	เปลี่ยนแปลง (ร้อยละ) % Change	2560 2017	เปลี่ยนแปลง (ร้อยละ) % Change	2559 2016
สินทรัพย์ถาวร	Fixed Assets	5,265,328	31	4,024,565	(18)	4,902,358
สินทรัพย์รวม	Total Assets	14,102,370	17	12,051,873	(10)	13,331,261
หนี้สินรวม	Total Liabilities	7,105,178	(54)	4,612,802	2	4,690,062
ส่วนของผู้ถือหุ้น	Shareholders' Equities	6,997,192	(6)	7,439,071	(14)	8,641,199
รายได้จากการเดินเรือ	Freight Income	1,014,054	22	834,523	(7)	901,355
รายได้รวม	Total Income	1,157,865	28	902,727	(4)	944,937
กำไรขั้นต้น (จากการเดินเรือ)	Gross Profit (from freight income)	33,019	124	(139,330)	(9)	(127,267)
กำไร/(ขาดทุน) สุทธิส่วนที่เป็นของ ผู้ถือหุ้นบริษัทใหญ่	Net Profit/(Loss) attributable to equity holders of the parent	(305,459)	32	(446,127)	23	(580,676)
กำไรต่อหุ้น(บาท)	Earnings Per Share (Baht)	(0.37)	32	(0.54)	23	(0.70)
อัตราส่วนหนี้สินต่อส่วนของผู้ถือหุ้น	Debt to Equity Ratio	1.02		0.62		0.54
อัตราส่วนกำไรสุทธิต่อส่วนของผู้ถือหุ้น	Net Profit to Shareholders'Equity	-4.37%		-6.00%		-6.72%
อัตราส่วนกำไรสุทธิต่อรายได้รวม	Net Profit Margin	-26.38%		-49.42%		-61.45%
ราคาตามบัญชีต่อหุ้น (บาท)	Book Value Per Share (Baht)	8.44		8.98		10.43

กลุ่มบริษัท/Group (‘000 บาท/Baht)		2561 2018	เปลี่ยนแปลง (ร้อยละ) % Change	2560 2017	เปลี่ยนแปลง (ร้อยละ) % Change	2559 2016
สินทรัพย์ถาวร	Fixed Assets	13,257,560	8	12,258,956	(13)	14,108,039
สินทรัพย์รวม	Total Assets	18,296,090	5	17,409,567	(4)	18,124,353
หนี้สินรวม	Total Liabilities	9,887,666	(17)	8,486,297	4	8,873,713
ส่วนของผู้ถือหุ้น	Shareholders' Equities	8,408,425	(6)	8,923,270	(4)	9,250,640
รายได้จากการเดินเรือ	Freight Income	11,962,600	6	11,252,389	8	10,440,654
รายได้รวม	Total Income	12,262,357	5	11,713,824	11	10,552,014
กำไรขั้นต้น (จากการเดินเรือ)	Gross Profit (from freight income)	468,207	(56)	1,074,282	592	(218,451)
กำไร/(ขาดทุน) สุทธิส่วนที่เป็นของ ผู้ถือหุ้นบริษัทใหญ่	Net Profit/(Loss) attributable to equity holders of the parent	(357,742)	(167)	533,258	139	(1,374,671)
กำไรต่อหุ้น(บาท)	Earnings Per Share (Baht)	(0.43)	(167)	0.64	139	(1.66)
อัตราส่วนหนี้สินต่อส่วนของผู้ถือหุ้น	Debt to Equity Ratio	1.18		0.95		0.96
อัตราส่วนกำไรสุทธิต่อส่วนของผู้ถือหุ้น	Net Profit to Shareholders'Equity	-4.25%		5.98%		-14.86%
อัตราส่วนกำไรสุทธิต่อรายได้รวม	Net Profit Margin	-2.92%		4.55%		-13.03%
ราคาตามบัญชีต่อหุ้น (บาท)	Book Value Per Share (Baht)	10.15		10.77		11.16

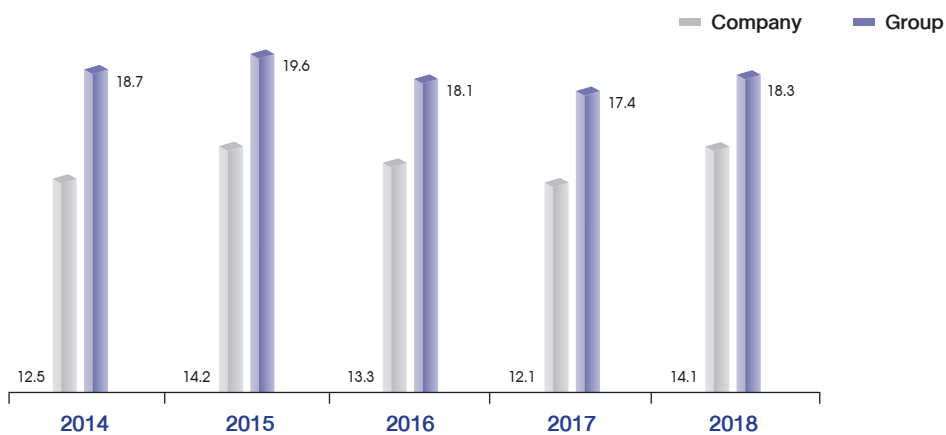
Total Revenues
(BILLION BAHT)



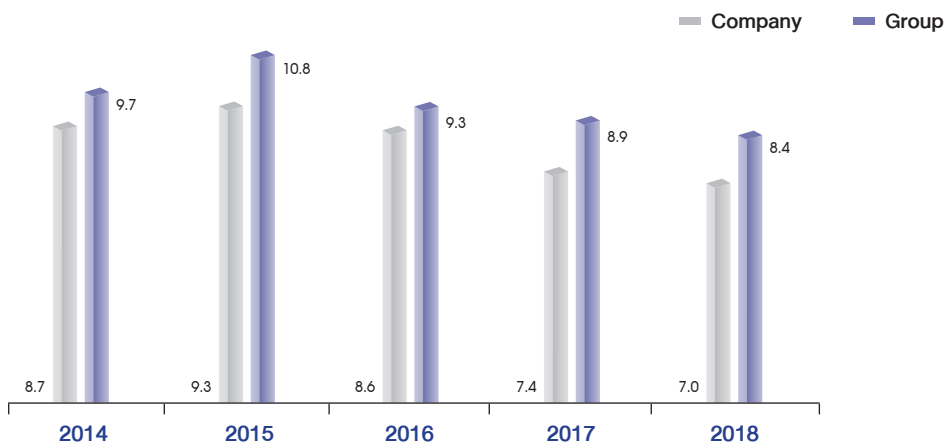
Net Profit
(MILLION BAHT)



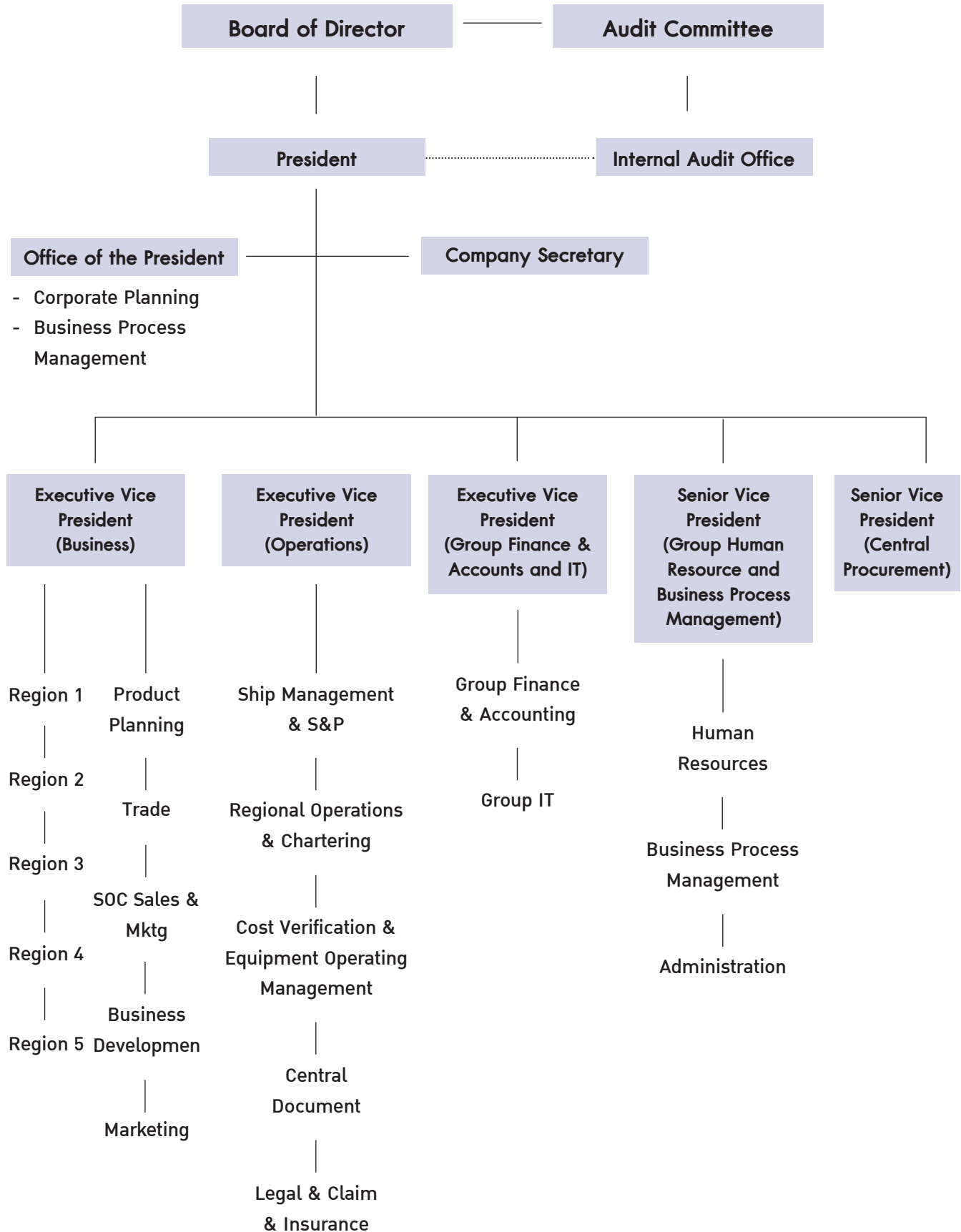
TOTAL ASSETS
(BILLION BAHT)



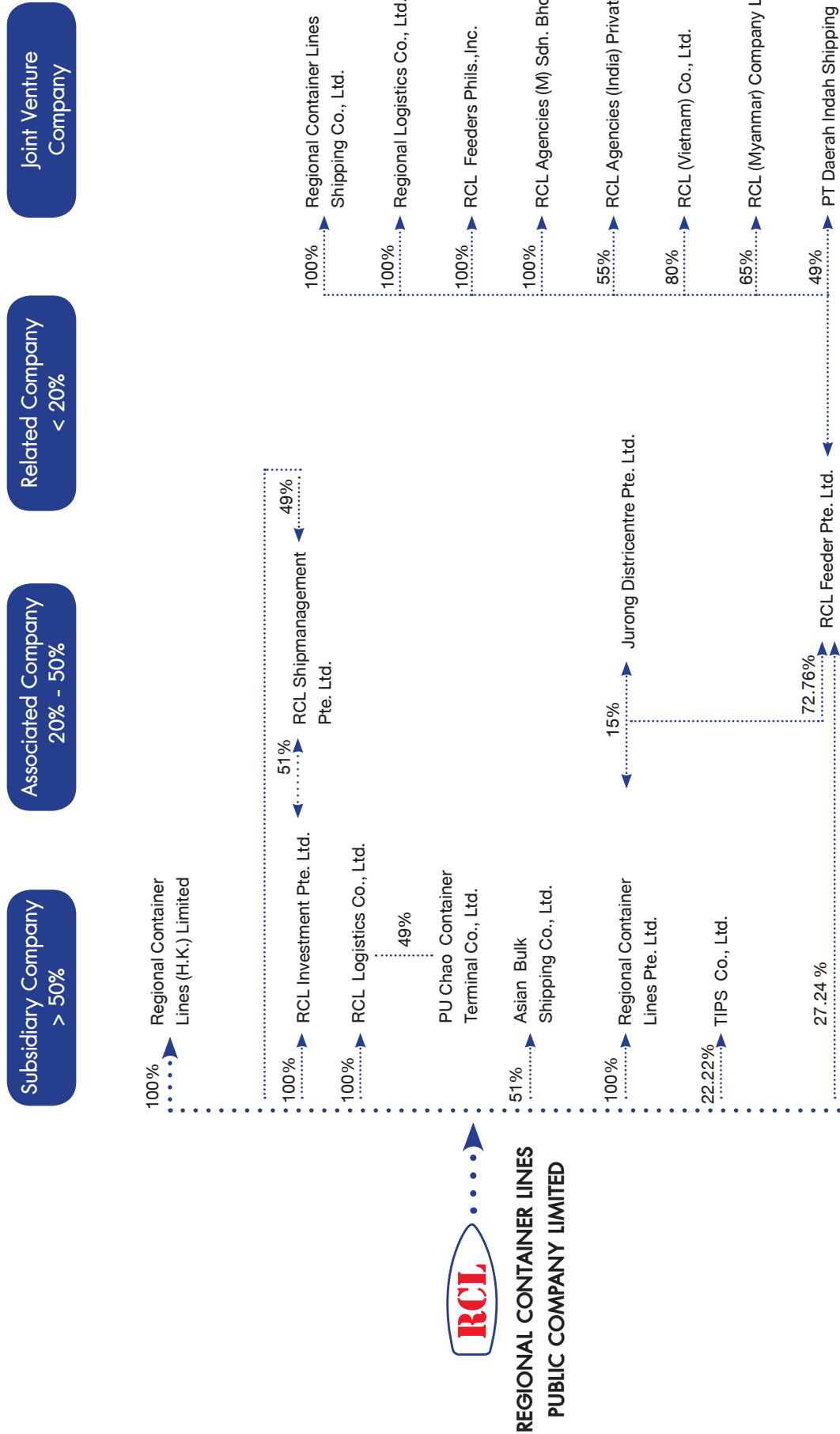
SHAREHOLDERS' EQUITY
(BILLION BAHT)



GROUP ORGANIZATION STRUCTURE



RCL GROUP STRUCTURE 2018



* Regional Logistics Co., Ltd. - incorporated in May 2018.
 * RCL (Myanmar) Company Limited - incorporated in June 2018.
 # RCL Agencies (India) Private Limited - joint venture company.

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

Experience

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

Other Positions currently held

- Independent Director, Audit Committee Member, and Nomination and Remuneration Committee Member, Bank of Ayudhya Public Company Limited

Shares held

As of January 18, 2019 : -



Mr. Sumate Tanthuanit

Director & Managing Director
Directorship since 1980

Education

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

Training

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

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

As of January 18, 2019 : 60,955,950

Board of Directors



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 Association

Experience

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

Shares held

As of January 18, 2019 : -



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 Association

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

Shares held

As of January 18, 2019 : -

Board of Directors



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 Public Company Limited

Other positions currently held

- Executive Vice President (Operations), Regional Container Lines Public Company Limited
- The Chairman of Thai Committee of Class NK (Nippon Kaiji Kyokai)
- The Chairman of Merchant Marine Training Centre Alumni Association

Shares held

As of January 18, 2019 : -



Mr. Amornsuk Noparumpa

Independent Director / Chairman of the Audit Committee /
Nomination & Remuneration and
Corporate Governance 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 Association
- Audit Committee Program # 23/2008, Thai Institute of Directors Association
- Role of Compensation Committee Program #9/2009, Thai Institute of Directors Association
- 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 Public Company Limited
- Chairman of Board of Directors, Siam Realty and Services Co., Ltd.
- Senior Executive Vice President, Bank of Ayudhya Public Company Limited
- Chairman of the Board, Ayudhya Securities Public Company Limited

Other positions currently held

- Chairman of the Board, L.P.N. Development Public Company Limited
- Independent Director, Energy Absolute Public Company Limited

Shares held

As of January 18, 2019 : -

Board of Directors



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
Association

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

As of January 18, 2019 : -



Mrs. Arpavadee Meekun-lam

Independent Director / Audit Committee Member /
Nomination & Remuneration and
Corporate Governance 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 Association
- Advanced Audit Committee Program # 19/2015, Thai Institute
of Directors Association
- Director Certification Program # 209/2015, Thai Institute of
Directors Association

Experiences

- First Executive Vice President, Bank of Ayudhaya Public
Company Limited (In charge of International Trade Dept.)
- Senior Vice President, Bank of Asia Public Company Limited
(Marketing & Credit Group)
- Senior Vice President, Siam Commercial Bank Public
Company Limited (International Trade Finance)

Other positions currently held

- Director, ITBC Business Consultant Group Co., Ltd.

Shares held

As of January 18, 2019 : -

Board of Directors



Mr. Charlie Chu

Director (Executive Director)
Directorship since 2018

Education

- MBA, Rutgers University, New Jersey, USA
- Bachelor in Engineering, National Cheng Kung University, Taiwan

Training

- The Logistic Executive Program at Ohio State University, USA 2005
- The TMW Supply Chain Development at Cranfield School of Management, London 2004
- The Strategic Role of Management at CEIBS, Shanghai 2000

Experience

- Vice President (China Region), RCL Group
- Senior Vice President (Business), RCL Group
- Executive Vice President (Business), RCL Group

Other positions currently held

- Chairman, RCL Feeders Phils., Inc. (Subsidiary company)
- Chairman, RCL (Vietnam) Co., Ltd. (Subsidiary company)
- Chairman, RCL Agencies (India) Private Limited (Joint Venture company)
- Director, RCL Agencies (M) Sdn. Bhd. (Subsidiary company)
- Director, Jurong Districentre Pte. Ltd. (Related company)
- Executive Director, RCL Feeder Pte. Ltd. (Subsidiary company)

Shares held

As of January 18, 2019 : -

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
Director & 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. Twinchok Tanthuwani
Senior Vice President
(Chief of Regions and
Business Development)



Mr. Chatgamol Phitaksuteephong
Vice President
(Group Information
Technology)

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)	71	<ul style="list-style-type: none"> Ph.D (City & Regional Planning), Cornell University, USA Master of Commerce (Economics) University of Auckland, New Zealand B.C.A. Economics), Victoria University of Wellington, New Zealand Attended Director Accreditation Program Course (IOD) Attended Director Certification Program Course (IOD) Attended Role of the Chairman Course 	-	Nil	2006 - 2013	Director & Nomination and Remuneration Committee	Regional Container Lines Pcl. / Maritime Transportation
					2013 - Present	Chairman	
Mr. Sumate Tanthuanit Managing Director (Authorized Director)	73	<ul style="list-style-type: none"> Honorary Doctorate in Logistics Management, Her Royal Highness Princess Maha Chakri Sirindhorn Ph.D. in Business Administration (Honorary), Mae Fah Luang University, Thailand Attended Director Certification Program Course (IOD) 	7.36	Father of Mr. Twinchok Tanthuanit	1980 - Present	Managing Director	Regional Container Lines Pcl. / Maritime Transportation
Mr. Hartwig Schulze-Eckardt Executive Director	78	<ul style="list-style-type: none"> Bachelor of Business Administration, Kiel College, Germany Attended Director Accreditation Program Course (IOD) 	-	Nil	2004 - Present	Executive Director	RCL Group / Maritime Transportation
Mr. Kua Hock Eng Executive Director	79	<ul style="list-style-type: none"> B.A., English Language & Literature, Nanjing University, China Attended Director Accreditation Program Course (IOD) 	-	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)	66	<ul style="list-style-type: none"> Bachelor Degree, Master Marine, Merchant Marine Training Center, Thailand Certificate of Competency "Master Mariner", Harbour Department, Ministry of Transportation and Communication 	-	Nil	2003 - Aug 2014	Executive Vice President (Operations)	RCL Group / Maritime Transportation
					Aug 2014 - Present	Director & Executive Vice President (Operations)	

Name / Position	Age	Education	Share holding (%)	Relation with Other Management	Work Experience		
					Year	Position	Company/ Type of Business
Mr. Charlie Chu Director & Executive Vice President (Business)	61	<ul style="list-style-type: none"> MBA, Rutgers University, New Jersey, USA. Bachelor in Engineering, National Cheng Kung University, Taiwan 	-	Nil	Sep 2008 - Jun 2011	Vice President (China Region)	RCL Group / Maritime Transportation
					Jul 2011 - Jul 2012	Senior Vice President (Business)	
					Aug 2012 - Mar 2018	Executive Vice President (Business)	
					Apr 2018 - Present	Director & Executive Vice President (Business)	
Ms. Nadrudee Rungruengphon Executive Vice President (Group Finance & Accounts and IT)	55	<ul style="list-style-type: none"> Master in Accounting, Thammasat University Bachelor in Accounting (1st Class Hons), Thammasat University Bachelor of Law (2nd Class Hons), Thammasat University 	-	Nil	Sep 2015 - Jun 2017	Senior Vice President (Group Finance & Accounts)	Regional Container Lines Pcl. / Maritime Transportation
					July 2017 - Present	Executive Vice President (Group Finance & Accounts and IT)	
Mrs. Suporn Amnuaypan Senior Vice President (Group Human Resource and Business Process Management)	55	<ul style="list-style-type: none"> MBA, Ramkhamhaeng University Bachelor Degree in Finance and Banking, Ramkhamhaeng University Attended Director Accreditation Program Course (IOD) Attended Company Secretary Program (IOD) Attended Company Reporting Program (IOD) Attended Board Reporting Program (IOD) Diploma, National Defence College Attended Advanced Security Management Program 	-	Nil	Jun 2015 - Present	Senior Vice President (Group Human Resources and Business Process Management)	Regional Container Lines Pcl./Maritime Transportation
					Dec 2016 - Present	Company Secretary	
Mr. Twinchok Tanthuanit Senior Vice President (Chief of Regions and Business Development)	37	<ul style="list-style-type: none"> Master of Science in Biomedical Engineering Fachhochschule Aachen Julich, Germany Bachelor of Engineering in Electrical Engineering Fachhochschule Aachen Julich,Germany 	0.33	Son of Mr. Sumate Tanthuanit	Jun 2015 - Nov. 2018	General Manager, Marketing	Regional Container Lines Pcl. / Maritime Transportation
					Dec 2018 - Present	Senior Vice President (Chief of Regions and Business Development)	
Mr. Chatgamol Phitaksuteephong Vice President (Group Information Technology)	45	<ul style="list-style-type: none"> Master of Science Assumption University 	-	Nil	2011 - Jun 2017	General Manager (IT)	Regional Container Lines Pcl. / Maritime Transportation
					Jul 2017 - Present	Vice President (Group Information Technology)	

Note: Shareholding percentage is the percentage as at 18th January 2019

Directors in Subsidiaries, Associated Related and Joint Venture Companies

Company Name	Directors										Executives		
	Jamlong Atikul	Sumate Tanthwanit	Hartwig Schulze Eckardt	Kua Hock Eng	Sutep Trantasin	Amornsuk Noparumpa	Viset Choopiban	Arpavadee Meekun-lam	Charlie Chu	Nadrudee Rungruengphon	Suporn Amnuaypan	Twinchok Tanthwanit	Chatgamol Phitaksuteepong
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 Feeder Pte. Ltd.	-	-	-	-	-	-	-	-	//	-	-	/	-
5. Regional Container Lines (H.K.) Limited	-	//	-	/	-	-	-	-	-	-	-	/	-
6. Asian Bulk Shipping Co., Ltd.	-	/	-	-	/	-	-	-	-	-	-	-	-
7. Regional Container Lines Shipping Co., Ltd.	-	/	-	X	/	-	-	-	-	-	-	/	-
8. RCL Logistics Co., Ltd.	-	/	-	-	/	-	-	-	-	/	-	/	-
9. RCL Agencies (M) Sdn. Bhd.	-	/	-	-	-	-	-	-	/	-	-	-	-
10. RCL Feeders Phils., Inc.	-	-	-	-	-	-	-	-	X	-	-	/	-
11. RCL (Vietnam) Co., Ltd.	-	-	-	-	-	-	-	-	X	/	-	/	-
12. Regional Logistics Co., Ltd.	-	-	-	X	/	-	-	-	-	-	-	/	-
13. RCL (Myanmar) Company Limited	-	-	-	-	-	-	-	-	-	/	-	/	-
Associated Companies													
1. TIPS Co., Ltd.	-	/	-	-	/	-	/	-	-	-	-	-	-
2. PT Daerah Indah Shipping	-	-	X	-	/	-	-	-	-	-	-	-	-
3. 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 Logistics Co., Ltd. - incorporated in May 2018.

* RCL (Myanmar) Company Limited - incorporated in June 2018.

RCL FLEET PROFILE 2018

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	23	2x40
Ati Bhum	Thai	2018	Zhejiang Hexin Shipyard, China	4,827	388	1	-
Bani Bhum *	Thai	1996	Singapore Shipbuilding & Engineering	13,825	993	23	2x40
Chana Bhum	S'pore	1996	Singapore Shipbuilding & Engineering	13,825	993	23	2x40
Danu Bhum	S'pore	1996	Singapore Shipbuilding & Engineering	13,825	993	23	2x40
Ganta Bhum	S'pore	1995	Mitsubishi Heavy Industries, Japan	18,196	1,094	24	-
Hunsa Bhum	S'pore	1995	Mitsubishi Heavy Industries, Japan	18,196	1,094	24	-
Intra Bhum	Thai	2013	Daesun Shibuilding & Engineering Co. Ltd	13,021	958	6	-
Isara Bhum	S'pore	2008	Murakami Hide Shipbuilding Co Ltd, Japan	12,475	1,088	11	-
Itha Bhum	Thai	1996	Mitsubishi Heavy Industries, Japan	21,813	1,324	23	-
Jaru Bhum	Thai	2018	Jiangsu New Yangzi Shipbuilding Co., Ltd.	20,000	1,668	1	-
Jitra Bhum	S'pore	1997	Mitsubishi Heavy Industries, Japan	21,813	1,324	22	-
Kama Bhum	S'pore	1997	Mitsubishi Heavy Industries, Japan	21,813	1,324	22	-
Khuna Bhum	Thai	2018	Jiangsu New Yangzi Shipbuilding Co., Ltd.	20,000	1,668	1	-
Kiti Bhum	S'pore	1997	Miho Shipyard Co Ltd, Japan	10,908	865	22	2x40
Lila Bhum	S'pore	1997	Miho Shipyard Co Ltd, Japan	10,908	865	22	2x40
Mathu Bhum	S'pore	1990	Hanjin Shipbuilding Co Ltd, Korea	15,152	1,036	29	2x40
Methi Bhum	S'pore	2001	Mitsubishi Heavy Industries, Japan	11,655	928	18	-
Mitra Bhum	S'pore	2007	Jiangsu Eastern Shipyard, China	13,760	1,108	12	-
Nanta Bhum	Thai	1990	Hanjin Shipbuilding Co Ltd, Korea	15,161	1,036	29	2x40
Nawata Bhum (Resourceful)	S'pore	2008	Jiangsu Eastern Shipyard, China	13,760	1,108	11	-
Nithi Bhum	S'pore	2002	Mitsubishi Heavy Industries, Japan	11,655	928	17	-
Ora Bhum	S'pore	1997	Kyokuyo Shipyard Coporation, Japan	8,006	628	22	2x36
Otana Bhum	S'pore	2008	Jiangsu Eastern Heavy Industry, China	13,760	1,022	11	-
Panja Bhum	S'pore	2008	Jiangsu Eastern Heavy Industry, China	13,760	1,022	11	-
Pira Bhum	S'pore	1997	Kyokuyo Shipyard Coporation, Japan	7,988	628	22	2x36
Racha Bhum	S'pore	2008	Stocznia Gdynia, Gdynia, Poland	38,968	2,732	11	-
Ratha Bhum	Thai	1998	Kyokuyo Shipyard Coporation, Japan	8,018	628	21	2x36
Satha Bhum	S'pore	2009	Stocznia Gdynia, Gdynia, Poland	38,948	2,732	10	-
Siri Bhum	Thai	2013	Daesun Shibuilding & Engineering Co. Ltd	13,017	958	6	-
Supa Bhum	Thai	1998	Kyokuyo Shipyard Coporation, Japan	8,016	628	21	2x36
Uru Bhum	Thai	2005	Mitsubishi, Nagasaki Shipyard, Japan	31,805	2,598	14	-
Vira Bhum	Thai	2005	Mitsubishi, Nagasaki Shipyard, Japan	31,805	2,598	14	-
Wana Bhum	Thai	2005	Mitsubishi, Shimonoseki Shipyard, Japan	30,832	2,378	14	-

SHIPS OWNED AND OPERATED

Name	Flag	Year Built	Shipyard	Dead-weight	Designed Capacity	Age	Cargo Gear
Xetha Bhum	S'pore	1993	Hanjin Shipbuilding Co Ltd, Korea	15,301	1,098	26	2x40
Xutra Bhum	Thai	2005	Mitsubishi, Shimonooseki Shipyard, Japan	30,832	2,378	14	-
Yantra Bhum	S'pore	1993	Hanjin Shipbuilding Co Ltd, Korea	15,346	1,098	26	2x40
TOTAL OWN CAPACITY 46,902 TEUs							

Total 37 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	11	-
ALS SATSUKI	S'pore	1997	Imabari Shipyard	17,705	1,177	22	-
AS FIONA	Portugal	2003	Peene Werft, Wolgast, Germany	16,442	1,200	16	-
CAPE FULMAR	Islands	2007	Hegemann, Peene Werft site, Wolgast, Germany	20,250	1,440	12	-
KIEL TRADER	Liberia	2003	Kvaerner-Warnow , Warnemunde, Germany	33,740	2,524	16	-
LOBIVIA	Liberia	2001	Stocznia Gdynia, Gdynia, Poland	30,300	2,078	18	-
MIRAMARIN	MALTA	2009	HANJIN HEAVY INDUSTRIES & CONSTRUCTION CO.,LTD.	85,522	6,500	10	-
NYK ISABEL	S'pore	2009	STX Shipyard, Chinhae, Korea	34,532	2,664	10	-
RATANA THIDA	Thai	1996	Mitsubishi Heavy Industries Ltd, Kobe Japan	18,196	1,094	23	-
SEAMAX STRATFORD	Islands	2006	Hyundai Samho H.I., Samho, Korea	103,378	8,533	13	-
TEERA BHUM	S'pore	2005	Jiangsu Yangzijiang Shipyard, China	24,279	1,858	14	-
THANA BHUM	S'pore	2005	Jiangsu Yangzijiang Shipyard, China	24,279	1,858	14	-
ZANTE	Liberia	2002	Imabari , Japan	67,164	5,908	17	-

RCL FLEET CAPACITY 83,925 TEUs

	No of VsIs	Capacity Teus	%
Owned	37	46,902	56%
Chartered	13	37,023	44%
No of VsIs Operating	50	83,925	100%

* Anan Bhum and Bani Bhum - sold in February 2019

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 7th branch office in Foshan to expand business operations into the West Bank of Pearl River Delta, PRC.

- : Changing of group holding structure from 85% to 100% direct holding in Regional Container Lines Pte. Ltd. a subsidiary in Singapore; and increased the registered capital from US\$ 24 million to US\$ 51.95 million.
- : Raised registered capital in a subsidiary in Singapore, namely RCL Feeder Pte. Ltd. from US\$ 12.2 million to US\$ 32.7 million.
- : Raised registered capital from Baht 663 million to Baht 828.7 million.
- : Raised registered capital in a wholly owned subsidiary in Singapore, namely Regional Container Lines Pte. Ltd. from US\$ 51.95 million to US\$ 91.95 million to strengthen the financial position for overall group operational efficiency.
- : Raised registered capital in a subsidiary in Singapore, namely RCL Feeder Pte. Ltd. from US\$ 32.7 million to US\$ 138.55 million for overall group operational efficiency.
- : Raised registered capital increase in a subsidiary in Malaysia, namely RCL Agencies (M) Sdn. Bhd. (100% owned by RCL Feeder Pte. Ltd.) from RM 200,000 to RM 500,000 to support group business operation in Malaysia.

Years of Consolidation and Systems Enhancements 2011 - 2014

Corporate

- : Took deliveries of Daesun vessels Hull nos : SB521 (Siri Bhum) and SB522 (Intra Bhum) respectively on 25 February 2013 and 30 May 2013.
- : Obtained extension of investment 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

Year of enhancement continuity 2018

- : Took deliveries of 2 X 1668 teu ships out of total 4 ordered, namely M.V. Jaru Bhum and M.V. Khuna Bhum.
- : Launched 1st feeder service in Colombo Hub on January 2018, plying between Colombo and Tuticorin, India.
- : Strengthened market presence through the setting up of own office in Myanmar and also started logistics business in China to add more value to customers.
- : Continuous improving in IT development as IT is key factor for our business, by:
 - Implemented Pricing System and upgrading Cost Function to support better and faster business decisions.
 - Acquired new technology — Robotic System to work on repeated tasks and processes for more efficiency.
- : Modernized RCL website to enhance customers' communication.
- : Focused on Human Resources Development, employees' engagement and embedded culture

Subsidiaries, Associated, and Related Companies

NAME OF COMPANY	GROUP EFFECTIVE CONTROL		COUNTRY OF INCORPORATION / OPERATION	PRINCIPAL ACTIVITIES	CONTACT ADDRESS
	2018	2017			
Regional Container Lines Public Company Limited	-	-	Thailand	Ship operating, owning, related shipping activities and investment holding	30 th Fl. Panjathani Tower Bldg., 127/35 Ratchadapisek Road, Chongnonsi, Yannawa, Bangkok, Thailand Tel (662) 296 1096 Fax (662) 296 1098
RCL Investment Pte Ltd.	100	100	Singapore	Holding company	11 Keppel Road, 8 th Fl. ABI Plaza, Singapore 089057 Tel (65) 6220 0388 Fax (65) 6221 9760, 6229 2071
RCL Feeder Pte Ltd.	100	100	Singapore	Holding company, cargo consolidation and operating	11 Keppel Road, 8 th Fl. ABI Plaza, Singapore 089057 Tel (65) 6220 0388 Fax (65) 6221 9760, 6229 2071
Regional Container Lines Pte Ltd.	100	100	Singapore	Ship owning and operating	11 Keppel Road, 8 th Fl., ABI Plaza, Singapore 089057 Tel (65) 6220 0388 Fax (65) 6221 9760, 6229 2071
RCL Shipmanagement Pte Ltd.	100	100	Singapore	Ship management	11 Keppel Road, 8 th Fl., ABI Plaza, Singapore 089057 Tel (65) 6220 0388 Fax (65) 6221 9760, 6229 2071
Regional Container Lines (H.K.) Ltd.	100	100	Hong Kong	Holding company, shipping agent and the provision of transportation and cargo handling services	11 th Fl. No.9 Des Voeux Road West, Hong Kong Tel (852) 2526 3318 Fax (852) 2537 5463
Regional Container Lines Shipping Co., Ltd.	100	100	China	Shipping agent and broker	Room 2601-2603, Harbour Ring Plaza, No.18, Xi Zang Middle Road, Shanghai, China Tel (8621) 6132 4500 Fax (8621) 6132 4505
RCL Logistics Co., Ltd.	100	100	Thailand	Logistics services	14 th Fl. Panjathani Tower Bldg., 127/18 Ratchadapisek Road, Chongnonsi, Yannawa, Bangkok, Thailand Tel (662) 296 1284-6 Fax (662) 296 1279
RCL Agencies (M) Sdn Bhd	100	100	Malaysia	Shipping agent	Suite 6.02, Level 6 IMS 2, 88 Jalan Batai Laut 4, Taman Intan, 41300 Klang Selangor, Malaysia Tel (603) 33422722 Fax (603) 33422871

NAME OF COMPANY	GROUP EFFECTIVE CONTROL		COUNTRY OF INCORPORATION / OPERATION	PRINCIPAL ACTIVITIES	CONTACT ADDRESS
	2018	2017			
RCL Feeders Phils., Inc.	100	100	Philippines	Shipping agent	10 th Fl, BPI-Philam Life Makati, 6811 Ayala Avenue, Makati City, Philippines Tel (632) 815 3187 Fax (632) 815 2102
RCL Agencies (India) Private Limited	55	55	India	Shipping agent	608 - 611 A Wing, 6 th Floor, Dynasty Business Park Commercial Premises Co-Operative Society Ltd, Andheri Kurla Road, Andheri East, Mumbai 400059 India Tel (9122) 4946000
Asian Bulk Shipping Co., Ltd.	51	51	Thailand	Ship operating	30 th Fl. Panjathani Tower Bldg., 127/35 Ratchadapisek Road, Chongnonsi, Yannawa, Bangkok, Thailand Tel (662) 296 1096 Fax (662) 296 1098
RCL (Vietnam) Co., Ltd.	80	49	Vietnam	Shipping agent	10 th Floor, Unit 1001, SGGP Building, 436 - 438 Nguyen Thi Minh Khai St., Ward 5, Dist. 3, Ho Chi Minh City, Vietnam Tel (84-28) 38181522 Fax (84-28) 38181523
PT Daerah Indah Shipping	49	49	Indonesia	Sea transportation and shipping agent	Plaza Sentral Building 6 th 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 th Fl. Panjathani Tower Bldg., 127/35 Ratchadapisek Road, Chongnonsi, Yannawa, Bangkok, Thailand Tel (662) 296 1096 Fax (662) 296 1098
TIPS Co., Ltd.	22.22	22.22	Thailand	Terminal operating	29 th Fl. Panjathani Tower Bldg., 127/34 Ratchadapisek Road, Chongnonsi, Yannawa, Bangkok, Thailand Tel 66 38 408 400 Fax 66 38 408 433
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 Inter-City Motorway, Tubyao, Ladkrabang, Bangkok, Thailand Tel (662) 737 4560-79 Fax (662) 737 4550-1

NAME OF COMPANY	GROUP EFFECTIVE CONTROL		COUNTRY OF INCORPORATION / OPERATION	PRINCIPAL ACTIVITIES	CONTACT ADDRESS
	2018	2017			
*Regional Logistics Co., Ltd.	100	-	China	Logistics Services	Room 2604, Harbour Ring Plaza, No.18, Xi Zang Middle Road, Shanghai, China Tel (8621) 6132 4500 Fax (8621) 6132 4505
*RCL (Myanmar) Company Limited	65	-	Myanmar	Shipping Agent	#11-01, No. 422/426, Corner of Strand Road and Botahtaung Pagoda Road, Botahtaung Township, Yangon, Myanmar Tel (95-1)202065/(95-1)-202067/ (95-1)202103

Note : * Regional Logistics Co., Ltd. - incorporated in May 2018.

* RCL (Myanmar) Company Limited - incorporated in June 2018.

REGIONAL OFFICES AND AGENTS

COUNTRY	CITY	COMPANY	TELEPHONE	FAX
BANGLADESH	Chattogram	Integrated Transportation Services Limited (ITSL)	(880) 31 713 147-8	(880) 31 710 847
CAMBODIA	Phnom Phen Sihanoukville	Arrow Shipping Agency Co., Ltd.	(855-23) 880 241/ 242	(855-23) 885 706 / 607
		Arrow Shipping Agency Co., Ltd.	(855-34) 933 748	(855-34) 933 749
CHINA	Qingdao	Regional Container Lines Shipping Co., Ltd.	(86532) 8668 5577	(86532) 8668 1966 / 1977
	Tianjin	Regional Container Lines Shipping Co., Ltd.	(86-22) 23174001	(86-22) 23174010
	Fangcheng	China Ocean Shipping Agency Fangcheng	(86770) 2822556	(86770) 6102204
	Guangzhou	Regional Container Lines Shipping Co., Ltd.	(8620) 8363 3236	(8620) 8363 4004
	Shenzhen	Regional Container Lines Shipping Co., Ltd.	(86755) 2518 1150	(86755) 2518 1495 / 1572
	Xiamen	Regional Container Lines Shipping Co., Ltd.	(86592) 239 8011	(86592) 239 8001 / 8002
	Ningbo	Regional Container Lines Shipping Co., Ltd.	(86574) 2787 2882	(86574) 2787 2808
	Wenzhou	Wenzhou Zheyuan Shipping Agency Co. Ltd.	(86577) 8893 862	(86577) 8893 862
	Zhapu	Zhejiang Xinggang International Shipping Agency Co. Ltd.	(86574) 8773 2879	(86574) 8773 2879
	Shanghai	Regional Container Lines Shipping Co., Ltd.	(86-21) 6132 4500	(86-21) 61324523
HONG KONG	Hong Kong	Regional Container Lines (H.K.) Limited	(852) 2526 3318	(852) 2537 5463 / 5452
INDIA	Chennai	Chakiat Shipping Services Pvt. Ltd.	(91 44) 42961600	(91 44) 42961688
	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
	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
	Mumbai	RCL Agencies (India) Pvt. Ltd.	(91 22) 49426000 / 6002	-
	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	-
	Ahmedhabad	Sea Trade Shipping (India) Pvt.Ltd.	(91 79) 6622 6622	-
	Jaipur	Sea Trade Shipping (India) Pvt.Ltd.	(91 141) 2221 061/71/81	-
	Baroda (Vadodara)	Sea Trade Shipping (India) Pvt.Ltd.	(91 265) 6626 116/6161	-
	Hazira	Sea Trade Shipping (India) Pvt.Ltd.	(91 261) 234 0028 / 29	-
	Pipavav	Sea Trade Shipping (India) Pvt.Ltd.	(91 2794) 286 327	-
	Rajkot (Commercial Office for Pipavav)	Sea Trade Shipping (India) Pvt.Ltd.	(91 281) 257 6603/257 6604	-
	Mundra	Sea Trade Shipping (India) Pvt.Ltd.	(91 2838) 259 146/41/42	-
	INDONESIA	Jakarta	PT Bhum Mulia Prima	(6221) 521 4808
Medan / Belawan		PT Bintika Bangunusa	(6261) 845 5883	(6261) 846 2909/844 5808
Surabaya		PT Bhum Mulia Prima	(6231) 534 3998	(6231) 532 8359
Palembang		PT Bintika Bangunusa	(62-711) 716 380	(62-711) 716 379
IRAQ	Umm Qasr	Sharaf Shipping Company Iraq	(965) 2576 5923	(965) 2576 5925
KOREA	Seoul	Chun Jee Shipping Co., Ltd	(822) 3455 1606	(822) 3455 1615
	Busan	Chun Jee Shipping Co., Ltd	(8251) 468 2937	(8251) 468 6791
KUWAIT	Safat	Al Kazemi International General Trading & Contracting Group Co. WLL.	(965) 25733870/25710741 ext 237	(965) 25710837
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

COUNTRY	CITY	COMPANY	TELEPHONE	FAX
MALDIVES	Male	One World Logistics Maldives Pvt Ltd	(960) 330 0616	(960) 301 1999
MYANMAR	Yangon	RCL (Myanmar) Co., Ltd	(95) 1202067/065/103	-
OMAN	Sohar Muscat	Global Corp Logistics LLC Global Corp Logistics LLC	(968) 2675 5842 (968) 2470 2744	(968) 2675 5891 (968) 2470 1748
PAKISTAN	Karachi	United Marine Agencies (Pvt.) Ltd.	(9221) 111111862	(9221) 35147951
PHILIPPINES	Cebu Davao General Santos Manila	Eagle Express Lines, Inc. Eagle Express Lines, Inc. Eagle Express Lines, Inc. RCL Feeders Phils., Inc.	(6332) 420 2365 (6382) 321 7139 (6383) 552 1779 (632) 815 3187	(6332) 420 2366 (6382) 321 7138 - (632) 815 2102
SAUDI ARABIA	Dammam	Gulf Shipping Co., Ltd.	(9663) 835 2222	(9663) 835 1222
SINGAPORE	Singapore	RCL Feeder Pte. Ltd.	(65) 6220 0388	(65) 6221 9760
SRI LANKA	Colombo	Delmege Forsyth & Co (Shipping) Ltd.	(9411) 772 9563/564/558/559	(9411) 772 9556
TAIWAN	Taipei Keelung Taichung	Grand Maritime Transport Ltd. Grand Maritime Transport Ltd. Grand Maritime Transport Ltd.	(8862) 2547 1786 (8862) 2547 1786 (8864) 2327 0593	(8862) 2547 3063 (8862) 2547 3063 (8864) 2327 0573
THAILAND	Bangkok (Head Office) Bangkok (Agent) Laem Chabang Songkhla	Regional Container Lines Public Co., Ltd. Ngow Hock Co., Ltd. Ngow Hock Agency Co., Ltd. Songkhla Shipping Agency Co., Ltd.	(662) 296 1096 (662) 295 3737 (6638) 330 727 - 9 (6674) 245 574	(662) 296 1098 (662) 296 1001 (6638) 330 730 (6674) 232 345
UNITED ARAB EMIRATES	Dubai	Peninsula Shipping Company LLC.	(9714) 312 2900	(9714) 355 6806
VIETNAM	Ho Chi Minh Haiphong	RCL (Vietnam) Co., Ltd. VNT Logistics Haiphong	(8428) 3818 1522 (84225) 374 1462	(8428) 3818 1523 (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 22nd 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 and Middle East.

The Group currently operates a fleet of 50 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 2018, the Group owns and operates an average container box fleet of 85,074 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 85,074 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.

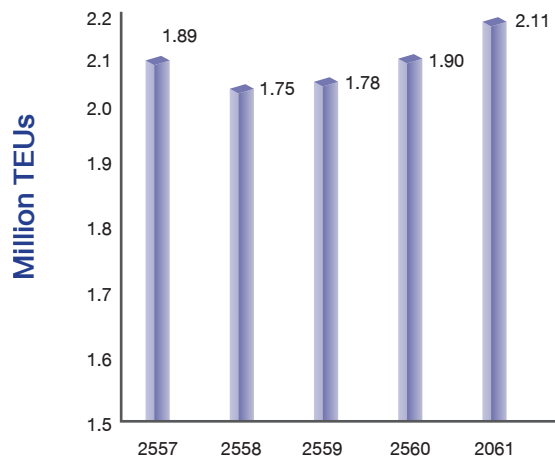
Total Liftings

2018 RCL liftings grew by 12% and 10% for COC and SOC business respectively.

RCL total liftings increased by 11.0% with utilization ratio at 119%.

	2014	2015	2016	2017	2018
Total Liftings (TEUs)	1,894,397	1,752,133	1,781,816	1,901,821	2,110,899
Growth (%)	-9.3%	-7.5%	1.7%	6.7%	11.0%
COC Volume (TEUs)	956,422	954,786	1,048,649	1,109,507	1,241,574
Growth (%)	-9.5%	-0.2%	9.8%	5.8%	12%
SOC Volume (TEUs)	937,975	797,347	733,167	792,314	869,325
Growth (%)	-9.1%	-15.0%	-8.0%	8.1%	10%

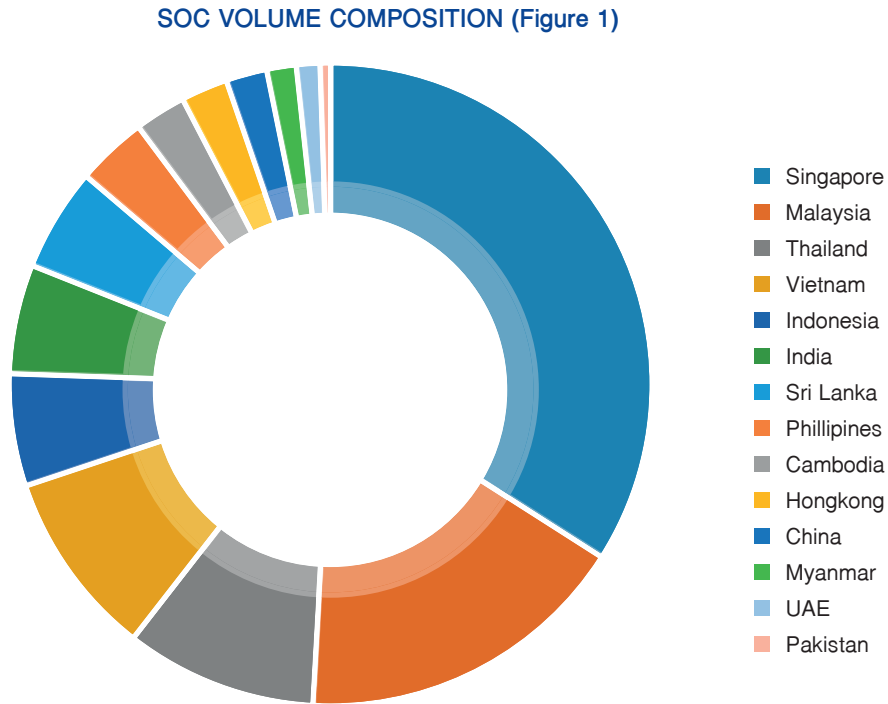
TOTAL LIFTINGS



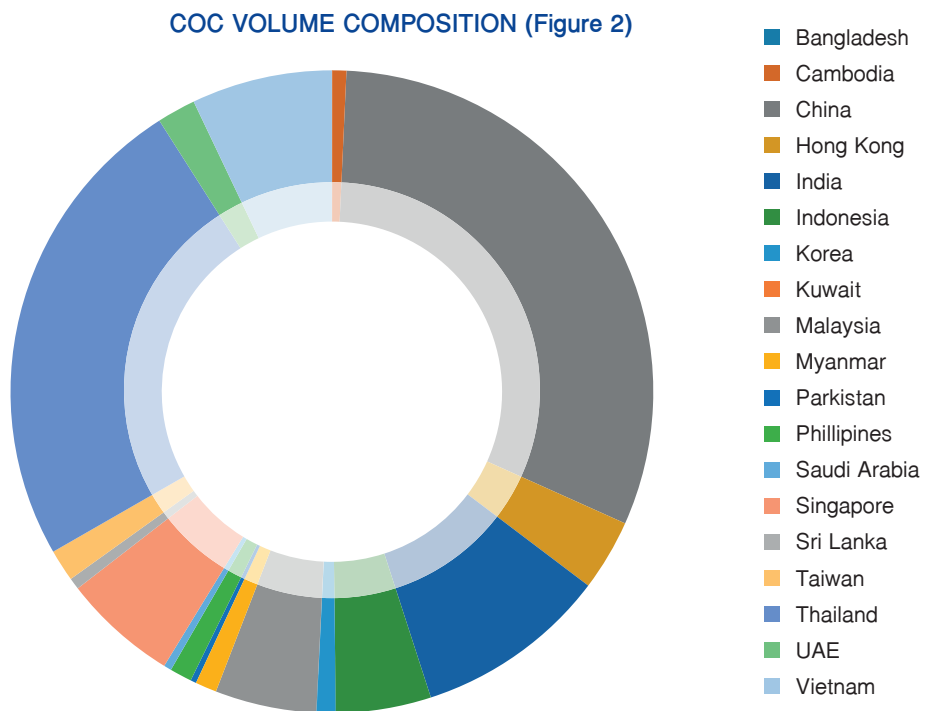
Trade Composition

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 73% of the volume composition.



Capacity, Network and Fleet Deployment

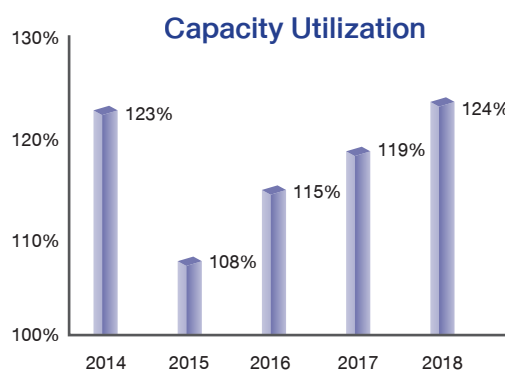
In 2018, RCL operated 50 container vessels. Of the 50 vessels operated, 37 vessels were owned whilst 13 were chartered in for various term periods.

The group in 2018 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 2018 was 124 %, which was higher than 2017 due to the improvement on COC volume and SOC volume.

RCL's Fleet Composition (Nominal Capacity)	As of 2018			As of 2017		
	Number of Vessels	Capacity (TEUS)	%	Number of Vessels	Capacity (TEUS)	%
Owned	22	26684	31	16	20598	26
Chartered in	13	36970	43	14	34760	44
Chartered out	15	20220	24	19	23398	29
Space Purchase		1200	1		878	1
Number of Vessels Operating	50	85074	100	49	79634	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 29 services independently and collaboratively through joint services and slot exchanges and slot ownerships.

Vessels' Trading Route as at 24th Dec 2018

No.	Type of Vessel	Operator	Vessel Name	Vessel Code	Trading Routes	Service	Changes to Trading Routes, if any	When changed, if any (Estimated)	Days per round voyage
1	Rcl Own Vsl.	RCL	ATI BHUM	ATB	Singapore-Palembang-Singapore	RPE	N/A	N/A	7
2	Rcl Own Vsl.	RCL	BANI BHUM	BNB	Singapore-Sihanoukville-Singapore	RCX2	NA	NA	7
3	Rcl Own Vsl.	RCL	DANU BHUM	DNB	Shekou-Hong Kong-Manila(N&S)-Shekou	RSS4	NA	NA	14
4	Rcl Own Vsl.	RCL	GANTA BHUM	GTB	Colombo-Tuticorin-Colombo	RTC6	NA	NA	4
5	Rcl Own Vsl.	RCL	HUNSA BHUM	HSB	Shekou-Hong Kong-Manila(N&S)-Shekou	RSS4	NA	NA	14
6	Rcl Own Vsl.	RCL	ITHA BHUM	IHB	Bangkok (PAT)-Bangkok (TST) -Laemchabang-Vietnam(CLI)-Ningbo -Shanghai-Laemchabang-Bangkok (PAT)	RBC13	NA	NA	21
7	Rcl Own Vsl.	RCL	JARU BHUM	JRB	Bangkok (PAT)-Bangkok (TST) -Laemchabang-Sattahip-HongKong -Shanghai-Ningbo-Laemchabang-Bangkok (PAT)	RBC5	NA	NA	21
8	Rcl Own Vsl.	RCL	JITRA BHUM	JTB	Bangkok (PAT)-Bangkok (TST) -Laemchabang-Vietnam(CLI)-Ningbo -Shanghai-Laemchabang-Bangkok (PAT)	RBC13	NA	NA	21
9	Rcl Own Vsl.	RCL	KAMA BHUM	KMB	Bangkok (PAT)-Laemchabang-Ningbo -Shanghai-Shekou-Sihanoukville-Bangkok (PAT)	RBC2	NA	NA	21
10	Rcl Own Vsl.	RCL	MATHU BHUM	MTB	Singapore-Bangkok (PAT)-Singapore -Portklang(Wp)-Belawan-Portklang(Wp) -Singapore	RTB1	N/A	N/A	14
11	Rcl Own Vsl.	RCL	NANTA BHUM	NTB	Singapore-Songkhla-Singapore	RSE	NA	NA	7
12	Rcl Own Vsl.	RCL	ORA BHUM	ORB	Songkhla-Hong Kong-Haiphong -Hong Kong-Keelung-Taichung-Hong Kong -Sihanoukville-Songkhla	RSK6	NA	NA	21
13	Rcl Own Vsl.	RCL	PIRA BHUM	PRB	Songkhla-Hong Kong-Haiphong -Hong Kong-Keelung-Taichung-Hong Kong -Sihanoukville-Songkhla	RSK6	NA	NA	21
14	Rcl Own Vsl.	RCL	RACHA BHUM	RCB	Laemchabang-Singapore-Portklang(Wp) -Portklang(Np)- Chennai-Portklang(Wp) -Portklang(Np)-Singapore- Laemchabang	RMB6	Yes	NA	21
15	Rcl Own Vsl.	RCL	RATHA BHUM	RTB	Songkhla-Hong Kong-Haiphong -Hong Kong-Keelung-Taichung-Hong Kong -Sihanoukville-Songkhla	RSK6	NA	NA	21
16	Rcl Own Vsl.	RCL	SATTHA BHUM	STB	Dalian-Tianjin Xingang-Qingdao-Hongkong -Shekou-Vietnam(CLI)-Hongkong-Shekou -Incheon-Dalian	RNV	NA	NA	21
17	Rcl Own Vsl.	RCL	SUPA BHUM	SPB	Shekou-Hong Kong-Manila(N&S)-Shekou	RSS4	NA	NA	14
18	Rcl Own Vsl.	RCL	WANA BHUM	WNB	Jakarta-Singapore-Portklang (Wp/Np)-Laemchabang-Singapore- Jakarta	RTI11	Yes	NA	14

No.	Type of Vessel	Operator	Vessel Name	Vessel Code	Trading Routes	Service	Changes to Trading Routes, if any	When changed, if any (Estimated)	Days per round voyage
19	Rcl Own Vsl.	RCL	XETHA BHUM	XTB	Bangkok (TST)-Singapore-Yangon -Portklang(Np)-Singapore-Bangkok (TST)	RTY2	NA	NA	21
20	Rcl Own Vsl.	RCL	YANTRA BHUM	YTB	Bangkok (TST)-Singapore -Yangon(MIP&ITT)-Portklang(Np) -Singapore-Bangkok (TST)	RTY2	NA	NA	21
21	Charter Vsl. In	RCL	ALS SATSUKI	AKI	Bangkok(TST)-Laemchabang -Vietnam(HPH)-Hong Kong -Shekou-Bangkok(TST)	RBH6	NA	NA	14
22	Charter Vsl. In	RCL	ANU BHUM	AUB	Singapore-Pasirgudung(BBT)-Singapore -Pasirgudung(JCT)-Singapore	RSP6	NA	NA	7
23	Charter Vsl. In	RCL	AS FIONA	AFN	Qinzhou-Hong Kong-Shekou-Vietnam(CLI) -Singapore-Yangon(ITT&AIT)-Portklang -Singapore-Haiphong-Qinzhou	RHY7	NA	NA	28
24	Charter Vsl. In	RCL	CAPE FULMAR	CFM	Bangkok (PAT)-Bangkok (TST) -Laemchabang-Sattahip-HongKong -Shanghai-Ningbo-Laemchabang-Bangkok (PAT)	RBC5	NA	NA	21
25	Charter Vsl. In	RCL	KIEL TRADER	KID	Singapore-General Ssntos-Davao -Singapore	RSP5	NA	NA	14
26	Charter Vsl. In	RCL	LOBIVIA	LIV	Singapore-Manila(N)-Cebu-Singapore	RMN5	NA	NA	14
27	Charter Vsl. In	RCL	MIRAMARIN	MRN	Pusan-Shanghai-Ningbo-Xiamen -Da Chan Bay-Singapore-Portklang-Cochin -Nhava Sheva-Mundra-Sohar-Jebel Ali -Portklang-Da Chan Bay-Pusan	RIM8	NA	NA	56
28	Charter Vsl. In	RCL	NYK ISABEL	NYI	Jakarta-Singapore-Laemchabang -Portklang(Wp)-Singapore- Jakarta	RTI12	NA	NA	14
29	Rcl Own Vsl.	RCL	RATANA THIDA	RTD	Qinzhou-Hong Kong-Shekou-Vietnam(CLI) -Singapore-Yangon(ITT&AIT)-Portklang -Singapore-Haiphong-Qinzhou	RHY7	NA	NA	28
30	Charter Vsl. In	RCL	SEAMAX STRATFORD	STF	Shanghai-Xiamen-Hong Kong-Shekou -Nansha-Singapore-Columbo-Nhava Sheva -Pipavav-Columbo-Portklang-Singapore -Hong Kong-Shanghai	RKI9	NA	NA	42
31	Rcl Own Vsl.	RCL	TEERA BHUM	TRB	Singapore-Portklang(Wp)-Portklang(Np) -Penang--Singapore	RMS13	NA	NA	7
32	Rcl Own Vsl.	RCL	THANA BHUM	TNB	Singapore-Vietnam(CLI)-Vietnam (VIC) -Singapore	RHS8	NA	NA	7
33	Charter Vsl. In	RCL	ZANTE	ZNT	Pusan-Qingdao-Shanghai-Shekou -Singapore-Portklang(Wp)-Chennai -Visakhapatnam-Portklang(Wp)-Singapore -Manila-Pusan	RFM3	NA	NA	35
34	Charter Vsl.Out	Cosco	ANAN BHUM	AAB	Singapore-Yangon-Pasir Gudang-Singapore	NA	NA	NA	NA
35	Charter Vsl.Out	Heung-A	INTRA BHUM	ITB	Ningbo-Shanghai-Pusan-Shimizu--Sendai -Onahama-Pusan-Ulsan-Ningbo	NA	NA	NA	NA
36	Charter Vsl.Out	Shinotran	ISARA BHUM	ISB	Lianyungang-Qingdao-Pusan-Lianyungang -Qingdao-Nagoya-Lianyungang	NA	NA	NA	NA

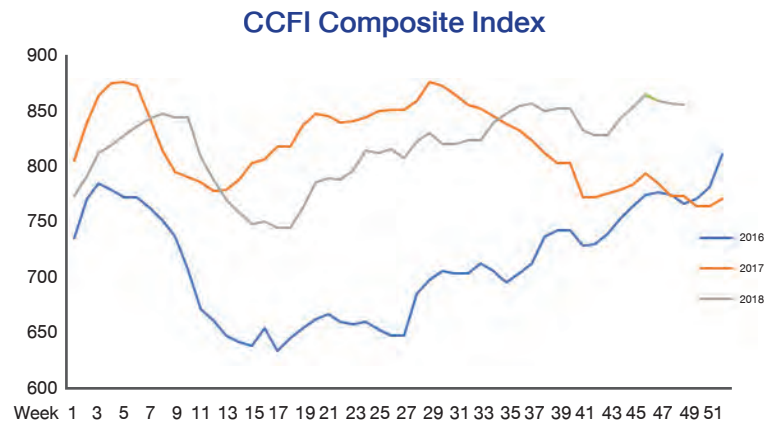
No.	Type of Vessel	Operator	Vessel Name	Vessel Code	Trading Routes	Service	Changes to Trading Routes, if any	When changed, if any (Estimated)	Days per round voyage
37	Charter Vsl.Out	COS	KHUNA BHUM	KNB	Portklang-Vietnam-Singapore-Portklang -Pasir Gudang-Bangkok-Laemchabang -Singapore-Portklang	NA	NA	NA	NA
38	Charter Vsl.Out	Noah's Ark Shipping Co., Ltd	KITI BHUM	KTB	Shanghai-Osaka-Kobe-Shanghai	NA	NA	NA	NA
39	Charter Vsl.Out	Sinokor	METHI BHUM	MEB	Pyongtaek-Tianjin-Pyongtaek-Tianjin -Weihai-Pyongtaek-Kunsan-Qingdao -Pyongtaek	NA	NA	NA	NA
40	Charter Vsl.Out	TS Lines	MITRA BHUM	MIB	Tokyo-Yokohama-Nagoya-Osaka-Kobe -Keelung-Xingang-Kaohsiung -Hong Kong-Shekou-Hong Kong-Haiphong -Shekou-Hong Kong-Tokyo	NA	NA	NA	NA
41	Charter Vsl.Out	Heung-A	NAWATA BHUM	NWB	Pusan- Pusan New Port-Toyama-Niigata -Sakata-AkitaPusan	NA	NA	NA	NA
42	Charter Vsl.Out	Pan Ocean	NITHI BHUM	NIB	Incheon-Daesan-Pusan-Kwangyang -Hong Kong-Huangpu-Shekou-Shantou -Incheon	NA	NA	NA	NA
43	Charter Vsl.Out	Asean Seas	OTANA BHUM	OTB	Qingdao-Shanghai-Hong Kong-Haiphong -Qingdao	NA	NA	NA	NA
44	Charter Vsl.Out	Asean seas line (Hongkong)	PANJA BHUM	PJB	Xingang-Qingdao-Yokohama-Tokyo -Nagoya-Osaka-Xingang	NA	NA	NA	NA
45	Charter Vsl.Out	Heung-A	SIRI BHUM	SRB	Tomakomai-Ishikari Bay-Pusan New Port -Pusan-Manila S-Pusan-Pusan New Port -Tomakomai	NA	NA	NA	NA
46	Charter Vsl.Out	TS Lines	URU BHUM	URB	Nansha-Hongkong-Manila S&N-Shekou -Nansha	NA	NA	NA	NA
47	Charter Vsl.Out	KMTC	VIRA BHUM	VRB	Kwangyang-Shanghai-Ningbo-Jakarta -Surabaya-Vietnam-Shanghai-Pudan -Kwangyang	NA	NA	NA	NA
48	Charter Vsl.Out	MSC	XUTRA BHUM	XUB	Hong Kong-Shantou-Fuzhou-Shekou -Hong Kong-Hai phong-Qinzhou -Hong Kong	NA	NA	NA	NA
49			LILA BHUM	LLB	Awaiting deployment	NA	NA	NA	NA
50			CHANA BHUM	CNB	Awaiting deployment	NA	NA	NA	NA

Industrial Environment

Many economic indicators across the globe reviewed their forecasts downwards in 2018. Global manufacturing Purchasing Managers' Index (PMIs) has been in a downward momentum throughout the year, indicating a decline in manufacturing growth accompanied by slower trade growth. Global container trade growth forecast for 2019 was reduced and on supply side, global cellular fleet growth projected to be lower as well. The US-China trade may offer opportunities in ASEAN and a possible supply chain diversion, which RCL to capitalize on, to strengthen our service network.

The volatility in market condition and headwinds, we will move towards structural organic growth model for our network. Our plan to rationalize, enhance our existing services to be develop on our operating competitiveness and operating from spin-offs from the trade war.

The China Containerised Freight Index (CCFI) average at 819 points in 2018, this is stagnant to the 820 points in 2017. CCFI came under pressure after mid Feb 2018 and gradually gained back its upward momentum from Apr 2018 till the end of the year due to increase in demand and box liners pushing out freight rate increase plan.



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 2018. This continues to be a key obstacle for the industry moving into 2019.

2018 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 and cascading programme continue to put pressure on Indian sub-continent and intra-Asian trades.

As of 31 December 2018, container fleet was 5,286 vessels, a slight increase from 5,181 in 2017. The growth was from bigger vessels and subdue in TEU scrapped. The total capacity increased from 21.1 million TEU to 22.3 million at the end of 2018. Idling TEU was increased significantly from 416,643 at the end of 2017 to 624,048 at the December 2018, a total of 49.8% increased. 2019 could be a turning point for supply and demand balance for shipping industry and a transitional year. There are uncertainties that may change shipping environment are fuel costs, trade discussions, disruptive entrants and industry consolidation.

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 2018		End 2019		End 2020		%TEU Growth 2018-2019	%TEU Growth 2019-2020
	No.	TEU	No.	TEU	No.	TEU		
18,000 - 23,000	92	1,808,559	113	2,258,949	135	2,761,449	24.90%	22.24%
15,200 - 17,999	33	542,255	53	879,145	53	879,145	62.13%	0.00%
12,500-15,199 NPX	238	3,266,101	243	3,343,607	257	3,547,061	2.37%	6.08%
10,000-12,499	160	1,707,703	169	1,810,601	180	1,942,001	6.03%	7.26%
7,500 - 9,999	480	4,223,873	480	4,231,673	480	4,231,673	0.18%	0.00%
5,100 - 7,499	456	2,831,704	456	2,831,704	456	2,831,704	0.00%	0.00%
4,000 - 5,099	642	2,909,052	642	2,909,052	642	2,909,052	0.00%	0.00%
3,000 - 3,999	246	856,248	252	876,664	256	888,936	2.38%	1.40%
2,000 - 2,999	665	1,692,703	701	1,785,001	739	1,884,133	5.45%	5.55%
1,500 - 1,999	591	1,014,314	628	1,080,666	665	1,148,128	6.54%	6.24%
1,000 - 1,499	713	821,698	736	848,420	749	863,912	3.25%	1.83%
500 - 999	783	580,669	804	596,013	806	597,013	2.64%	0.17%
100 - 499	189	61,801	189	61,801	190	61,921	0.00%	0.19%
Total	5,288	22,316,680	5,466	23,513,296	5,608	24,546,128	5.36%	4.39%
Adjusted Total	5,281	22,299,660	5,381	23,201,276	5,373	23,734,108	4.04%	2.30%
Annual Growth		5.60%		4.00%		2.30%		

Source: Alphaliner, Monthly Monitoring Dec'18

Market Outlook for Container Activity

Year 2019 would see continuing positive growth prospect as indicated in The International Monetary Fund (IMF) forecasted at 3.7%. The growth is broad-based in Asia Pacific region and emerging economies.

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

GDP Growth	2017	2018	←----- Projections ----->	
			2019	2020
World	3.7	3.7	3.7	3.7
US	2.2	2.9	2.5	1.8
Euro	2.5	2.2	2	1.9
Emerging market	4.7	4.7	4.7	4.9
China	6.9	6.6	6.2	6.2
India	6.7	7.3	7.4	7.7
Asean 5 ^A	5.3	5.3	5.2	5.2
Container Volume (Total Trade)	5.5	4.5	4.4	

Figures are in percentage

A Indonesia, Malaysia, Philippines, Thailand, Vietnam

* Average of growth rates for export and import volumes (goods and services) Source: World Economic Outlook 2018, IMF; Clarksons Container Intelligence Monthly Dec 2018

On the supply side, capacity growth is expected to grow in 2019 by 4% with 1.1 million teus of net capacity due.

The majority of capacity growth in 2019 is expected to be absorbed by the East-West services continuing to Asia to Europe / US routes with the Alliances offering direct calls. Capacity in the Intra-Asia trade is expected to remain stable in 2019.

2. Breakdown of 2018 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 2018, COC services accounted for 59% of the total volume, around 67% of the total freight income for the whole RCL Group. SOC accounted for 41% of volume, with 33% of freight income.

Breakdown of Total Income by Geographical Location

Freight income	2018 ฿ million	%	2017 ฿ million	%	2016 ฿ million	%	2015 ฿ million	%	2014 ฿ million	%
Thailand	1,186	9.91	992	8.82	1,068	10.23	1,178	9.91	1,089	8.18
Singapore	12,179	101.81	11,349	100.86	10,421	99.81	11,741	98.81	13,334	100.15
Hong Kong	70	0.59	81	0.72	215	2.06	392	3.30	623	4.68
(Elimination of inter-company transactions)	-1,472	-12.30	-1,170	-10.40	-1,263	-12.10	-1,429	-12.03	-1,732	-13.01
Total Freight Income	11,963	100	11,252	100	10,441	100	11,882	100	13,314	100

Breakdown of Total Income by the Company and its Subsidiaries

Freight income	2018	2017	2016	2015	2014
Regional Container Lines Public Company Limited	฿ million 1014	฿ million 835	฿ million 901	฿ million 998	฿ million 890
Subsidiary companies operating in Singapore	US\$ million 54.0	US\$ million 49.6	US\$ million 51.2	US\$ million 58.1	US\$ million 58.3
Regional Container Lines Pte. Ltd. RCL Feeder Pte. Ltd.	320.8	283.6	243.0	283.7	344.8
Subsidiary company operating in Hong Kong	HK\$ million 16.9	HK\$ million 18.5	HK\$ million 16.3	HK\$ million 22.4	HK\$ million 45.4
Regional Container Lines (H.K.) Limited					

3. Logistics

RCL Logistics performance was back on track this year after a slightly dip in volume a year before. Total revenue in 2018 increased 30% when compared to that of 2017. This was mainly due to the increase in export volume and also from the expansion of the services scope we offered to our existing contract logistics key accounts.

We are delighted to announce that in Q4 2018 the company has won a bid for an extension of a service contract for another three years from one of the key accounts. The bidding was very competitive with several international logistics players on board, unlike several years ago where we only had local players to compete with. With proven track record and satisfactory service-level performance, we are confident that the operations team will continue to deliver exceptional result throughout the contract period to ensure constant flow of income. We will also be implementing IT as part of the operations in order to improve the productivity and efficiency in the work process.

The company has also enjoyed an increase in volume from other SME's businesses. The business development team was able to double the volume which increased the net profit by almost three folds, after a minor restructuring during mid-year. Most of the volume went into 4th quarter books after we secured regular volume for haulage business with a major exporter in Thailand.

In 2019, we will be focusing more on project cargo which yield higher margin to the company. We have recently joined one of the well-established project cargo networks, which will not only allow us to expand our network outside our territory, but also to offer clients door-to-door service from around the world — opening doors for a bigger market.

In addition, it is also our aim to expand into the growing market of CLMV and ASEAN, identified with developing infrastructure and attractive local GDP growth. Of course, there are obstacles in expanding our presence in these countries, bearing in mind constraints such as political instability, differences in customs clearance regulations, and availability of proper infrastructures. Nevertheless, we are targeting to set foot in order to capture any business opportunity that may arise in the near future.

With the above plan, we are always on the look out to recruit talented people to join the company in developing more business, both in Thailand and other territories.

4. Major Developments during 2018

4.1 Human Resource

a) Employees

	31 Dec 2017	31 Dec 2018
Employees by country		
Thailand	254	282
Singapore	120	119
China	138	136
Hong Kong	30	29
Malaysia	50	52
Indonesia	43	44
Philippines	32	32
Vietnam	35	36
Cambodia	17	18
Total	719	748
Employees by corporate function		
Management	6	10
Business	75	88
Support	234	241
Agency	292	296
Operations	71	72
Logistics	41	41
Total	719	748

As at 31 December 2018, RCL Group has 748 employees on permanent contracts at RCL Offices in the regions, excluding part-time employees on temporary and relief assignments. Compared with 719 employees in 2017, there was an increase by 29 employees, representing 4% 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 customer services and to improve Big Data Analysis, marketing communication 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 2018, 88 employees (2017:75) were in business function. Operations department has 72 employees (2017:71) and Logistics department has 41 employees (2017: 41); with RCL agencies having 296 employees (2017: 292) 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 increased by 5.5% in 2018 to USD 21 million (2017: USD19.9 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 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. To continue employee development in 2018, we developed more training programs in Leadership, Managerial training and Technical training, as well as Good Governance, Anti-Corruption and Compliance Training. Also started launching online Technical training for the whole RCL Network. We recorded that we had 14 courses for Technical and 37 courses for Leadership and Managerial training and 1 online training with total number of 1,371 employees' participation in total 1,560 man-days.

e) Cultural & Core Values

In addition to the re-definition of the abbreviation "L" in year 2017, we embedded RCL Culture and our ATRCL values for the whole year 2018, with the rolling out of ATRCL workshops throughout RCL Network, as well as initiated engagement programs to develop stronger culture.

4.2 Regions – Development

a) Geographical Offices

For 2018, Myanmar office turned from 3rd party agency to a joint venture company during September 2018. The total numbers of geographical offices are maintained at 66.

b) Service Development

In 2018, 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 one dedicated service in Intra-Asia and one feeder service from Colombo to Tuticorin.

4.3 Biz –Technology

In 2018, a lot of things took place in the IT world with new IT technology taking off and shaking the business world. Cyber-attack has become a major issue and caused many companies to lose millions of dollars. Due to these changes, RCL's IT department (IT) needs to be alert and be proactive in preventing potential attacks.

In the previous year, IT focused on modifying its infrastructure to support the Group's fast growing business. In 2018, it continued to make improvement to the infrastructure by enhancing the security system to ensure that RCL is able to anticipate the nature of the cyber threats and protect ourselves in advance from such threats efficiently. IT has prevented the network, system, computer and data from unauthorized access. Furthermore, IT successfully rationalized the main data center in Singapore by migrating the core system to Cloud without any business impact. With this move IT has released unused space to support other business purposes of the Group and more importantly reduced the data center maintenance cost.

System wise, IT's development strategy has focused on the cost module to support business for cost control in the last few years which has been very successful. In 2018, the strategy has been even more focused on commercial side to provide the business with tools to compete in the highly competitive market. IT built up the pricing module to improve price quotations to be more accurate and effective. In addition, we enhanced the sale module to provide useful information, reports and data for our sales force to understand their customers better and to improve customer services.

Additionally, IT created a more systematic and effective way to gather sales information to boost the sales volumes. Nonetheless, IT also gave importance to the cost side by improving the existing cost feature/function for better control. We added functions for Demurrage and Detention (DND), Maintenance and Repair cost to support the various business concerns. Similarly, we also gave attention to the data accuracy, like in the previous year, especially in container movement areas. As it is the basic critical information for all system modules, IT improved the system to ensure better control in order to obtain the accurate data and filter out the incorrect ones. Further to improving RCL's internal IT systems, we also focused on creating customer experiences. Thus RCL revamped and launched a new website with enhanced outlook and content in November 2018.

Finally, due to the fast pace of the world's technology movement, IT also adopted a new technology called RPA (Robotic Process Automation). This technology will assist the employees in their day-to-day routine work which will provide them with more time to work on other important tasks. RCL IT will also continue to support the business by providing advance IT solutions in all aspects to all departments.

4.4 Ship Management

In 2018, 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 thirteen (13) vessels of 10,000-20,000 GRT inclusive of two (2) new vessels have been equipped with ECDIS. In addition, ECDIS manufacturers have carried out familiarization training and issued type-specific certificate to navigation officers accordingly.

b) Concentrated Inspection Campaign (CIC)

In 2018, 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 MARPOL Annex VI. The main objectives of this CIC are to establish the level of compliance with the requirements of MARPOL Annex VI within shipping industry and create awareness amongst ships' crew and ship owners with regard to the importance of compliance with the provisions of MARPOL Annex VI and the prevention of air pollution. There was no serious deficiency reported as resulted from inspection campaign — carried out during 1 September 2018 until 30 November 2018.

c) Data Collection System (DCS)

As required by IMO regulation, all our ships of 5,000 GRT and above including two (2) new ships carry approved ship energy efficiency management plan (SEEMP Part II) on board before 31 December 2018.

d) Sulphur content of fuel oils in China

The local maritime safety agencies in China adopted measures to reduce air pollutants from shipping industry in their ports and issued regulations for foreign ships to switch to low sulphur fuel oil (0.50 % m/m) while operating in control areas. Shanghai Port required ships to switch to low sulphur fuel oil before entering to designated port limits and anchorages from 1 October 2018. Ningbo Port required ships to switch to low sulphur fuel oil before entering existing ECA from 1 October 2018.

RCL Shipmanagement provided guidance and trained masters/crew to comply with local requirements as well as instructions to Operation department and Charterers. Our vessels used Marine Gas Oil (MGO) low sulphur while operating in above recommended areas.

e) Installation of Exhaust Gas Cleaning System (EGCS) or Scrubber

RCL decided to purchase scrubber for 12 vessels (4 units for new building and 8 units for existing vessels) :

- The 3D scanning for scrubber installation was carried out by Maker.
- The contract for 5 vessels was signed and the rest (7 vessels) will be signed in the beginning of 2019.

Plans for 2019

a) Training for familiarization of ECDIS

Type-specific training has been provided by manufacturer for masters and deck officers. RCL Shipmanagement realizes that crew should fully utilize this training as it plays important roles for the safety of navigation. We will continue the in-house training on ECDIS from 2019 onwards.

b) Data Collection System (DCS)

As required by IMO's MEPC, the yearly data (total distant travelled, fuel used and cargo carried) is to be submitted to IMO (through flag Administration or Classification Society). Data collection has to be carried out on board ship. RCL Shipmanagement will provide guidance and train crew to effectively comply with this requirement.

c) 0.50% sulphur limit in China

All ships operating in Chinese coastal waters are recommended to strictly follow the early implementation of the 0.50% sulphur content limit in fuel oils starting from 1 January 2019.

From 1 January 2020, even stricter requirement will apply to ships entering inland waterways including the Yangtze River and Xijiang River (western part of Pearl River), where a maximum 0.1% sulphur content will be allowed. From 1 January 2022, the 0.1% limit will also apply to the domestic area of Hainan Island.

d) Installation of Exhaust Gas Cleaning System (EGCS) or Scrubber

RCL decided to install 12 units of opened loop scrubber on board 12 fleet vessels within year 2019 as follows :

- 4 units for new building vessels
- 8 units for existing vessels

5. Future Plans

Trade war between the US and China heightens the risks for the global economy. Caution appears base on macroeconomic indicators signal to a moderating expansionary pace in term of trade growth and activity in emerging market and developing economies that RCL is operating in. The uncertainties with different fronts like risks relating to geopolitical tensions, China environmental protection policy, US protectionism policy, tightening global monetary policy, delivery of mega ships in the market, RCL will continue to work in our unit cost strategy and stay focus in our planning to grow organically in 2019. The Group is positioned to capitalize on positive regional trade environment,

to strategize, enhance and expand on RCL's network coverage. We will continue to improve on our cost competitiveness, strengthen our niche expertise and to manage trade, equipment flow efficiently.

It is expected that with the challenging environment resulting from the fluctuate ocean freight industry will probably continue into 2019 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 and to develop on secondary ports. With 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 2019, the global economy looks poised to slow moderately from 3.7% in 2018 to 3.5% in 2019, led by deceleration in the US and further softening in China. But with growth still above potential in most Developed economies, we look for continued labor market tightening, gradually rising core inflation, and in many cases higher policy rates. USA-China trade war and Brexit may have substantial impact on the global trade.

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 regarding 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.

In 2018, the Group still 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 2018, both short term and long term constituted up to Baht 4.2 billion. The portion of fixed interest rate loan increased to 11% or Baht 476 million due to the additional loan portion converted into fixed interest rate despite loan repayment in 2018. However, to alleviate the impact from the uncertain interest rate outlook, we are trying to increase our fixed interest rate portion since the majority of the loan portion remains as float.

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.

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

3.1 Safety and Navigational Risk

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 while performing 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 "Code of Safe Working Practices for Merchant Seaman" and other best practices in maritime industry. The Group identified risk to ship personnel and environment. Risks we foresee in 2019 are as follow:

Navigation (collision) - Recent statistics showed great number of collision cases in this region and its consequence was unpredictable. The intense traffic and adverse weather condition in some large ports are major causes that contribute to navigation risks.

Crew injury - Although the shipboard management crew carefully conducted risk assessment and adopted additional measures to eliminate or mitigate the possible causes that lead to injury, numbers of work-related accident were still reported. These accidents would result in operational delays.

We will improve our safety management system to establish more appropriate safeguards including the review of procedures implemented. The Group also provides training for shore personnel to continuously improve their safety-management skills and be prepared for emergency situations. In addition, spot training on board our ships and in-house training will be carried out continuously.

3.2 Port Congestion Management Risk

Ports all over the world face a lot of challenges in daily operation. These challenges lead to risk and adverse effects to the companies, especially ports and terminals operated in the Asia-Pacific Region which include major ports in our network, ie China, Thailand and Philippines. To ensure our services continue effectively and efficiently, RCL places stringent emphasis on SOP with regard to the handling processes of the terminal operation risk management.

3.3 On Board Stowage Management Risk

Stowage planning is at the heart of container vessel operations. The quality of these operations affects the performance significantly. However, stowage planning is highly complex and requires a great deal of manual labour, which can be tedious and time-consuming.

Dangerous Goods Conflicts - Dangerous goods (DG) also referred to as hazardous containers are not limited to specific types of containers. All hazardous cargoes are to comply with the IMDG code in terms of what can be loaded into containers, what class it is and the UN Number for each individual commodity. The segregation requirements being in placed ensure commodities which are not compatible, are not loaded without the required separation.

3.4 Encounter Bad Weather Management Risk

“Fare wind and Calm Seas” — this is what a seafarer hopes for when he is sailing at high seas. However, nature is bound to show ups and downs, and rough weather may hit a vessel in open sea with no time to react. Even if there is a practice of sending pre-weather warning to ships for route change or speed alterations, every seaman has experienced high swell and unfriendly side of the sea.

Time is a critical factor for reacting in a situation like rough weather. If a pre-warning is available, staff will be well prepared; but if the warning period is short or if there is a sudden struck of rough waves and bad weather, then handling of the ship will very much depends on the knowledge, training, skills and team efforts of ship's staff.

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 growth ratio of container shipping market in 2018 was 2.3% less than 2017, while the supply growth of new ship tonnage in 2018 is 1.8% higher than that of 2017 and the gap between supply versus demand was wider substantially. The freight rates decreased quite substantially for COC on the trade to India and Middle East although SOC freight increased from Q2 onwards caused by the change of selling terms. Overall the average freight in 2018 is similar to that of 2017.

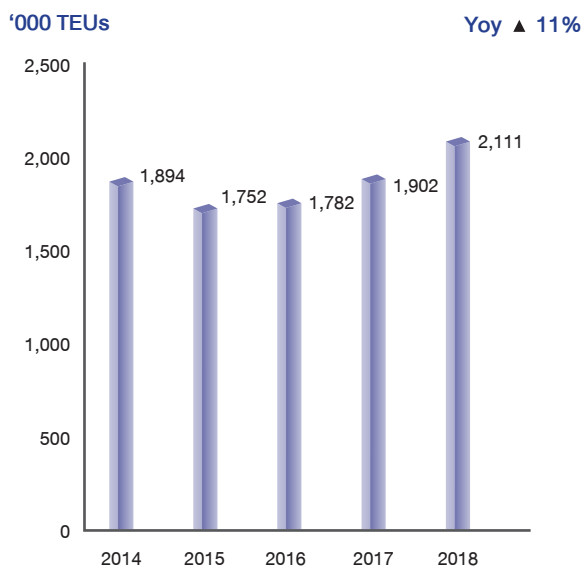
The increase of oil price and charter fee in 2018 added pressure on the running cost of shipping lines. The Group strongly focused on cost controlling, service rationalization and cargo mix to be the main strategy for operating. These actions helped to mitigate the cost of increase in 2018, but was not able to maintain the operating cost at the level of 2017.

In 2018, SOC liftings was 0.87 million TEUs, increased by 10% from year 2017. COC liftings was 1.24 million, increased by 12% from year 2017. The total liftings increased by 11% to 2.11 million TEUs, while overall utilization was 124% in 2018.

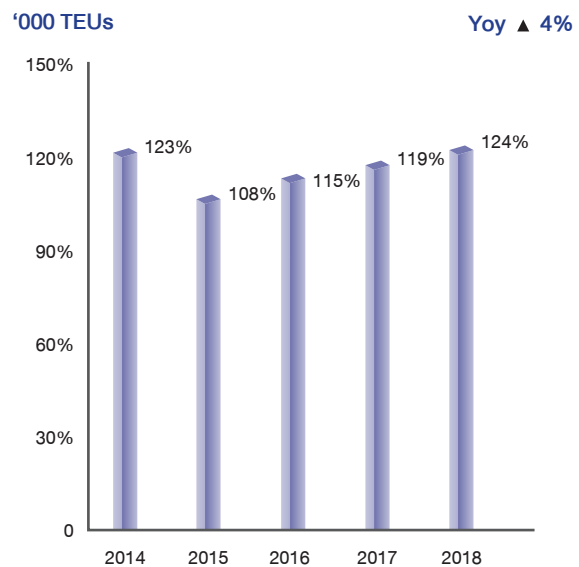
The overall freight rate increased in 2018, while consolidated revenues from freight income for the year was Baht 11,963 million up from Baht 11,252 million in 2017, mainly due to an increase of lifting. Total revenues also increased by 5% to Baht 12,262 million in 2018 compared to Baht 11,714 million in 2017.

In 2018, 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 2018, the Group recorded an exchange gain of Baht 74.0 million as compared to the exchange gain of Baht 33.3 million in 2017.

Total Liftings

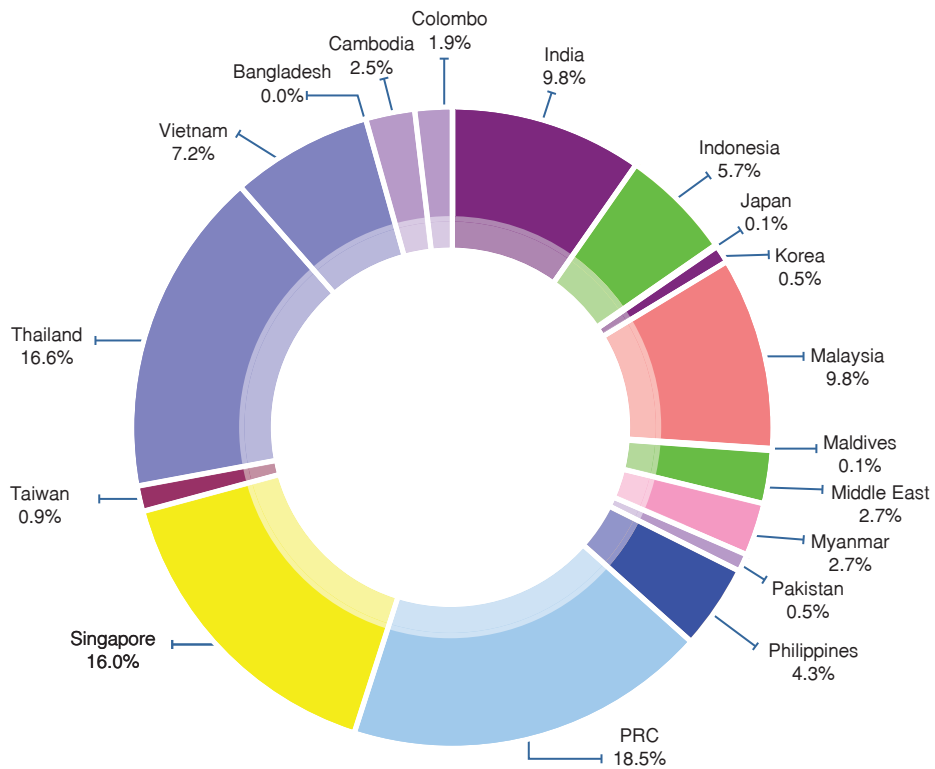
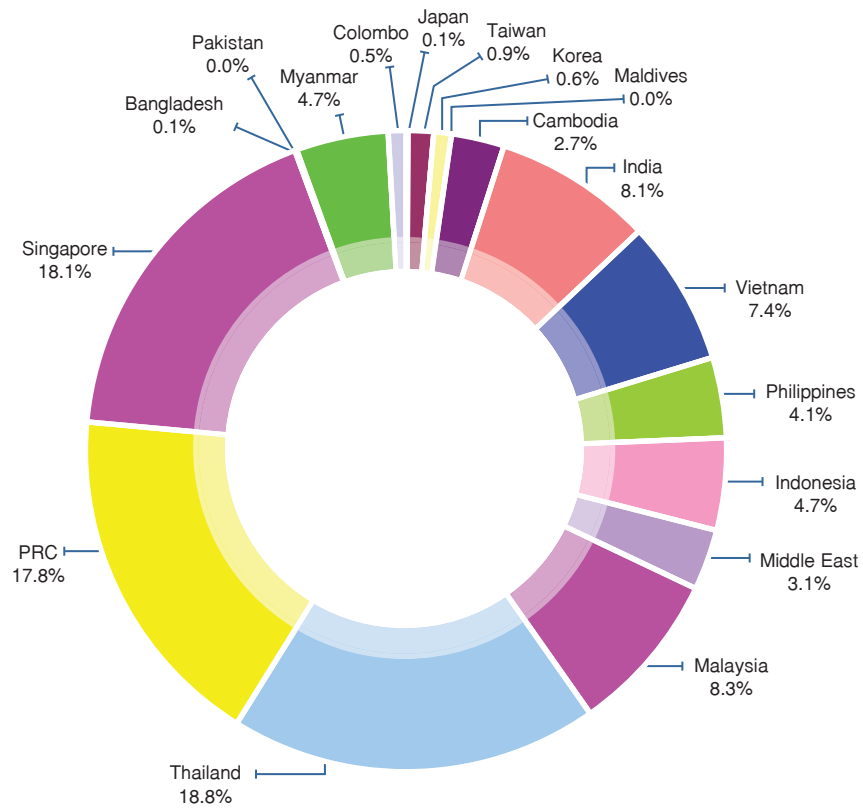


Capacity Utilization



Trade Composition

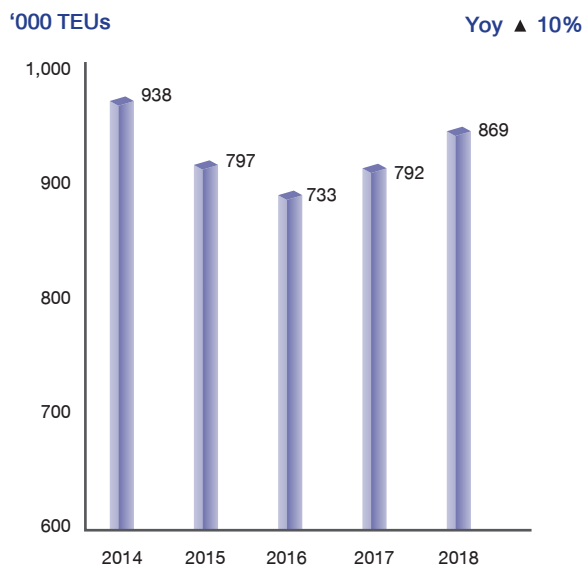
Total lifting (2017) 1,901,821 TEUs



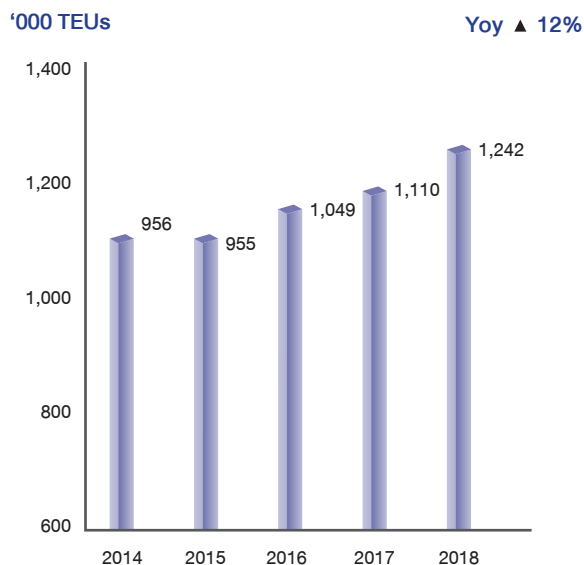
Total Lifting (2018) 2,110,899 TEUs

Operational Overview

SOC Liftings



COC Liftings



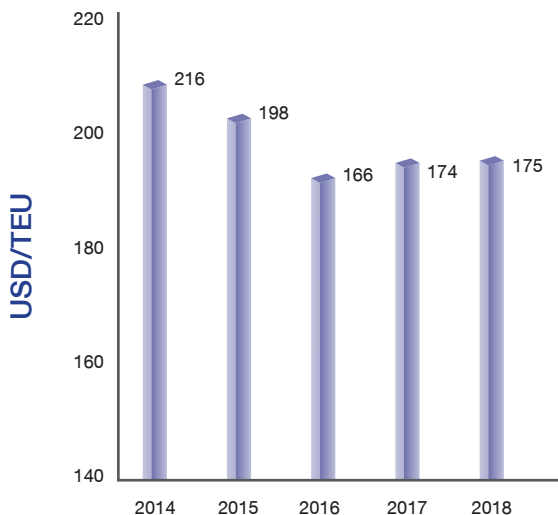
Freight Rates

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

RCL Freight Rate Movement

The average freight rate in 2018 was USD175 per TEU when compared with USD174 per TEU in 2017.



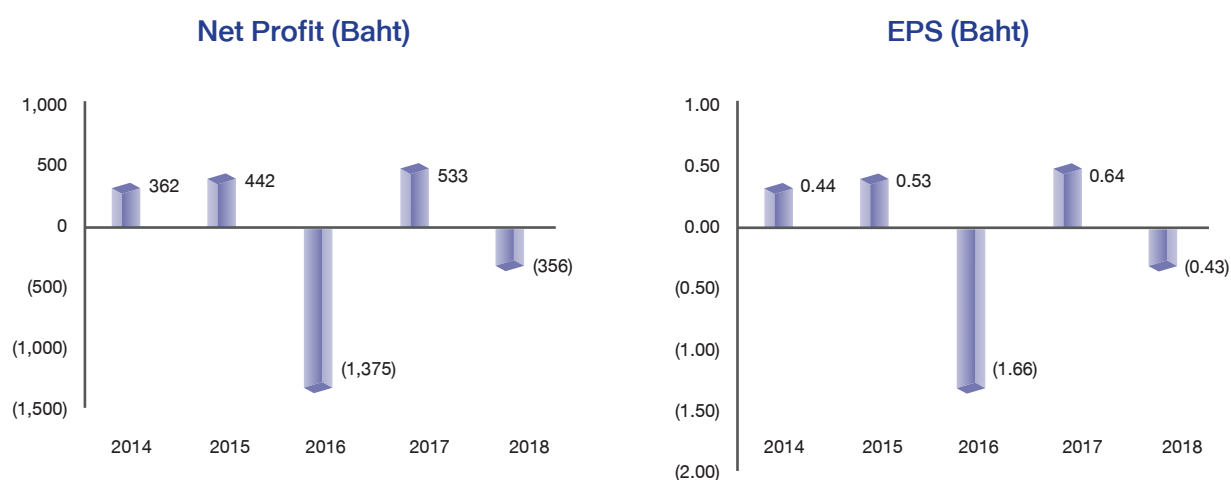
Profitability

US\$ per TEU	Year 2014	Year 2015	Year 2016	Year 2017	Year 2018
Average Freight income	216	198	166	174	175
Average Cost of freight and operations	194	182	170	158	169
Gross Margin	10%	8%	-2%	9%	4%

In 2018, the freight has gradually increased from \$170/Teu in the first quarter to \$179/Teu in the third quarter but dropped slightly to \$174/Teu in the fourth quarter.

US\$ per TEU	1Q18	2Q18	3Q18	4Q18	Year 2018
Average Freight income	170	179	179	174	175
Average Cost of freight and operations	168	171	170	164	169
Gross Margin	1%	4%	5%	5%	4%

Although the liftings increased in 2018, the Cost of freight and operations increased from Baht 10.18 billion in 2017 to Baht 11.49 billion in 2018.



For the full year of 2018, the Group recorded a net loss of Baht 358 million attributable to equity holders of the Company, compared to a net profit of Baht 533 million in 2017.

Loss per share for 2018 was Baht 0.43, compared to a profit per share of Baht 0.64 in 2017.

Financial Condition

Total assets increased by 5% to Baht 18.3 billion. Total shareholders' equity decreased 6% to Baht 8.4 billion. Cash flow from operations was positive at Baht 1,262 million in comparison to the positive of Baht 1,607 million, the year before. As at 31 December 2018, the Group held cash and cash equivalent amounted to Baht 1.2 billion, a decrease from Baht 1.6 billion in 2017.

The 2018 EBITDA was Baht 1,470.4 million, compared to EBITDA of Baht 1,988.6 million in 2017.

Computation of EBITDA	2018	2017
Profit / (loss) before taxation	(348.6)	546.0
Add: Impairment loss of assets / Provision for loss under onerous contracts	49.9	-
Less: Reversal of impairment loss of assets/ provision for loss under onerous contracts	(73.2)	(291.2)
Less: Unrealised (gain) / loss from changes in fair value of derivatives	1.7	(1.3)
Add: Interest	249.5	197.4
EBIT	(120.6)	450.9
Add: Amortisation	-	-
Add: Depreciation	1,591.0	1,537.7
EBITDA	1,470.4	1,988.6

In the past year, the Group witnessed fluctuations of the Thai Baht against the US dollar. Nevertheless, the Group was not so overly affected as freight charges were priced in US dollars and paid in local currency equivalents. Most of the loans extended to the Group were thus denominated in currencies similar to that of its income flows.

The Group's cash position stood at Baht 1.2 billion as at end 2018. The year-end trade accounts receivables increased from Baht 1.6 billion in the previous year to Baht 2.3 billion in 2018. Cash and trade account receivables accounted for Baht 3.5 billion, or 80.05% of the total current assets.

Total current assets increased from Baht 4.31 billion in 2017 to Baht 4.32 billion in 2018.

Non-current assets accounted for 76.37% of the total assets. The majority of non-current assets comprised container vessels and equipment which amounted to Baht 12.9 billion as at end 2018.

Capital Structure

As at end 2018, total liabilities were Baht 9.9 billion versus Baht 8.5 billion in 2017. Shareholders' equity decreased 5.77% from Baht 8.9 billion in 2017 to Baht 8.4 billion in 2018 of which THB 90 million caused by negative translation adjustment from USD to Thai Bath. Total debt to shareholders' equity increased from 0.95 to 1 in 2017 to 1.18 to 1 in 2018.

Shareholding & Management Structures

Shareholding Structure

List of 10 Major Shareholders as at 29th March 2018

No.	Name	No. of Shares	%
1.	Ngow Hock Group	387,770,337	46.80%
2.	Tanthuwanit Family	71,657,675	8.65%
3.	Mr.Thirachai Kirtitechakorn	22,075,000	2.67%
4.	Mr.Thirapong Tunthitaruk	20,130,000	2.43%
5.	Tisco Securities Co., Ltd.	20,000,000	2.41%
6.	Bhureemas Navee Co., Ltd.	10,600,060	1.28%
7.	Mr. Nattapat Rangsun	9,310,000	1.12%
8.	Ms.Thitirat Rasrivisit	8,400,000	1.01%
9.	Mrs. Mayuree Wongkaewcharoen	7,500,000	0.90%
10.	Thai NVDR Company Limited	7,380,600	0.89%

Notes:

1. Ngow Hock Group comprises 4 companies as follows:

	No. 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	0.15	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 2018, the Board of Directors comprised 9 members as follows:

Mr. Jamlong Atikul	Chairman (Non-Executive Director)
Mr. Sumate Tanthuwani	Managing Director
Mr. Hartwig Schulze-Eckardt	Director (Executive Director)
Mr. Kua Hock Eng	Director (Executive Director)
Mr. Sutep Tranantasin	Director (Executive Director)
Mr. Charlie Chu	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 Tanthuwani 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 and 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 directors 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 and Corporate Governance Committee has a 3-year term in office. The duties and responsibilities are summarized as follows:

- 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.
- 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.
- Corporate Governance : establish clear leadership role and responsibilities of the Board, define objectives that promote sustainable value creation, strengthen board effectiveness, ensure effective CEO and people management, nurture innovation and responsible business, strengthen effective risk management and internal control, ensure disclosure and financial integrity and ensure engagement and communication with shareholders.

4. The Group of Management Committee comprising 9 members of executive directors and top management as at 31st December 2018 as follows:

Mr. Sumate Tanthuwani	President
Mr. Hartwig Schulze-Eckardt	Executive Director
Mr. Kua Hock Eng	Executive Director
Mr. Sutep Tranantasin	Director & Executive Vice President (Operations)
Mr. Charlie Chu	Director & 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. Twinchok Tanthuwani	Senior Vice President (Chief of Regions & Business Development)
Mr. Chatgamol Phitaksuteepong	Vice President (Group Information Technology)

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	Director & 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.

Details of Risk Management Policy, Committee and Authority and Responsibilities of the Risk Management Committee is disclosed in the Company's website.

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 and responsibilities towards all its shareholders and stakeholders. In addition, the Board of Directors places great emphasis on the importance to comply with the corporate governance principles in order to increase the confidence of shareholders, investors and all parties involved. Thus, Corporate Governance Policy, Business Ethics, Employee Code of Conduct were reviewed and disclosed on the Company's website to publicize and communicate with outsiders and RCL group's employees for acknowledgment including encouraging them to participate in the implementation of such policies.

In order to promote and support RCL's corporate governance, the Nomination & Remuneration Committee was in 2018, tasked with additional roles to cover the scopes of Corporate Governance. With this move, the committee adopted a new name which is the "Nomination & Remuneration and Corporate Governance Committee". These additional roles are as follows:

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

RCL's Corporate Governance Policy is basically categorised under 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.rcigroup.com>) at least 30 days before the meeting date.

- **During the Meeting**

The Company provides a team of staff, equipment 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 resolutions, the minutes of the meeting to the Stock Exchange of Thailand within the required time frame 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 96 out of 100 accredited by Thai Investors Association for the organization of its 2018 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, business environment, staff and communities. The Board of Directors thus, act in accordance with the Corporate Governance policy, RCL Ethics, Code of Conduct 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 (ATRCL) to guide the staff of all levels in the RCL Group:

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

In addition, the company has also established Vision, Mission, Corporate Goals as shown in “Nature of Business Operation” and posted them on the Company’s website (<http://www.rclgroup.com>) for acknowledgement of all employees and the third party.

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

Business Ethics

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 of which details are as followings:

Employee Code of Conduct :

The RCL Code of Conduct governs the following:

1. Attitude towards RCL
2. Usage of the name “RCL”
3. Personal ethical core values
4. Relationship with fellow colleagues
5. Competitor, partner and supplier relationships
6. Sexual, other unlawful harassment and workplace violence
7. Confidential information
8. Use of E-mails, Internet, information access, softwares, telecommunication facilities and office equipment
9. Environment and society
10. Personal privacy
11. Anti-Corruption
12. Whistle Blower

Details are shown in the Company’s website (<http://www.rclgroup.com>) in topic of “About / Group Policy”.

Employee Potential Promotion, Rewards and Development

Having realized the importance of employees as a valuable resource that drive the Company, RCL promotes Performance Management System, Training Roadmap, 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.

Employee welfare and recreation

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. Furthermore, the Company registered a provident fund scheme under the Provident Fund Act B.E. 2530.

In addition, The Company provides annual health check for employees at all levels and safety practice for fire drill annually.

Community: The company scopes on the importance of the community as a whole whether in the aspect of the environment, opportunities offer and community development such as, raising food for children or donating things in the community etc. Additional information about the activities of each year are shown in the RCL website (<http://www.rclgroup.com>) in the “News” under topic of “Event”.

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.

Conflict of interests, Insider Trading Policy and Reporting of the interests of directors and executives

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 (<http://www.rclgroup.com>).

Anti-Corruption, Whistle Blower and channels for complaining

The Company has established Anti-Corruption policies in 2015 as one of the items in its Code of Conduct, to be the direction of the business operation in accordance with the good corporate governance emphasizing the responsibilities in all aspects of the operations. 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 provided Anti-Corruption & Compliance Training for staff in 2018.

In the case of clues and channels for complaining or information about wrongdoing, the Company has clearly defined the principles and guidelines in the Code of Conduct. The Company has provided channels for complaining as following;

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

Details about the Anti-Corruption Policy and the Whistleblowing Policy are disclosed in the Code of Conduct.

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 31st December 2018 the Board of Directors comprises:

- Five executive directors,
- One non-executive directors, and
- Three independent and non-executive directors
- Totaling nine (9) members.

In addition to the requisite qualifications of directorships, 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 2018 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 2018 with following details:

Meeting No.	Date	Agenda & Topic
1	21 February 2018	To approve Financial Statement of 2017
2	2 May 2018	To approve the 1 st quarter of 2018 Financial Statement
3	8 August 2018	To approve the 2 nd quarter of 2018 Financial Statement
4	7 November 2018	To approve the 3 rd quarter of 2018 Financial Statement

In the year 2018, Audit Committee held 4 regular meetings (2017: 4 meetings) The record of attendance of the members of Audit Committee is summarized as follows:

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

2. Nomination & Remuneration and Corporate Governance Committee

The Committee comprising three (3) independent directors serves a 3-year term. Members of the Committee, scope of duty and authority are presented in "Shareholding and Management Structure"

In 2018, the Nomination & Remuneration and Corporate Governance Committee held 4 meetings. The attendance was recorded as follows:

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

3. Group Management Committee

The Committee consists of five (5) executive directors, four (4) 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:

Corporate Governance Policy

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 2018, the Board held 7 meetings comprising 4 regular quarterly and 3 special sessions. The director's attendance was recorded as follows:

Director	Regular Quarterly		Special Sessions	
	Regular Quarterly Sessions	via Tele-Conference ⁽¹⁾	Special Sessions	via Tele-Conference ⁽¹⁾
Mr. Jamlong Atikul	4	-	3	-
Mr. Sumate Tanthuwaniit	4	-	3	-
Mr. Amornsuk Noparumpa	4	-	3	-
Mr. Viset Choopiban	4	-	3	-
Ms. Arpavadee Meekun-lam	4	-	3	-
Mr. Sutep Tranantasin	4	-	3	-
Mr. Hartwig Schulze-Eckardt	4	-	-	2
Mr. Kua Hock Eng	4	-	-	2
Mr. Charlie Chu	3 ⁽²⁾	-	-	1 ⁽²⁾

Remarks: ⁽¹⁾ 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.

⁽²⁾ Mr. Charlie Chu was appointed as a director of the Company as per the resolutions of the 39th Annual General Meeting of Shareholders held on April 27th, 2018. After holding the position of director, there were 4 Board of Directors' meetings and Mr. Charlie Chu attended all 4 the meetings; 3 meetings in person and 1 meeting via teleconference.

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 improvements will be recommended for Board's discussion.

The assessment consists of 6 areas:

1. Structure and characteristics of the board
2. Roles and responsibilities of the board
3. Board meetings
4. The board's performance of duties
5. Relationship with management
6. Self-development of directors and executive development

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 as follows:

1. Leadership
2. Strategic planning
3. Financial results
4. Management of operation,
5. Management development and succession planning
6. Human resources
7. Communications
8. Board relations

Remuneration for Directors and Management

Remuneration for the Directors and Management for 2018

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 of 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 2018, the Company remunerated its directors in accordance with the remuneration criteria approved by the resolution of the 26th Annual General Shareholders' Meeting held on 29 April 2005, which are as follows:

1. In the event that the Company's net profit is less than Baht 1 billion, the "standard remuneration" structure approved by the resolution of the 25th Annual General Shareholders' Meeting on 30th April 2004 will be applied.
2. In the event that the Company's net profit exceeds Baht 1 billion, an additional remuneration of 0.5% of the amount in excess of the first Baht 1 billion profits will be proportionately paid to all directors, each in accordance with their remuneration entitlement as prescribed in the "standard remuneration" structure.

The approved remuneration of Baht 5.82 million is based on:

1. Remuneration of 9 directors totaling Baht 4.6 million
2. Remuneration of 3 Audit Committee members totaling Baht 0.9 million
3. Remuneration of 3 Nomination & Remuneration and Corporate Governance Committee members totaling Baht 0.45 million (Refer to the resolution from the 39th Annual Shareholders General Meeting 2018 on April 27th, 2018 that to approve to increase Directors' remuneration for the Nomination and Remuneration Committee for Bath 50,000 per year per director of the committee for the year 2018 onwards due to additional role of Corporate Governance and adopted the new name to Nomination & Remuneration and Corporate Governance Committee.)

For 2018 operating year, the Company recorded the consolidated net loss amounted to Baht (356) million. The total standard remuneration amounting to Baht 5,816,667 which was within the approved amount was paid to the individual director as detailed below:

Board Members	Board Members	Audit Committee	Nomination & Remuneration and Corporate Governance Committee
Standard Remuneration			
Mr. Jamlong Atikul	1,000,000.00	-	-
Mr. Sumate Tanthuwani	800,000.00	-	-
Mr. Amornsuk Noparumpa	400,000.00	300,000.00	150,000.00
Mr. Viset Choopiban	400,000.00	300,000.00	150,000.00
Mrs. Arpavadee Meekun-lam	400,000.00	300,000.00	150,000.00
Mr. Sutep Tranantasin	400,000.00	-	-
Mr. Hartwig Schulze-Eckardt	400,000.00	-	-
Mr. Kua Hock Eng	400,000.00	-	-
Mr. Charlie Chu	266,667.00	-	-
Total	4,466,667.00	900,000	450,000

Remark : 1 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 8 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 39,907,904.74 (salary, annual rewards, fixed allowances, transport, and housing)

Other remunerations the Company paid a total of Baht 424,192.20 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 2018.

Board and Management Development

All new board members must participate actively in orientation programmes with an aim for them to acquire knowledge and understand the business operations in order to work efficiently. Having said the above, the Company's Board of Directors also obtain 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), to name a few.

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 2017 (Million Baht)			Value of related transactions As of 31 December 2018 (Million Baht)			Relationships		
			The Company Only	Consolidated	The Company Only	Consolidated	The Company Only	Consolidated			
1.	Regional Container Lines Public Co., Ltd. and RCL Feeder Pte. Ltd. - Subsidiary Company (Ship operating and agency - incorporated in Singapore)	RCL Feeder Pte. Ltd. chartered ship from Regional Container Lines Public Co., Ltd. <ul style="list-style-type: none"> Total charter freight income Trade account receivable - subsidiary company Other receivable - subsidiary company Advance from related party 	261.25	187.14	348.08	1,791.81	539.12	725.25	898.66	3,713.40	RCL Feeder Pte. Ltd. is the Company's 100% directly and indirectly owned subsidiary company. The Company managing director is also the executive director of RCL Feeder Pte. Ltd. Condition/Pricing policy: Market price as at agreement date
2.	Regional Container Lines Public Co., Ltd. and Ngow Hook Co., Ltd. - Related Company (incorporated in Thailand) Leasing of office space in Bangkok Short term loan agreement	Regional Container Lines Public Co., Ltd. leased office space on 5 th , 7 th and 14 th floors in Panjathani Tower 1,430 squaremeters from Ngow Hook Co., Ltd., the owner <ul style="list-style-type: none"> Total Value of leasing agreement Total accounts payable/related parties in financial statements Short term Loan 	6.65	6.65	6.65	7.00	7.00	7.00	7.00	Ngow Hook Co., Ltd. is the Company shareholder with 25.20% shareholding and Panjamir Holding Co., Ltd. is the Company shareholder with 11.68% shareholding. The Company managing director is also the director of Hgow Hook Co., Ltd. and Panjamir Holding Co., Ltd. Condition/Pricing policy: Market price as at agreement date	
3.	Regional Container Lines Public Co., Ltd. And Panjamir Holding Co., Ltd. - Related Company (incorporated in Thailand) Leasing of office space in Bangkok	Regional Container Lines Public Co., Ltd. Leased office space on 13 th floors in Panjathani Tower 492 squaremeters from Panjamir Holding Co., Ltd., the owner <ul style="list-style-type: none"> Total Value of leasing agreement Total accounts payable - related parties in financial statements 	2.21	2.21	2.21	2.24	2.24	2.24	2.24		

No.	Related Parties	Related Transactions	Value of related transactions			Relationships
			As of 31 December 2017 (Million Baht)	As of 31 December 2018 (Million Baht)	The Company Only	
4.	RCL Feeder Pte. Ltd. -Subsidiary Company (Ship operating and agency - incorporated in Singapore) and Ngow Hock group of companies - Related Companies	<p>Ngow Hock group of companies acted as ship agent to RCL Feeder Pte. Ltd.</p> <ul style="list-style-type: none"> Total commission expenses Terminal operating service charged from Ngow Hock group of companies which <p>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.</p> <ul style="list-style-type: none"> Trade account receivable/related company Trade account payable/related company 	114.73	149.89	<p>RCL Feeder Pte. Ltd. is the Company's 100% directly and indirectly owned subsidiary company.</p> <p>Ngow Hock group of companies are the Company shareholder with 37.47% shareholding. The Company managing director is also the director of Ngow Hock group of companies.</p> <p>Condition/Pricing policy:</p> <ul style="list-style-type: none"> Commission expenses: Price approximates market price. Terminal Operating service: Price per tariff minus volume discount. 	
5.	RCL Feeder Pte. Ltd. - Subsidiary Company (Ship operating and agency - incorporated in Singapore) and RCL (Vietnam) Co., Ltd. - Subsidiary Company (Ship Agent- incorporated in Vietnam)	<p>RCL (Vietnam) Co., Ltd. acted as ship agent for RCL Feeder Pte. Ltd.</p> <ul style="list-style-type: none"> Total commission expenses Trade account payable/subsidiary company Trade account receivable/subsidiary company 	20.89 5.09	- -	<p>RCL Feeder Pte. Ltd. is the Company's 100% directly and indirectly owned subsidiary company.</p> <p>RCL Feeder Pte. Ltd. is the shareholder in RCL (Vietnam) Co., Ltd. with 49% shareholding and increase to 80% in 2018</p> <p>Condition/Pricing policy: Price approximates market price.</p>	
6.	RCL Logistics Co., Ltd. - Subsidiary Company (Logistics Services Provider - incorporated in Thailand) and Ngow Hock group of companies - Related Companies	<p>Ngow Hock group of companies provided logistic services to RCL Logistics Co., Ltd.</p> <ul style="list-style-type: none"> Total logistic service fees Total accounts payable/related companies 	10.46 2.48	11.92 4.42	<p>RCL Logistics Co., Ltd. is the company's 100% owned subsidiary company.</p> <p>Ngow Hock group of companies are the Company shareholder with 37.47% shareholding. The Company managing director is also the director of Ngow Hock group of companies.</p> <p>Condition/Pricing policy: Market price</p>	
7.	Regional Container Lines Public Co., Ltd. and RCL Shipmanagement Pte. Ltd. - Subsidiary Company (Ship management - incorporated in Singapore)	<p>RCL Shipmanagement Pte. Ltd. services ship management to Regional Container Lines Public Co., Ltd.</p> <ul style="list-style-type: none"> Ship management Fee Advance from related party Advance payment to related party 	7.82 144.18 23.56	9.42 569.74 29.56	<p>RCL Shipmanagement Pte. Ltd. is the Company's 100% directly and indirectly owned subsidiary company.</p> <p>The Company managing director is also the executive director RCL Shipmanagement Pte. Ltd.</p> <p>Condition/Pricing policy:</p> <ul style="list-style-type: none"> Ship management fee: Price approximates market price Expenses related to cost of freight and operations advanced by a subsidiary: Actual payment 	

No.	Related Parties	Related Transactions	Value of related transactions As of 31 December 2017 (Million Baht)		Value of related transactions As of 31 December 2018 (Million Baht)		Relationships
			The Company Only	Consolidated	The Company Only	Consolidated	
8.	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 14 th floors in Panjathani Tower 150 squaremeters from Ngow Hock Co., Ltd., the owner • Total Value of leasing agreement • Total accounts payable - related parties in financial statements	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
9.	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	-	-	-	-	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
10.	Regional Container Lines Public Co., Ltd. and RCL Service S.A. - Subsidiary Company	RCL Services S.A. Payment on behalf new vessel purchase for Regional Container Lines Public Co., Ltd. • Advance from related party	78.90	-	-	-	RCL Services S.A. is the Company's 100% directly and indirectly owned subsidiary company. The Company managing director is also the director of RCL Service S.A. Condition/Pricing policy: Actual transacted price.
11.	RCL Feeder Pte. Ltd. - Subsidiary Company (Ship operating and agency - incorporated in Singapore) and RCL Agencies (India) Private Co., Ltd. - Subsidiary Company	RCL Agencies (India) Private Co., Ltd. acted as ship agent for RCL Feeder Pte. Ltd. • Trade account receivable - subsidiary company • Trade account payable -subsidiary company	4.29	-	7.08	-	RCL Feeder Pte. Ltd. is the Company's 100% directly and indirectly owned subsidiary company. RCL Feeder Pte. Ltd. is the shareholder and jointly controlled in RCL Agencies (India) Private Co., Ltd. with 55% shareholding. The Company managing director is also the director of RCL Agencies (India) Private Co., Ltd. Condition/Pricing policy: Price approximates market price.

No.	Related Parties	Related Transactions	Value of related transactions		Relationships
			As of 31 December 2017 (Million Baht)	As of 31 December 2018 (Million Baht)	
			The Company Only	The Company Consolidated Only	
12.	RCL Feeder Pte. Ltd. - Subsidiary Company (Ship operating and agency - incorporated in Singapore) and Songkhla Shipping Agency Co., Ltd. - Related Company	Songkhla Shipping Agency Co., Ltd. acted as ship agent for RCL Feeder Pte. Ltd. • Total commission expenses	16.73	18.64	RCL Feeder Pte. Ltd. is the Company's 100% directly and indirectly owned subsidiary company. Ngow Hook Group of companies are the Company shareholder with 37.47% shareholding and Songkhla Shipping Agency shareholders with 99.90% shareholding. The Company managing director is also the director of Songkhla Shipping Agency Co., Ltd. Condition/Pricing policy: Price approximates market price.
13.	RCL Shipmanagement Pte. Ltd. - Subsidiary Company (Ship management - incorporated in Singapore) and Siam Paetra International Co.,Ltd. - Related Company	Songkhla Shipping Agency Co., Ltd. acted as ship agent for RCL Feeder Pte. Ltd. • Total commission expenses	6.76	43.70	RCL Shipmanagement Pte. Ltd. is the Company's 100% directly and indirectly owned subsidiary company. Panjamit Holding Co., Ltd. is the Company shareholder with 11.68% shareholding and Siam Paetra International Co., Ltd. shareholder with 80.04% shareholding The Company managing director is also the director of Panjamit Holding Co., Ltd. • Ship management fee: Price approximates market price • Expenses related to vessel operation settle on behalf: Actual payment

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 2018, which were prepared to reflect their financial status in accordance with the generally accepted accounting standards.

Results of the Operation

RCL's total revenues for the year 2018 grew 5% over 2017 to THB 12,262 Mil. RCL managed to clinch a year-on-year increase of 6.3% in freight income totaling THB 11,962.5 Mil. In addition, RCL's other income increased gain on exchange rate 41 Mil (123%), sale of assets 18 Mil increased 16% as well as in interest earned 2.3 Mil higher 57.6% compared to last year. Total liftings from the two core businesses for year 2018 were 869,325 TEUs for Shipper Owned Container (SOC) and 1,241,574 TEUs for Carrier Owned Container (COC), representing a year-on-year increase of 9.7% and 11.9%, respectively. Year-on-year average freight rate remained relatively unchanged at 0.5% more than that of the year 2017.

Total expenses posted was THB 12,721 Mil, an increase of 13%. These expenses comprising of administration cost and cost of freight & operations registered higher figures of THB 34 Mil (4%) and THB 1,316.2 Mil (13%), respectively on a year-on-year basis. *Vis-à-vis* 2017, there was a dramatic 33.6% surge in bunker cost which led to higher cost of freight & operation. Loss on impairment of vessels 50 Mil were also contributing factors to the increase in total expenses for year 2018.

RCL Group reported a loss of THB 356 Mil for the year 2018 against a profit of THB 533.2 Mil in 2017. The unfavorable loss was substantially due to rise in cost of bunker, despite better performance in revenue and liftings, and containment of other costs.

Moving forward, amid the on-going trade war and uncertainties in the geo-political front, RCL will continue to improve its efficiency by further reducing its costs, using new technology in operation and to increase other income in the areas where possible.

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 31st December 2018 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

22 February 2019

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. 2/2019 on 22nd February 2019. The internal control assessment covered internal control, risk assessment, operational control, information & communication and monitoring activities.

The Board of Directors is of the opinion that the Company has taken appropriate measures, 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 persons. Besides having processed 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.

As the internal control and risk management are critically important, the Board of Directors and its senior management regard such good corporate governance as vital to the safe and sound functioning of the Group.

The company realizes the importance of internal audit and has thus reviewed and updated such processes to constantly improve and 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:

- | | |
|-------------------------------|-----------------------------|
| 1. Mr. Amornsuk Noparumpa | Chairman of Audit Committee |
| 2. Mr. Viset Chooipiban | Member of Audit Committee |
| 3. 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 2018, 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.

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.

3. Reviewing of Corporate Governance, in year 2018, the Audit Committee continued to focus on the transparency for good governance and in accordance with sustainable development principle. 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.

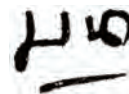
4. Reviewing the compliance with the Securities and Exchange Act, the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission and the laws related to the Company's business.

5. Reviewing appointment of Auditor and Auditor Fee for 2019 and recommending to the Board of Directors on the appointment of Mr. Chaiyuth Angsuwithaya, registration no. 3885, Mrs. Natsarak Sarochanunjeen, registration no. 4563, Ms. Daranee Somkamnerd, registration no. 5007 and Ms. Jarunee Nuammae, registration no. 5596 of A.M.T. & Associates as the Company's auditor for the year 2019. 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.

6. 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.

7. 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.

8. In performing its duties in accordance 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.



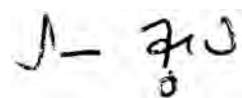
Mr. Amornsuk Noparumpa
Chairman of Audit Committee

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 2018, 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 2017 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 39th Annual General Shareholders' Meeting held on 27th April 2018 for acknowledgement before the directors were remunerated for their performing the duties in 2017. The remuneration of individual director was disclosed in the 2018 Annual Report under Section "Report on Corporate Governance"
3. Selected and Reviewed the qualifications, knowledge, experience and expertise in the business that was beneficial to the business of the group of the candidate who be appointed as a new director to replace the vacant position and proposed to the Board of Directors for consideration.
4. Arranged Board self-assessment exercise for 2017 performance, reviewed the assessment result and brought forward to the Meeting of the Board of Directors to improve the performance level.
5. 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.
6. Considered about preliminary Corporate Governance and its operational plans i.e. translating business ethics into Thai language and made into summary, training for knowledge about good governance to Management and employees.



Mr. Viset Choopiban
Chairman of Nomination & Remuneration
and Corporate Governance Committee

Remuneration of the Auditors

The details of 2018 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	1.838	3.833	5.671
Non audit fee (Tax services)			
• Paid during the year 2018	0.000	0.180	0.180
• Obligation to be paid in the future	0.000	0.000	0.000
Total	1.838	4.013	5.851

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, 2018, 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, 2018, 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 year. 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 2.7, 2.15 and 10.2 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 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

Statements of financial position

Regional Container Lines Public Company Limited and its subsidiaries

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at 31 December		As at 31 December	
		2018	2017	2018	2017
Assets					
Current assets					
Cash and cash equivalents		1,202,343,114	1,639,979,798	21,118,599	77,813,272
Trade receivables - unrelated parties		2,271,165,948	1,633,591,376	2,943,783	10,973,647
<u>Less: allowance for doubtful accounts</u>		<u>(56,105,502)</u>	<u>(56,384,722)</u>	-	-
Trade receivables - unrelated parties, net	6	2,215,060,446	1,577,206,654	2,943,783	10,973,647
Trade receivables - related parties	6 and 19	43,697,106	49,003,459	725,253,004	187,174,100
Other receivables	19	488,115,562	766,950,290	958,439,934	401,890,610
Material supplies		332,237,177	240,076,159	17,984,273	13,078,696
Other current assets	7	42,457,173	33,544,485	1,127,847	2,701,331
Total current assets		4,323,910,578	4,306,760,845	1,726,867,440	693,631,656
Non - current assets					
Property investments held for					
long - term investment		5,064,616	5,182,451	-	-
Investments in subsidiaries, net	8	-	-	6,786,352,944	6,838,625,155
Investments in associates	9.1	353,353,178	354,430,907	53,782,173	54,164,550
Investments in joint venture	9.2	62,085,206	30,312,619	-	-
Other long - term investments		10,929,830	11,007,538	-	-
Property and premises, net	10.1, 12 and 14	307,837,647	315,589,787	423,515	426,526
Vessels and equipment, net	10.2, 13 and 14	12,949,722,250	11,943,365,743	5,264,904,503	4,024,138,246
Intangible assets, net	11	6	9,159	-	-
Other non - current assets					
- Advances for vessel constructions	25	267,535,530	438,458,269	267,535,530	438,458,269
- Other		15,651,277	4,449,268	2,504,180	2,428,918
Total non - current assets		13,972,179,540	13,102,805,741	12,375,502,845	11,358,241,664
Total assets	28	18,296,090,118	17,409,566,586	14,102,370,285	12,051,873,320

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 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at 31 December		As at 31 December	
		2018	2017	2018	2017
Liabilities and shareholders' equity					
Current liabilities					
Short - term loans from financial institutions	12	932,300,000	1,379,895,000	350,000,000	801,600,000
Trade payables - unrelated parties		3,504,735,363	3,082,437,334	59,517,174	48,337,371
Trade payables - related parties	19	88,066,985	7,570,296	-	-
Other payables					
- Accrued expenses		79,860,530	80,272,228	15,922,322	22,180,641
- Advance receipt	19	4,260,174	2,423,952	4,296,703,314	2,026,622,940
- Payable on purchase of assets	19	77,237,048	-	104,485,998	86,674,556
Current portion of liabilities					
under financial lease agreement	13	326,335,542	229,545,290	-	-
Current portion of long - term loans	14	651,583,982	1,073,930,166	479,685,800	356,294,880
Provision for onerous contracts	24.1 (a)	46,125,866	120,267,027	-	-
Income tax payable		2,852,748	2,685,847	-	-
Other current liabilities		134,484,991	105,480,893	3,147,416	2,531,500
Total current liabilities		5,847,843,229	6,084,508,033	5,309,462,024	3,344,241,888
Non - current liabilities					
Liabilities under financial lease agreements, net of current portion	13	1,395,981,208	966,414,089	-	-
Long - term loans, net of current portion	14	2,600,087,215	1,398,517,019	1,763,781,306	1,242,954,148
Provisions for employee benefits	16	35,120,919	28,296,552	31,934,993	25,605,956
Deferred tax liabilities	22	8,632,945	8,560,845	-	-
Total non - current liabilities		4,039,822,287	2,401,788,505	1,795,716,299	1,268,560,104
Total liabilities	28	9,887,665,516	8,486,296,538	7,105,178,323	4,612,801,992

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 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at 31 December		As at 31 December	
		2018	2017	2018	2017
Shareholders' equity					
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	17	66,300,000	66,300,000	66,300,000	66,300,000
Unappropriated		2,987,147,230	3,427,763,783	1,481,616,857	1,869,950,228
Other components of equity		(464,367,906)	(384,125,418)	(362,439,082)	(308,893,087)
Total equity of parent Company's shareholders		8,400,793,511	8,921,652,552	6,997,191,962	7,439,071,328
Non - controlling interests		7,631,091	1,617,496	-	-
Total shareholders' equity		8,408,424,602	8,923,270,048	6,997,191,962	7,439,071,328
Total liabilities and shareholders' equity	28	18,296,090,118	17,409,566,586	14,102,370,285	12,051,873,320

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 2018

(Unit: Baht)

Note	Consolidated financial statements											
	Equity holders of parent company											
	Issued and fully paid - up share capital	Share premium	Retained earnings		Exchange differences on translating financial statement on defined employee benefit plans			Other components of equity		Total equity of parent Company's shareholder	Non - controlling interests	Total shareholder's equity
			Appropriated - legal reserve	Unappropriated	Other comprehensive income (loss)	Actuarial gains (losses)	Actuarial gains (losses)	Other comprehensive income (loss)				
Balance as at 1 January 2017	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	
Balance as at 31 December 2017	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	
Balance as at 1 January 2018	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	
Subsidiaries dissolve and liquidate	-	-	-	-	9,453,967	-	-	9,453,967	9,453,967	-	9,453,967	
Purchase of investment in subsidiary	-	-	-	-	-	-	-	-	-	4,604,971	4,604,971	
Total comprehensive income (loss) for the year	-	-	-	(357,741,773)	(89,696,455)	-	-	(89,696,455)	(447,438,228)	1,408,624	(446,029,604)	
Dividend paid	-	-	-	(82,874,780)	-	-	-	-	(82,874,780)	-	(82,874,780)	
Balance as at 31 December 2018	828,750,000	4,982,964,187	66,300,000	2,987,147,230	(464,367,906)	-	-	(464,367,906)	8,400,793,511	7,631,091	8,408,424,602	

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 2018

Regional Container Lines Public Company Limited and its subsidiaries

Statements of changes in equity (continued)

For the year ended 31 December 2018

Note	Issued and fully paid - up share capital	Share premium	Separate financial statements					Total shareholder's equity
			Retained earnings		Other components of equity			
			Appropriated - legal reserve	Unappropriated	Exchange differences on translating financial statement	Other comprehensive income (loss)	Actuarial gains (losses) on defined employee benefit plans	
	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
Balance as at 31 December 2017	828,750,000	4,982,964,187	66,300,000	1,869,950,228	(308,893,087)	-	(308,893,087)	7,439,071,328
Balance as at 1 January 2018	828,750,000	4,982,964,187	66,300,000	1,869,950,228	(308,893,087)	-	(308,893,087)	7,439,071,328
Total comprehensive income (loss) for the year	-	-	-	(305,458,591)	(53,545,995)	-	(53,545,995)	(359,004,586)
Dividend paid	-	-	-	(82,874,780)	-	-	-	(82,874,780)
Balance as at 31 December 2018	828,750,000	4,982,964,187	66,300,000	1,481,616,857	(362,439,082)	-	(362,439,082)	6,997,191,962

(Unit: Baht)

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 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		For the years ended 31 December		For the years ended 31 December	
		2018	2017	2018	2017
Revenues					
Freight income	19	11,962,599,629	11,252,389,293	1,014,053,706	834,522,783
Others income					
Gain on exchange rate		74,043,647	33,268,665	1,231,439	-
Dividend income	9.1	-	-	67,886,521	66,422,750
Gain on sales of assets	10.2	132,886,013	114,670,959	-	-
Gain on dissolution of subsidiary, net	8	-	-	74,270,410	-
Reversal on impairment of vessels	10.2	-	27,462,696	-	-
Reversal of provision for loss under onerous contracts	24.1 (a)	73,256,334	263,723,287	-	-
Interest income		6,278,189	3,982,905	422,327	254,485
Unrealized gain on derivatives	7	-	1,340,564	-	1,340,564
Others		13,293,056	16,986,087	609	186,594
Total revenues		12,262,356,868	11,713,824,456	1,157,865,012	902,727,176
Expenses					
Cost of freight and operations	19	11,494,392,445	10,178,107,460	981,034,607	973,853,143
Administrative expenses	19	921,718,244	887,481,160	247,296,537	224,025,615
Others expense					
Net doubtful debt		-	4,539,453	-	-
Loss on exchange rate		-	-	-	27,701,894
Loss on dissolution of subsidiary	8	3,938,600	-	-	-
Loss on impairment of vessels, net	10.2	49,933,584	-	105,437,234	-
Unrealized loss on derivatives	7	1,719,184	-	1,719,184	-
Finance costs		249,540,463	197,412,208	127,836,041	123,273,681
Total expenses	20	12,721,242,520	11,267,540,281	1,463,323,603	1,348,854,333
Share of profit (loss) from investment in associates	9.1	78,335,297	79,170,708	-	-
Share of profit (loss) from investment in joint venture	9.2	31,970,958	20,529,437	-	-
Profit (loss) before income tax expenses		(348,579,397)	545,984,320	(305,458,591)	(446,127,157)
Tax expenses (income)	22	7,753,752	12,719,787	-	-
Profit (loss) for the years	28	(356,333,149)	533,264,533	(305,458,591)	(446,127,157)
Profit (loss) for the year attributable to:					
Equity holders of the parent		(357,741,773)	533,258,437	(305,458,591)	(446,127,157)
Non - controlling interests		1,408,624	6,096	-	-
		(356,333,149)	533,264,533	(305,458,591)	(446,127,157)
Basic earnings (loss) per share					
Profit (loss) attributable to equity holders of the parent	2.19	(0.43)	0.64	(0.37)	(0.54)
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 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		For the years ended 31 December		For the years ended 31 December	
		2018	2017	2018	2017
Profit (loss) for the years		(356,333,149)	533,264,533	(305,458,591)	(446,127,157)
Other comprehensive income (loss) :					
Item that will be reclassified subsequently to profit or loss :					
Exchange differences on translating financial statement		(89,696,455)	(852,495,815)	(53,545,995)	(772,562,620)
Total item that will be reclassified subsequently to profit or loss		(89,696,455)	(852,495,815)	(53,545,995)	(772,562,620)
Item that will not be reclassified subsequently to profit or losses :					
Actuarial gains (losses) on defined employee benefit plans	16	-	15,226,364	-	15,226,364
Total item that will not be reclassified subsequently to profit or losses		-	15,226,364	-	15,226,364
Other comprehensive income (loss) for the years		(89,696,455)	(837,269,451)	(53,545,995)	(757,336,256)
Total comprehensive income (loss) for the years		(446,029,604)	(304,004,918)	(359,004,586)	(1,203,463,413)
Total comprehensive income (loss) for the years attributable to :					
Equity holders of the parent		(447,438,228)	(304,011,014)	(359,004,586)	(1,203,463,413)
Non - controlling interests		1,408,624	6,096	-	-
		(446,029,604)	(304,004,918)	(359,004,586)	(1,203,463,413)

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 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2018	2017	2018	2017
Cash flows from operating activities				
Profit (loss) before income tax expenses	(348,579,397)	545,984,320	(305,458,591)	(446,127,157)
Adjustments to reconcile profit (loss) before income tax expenses to net cash provided by (used in) operating activities:				
Depreciation	1,591,025,760	1,537,669,239	438,988,244	449,830,782
Amortization	8,930	20,913	-	-
Loss (gain) on sales and write - off of assets	(132,886,013)	(114,670,959)	1,966,581	-
Loss (gain) on dissolution of subsidiary, net	-	-	(74,270,410)	-
Loss on impairment of vessels (reversal)	49,933,584	(27,462,696)	105,437,234	-
Provision for loss under onerous contracts (reversal)	(73,256,334)	(263,723,287)	-	-
Increase (decrease) in allowance for doubtful accounts	(279,220)	(5,635,199)	-	-
Dividend income	-	-	(67,886,521)	(66,422,750)
Unrealized loss (gain) on derivatives	1,719,184	(1,340,564)	1,719,184	(1,340,564)
Unrealized loss (gain) on exchange rate	(74,760,899)	(51,035,819)	(17,050,984)	16,082,215
Share of loss (profit) from investment in associates	(78,335,297)	(79,170,708)	-	-
Share of loss (profit) from investment in joint venture	(31,970,958)	(20,529,437)	-	-
Provisions for employee benefits	6,824,367	7,208,521	6,329,037	6,697,995
Interest income	(6,278,189)	(3,982,905)	(422,327)	(254,485)
Finance costs	249,540,463	197,412,208	127,836,041	123,273,681
Profit (loss) from operating activities before changes in operating assets and liabilities	1,152,705,981	1,720,743,627	217,187,488	81,739,717
Operating assets decrease (increase)				
Trade receivables - unrelated parties	(576,309,362)	17,402,957	8,029,864	12,521,487
Trade receivables - related parties	5,577,163	(36,918,147)	(538,078,904)	(64,303,010)
Other receivables	281,623,130	(407,108,274)	(556,580,082)	41,697,035
Material supplies	(92,161,018)	3,038,787	(4,905,577)	14,724,796
Other current assets	(5,984,337)	16,848,968	(145,700)	(55,058)
Other non - current assets	(8,087,598)	23,067	(75,262)	(24,050)
Operating liabilities increase (decrease)				
Trade payables - unrelated parties	422,329,661	497,964,585	10,994,492	(19,721,382)
Trade payables - related parties	78,193,995	(173,786,610)	-	-
Other payables - accrued expenses	(10,144,251)	(26,092,046)	(5,230,365)	(11,798,684)
Advance receipt	1,836,222	(4,665,570)	2,361,407,882	754,397,020
Other current liabilities	27,595,474	17,972,087	615,916	50,456
Employee benefit obligation paid	-	(1,047,940)	-	(1,047,940)
Cash from operating activities	1,277,175,060	1,624,375,491	1,493,219,752	808,180,387
Cash received (paid) for income tax expenses	(15,379,997)	(17,145,156)	-	-
Net cash provided by (used in) operating activities	1,261,795,063	1,607,230,335	1,493,219,752	808,180,387

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 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2018	2017	2018	2017
Cash flows from investing activities				
Cash received from sales of assets	201,172,465	148,014,735	-	-
Purchase of property, premises, vessels and equipment	(1,646,643,527)	(962,540,492)	(1,488,132,447)	(2,561,082)
Payment of payable on purchase of assets	-	(22,035,970)	-	(8,725,984)
Payment of advances for vessel constructions	(140,654,799)	(288,720,589)	(140,654,799)	(288,720,589)
Dividend received	67,886,521	69,346,519	67,886,521	86,422,726
Interest received	6,149,877	4,154,662	453,085	222,203
Proceeds from subsidiaries dissolve and liquidate	-	48,060,467	-	-
Net cash and equivalents received from business combination	13,140,475	-	-	-
Proceeds from purchase of non - controlling interests	4,074,526	-	-	-
Net cash provided by (used in) investing activities	(1,494,874,462)	(1,003,720,668)	(1,560,447,640)	(213,362,726)
Cash flows from financing activities				
Increase (decrease) in short - term loans from financial institutions	(438,702,963)	203,958,510	(446,786,513)	(300,000,000)
Payment of liabilities under financial lease agreements	(227,813,424)	580,131,264	-	-
Increase (decrease) in long - term loans	796,500,966	(783,623,668)	655,187,894	(354,315,072)
Finance costs paid	(248,088,956)	(188,425,409)	(128,863,995)	(114,143,590)
Dividend paid	(82,874,780)	-	(82,874,780)	-
Payment of liquidated subsidiaries to non - controlling interests	-	(18,363,246)	-	-
Net cash provided by (used in) financing activities	(200,979,157)	(206,322,549)	(3,337,394)	(768,458,662)
Exchange differences on translating financial statement	(3,578,128)	(12,659,597)	13,870,609	215,522,413
Net increase (decrease) in cash and cash equivalents	(437,636,684)	384,527,521	(56,694,673)	41,881,412
Cash and cash equivalents at beginning of years	1,639,979,798	1,255,452,277	77,813,272	35,931,860
Cash and cash equivalents at end of years	1,202,343,114	1,639,979,798	21,118,599	77,813,272

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 2018

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) Regional Container Lines Shipping Co., Ltd. (100% owned) RCL (Vietnam) Co., Ltd. (80% owned) RCL (Myanmar) Co., Ltd. (65% owned) and Regional Logistics 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 completeness of liquidation in year 2018)	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 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

In the 1st quarter of year 2018, a subsidiary in Singapore made an additional investment in RCL (Vietnam) Co., Ltd. (RCV) from 49% to 80% of share capital, resulting status of RCV change from an associate to be a subsidiary of the Company. As a result, the Company's consolidated financial statement have included RCV's statement of financial position as of 31 December 2018 and statement of income and comprehensive income for the period from 1 February 2018 to 31 December 2018.

On 15 June 2018, a subsidiary in Singapore incorporated a subsidiary, RCL (Myanmar) Co., Ltd. in the Republic of the Union of Myanmar, to provide general and commercial representation for maritime transportation as well as freight - forwarding services, logistics services, warehouse, and any ancillary activities. The subsidiary in Singapore is holding 65% of share capital amounting USD 250,000. On 17 July 2018, the subsidiary in Singapore paid the capital investment of USD 162,500.

On 18 May 2018, a subsidiary in Singapore incorporated a wholly - owned subsidiary of share capital amounting USD 850,000 (850,000 share of USD 1 each), Regional Logistics Co., Ltd. in The People's Republic of China to undertake international logistics, to provide inbound and outbound international transportation both cargo land and marine transportation, customs declarations, warehousing and dispatching. At the present, the subsidiary in Singapore paid the capital investment of USD 170,000 (170,000 shares of USD 1 each).

(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 2.13

(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, 2018. 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 standard, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations, which are effective for financial statements period beginning on or after January 1 in the year indicated as follows:

Accounting Standard	<u>Year effective</u>
TAS 1 Presentation of Financial Statements (revised 2018)	2019
TAS 2 Inventories (revised 2018)	2019
TAS 7 Statement of Cash Flows (revised 2018)	2019
TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (revised 2018)	2019
TAS 10 Events after the Reporting Period (revised 2018)	2019
TAS 12 Income Taxes (revised 2018)	2019
TAS 16 Property, Plant and Equipment (revised 2018)	2019
TAS 17 Leases (revised 2018)	2019
TAS 19 Employee Benefits (revised 2018)	2019
TAS 20 Accounting for Government Grants and Disclosure of Government Assistance (revised 2018)	2019
TAS 21 The Effects of Changes in Foreign Exchange Rates (revised 2018)	2019
TAS 23 Borrowing Costs (revised 2018)	2019
TAS 24 Related Party Disclosures (revised 2018)	2019
TAS 26 Accounting and Reporting by Retirement Benefit Plans (revised 2018)	2019
TAS 27 Separate Financial Statements (revised 2018)	2019
TAS 28 Investments in Associates and Joint Ventures (revised 2018)	2019
TAS 29 Financial Reporting in Hyperinflationary Economies (revised 2018)	2019
TAS 32 Financial Instruments: Presentation	2020
TAS 33 Earnings per Share (revised 2018)	2019
TAS 34 Interim Financial Reporting (revised 2018)	2019
TAS 36 Impairment of Assets (revised 2018)	2019

	<u>Year effective</u>
Accounting Standard	
TAS 37 Provisions, Contingent Liabilities and Contingent Assets (revised 2018)	2019
TAS 38 Intangible Assets (revised 2018)	2019
TAS 40 Investment Property (revised 2018)	2019
TAS 41 Agriculture (revised 2018)	2019
Financial Reporting Standard	
TFRS 1 First - time Adoption of Thai Financial Reporting Standards	2019
TFRS 2 Share - based Payment (revised 2018)	2019
TFRS 3 Business Combinations (revised 2018)	2019
TFRS 5 Non - current Assets Held for Sale and Discontinued Operations (revised 2018)	2019
TFRS 6 Exploration for and Evaluation of Mineral Resources (revised 2018)	2019
TFRS 7 Financial Instruments : Disclosures	2020
TFRS 8 Operating Segments (revised 2018)	2019
TFRS 9 Financial Instruments	2020
TFRS 10 Consolidated Financial Statements (revised 2018)	2019
TFRS 11 Joint Arrangements (revised 2018)	2019
TFRS 12 Disclosure of Interests in Other Entities (revised 2018)	2019
TFRS 13 Fair Value Measurement (revised 2018)	2019
TFRS 15 Revenue from Contracts with Customers	2019
Accounting Standard Interpretations	
TSIC 10 Government Assistance - No Specific Relation to Operating Activities (revised 2018)	2019
TSIC 15 Operating Leases - Incentives (revised 2018)	2019
TSIC 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders (revised 2018)	2019
TSIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease (revised 2018)	2019
TSIC 29 Service Concession Arrangements: Disclosures (revised 2018)	2019
TSIC 32 Intangible Assets - Web Site Costs (revised 2018)	2019

	<u>Year effective</u>
Financial Reporting Standard Interpretations	
TFRIC 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities (revised 2018)	2019
TFRIC 4 Determining whether an Arrangement contains a Lease (revised 2018)	2019
TFRIC 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (revised 2018)	2019
TFRIC 7 Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies (revised 2018)	2019
TFRIC 10 Interim Financial Reporting and Impairment (revised 2018)	2019
TFRIC 12 Service Concession Arrangements (revised 2018)	2019
TFRIC 14 TAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (revised 2018)	2019
TFRIC 16 Hedges of a Net Investment in a Foreign Operation	2020
TFRIC 17 Distributions of Non - Cash Assets to Owners (revised 2018)	2019
TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments	2020
TFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (revised 2018)	2019
TFRIC 21 Levies (revised 2018)	2019

The management of the Company has assessed TAS, TFRS, TSIC and TFRIC which are effective for financial statements year beginning on or after January 1, 2019 that TAS 1, TAS 7, TAS 8, TAS 10, TAS 12, TAS 16, TAS 17, 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 3, TFRS 8, TFRS 10, TFRS 11, TFRS 12, TFRS 13 and TFRS 15 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 business, therefore they do not have impact on the financial statement when they are applied.

And the management of the Company is currently evaluating the impact of TAS, TFRS and TFRIC which are effective for financial statements year beginning on or after January 1, 2020 to the financial statements when they are adopted.

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 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 Business combinations

The Group applies the acquisition method for all business combinations when control is transferred to the Group, other than those with entities under common control.

The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

In a business combination achieved in stages, the Group shall remeasure its previously held equity interest in the acquiree at its acquisition - date fair value and recognize the resulting gain or loss in the statements of income.

The Group measures goodwill at the acquisition date as :

- The fair value of the consideration transferred ; plus
- The recognized amount of and non - controlling interest in the acquiree ; plus
- In a business combination achieved in stages, the acquisition - date fair value of the acquirer's previously held equity interest in the acquiree ; less
- The fair value of the identifiable assets acquired and liabilities assumed

When the excess is positive, goodwill is recognized and if the excess is negative, a gain on business acquisition is recognized immediately in the statements of income.

Consideration transferred includes the fair value of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share - based payment awards of the acquiree that are replaced mandatorily in the business combination.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

At the acquisition date, the non - controlling interest in the acquiree was measured at the non - controlling interest's proportionate share of the acquiree's identifiable net assets.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

2.7 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.

2.8 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.

2.9 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

2.10 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.

2.11 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.

2.12 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.

2.13 Foreign currencies

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

a) Translation of foreign currency transactions and balances

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

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

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

b) Translation into the Group's functional currency

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

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

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

c) Translation into the presentation currency

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

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

2.14 Property investments held for long - term investment

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

2.15 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.

2.16 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 Labor Law are recognized as expenses in the statements of income along the service period of employees. The Group'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 Group shall recognize the actuarial gains or losses arising from defined benefit plan in the period incurred in other comprehensive income.

The Group recognized termination benefits when it is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Past service costs are recognized in the statement of income when The Group plan amendment or curtailment occurs, or recognition in related restructuring costs or termination benefits.

2.17 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.

2.18 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.

2.19 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 Provisions for employee benefits

Provisions for employee benefits 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 2018 by Baht 9.0 million and Baht 31.6 million, respectively (Baht 0.011 per share and Baht 0.038 per share, respectively).

5. Business acquisitions

On 1 February 2018, a subsidiary in Singapore purchased 31% of the registered share capital of RCL (Vietnam) Co., Ltd. (“RCV”) from the existing shareholders. (Registered capital of VND 4,748 million), totalling USD 0.1 million or approximately Baht 3.2 million. The Group’s equity interest in RCV increased from 49% to 80%, resulting in the change of its status from an associate to a subsidiary.

RCL (Vietnam) Co., Ltd. operates as Shipping Agent. As a result of obtaining control of RCV shall increase capacities in expanding business in Vietnam.

The acquisition qualifies for treatment as a business combination in accordance with TFRS 3 (revised 2017) Business Combinations, which requires that the assets acquired and liabilities assumed be record at their fair value, together with goodwill, if any. At the acquisition date the fair value of the identifiable assets acquired and liabilities incurred is close to the carrying amount and the fair value of the subsidiary’s previously held equity interest in the acquiree was measured based on the price at which the subsidiary paid for additional investment.

At the acquisition date, the non - controlling interest in the acquire was measured at the non - controlling interest’s proportionate share of the acquiree’s identifiable net assets.

At the acquisition date, the fair value of investments in RCL (Vietnam) Co., Ltd., which the subsidiaries previously held equity interest in the acquiree, is as follows:

	(Unit : Thousand Baht)
Fair value of the subsidiary’s previously - held in the acquiree	
before business combination	5,052
<u>Less</u> Carrying amount of investment at equity method	<u>(6,320)</u>
Gain (loss) on fair value adjustments of investment	<u><u>(1,268)</u></u>

The subsidiary recognized the loss on fair value adjustment in the statements of income for the 1st quarter of 2018.

At the acquisition date, the consideration transferred and the recognition of amounts of assets acquired and liabilities assumed, non - controlling interest in the acquiree and the Group's previously - held equity interest in the acquiree are as follows :

	(Unit : Thousand Baht) <u>Recognized Value</u>
Consideration transferred	3,158
<u>Add</u> Fair value of the subsidiary's previously - held equity interest in the acquiree before business combination	<u>5,052</u>
Total	<u>8,210</u>
<u>Less</u> Net amounts of assets acquired and liabilities assumed	
<u>Identifiable Assets</u>	
- Cash and cash equivalents	20,373
- Trade receivables	264
- Other receivables	2,597
<u>Identifiable liabilities</u>	
- Trade payables	(2,248)
- Other payables	(8,086)
- Non - controlling interests	<u>(2,580)</u>
Net identifiable assets and liabilities - acquired	<u>10,320</u>
Gain from purchase	<u><u>(2,110)</u></u>

The subsidiary recognized the gain from purchase in the statements of income for 1st quarter of 2018.

Net cash payment for acquisition in RCL (Vietnam) Co., Ltd. as follows :

	(Unit : Thousand Baht)
Consideration transferred	3,158
<u>Less</u> Cash and cash equivalents in proportionate to the share holding (20,373 x 80%)	<u>(16,298)</u>
Net cash and cash equivalents received from business combination	<u><u>(13,140)</u></u>

The subsidiary does not have any acquisition costs.

6. Trade receivables

The balances of trade receivables - unrelated parties as at 31 December 2018 and 2017 are classified by aging as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Under 90 days	2,036,573	1,543,307	2,417	2,155
91 - 180 days	97,959	21,578	-	-
181 - 365 days	54,557	12,596	527	8,004
Over 365 days	82,077	56,110	-	815
Total	2,271,166	1,633,591	2,944	10,974
<u>Less Allowance for doubtful accounts</u>	<u>(56,106)</u>	<u>(56,385)</u>	<u>-</u>	<u>-</u>
Net	<u>2,215,060</u>	<u>1,577,206</u>	<u>2,944</u>	<u>10,974</u>

The balances of trade receivables - related parties as at 31 December 2018 and 2017 are classified by aging as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Under 90 days	28,677	49,003	206,438	79,559
91 - 180 days	15,020	-	144,366	64,330
181 - 365 days	-	-	188,596	43,285
Over 365 days	-	-	185,853	-
Total	<u>43,697</u>	<u>49,003</u>	<u>725,253</u>	<u>187,174</u>

7. Unrealized gain (loss) from changes in the fair value of derivatives

(Unit: Thousand Baht)

	Note	Consolidated financial statement	Separate financial statement
Beginning balance as at 31 December 2017		2,282	2,282
Unrealized gain (loss) on derivatives		(1,719)	(1,719)
Exchange differences on translating financial statement		(17)	(17)
Ending balance as at 31 December 2018	26.1 (2)	<u>546</u>	<u>546</u>

8. Investments in subsidiaries, net

(Unit: Million Baht)

Company's name	Separate financial statements							
	Paid - up capital		Percentage directly owned by the Company		Cost		Dividend for the years ended 31 December	
	2018	2017	2018	2017	2018	2017	2018	2017
			Percent	Percent				
<u>Subsidiaries operating in Thailand</u>								
a) Asian Bulk Shipping Co., Ltd.	Baht 25 Million	Baht 25 Million	51	51	12	13	-	-
b) RCL Logistics Co., Ltd.	Baht 5 Million	Baht 5 Million	100	100	5	5	-	-
<u>Subsidiaries operating in Singapore</u>								
c) RCL Investment Pte. Ltd.	S\$ 10 Million	S\$ 10 Million	100	100	230	232	-	-
d) Regional Container Lines Pte. Ltd.	S\$ 136.5 Million	S\$ 136.5 Million	100	100	5,120	5,156	-	-
e) RCL Feeder Pte. Ltd.	USD 138.6 Million	USD 138.6 Million	27	27	1,107	1,115	-	-
f) RCL Service S.A.	-	USD 10,000	-	49	-	2	-	-
g) RCL Shipmanagement Pte. Ltd.	S\$ 0.3 Million	S\$ 0.3 Million	49	49	79	80	-	-
<u>Subsidiary operating in Hong Kong</u>								
h) Regional Container Lines (H.K.) Ltd.	HK\$ 20 Million	HK\$ 20 Million	100	100	235	236	-	-
					6,788	6,839	-	-
<u>Less : Allowance for impairment</u>					(2)	-	-	-
Total investments in subsidiaries, net					6,786	6,839	-	-

Movement in the investments in subsidiaries for the year ended 31 December 2018 are summarized below:

(Unit: Thousand Baht)

Investment as at 31 December 2017	6,838,625
<u>Less : Subsidiaries dissolve and liquidate</u>	(1,584)
<u>Less : Allowance for impairment</u>	(2,409)
Exchange differences on translating financial statement	(48,279)
Investment as at 31 December 2018	<u>6,786,353</u>

During the first quarter of 2018, RCL Service S.A. the debt of the Company of USD 2.42 million (approximately Baht 78.26 million) and liquidated. As a result, the Company recognized gain from dissolution of the subsidiary as follows:

	(Unit: Thousand Baht)
Gain from debt remitted	78,263
<u>Less</u> : Loss on dissolution of subsidiary	(1,584)
<u>Less</u> : Allowance for impairment of investments in subsidiary that invested in the dissolved subsidiary	(2,409)
Gain on dissolution of subsidiary, net for the year ended 31 December 2018	74,270

9. Investments in associates and joint venture

9.1 Investments in associates

Company's name	Paid - up capital		Percentage directly owned by the Company		Cost method		Equity method		Dividend for the years ended 31 December	
			2018	2017	2018	2017	2018	2017	2018	2017
	2018	2017	Percent	Percent						
<u>Investment in associates of the Company</u>										
TIPS Co., Ltd. (Port operating)	Baht 100	Baht 100								
	Million	Million	22	22	54	54	341	331	68	66
Total investment in associates of the Company					54	54	341	331	68	66
<u>Investment in associates of the subsidiaries</u>										
RCL (Vietnam) Co., Ltd. (Ship agency)	-	VND 4,748								
		Million	49	49	-	5	-	10	-	3
PT Daerah Indah Shipping (Ship agency)	USD 0.75	USD 0.75								
	Million	Million	49	49	12	12	12	13	-	-
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					27	32	12	23	-	3
Total investment in associates					81	86	353	354	68	69

Movements in the investment in associates for the year ended 31 December 2018 are summarized below:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Investment as at 31 December 2017	354,431	54,165
Dividend income	(67,887)	-
Share of profit under equity method	78,335	-
Changed from associate to subsidiary	(10,245)	-
Exchange differences on translating financial statement	(1,281)	(383)
Investment as at 31 December 2018	353,353	53,782

9.2 Investments in joint venture

	(Unit: Million Baht)								
	Consolidated financial statements								
	Paid - up capital		Percentage directly owned by the Company		Equity method		Dividend for the years ended 31 December		
Company's name	2018	2017	2018	2017	2018	2017	2018	2017	
			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	62	30	-	-	
Total investment in joint venture	Million	Million			62	30	-	-	

Movements in the investment in joint venture for the year ended 31 December 2018 are summarized below:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Investment as at 31 December 2017	30,313	-
Dividend income	-	-
Share of profit under equity method	31,971	-
Exchange differences on translating financial statement	(199)	-
Investment as at 31 December 2018	62,085	-

Financial information of the associates and joint venture is summarised below. (2017: Audited financial statements, 2018: 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	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
<u>Investment in associates of the Company</u>										
TIPS Co., Ltd.	Baht 100 Million	Baht 100 Million	1,830	1,798	257	267	1,666	1,729	343	361
<u>Investment in associates of the subsidiaries</u>										
RCL (Vietnam) Co., Ltd.	-	VND 4,748 Million	-	19	-	8	-	29	-	2
PT Daerah Indah Shipping	USD 0.67 Million	USD 0.75 Million	22	25	-	-	-	-	-	-
Pu Chao Container Terminal Co., Ltd.	Baht 30 Million	Baht 30 Million	36	33	53	52	206	152	3	(15)
<u>Investment in joint venture of the subsidiaries</u>										
RCL Agencies (India) Private Limited	INR 40 Million	INR 40 Million	119	67	15	12	101	91	54	37

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.

10. Property, premises, vessels and equipment, net

10.1 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 2017	58,253,559	162,474,911	254,770,163	64,199,118	5,683,200	545,380,951
Acquisitions	-	-	-	1,281,213	-	1,281,213
Write - off	-	-	-	-	-	-
Exchange differences on translating financial statement	(411,244)	(1,147,000)	(2,402,583)	(1,501,237)	(53,594)	(5,515,658)
As at 31 December 2018	57,842,315	161,327,911	252,367,580	63,979,094	5,629,606	541,146,506
<u>Accumulated depreciation</u>						
As at 31 December 2017	(57,827,033)	(43,039,106)	(59,525,745)	(63,716,080)	(5,683,200)	(229,791,164)
Depreciation for the year	-	(3,292,003)	(2,663,432)	(350,223)	-	(6,305,658)
Write - off	-	-	-	-	-	-
Exchange differences on translating financial statement	408,233	302,228	558,042	1,465,866	53,594	2,787,963
As at 31 December 2018	(57,418,800)	(46,028,881)	(61,631,135)	(62,600,437)	(5,629,606)	(233,308,859)
<u>Allowance for loss on impairment</u>						
As at 31 December 2017	-	-	-	-	-	-
Increase	-	-	-	-	-	-
Reversal	-	-	-	-	-	-
Exchange differences on translating financial statement	-	-	-	-	-	-
As at 31 December 2018	-	-	-	-	-	-
<u>Net book value</u>						
As at 31 December 2017	426,526	119,435,805	195,244,418	483,038	-	315,589,787
As at 31 December 2018	423,515	115,299,030	190,736,445	1,378,657	-	307,837,647

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

10.2 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 2017	26,876,175,551	608,948,479	1,679,126,061	185,536,400	17,595,344	29,367,381,835
Acquisitions	1,642,967,433	351,356,163	791,771,815	7,729,038	1,610,939	2,795,435,388
Disposals	(585,249,020)	(15,892,664)	(105,895,278)	(28,789,070)	-	(735,826,032)
Write - off	-	(308,729,341)	-	(883,099)	-	(309,612,440)
Exchange differences on translating financial statement	(189,216,739)	(4,285,836)	(11,518,714)	(2,032,971)	(514,529)	(207,568,789)
As at 31 December 2018	27,744,677,225	631,396,801	2,353,483,884	161,560,298	18,691,754	30,909,809,962
<u>Accumulated depreciation</u>						
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)
Depreciation for the year	(1,066,471,431)	(219,118,147)	(291,427,229)	(6,786,115)	(917,180)	(1,584,720,102)
Disposals	536,397,453	13,158,140	105,507,708	27,846,035	-	682,909,336
Write - off	-	290,757,942	-	1,363,771	-	292,121,713
Exchange differences on translating financial statement	102,109,293	2,847,737	3,547,779	1,750,100	437,298	110,692,207
As at 31 December 2018	(14,928,658,738)	(309,872,750)	(697,791,240)	(147,853,833)	(13,900,232)	(16,098,076,793)
<u>Allowance for loss on impairment</u>						
As at 31 December 2017	(1,824,936,145)	-	-	-	-	(1,824,936,145)
Increase	(103,316,257)	-	-	-	-	(103,316,257)
Reversal	53,382,673	-	-	-	-	53,382,673
Exchange differences on translating financial statement	12,858,810	-	-	-	-	12,858,810
As at 31 December 2018	(1,862,010,919)	-	-	-	-	(1,862,010,919)
<u>Net book value</u>						
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
As at 31 December 2018	10,954,007,568	321,524,051	1,655,692,644	13,706,465	4,791,522	12,949,722,250

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 2017	8,900,056,393	201,319,694	41,065,150	5,862,698	9,148,303,935
Acquisitions	1,642,967,433	169,392,631	2,586,964	-	1,814,947,028
Disposals	-	-	-	-	-
Write - off	-	(147,290,688)	-	-	(147,290,688)
Exchange differences on translating financial statement	(62,027,524)	(1,410,424)	(288,638)	(41,388)	(63,767,974)
As at 31 December 2018	10,480,996,302	222,011,213	43,363,476	5,821,310	10,752,192,301
<u>Accumulated depreciation</u>					
As at 31 December 2017	(4,910,019,666)	(170,303,264)	(37,980,061)	(5,862,698)	(5,124,165,689)
Depreciation for the year	(368,420,739)	(68,785,676)	(1,781,829)	-	(438,988,244)
Disposals	-	-	-	-	-
Write - off	-	145,324,107	-	-	145,324,107
Exchange differences on translating financial statement	34,482,481	1,239,664	267,251	41,388	36,030,784
As at 31 December 2018	(5,243,957,924)	(92,525,169)	(39,494,639)	(5,821,310)	(5,381,799,042)
<u>Allowance for loss on impairment</u>					
As at 31 December 2017	-	-	-	-	-
Increase	(105,437,234)	-	-	-	(105,437,234)
Reversal	-	-	-	-	-
Exchange differences on translating financial statement	(51,522)	-	-	-	(51,522)
As at 31 December 2018	(105,488,756)	-	-	-	(105,488,756)
<u>Net book value</u>					
As at 31 December 2017	3,990,036,727	31,016,430	3,085,089	-	4,024,138,246
As at 31 December 2018	5,131,549,622	129,486,044	3,868,837	-	5,264,904,503

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

As at 31 December 2018 and 2017, certain vessels and equipment items have been fully depreciated but are still in use. The original cost of those assets amounted to approximately Baht 1,185 million and Baht 1,330 million (The Company: Baht 497 million and Baht 522 million), respectively.

As at 31 December 2018 and 2017, the subsidiary in Singapore has containers acquired under finance lease agreements, with net book value amounting to USD 51.2 million (approximately Baht 1,655.7 million) and USD 35.7 million (approximately Baht 1,163.7 million), respectively (the Company only: amounted to approximately Baht - million and Baht - million, respectively).

Transactions occurred in year 2017:

During the year 2017, a subsidiary in Singapore sold containers which the gain on the sale was USD 3.4 million (approximately Baht 114.4 million).

At the end of year 2017, the management determined the recoverable amount of the Company and the Subsidiary in Singapore vessels according to value in use by reference the revenue information of the independent professional appraiser. The result of this determination, the Group and the Company's 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.

Transactions occurred in year 2018:

During the year 2018, a subsidiary in Singapore sold containers which the gain on the sale was USD 3.7 million (approximately Baht 118.8 million).

At the end of year 2018, the management determined the recoverable amount of the Company and the Subsidiary in Singapore vessels according to value in use by reference the revenue information of the independent professional appraiser. The result of this determination, the Group and the Company's recoverable amount was higher than the carrying amount. Hence, the Group recorded the reversal on impairment of vessels amounting to USD 1.7 million or approximately Baht 53.4 million (The Company: USD - million or approximately Baht - million) in the statement of income for the year 2018 and recorded the loss on impairment of the vessels which the Company had signed a memorandum of agreement to sell are disclosed in Note 29 to the financial statement amounting to USD 3.2 million or approximately Baht 103.3 million (The Company : USD 3.3 million or approximately Baht 105.4 million).

The discount rate (before tax) of the determination is 8.0% per annum.

Depreciation in the statements of income for the years 2018 and 2017 consisted of the following:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Depreciation included in				
Cost of freight and operations	1,577,016,807	1,522,265,713	437,206,415	448,560,950
Administrative expenses	14,008,953	15,403,526	1,781,829	1,269,832
Total	1,591,025,760	1,537,669,239	438,988,244	449,830,782

	(Unit: USD)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Depreciation included in				
Cost of freight and operations	48,772,408	44,856,165	13,521,485	13,217,616
Administrative expenses	433,255	453,891	55,107	37,418
Total	49,205,663	45,310,056	13,576,592	13,255,034

11. Intangible assets, net

	(Unit: Baht)
	Consolidated financial statements
	Computer software
<u>Cost</u>	
As at 31 December 2017	342,610,809
Increase	-
Decrease	-
Transfer in (out)	-
Exchange differences on translating financial statement	(2,681,104)
As at 31 December 2018	339,929,705
<u>Accumulated amortization</u>	
As at 31 December 2017	(342,601,650)
Increase	(8,930)
Decrease	-
Exchange differences on translating financial statement	2,680,881
As at 31 December 2018	(339,929,699)
<u>Net book value</u>	
As at 31 December 2017	9,159
As at 31 December 2018	6

As at 31 December 2018 and 2017, computer software have been fully amortized but are still in use. The original cost of those asset amounted to approximately Baht 340 million and Baht 343 million, respectively.

12. Short - term loans from financial institutions

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Loans from financial institution no. 1	350,000	150,000	350,000	150,000
Loans from financial institution no. 2	-	651,600	-	651,600
Loans from financial institution no. 3	-	122,175	-	-
Loans from financial institution no. 4	582,300	456,120	-	-
Total	<u>932,300</u>	<u>1,379,895</u>	<u>350,000</u>	<u>801,600</u>

As at 31 December 2018 and 2017, 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, 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., which is unsecured.

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

As at 31 December 2018 and 2017, loans from financial institution no. 4 is short - term loan amounting to USD 18 million and USD 14 million, respectively, with interest at the rate of LIBOR+1.80% p.a., which is unsecured.

13. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidated financial statements		Separate Financial statements	
	2018	2017	2018	2017
Liabilities under finance lease agreements	1,987,216	1,300,826	-	-
<u>Less</u> : deferred interest	(264,899)	(104,867)	-	-
	1,722,317	1,195,959	-	-
<u>Less</u> : current portion due within one year	(326,336)	(229,545)	-	-
Liabilities under finance lease agreements net of current portion	1,395,981	966,414	-	-

(Unit: Thousand Baht)

	Consolidated financial statements					
	2018			2017		
	Principal	Deferred interest	Total	Principal	Deferred interest	Total
1 - 5 years	1,134,852	168,207	1,303,059	861,793	64,487	926,280
Over 5 years	261,129	13,408	274,537	104,621	2,591	107,212
Total	1,395,981	181,615	1,577,596	966,414	67,078	1,033,492

(Unit: Thousand Baht)

	Separate financial statements					
	2018			2017		
	Principal	Deferred interest	Total	Principal	Deferred interest	Total
1 - 5 years	-	-	-	-	-	-
Over 5 years	-	-	-	-	-	-
Total	-	-	-	-	-	-

14. Long - term loans

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<u>Loans of the Company</u>				
1) USD 5.3 million loan (2017: USD 8.3 million), repayable quarterly until the year 2020.	169,837	268,785	169,837	268,785
2) USD 15.5 million loan (2017: USD 21.4 million), repayable quarterly until the year 2021.	499,915	697,060	499,915	697,060
3) USD 17.4 million loan (2017: USD 19.4 million), repayable quarterly until the year 2027.	564,427	633,404	564,427	633,404
4) USD 31.2 million loan (2017: USD - million), repayable quarterly until the year 2026.	1,009,288	-	1,009,288	-
<u>Loans of the Singapore Subsidiaries</u>				
5) USD - million loan (2017: USD 8.1 million), repayable quarterly until the year 2018.	-	263,898	-	-
6) USD - million loan (2017: USD 5.4 million), repayable semi - annually until the year 2018.	-	174,629	-	-
7) USD - million loan (2017: USD 5.5 million), repayable quarterly until the year 2018.	-	179,190	-	-
8) USD - million loan (2017: USD 5.2 million), repayable semi - annually until the year 2019.	-	170,719	-	-
9) USD 7.6 million loan (2017: USD - million), repayable quarterly until the year 2023.	244,566	-	-	-
10) USD 7.5 million loan (2017: USD - million), repayable quarterly until the year 2025.	243,321	-	-	-
11) USD 5.8 million loan (2017: USD - million), repayable quarterly until the year 2025.	187,171	-	-	-
12) USD 8.1 million loan (2017: USD - million), repayable quarterly until the year 2025.	263,597	-	-	-
<u>Loan of the Hong Kong Subsidiary</u>				
13) HKD 16.8 million loan (2017: HKD 20.3 million), repayable monthly until the year 2023.	69,549	84,762	-	-
Total	3,251,671	2,472,447	2,243,467	1,599,249
<u>Less</u> : Current portion	(651,584)	(1,073,930)	(479,686)	(356,295)
Long - term loans, net of current portion	<u>2,600,087</u>	<u>1,398,517</u>	<u>1,763,781</u>	<u>1,242,954</u>

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

Movements in the long - term loans during the year ended 31 December 2018 are summarized below:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Beginning balance as at 31 December 2017	2,472,447	1,599,249
<u>Add</u> Borrowings	2,031,299	1,040,256
<u>Less</u> Repayments	(1,234,798)	(385,068)
Exchange differences on translating financial statement	(17,277)	(10,970)
Ending balance as at 31 December 2018	3,251,671	2,243,467

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 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 2018: approximately Baht 887.7 million) which is for the payment of 2 container vessels' construction, at present, the Company has not drawn down the loan.

In October 2018, the Company had entered into long - term loan agreement with a financial institution. This loan has credit line of USD 6.5 million (31 December 2018: approximately Baht 210.3 million) which is for the project of purchase and installation "Sulphur Dioxide Scrubber", at present, the Company has not drawn down the loan.

15. Debenture

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

16. Provisions for employee benefits

- Movement in the present value of the provisions for employee benefits for the years ended 31 December 2018 and 2017

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Provisions for employee benefits at beginning of year	28.30	37.36	25.60	35.18
Benefits paid	-	(1.05)	-	(1.05)
Current service cost and interest	6.82	7.22	6.33	6.70
Actuarial losses (gain) on defined employee benefit plans	-	(15.23)	-	(15.23)
Provisions for employee benefits at ending of year	<u>35.12</u>	<u>28.30</u>	<u>31.93</u>	<u>25.60</u>

- Expenses recognized in the statements of income for the years ended 31 December 2018 and 2017 are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Current service costs	6.03	5.87	5.61	5.43
Interest cost	0.79	1.35	0.72	1.27
Total	<u>6.82</u>	<u>7.22</u>	<u>6.33</u>	<u>6.70</u>

- Principal actuarial assumptions as at 31 December 2018 and 2017 are as follows:

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

* Based on the weighted average by age group of employees

** 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, employee turnover rate and mortality, while holding all other assumptions constant. The sensitivity analysis of change in the relevant actuarial assumption that were reasonably possible as of 31 December 2018 as follows:

- If the discount rate increases (decrease) by 1%, the provisions for employee benefits in Consolidated financial statements would decrease Baht 2.99 million (increase Baht 3.42 million) and Separate financial statements would decrease Baht 2.72 million (increase Baht 3.12 million).
- If the salary increase rate increases (decrease) by 1%, the provisions for employee benefits in Consolidated financial statements would increase Baht 3.79 million (decrease Baht 3.35 million) and Separate financial statements would increase Baht 3.45 million (decrease Baht 3.05 million).
- If the employee turnover rate increases (decrease) by 10%, the provisions for employee benefits in Consolidated financial statements would decrease Baht 1.40 million (increase Baht 1.55 million) and Separate financial statements would decrease Baht 1.33 million (increase Baht 1.47 million).
- If the mortality rate increases (decrease) by one year for all employees, the provisions for employee benefits in Consolidated financial statements would increase Baht 0.13 million (decrease Baht 0.14 million) and Separate financial statements would increase Baht 0.12 million (decrease Baht 0.13 million).

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

On December 13, 2018, the National Legislative Assembly approved draft of Labour Protection Act. The main point is increasing the rate of benefit of an employee who has past service 20 years or more from 300 days to 400 days. At the present, the draft is in the process of announcement in the Government Gazette. If the Act is effective, the provisions for employee benefits of the Company and a Subsidiary in Thailand which calculated up to December 31, 2018 approximately amount of Baht 9.13 million (The Company amounted Baht 8.31 million). The amount shall be recorded as expense in the statement of income on the effective date of the Act.

17. Legal reserve

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

18. Dividend paid

At the Annual General Meeting of Shareholders held on 27 April 2018, the shareholders approved pay dividend amounted Baht 82.88 million at Baht 0.10 per share.

19. Related party transactions

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

(Unit: Million Baht)

	For the years ended 31 December				Pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2018	2017	2018	2017	
<u>Transactions with subsidiary</u>					
Charter freight income	-	-	539	261	Market price as at agreement date
Ship management fee	-	-	9	8	Price approximates market price
<u>Transactions with related parties</u>					
Commission expenses	169	152	-	-	Price approximates market price
Terminal operating service	225	242	-	-	Price per tariff minus volume discount
Logistic service fees	12	10	-	-	Price approximates market price
Office rental	10	10	9	9	Contract 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	
		2018	2017	2018	2017
<u>Trade receivables - related parties</u>					
<u>Subsidiary</u>					
RCL Feeder Pte. Ltd.	-	-	725	187	
<u>Related parties</u>					
Ngow Hock Co., Ltd.	-	38	-	-	
Siam Paetra International Co., Ltd	44	7	-	-	
RCL Agencies (India) Private Limited	-	4	-	-	
	44	49	-	-	
<u>Other receivables - related parties</u>					
<u>- Receipt on behalf of the Company</u>					
<u>Subsidiaries</u>					
RCL Feeder Pte. Ltd.	-	-	899	348	
Regional Container Lines Pte. Ltd.	-	-	6	6	
	-	-	905	354	
<u>- Advances payment</u>					
<u>Subsidiary</u>					
RCL Shipmanagement Pte. Ltd.	-	-	30	24	
<u>Trade payables - related parties</u>					
<u>Related parties</u>					
Ngow Hock Co., Ltd.	77	2	-	-	
RCL (Vietnam) Co., Ltd.	-	5	-	-	
RCL Agencies (India) Private Limited	7	-	-	-	
Others	4	1	-	-	
	88	8	-	-	
<u>Advance from related parties</u>					
<u>Subsidiaries</u>					
RCL Feeder Pte. Ltd.	-	-	3,713	1,792	
RCL Shipmanagement Pte. Ltd.	-	-	570	144	
Regional Container Lines Pte. Ltd.	-	-	9	9	
RCL Service S.A. Limited	-	-	-	79	
	-	-	4,292	2,024	
<u>Payable on purchase of assets</u>					
<u>Subsidiary</u>					
Regional Container Lines Pte. Ltd.	-	-	86	87	

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 2018 and 2017 are as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Short - term employee benefits	32	30	18	15

20. Expenses by nature

Significant expenses by nature for the years ended 31 December 2018 and 2017 are as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Employee benefits expenses	1,429	1,413	454	429
Management benefit expenses	32	30	18	15
Depreciations	1,591	1,538	439	450
Net doubtful debt	-	5	-	-
Loss on impairment of vessels	50	-	105	-

21. Provident Fund

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

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

During the year 2018, the Group's contributions to these funds totaled Baht 45 million (2017 : Baht 44 million).

22. Tax expenses

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

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

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

As at 31 December 2018 and 2017 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 129.86 million and Baht 149.61 million, respectively, (Separate Baht 22.12 million and Baht 52.58 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 3.58 million and Baht 0.54 million, respectively.

Tax expense (income) for the year ended 31 December 2018 and 2017, consisted of:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
Current tax expense	10,640	12,086	-	-
Deferred tax expense (income) of temporary differences	(2,886)	634	-	-
Tax expense (income) reported in the statement of income	<u>7,754</u>	<u>12,720</u>	<u>-</u>	<u>-</u>

As at 31 December 2018 and 2017 the components of deferred tax assets and liabilities are as follows:

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	financial statements
	2018	2017
<u>Deferred tax assets</u>		
Allowance for impairment of investment	2,940	-
Provisions for employee benefits	637	538
Total	<u>3,577</u>	<u>538</u>
<u>Deferred tax liabilities</u>		
Property and premises, net	<u>8,633</u>	<u>8,561</u>

The Company's operating results for the year 2018 can be divided into BOI promoted activities and non - BOI promoted activities as follows:

		For the year ended 31 December 2018				(Unit: Baht)
		Functional currency				
		Baht currency (a)				
		Tax payer number				
		3105114177				
		3101120028				
		BOI Promoted	Non - BOI Promoted	Tax exempted	Total	USD currency (b)
Revenues						
Freight income		244,836,727	-	764,962,505	1,009,799,232	1,014,053,706
Gain on exchange rate		16,066,885	-	35,244,497	51,311,382	1,231,439
Dividend income		-	66,666,600	-	66,666,600	67,886,521
Gain on dissolution of subsidiary		-	72,423,963	-	72,423,963	74,270,410
Interest income		-	422,326	-	422,326	422,327
Other income		-	625	-	625	609
Total revenues		260,903,612	139,513,514	800,207,002	1,200,624,128	1,157,865,012
Expenses						
Cost of freight and operations		177,452,859	-	836,406,837	1,013,859,696	981,034,607
Administrative expenses		59,775,169	685,046	186,760,228	247,220,443	247,296,537
Loss on impairment of vessels		-	-	106,352,231	106,352,231	105,437,234
Unrealized loss on derivatives		-	-	1,736,132	1,736,132	(16,948)
Finance costs		59,386,981	-	68,841,987	128,228,968	127,836,041
Total expenses		296,615,009	685,046	1,200,097,415	1,497,397,470	1,463,323,603
Profit (loss) before income tax expense		(35,711,397)	138,828,468	(399,890,413)	(296,773,342)	(305,458,591)
Tax expenses (income)		-	-	-	-	-
Profit (loss) for the years		(35,711,397)	138,828,468	(399,890,413)	(296,773,342)	(305,458,591)

(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 (revised 2017)".

23. Financial information by segment

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

(Unit: Million Baht)

Consolidated financial statements												
For the years ended 31 December												
	Thailand		Singapore		Hong Kong		Total		Elimination		Grand Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenues from external customers	647	731	11,268	10,463	48	58	11,963	11,252	-	-	11,963	11,252
Inter - segment revenues	539	261	911	886	22	23	1,472	1,170	(1,472)	(1,170)	-	-
Freight income	1,186	992	12,179	11,349	70	81	13,435	12,422	(1,472)	(1,170)	11,963	11,252
Segment gross profit (loss)	76	(104)	379	1,168	60	59	515	1,123	(47)	(49)	468	1,074
Gain (loss) on exchange rate											74	33
Gain on sales of assets											133	115
Others income											19	22
Share of profit (loss) from investments in associates											78	79
Share of profit (loss) from investments in joint venture											32	21
Administrative expenses											922	887
Net doubtful debt											-	5
Loss on impairment of vessels, net (reversal)											50	(27)
Loss under onerous contract (reversal)											(73)	(264)
Loss on dissolution of subsidiary											4	-
Finance costs											249	197
Tax expenses (income)											8	13
Profit (loss) for the years											(356)	533

(Unit: Million Baht)

Consolidated financial statements												
As at 31 December												
	Thailand		Singapore		Hong Kong		Total		Elimination		Grand Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Property, premises, vessels and equipment, net	5,269	4,030	7,549	7,622	191	195	13,009	11,847	248	412	13,257	12,259
Others											5,039	5,151
Total assets											18,296	17,410

24. Commitments and contingent liabilities

24.1 Commitments

- (a) As at 31 December 2018, the Company and its subsidiary in Thailand have outstanding commitments relating to the lease agreements for buildings of approximately Baht 15 million (31 December 2017: Baht 10 million) in respect of lease agreements, and subsidiaries in Singapore has outstanding commitments of USD 30 million or approximately Baht 955 million (31 December 2017: USD 35 million or approximately Baht 1,121 million) in respect of the following agreements.

(Unit: Million Baht)

Payment period	Charter hire	Container lease	Other rental	Total
Within 1 year	651	-	33	684
During 1 - 5 years	241	-	30	271
Over than 5 years	-	-	-	-
Total	892	-	63	955

- (b) As at 31 December 2018, a subsidiary in Singapore has bunker purchase commitments amounting to USD 23.5 million or approximately Baht 758.8 million covering the period of January 2019 - June 2019 at 6,000 - 11,000 MT per month (31 December 2017 : USD - million, or approximately Baht - million at - MT per month).
- (c) As at 31 December 2018, the Company and the Group has sulphur scrubber purchase commitments amounting to USD 1.5 million or approximately Baht 47.1 million and amounting to USD 2.4 million or approximately Baht 79.2 million, respectively.

24.2 Guarantees

As at 31 December 2018, the Company has guarantee obligations of USD 121 million, SGD 6 million and HKD 35 million, or approximately Baht 4,186 million (31 December 2017: USD 253 million, SGD 6 million and HKD 35 million or approximately Baht 8,551 million). These guarantees were issued to secure credit lines of overseas subsidiaries from financial institutions. The subsidiaries have outstanding guarantees totaling USD 44 million and HKD 17 million, or approximately Baht 1,497 million (31 December 2017: USD 46 million and HKD 20 million, or approximately Baht 1,598 million).

25. Shipbuilding contracts

On 5 July 2017, the Company entered into 2 optional vessel building contracts amount of USD 39.2 million (as at 31 December 2018 approximately Baht 1,268 million). The payment term of vessel was scheduled in 5th installment periods with different percentages based on the contract price: 10% for the 1st and 2nd installment, 0% for the 3rd installment, 5% for the 4th installment and 75% for the 5th 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.

As at 31 December 2018, the Company had made payment for the above - mentioned contract amounting to USD 7.8 million (approximately Baht 253.6 million).

26. Financial instruments

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

26.1 Financial risk management

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

(1) Credit risk

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

(2) Interest rate risk

Significant financial assets and liabilities as at 31 December 2018 and 2017 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

	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	78	-	-	629	495	1,202	0 - 2.63% p.a.
<u>Financial liabilities</u>							
Short - term loan from financial institution	-	-	-	932	-	932	Note 12
Financial lease agreement	326	1,135	261	-	-	1,722	Note 13
Long - term loans	161	315	-	2,776	-	3,252	Note 14
Total	487	1,450	261	3,708	-	5,906	

	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	-	-	849	584	1,640	0 - 1.45% p.a.
<u>Financial liabilities</u>							
Short - term loan from financial institution	652	-	-	728	-	1,380	Note 12
Financial lease agreement	230	862	104	-	-	1,196	Note 13
Long - term loans	98	171	-	2,203	-	2,472	Note 14
Total	980	1,033	104	2,931	-	5,048	

Separate financial statements

	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	-	-	-	12	9	21	0 - 1.0% p.a.
<u>Financial liabilities</u>							
Short - term loan from financial institution	-	-	-	350	-	350	Note 12
Long - term loans	161	315	-	1,767	-	2,243	Note 14
Total	161	315	-	2,117	-	2,593	

	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	-	-	-	39	39	78	0 - 1.0% p.a.
<u>Financial liabilities</u>							
Short - term loan from financial institution	652	-	-	150	-	802	Note 12
Long - term loans	98	171	-	1,330	-	1,599	Note 14
Total	750	171	-	1,480	-	2,401	

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 2018, the Company had a period - by - period knock out swap and interest rate swap agreement covering the notional amount of USD 14.72 million (31 December 2017: USD 8.30 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 1.25 million per quarter over the period from 2020 to 2023.

As at 31 December 2018, the Company had unrealized loss from changes in the fair value of derivatives of USD 0.05 million, or approximately Baht 1.72 million (31 December 2017: gain of USD 0.03 million, or approximately Baht 1.34 million). The Company recorded the unrealized gain loss 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 2018 and 2017, 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 2018, a subsidiary in Singapore has taken protection against the higher price risk with the physical bunker forward purchase contract within the certain limit in accordance with the Group's policy. The physical bunker forward purchase policy which blends interval forward with spot purchase has provide the Group with a less risk exposure to bunker price. And a subsidiary has outstanding commitments under the above purchase contract as described in note 24.1 (b) to the financial statements.

26.2 Fair value

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

27. Capital management

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

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

As at 31 December 2018, the Group's debt - to - equity ratio was 1.18 : 1 (31 December 2017 : 0.95 : 1) and the Company's was 1.02 : 1 (31 December 2017 : 0.62 : 1).

28. Functional currency financial statements

The USD functional currency statements of financial position as at 31 December 2018 and 2017 and the statements of income for the years ended 31 December 2018 and 2017 are as follows:

Regional Container Lines Public Company Limited and its subsidiaries

Statements of financial position

As at 31 December 2018

(Unit: USD)

	Consolidated		Separate	
	financial statements		financial statements	
	As at 31 December		As at 31 December	
	2018	2017	2018	2017
Assets				
Current assets				
Cash and cash equivalents	37,166,711	50,337,010	652,816	2,388,375
Trade receivables - unrelated parties	70,206,057	50,140,926	90,998	336,822
<u>Less: allowance for doubtful accounts</u>	<u>(1,734,328)</u>	<u>(1,730,654)</u>	-	-
Trade receivables - unrelated parties, net	68,471,729	48,410,272	90,998	336,822
Trade receivables - related parties	1,350,761	1,504,096	22,418,949	5,745,061
Other receivables	15,088,580	23,540,525	29,627,200	12,335,501
Material supplies	10,270,083	7,368,820	555,928	401,433
Other current assets	1,312,432	1,029,604	34,864	82,914
Total current assets	133,660,296	132,190,327	53,380,755	21,290,106
Non - current assets				
Property investments held for long - term investment	156,557	159,068	-	-
Investments in subsidiaries, net	-	-	209,779,071	209,902,552
Investments in associates	10,922,818	10,878,788	1,662,509	1,662,509
Investments in joint venture	1,919,172	930,406	-	-
Other long - term investments	337,862	337,862	-	-
Property and premises, net	9,515,847	9,686,611	13,092	13,092
Vessels and equipment, net	400,300,533	366,585,811	162,748,207	123,515,600
Intangible assets, net	-	281	-	-
Other non - current assets				
- Advance for vessel constructions	8,270,032	13,457,897	8,270,032	13,457,897
- Other	483,811	136,564	77,409	74,552
Total non - current assets	431,906,632	402,173,288	382,550,320	348,626,202
Total assets	565,566,928	534,363,615	435,931,075	369,916,308

Regional Container Lines Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2018

(Unit: USD)

	Consolidated		Separate	
	financial statements		financial statements	
	As at 31 December		As at 31 December	
	2018	2017	2018	2017
Liabilities and shareholders' equity				
Current liabilities				
Short - term loans from financial institutions	28,819,165	42,354,052	10,819,165	24,604,052
Trade payables - unrelated parties	108,338,033	94,611,336	1,839,789	1,483,652
Trade payables - related parties	2,722,318	232,360	-	-
Other payables				
- Accrued expenses	2,468,641	2,463,850	492,189	680,805
- Advance receipt	131,690	74,400	132,819,268	62,204,510
- Payable on purchase of assets	2,387,544	-	3,229,861	2,660,361
Current portion of liabilities				
under financial lease agreement	10,087,652	7,045,589	-	-
Current portion of long - term loans	20,141,700	32,962,866	14,828,000	10,936,000
Provision for onerous contracts	1,425,838	3,691,437	-	-
Income tax payable	88,184	82,439	-	-
Other current liabilities	4,157,186	3,237,596	97,293	77,700
Total current liabilities	180,767,951	186,755,925	164,125,565	102,647,080
Non - current liabilities				
Liabilities under financial lease agreements,				
net of current portion	43,152,433	29,662,802	-	-
Long - term loans, net of current portion	80,373,639	42,925,630	54,521,833	38,150,833
Provisions for employee benefits	1,085,654	868,525	987,171	785,941
Deferred tax liabilities	266,861	262,764	-	-
Total non - current liabilities	124,878,587	73,719,721	55,509,004	38,936,774
Total liabilities	305,646,538	260,475,646	219,634,569	141,583,854

Regional Container Lines Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2018

(Unit: USD)

	Consolidated		Separate	
	financial statements		financial statements	
	As at 31 December		As at 31 December	
	2018	2017	2018	2017
Shareholders' equity				
Share capital				
Registered				
828,750,000 ordinary shares	25,833,963	25,833,963	25,833,963	25,833,963
Issued and fully paid - up				
828,750,000 ordinary shares	25,833,963	25,833,963	25,833,963	25,833,963
Share premium	173,890,186	173,890,186	173,890,186	173,890,186
Retained earnings				
Appropriated - legal reserve	1,943,097	1,943,097	1,943,097	1,943,097
Unappropriated	100,709,071	114,361,981	14,629,260	26,665,208
Other components of equity	(42,691,819)	(42,190,905)	-	-
Total equity of parent Company's shareholders	259,684,498	273,838,322	216,296,506	228,332,454
Non - controlling interests	235,892	49,647	-	-
Total shareholders' equity	259,920,390	273,887,969	216,296,506	228,332,454
Total liabilities and shareholders' equity	565,566,928	534,363,615	435,931,075	369,916,308

Regional Container Lines Public Company Limited and its subsidiaries

Statements of income

For the year ended 31 December 2018

(Unit: USD)

	Consolidated		Separate	
	financial statements		financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2018	2017	2018	2017
Revenues				
Freight income	369,967,391	331,570,909	31,361,645	24,590,642
Others income				
Gain on exchange rate	2,289,948	980,318	38,085	-
Dividend income	-	-	2,099,527	1,957,260
Gain on sales of assets	4,109,767	3,378,976	-	-
Gain on dissolution subsidiary, net	-	-	2,296,961	-
Reversal on impairment of vessels	-	809,235	-	-
Reversal of provision for loss under onerous contracts	2,265,599	7,771,058	-	-
Interest income	194,166	117,363	13,061	7,499
Unrealized gain on derivatives	-	39,502	-	39,502
Others	411,114	500,524	19	5,498
Total revenues	379,237,985	345,167,885	35,809,298	26,600,401
Expenses				
Cost of freight and operations	355,487,145	299,915,356	30,340,463	28,696,249
Administrative expenses	28,505,986	26,151,151	7,648,142	6,601,298
Other expenses				
Net doubtful debt	-	133,763	-	-
Loss on exchange rate	-	-	-	816,284
Loss on dissolution of subsidiary	121,809	-	-	-
Loss on impairment of vessels, net	1,544,296	-	3,260,858	-
Unrealized loss on derivatives	53,169	-	53,169	-
Finance costs	7,717,539	5,817,088	3,953,586	3,632,470
Total expenses	393,429,944	332,017,358	45,256,218	39,746,301
Share of profit (loss) from investment in associates	2,422,676	2,332,900	-	-
Share of profit (loss) from investment in joint ventures	988,766	604,935	-	-
Profit (loss) before income tax expenses	(10,780,517)	16,088,362	(9,446,920)	(13,145,900)
Tax expenses (income)	239,800	374,810	-	-
Profit (loss) for the years	(11,020,317)	15,713,552	(9,446,920)	(13,145,900)
Profit (loss) for the year attributable to:				
Equity holders of the parent	(11,063,882)	15,713,372	(9,446,920)	(13,145,900)
Non - controlling interests	43,565	180	-	-
	(11,020,317)	15,713,552	(9,446,920)	(13,145,900)
Basic earnings (loss) per share				
Profit (loss) attributable to equity holders of the parent	(0.013)	0.019	(0.011)	(0.016)
The weighted average number of ordinary shares (share)	828,750,000	828,750,000	828,750,000	828,750,000

29. Events after the reporting period

On 8 January 2019, the Company had signed a memorandum of agreement to sell 2 vessels which has net book value as at 31 December 2018 of USD 7.0 million to a company in Singapore at USD 3.8 million. The various conditions are required in the memorandum of agreement.

30. Approval of financial statements

These financial statements were authorized for issue by the Company's Board of Directors on 22 February 2019.



Saudi Arabia

Pakistan

United Arab Emirates

India

My

Jebel Ali Sohar

Karachi Port Qasim

Mundra Pipavav

Hazira Nhava sheva

Chennai

Cochin

Tuticorin

Colombo

Kolkata

Vizag





RCL

CORE VALUES



RESULT ORIENTATION

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



CUSTOMER FOCUS

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



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.



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



TEAMWORK

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



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REGIONAL CONTAINER LINES PUBLIC COMPANY LIMITED

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