



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

Minutes of the 38<sup>th</sup> Annual Shareholders General Meeting 2016

Regional Container Lines Public Company Limited

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

372 Rama III Road, Bangklo, Bangkok

Friday, 28<sup>th</sup> April 2017

## Directors Attending the Meeting

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

## Management

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

## Auditors from A.M.T. & Associates

1. Mrs. Natsarak Sarochanunjeen
2. Ms. Narisara Kanjanapensakul

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

## Shareholders Attending the Meeting

1. 32 shareholders, holding 16,591,210 shares
2. 41 proxies, holding 420,731,344 shares



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Totalling 73 shareholders in person and by proxies, holding 437,322,554 shares, equivalent to 52.77% of the total shares (828,750,000 shares), which constituted a quorum according to the Company's Articles of Association.

**Remark:** After the Meeting commenced, there were shareholders registering to attend the Meeting. When the meeting ended, number of shareholders attended the meeting was 84 shareholders, holding 437,559,155 shares or 52.80% of the total shares.

Prior to the Meeting's commencement, Mrs. Suporn Amnuaypan, Company Secretary explained the vote casting procedures and requested the Meeting to pass a consensus that only those objecting to or abstaining from voting, to raise their hands and return the ballot papers of each agenda for votes counting, in order to expedite the process and conclusion for each agenda. The respective result of each agenda, together with voting procedures will be presented on the screen as information to the meeting, the Company' directors and auditors. Thereafter the Chairman, Dr. Jamlong Atikul proceeded with the meeting as per following agenda :

The Meeting started at 10.30 a.m.

#### **Agenda No. 1 To Adopt the Minutes of the 37<sup>th</sup> Annual General Meeting 2016**

Dr. Jamlong Atikul proposed to adopt the Minutes of the 37<sup>th</sup> Annual General Meeting held on 29<sup>th</sup> April 2016 details of which were sent to all shareholders in advance together with the Notice. The said Minutes have been posted on the Company's website since May 2016. He asked if anyone had any queries or proposed amendments. Having received no query or proposal to amend from shareholders, the Chairman then requested for shareholders' voting.

**Voting results :** 77 Shareholders casted 437,434,854 votes

Approved	437,434,854 votes	equal to	100.00 percent
Not Approved	0 vote	equal to	0.00 percent
Abstained	0 vote	equal to	0.00 percent

The meeting unanimously approved the adoption of the Minutes of the 37<sup>th</sup> Annual General Meeting held on Friday, 29<sup>th</sup> April 2016.



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Agenda No. 2: To acknowledge the Report on Operational Results of the Company for the year 2016

Mr.Sumate Tanthuanit, the Managing Director reported that as at February 2016, there were 20 top carriers, as showed on the screen. The decreased of freight rate in 2016 resulted in mergers of liners for purpose of survivorship.

As at March 2016, the number of top carriers were reduced from 20 to 10, as top carriers agreed to form alliances. Therefore, there were new 3 alliances that would benefit RCL.

Towards the end of 2016, world fleet of containerships were 5,118 vessels. For the first time in history, total capacity exceeded 20 million TEUs. This is an increase of 0.3 million TEUs or 1.4% as compared to same period 1 year ago.

The price of crude oil – brent for 2015 and 2016 showed an improvement since the beginning of the year 2016 with the highest increased in December.

For containers vessels' usage - 380 CST, the information reflected on the screen highlighted the increase in 2016.

New Panamax ships' dimensions are 366 m (1,200 ft) in length, 49 m (160.7 ft) in width and 15.2 m (49.9 ft) in depth. Several ship yards across the world are already following the new parameters for containerships to match the dimensions of New Panamax. They are also getting large orders for the New Panamax vessels from shipping companies.

However, even after the completion of new locks at the Panama Canal, some of the very large cargo vessels would not be able to pass through the Panama Canal. Ships in Maersk E and Triple E classes are still too wide to cross the new lock chambers.

Most carriers reported losses in 2016 and there were not many carriers reported positive operating profit. Some carriers sold their assets to recover from the situation. The carrier which recorded the highest losses was Hyundai, being one of the two Korean liners, Hanjin had unfortunately collapsed. The purpose of merger was to circumvent competition, as evident by the merger of the 3 major liners in Japan. The name of the new company upon merger is still under discussion and is expected to be known in this or next year. We clearly saw that the size of ship would be bigger at 21,000 TEUs. However, the shipping industry was facing an oversupply, so much so, that most liners cancelled their orders. As the shipyards needed to attract more customers, therefore they proposed the shipbuilding at size 22,000-25,000 TEUs.



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Volume growth at the world's largest container port was fairly moderate in 2016. In an estimate done by Clarkson Research, overall global throughput grew at around 3.5% in 2016.

Base on Shanghai Freight Index (SCFI), freight rate in 2016 were still affected by the excessive capacity situation. Overall freight index reached its lowest ever level between March - April 2016, but has been recovering steadily since then, receiving a further boost in the last quarter. From the screen, it showed the freight rates' movements of Persia and Europe. The index showed that the freight rate in 2015 and 2016 fluctuated drastically in Persia and Europe.

While the situation in South-east Asia had impacted the Company, the freight rate decreased drastically, especially in 2016. This has brought the freight rate down to one fourth of that at the beginning of 2015. However, the freight rate has improved since the end of 2016.

BDI Index decreased in the middle of 2015 to the beginning of 2016. While there was an increase at the beginning of 2016, it fell at the beginning of 2017 and subsequently improved in the first quarter.

From the screen, it showed that the movements of BDI Index and SCFI Intra Asia Index did not go in the same direction.

The PMI was an indicator of the economic health of the manufacturing sector:

A PMI of more than 50 represents expansion in the manufacturing sector.

A PMI reading under 50 represents a contraction.

A PMI reading at 50 indicates no change.

Europe is at 56.2 in March, the highest since April 2011.

USA is at 55-53 during Q1, the highest since November 2014.

China and India were above 50 at expansion stage.

The screen showed that China grew while India showed improvement only towards the end of Q1.

There were 934,460 TEUs of new deliveries in 2016 and 660,000 TEUs of scrapping. Level of scrapping, again, hit another unprecedented high level. Overall capacity increase tapered to 1.4% in 2016. Container growth remained slow at a 1.5% growth.

In 2017, overall capacity is expected to grow by 2.9% mainly due to the deliveries of mega vessels (>10,000 TEUs). Container growth is expected to continue at a moderate 1.7%.



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As of March this year, total idling fleet stood at 322 vessels. This is equivalent to 5.3% of total containership fleet or 6.8% of total containership capacity. Similar to past year, idling fleet remained high due to the excessive capacity and lackluster demand. From January to March 2017, the demolition is around 150,123 TEUs. Full year is expected at 750,000 TEUs. This is another record breaker compared to past years. In terms of new capacity, a total of 1.3 million TEUs will be injected in the market in 2017.

Net growth, after demolition, is forecasted at 2.9%. Demand growth for 2017 is forecasted by Clarkson at 4%.

Overall China market grew at a slower pace in the past 6 years which is quarter 1, 2 and 3 in 2016. The trade is forecast to grow at a modest 4%. In 2017 slight pickup/better compared to the past 2 years. Main driver of the growth continues to lie in Intra Asia. But also see positive trend in USA, Europe and India. This insinuate opportunities for RCL whereby our strength and market presence is centric.

As of Jan-Apr 2017, there were continuous vessels decreased, from 408, 363,303 and 74 in the respective months. Thus, the readiness of market to serve the containers' requirement would be lowered. In January there were 828,725 TEUs, decreased to 114,875 TEUs in April.

The demand-supply imbalance, and the fierce competition from mainline operators cascading their excessive capacity into Asia Region which achieved the highest economic growth. Such environment posed a negative impact on RCL's business, which relied on global trade for SOC and regional trade for COC. SOC (Shipper Owned Container) liftings were 0.733 million TEUs, decreased 8% from 2015 with capacity of 0.797 million TEUs.

COC (Carrier Owned Container) liftings were 1.049 million TEUs, increased 9.8% from 2015 with capacity 0.955 million TEUs.

In 2016, the total liftings were 1.782 million TEUs, increased 1.7% from 2015, the capacity of 1.752 million TEUs with the utilization rate of 115%.

I would like to report 2016 Financial Statements as following;

The revenue was Baht 10,476.3 million in 2016, decreased 12% from 2015 of Baht 11,943.7 million, mainly due to decreased of freight rates, amount of Baht 897 million, decreased in slot revenue at Baht 335 million, decreased in external charter hire income at Baht 320 million.



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The cost of freight & operation of Baht 10,659.1 million or declined 3% from Baht 10,943.9 million in 2015, was mainly due to decrease in bunker cost at Baht 910 million, decrease in ship operating cost at Baht 64 million, decrease in external time-charter expense at Baht 374 million, offsetting with the increase in net variable costs at Baht 888 million and offsetting with the increase in amortization and depreciation, amounting to Baht 202 million.

The Group recorded the exchange gain of Baht 57.9 million or increased 441% compared to the exchange gain of Baht 10.7 million in 2015 as in 2016.

As practiced at every year end, the Group arranges for an independent valuer to review the fair value of the vessels in accordance with the accounting standards in 2016. There was a reversal for loss on impairment of vessels of Baht 163.4 million.

In 2016, the Group recorded a gain on sale of asset at Baht 17.8 million, a decreased of 39% compared to a gain on sale of asset at Baht 29.0 million in 2015, due to lesser sale of old containers. In 2016 there were 557 containers sold (2015:776 containers).

The administrative expenses and others amounted to Baht 925.9 million, increased from the previous year of Baht 878.5 million, mainly due to loss sharing in subsidiary's investment and allowance for doubtful to accounts.

The Group's loss before finance cost and income tax was recorded at Baht 1,196.4 million, compared to Baht 622.1 million in 2015.

The Group's net loss after tax and minority interest was recorded at Baht 1,374.7 million against the net gain of Baht 441.5 million in 2016. (Note: the minority interest means the subsidiaries in which RCL holds more than 50% share holdings but less than 100% as calculated in the financial statement)

In 2016, The Group recorded EBITDA at Baht 390 million, a decreased of 72% as compared to EBITDA at Baht 1,383.6 million in 2015.

Total Assets of the Group decreased 8% from Baht 19,617 million in 2015 to Baht 18,124 million in 2016.

Total Liabilities of the Group increased slightly from Baht 8,848 million in 2015 to Baht 8,874 million in 2016.



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Total shareholders' equity decreased 14% from Baht 10,769 million in 2015 to Baht 9,251 million in 2016.

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

**Mr.Somkwan Tiarasaranon, shareholder**

**Question:** On Hanjin collapsed, did it help to decrease supply of vessels?

**Answered:** Supply and number of vessels remained the same, as about the same number were also scrapped.

**Question:** Daesun shipyard almost collapsed and had to undergo restructuring. Would this reduce the number of new ship in the market?

**Answered:** The ship price would be cheaper for reason that Daesun shipyard would be supported by Korea government.

**Question:** When Cosco merged with China Shipping, would they become top three as the China government supported money to invest Asia-Europe's port? Was it possible that China government foresee the significant change in the shipping industry?

**Answered:** Of course the China government foresaw the significant change and it was the policy to expand this route.

**Question:** Did the two new deliveries help to reduce total cost?

**Answered:** The Company postponed the two deliveries to 2018.

**Question:** Did RCL need to increase the capital in the short period?

**Answered:** There was no intention to increase in the short period to come.

**Question:** If the situation in North Korea were to worsen. Would it affect RCL?

**Answered:** The major factors that could affect RCL are the oil price and stock of the goods.

**Question:** I would like to know the management's opinion on SCFI was 400. Was it the lowest point?

**Answered:** I believed this was the lowest, as it should not be lower because there was no reason why the owner would cut the cost.

**Question:** I heard from news that the shipping industry could now be the worst in 30 years. Are there any plans to sell or merge the business if situation continued?

**Answered:** From now, the shipping practice would be to separate into two types :

1. ship sailing around the world
2. ship sailing in Asia.



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Similar to airlines' operation which is separated into two types, 1. long haul and 2. economy class. Moving forward, I expected the ship industry may towards this direction in the future and which RCL has strength its position in the Asia's region.

**Question:** How much were revenue/TEUs and cost/TEUs?

**Answered:** Needed to calculate because it was different in each service.

**Question:** How many ships were there from Panama to Asia?

**Answered:** The ships that came from Panama were temporary because of few reasons :

1. of their age
2. because they were not designed to sail in Asia.

It was also not appropriate because of the heavy nature of goods in Asia.

3. high fuel consumption.

However, between these ships waiting to be scraped, sailing was better than dropping anchor, while the newbuilding was more efficiency. The ship sailed in Panama canal was 4,000 TEUs which was thin to conform to the width of the canal but the ship sailed in Asia was plump that could ship a lot of goods. In next year, more of these ships were scraped and the newbuildings would have better performance.

## Mr. Nakhon Panusittikon, Shareholder

**Question:** How was Ballast Water Management (BWM) affecting the company? It arranged only 27%.

**Answered:** The regulation permitted postponement and the company already requested for the same. However, we have yet to set up this system for RCL's fleet to be effected in 2020. The average expense would be USD 250,000 per ship.

**Question:** What was the average age of RCL's ships? Was it worthwhile to set up Ballast Water Management or ropairing?

**Answered:** Before investment, the company would take into consideration all cost factors at shipyard including return of investment for the next 2 to 5 years, Should it be profitable, the company would set up the system otherwise, the company would consider scrapping. The average age of the ship was 27 years.

**Question:** Others line that had the ship's size as same as RCL. Was it possible that those lines did not have enough capital and considered to scrape. Would demand decrease?

**Answered:** Possible. Mostly it was conventional ship that was small size. Container was less to be scraped.





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- Question:** How much was the size of Panama ship? Was it same RCL size?
- Answered:** RCL fleet was 600-2,700 TEUs.
- Question:** What was conventional ship?
- Answered:** it was different market. RCL managed container while conventional was old ship. If Ballast Water Management (BWM) forced to use, I expected that they planned to scrape of conventional ship.
- Question:** How was the affect to RCL if there was the law to use sulfur fuel in next 3 years?
- Answered:** This law would apply within 2-3 years but China already applied. However, RCL's ship sailed to China would change to sulfur fuel. This fuel burned engine efficiency, the engine was cleaner, it did not destroy the engine but the expense was higher as well.
- Question:** How much was SCFI break even when deduct depreciation?
- Answered:** In some level, SCFI was may be break even. In the same time if the oil was higher, the company could get loss or if the oil price was lower, the company could earn profit.
- Question:** Did the company have the average figures?
- Answered:** The company set margin, if could achieve, we would earn profit. To set margin was better than set SCFI because if the oil price was high, the company would get loss.
- Question:** Could you please explain more of Panama ship?
- Answered:** Panama ship was thin appearance that could not ship a lot of goods, it was thin because designed to sail pass Panama canal and it shipped the light goods whereas in Asia was heavy goods. Panama ship was not scraped yet because the shipyard was tight. In 2017, expected that the demolition would be 750,000 tues or more. There were only shipyards in India and Pakistan to scrape, however it also depended on the price if it was expensive, it would be a lot of ships to be scraped but if the price was cheap, the ship would be sailed. I believed that the newbuilding would be more efficient.
- Question:** Would Panama ship decrease if there was scraped?
- Answered:** The ship would continue to decrease when there were much scrapping. They would sail in Panama canal again or not it depended on the fees of canal. Currently, the fees remained the same, if demand increased in the future, the fees might be decreased.



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

## Agenda No. 3 To acknowledge Directors' Remuneration for the Year 2016

Dr. Jamlong Atikul reported that in 2016, the Company's Board of Directors comprised 9 members. The Board members, the members of the Audit Committee, and Nomination & Remuneration Committee members attended to their duties throughout the year and received the annual standard remuneration of Baht 5,533,333.33 in accordance with the criteria approved at the 26<sup>th</sup> Annual General Meeting held on 29<sup>th</sup> April 2005, as per details in Attachment 2 of the Notice sent to all shareholders in advance and disclosed in the Annual Report 2016 under "Report on Corporate Governance".

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

At end of the report, Dr. Jamlong asked if there were any inquiries from the shareholders. As no questions were received, It was concluded that the shareholders acknowledged the Directors' Remuneration for the Year 2016.

## Agenda No. 4: To Approve the Balance Sheet and Profit and Loss Statement as of 31<sup>st</sup> December 2016

Dr. Jamlong Atikul requested the Meeting to consider the audited balance sheet and profit and loss statement of RCL as of 31<sup>st</sup> December 2016 which was published in the Annual Report 2015 under section "Financial Statements" sent to all shareholders in advance together with the Notice. He asked the shareholders if there were any additional explanations required or enquires. It was noted no questions were received.

Voting results : 84 Shareholders casted 437,559,155 votes

Approved	437,559,155 votes equal to	100.00 percent
Not Approved	0 vote equal to	0.00 percent
Abstained	0 vote equal to	0.00 percent

The Meeting unanimously approved the Balance Sheet and Profit and Loss Statement as of 31<sup>st</sup> December 2016.



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## Agenda No. 5: To Approve Not Declaration of Dividend based on operational results for the Year 2016

Dr. Jamlong Atikul referred to the operational results for the year 2016 that was reported to the Meeting in the Agenda No. 2, whereby the Company recorded a net loss of Baht 1,376 million. The Board of Directors at its Meeting No. 1/2017 held on 24<sup>th</sup> February 2017 resolved not to declare any dividend based on the operational results for the year 2016 and to propose the same to the Shareholders' Meeting for approval. Dividend policy and dividend pay record in the financial years 2014-2016 are given in Attachment 3, sent to all shareholders in advance together with the Notice.

At end of the report, Dr. Jamlong Atikul asked the shareholders if there were any queries. It was noted no questions were received.

Voting results : 84 Shareholders casted 437,559,155 votes

Approved	437,559,155	votes equal to	100.00 percent
Not Approved	0	vote equal to	0.00 percent
Abstained	0	vote equal to	0.00 percent

The meeting unanimously approved not to declare any dividend based on the operational results of the year ended 31<sup>st</sup> December 2016.

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

Dr. Jamlong Atikul reported that according to Clause 29 of the Company's Articles of Association, one-third of directors must retire from office and the retiring directors were eligible for re-election.

For the year 2017, there were 3 directors due to retire as follows:

1. Mr. Sumate Tnathuwani Director
2. Mr. Hartwig Schulze-Eckardt Director
3. Mr. Viset Choopiban Independent Director

The Board of Directors at its Meeting No. 1/2017 held on 24<sup>th</sup> February 2017 reviewed the recommendation from the Nomination and Remuneration Committee and resolved to nominate 3 directors to the Shareholders' Meeting for re-election as follows:

1. Mr. Sumate Tnathuwani Director
2. Mr. Hartwig Schulze-Eckardt Director
3. Mr. Viset Choopiban Independent Director



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

At end of the report, the Chairman gave an opportunity for shareholders to raise any queries and to asked questions. As no queries were received, Dr. Jamlong Atikul asked the shareholders to cast their votes and to return the ballot papers of 3 directors.

## 6.1 Mr. Sumate Tnathuwanit

Voting results : 84 Shareholders casted 437,559,155 votes

Approved	437,559,155	votes	equal to	100.00	percent
Not approved	0	vote	equal to	0.00	percent
Abstained	0	vote	equal to	0.00	percent

## 6.2 Mr. Hartwig Schulze-Eckardt

Voting results : 84 Shareholders casted 437,559,155 votes

Approved	437,385,255	votes	equal to	99.69	percent
Not approved	173,900	votes	equal to	0.04	percent
Abstained	0	vote	equal to	0.00	percent

## 6.3 Mr. Viset Choopiban

Voting results : 84 Shareholders casted 437,559,155 votes

Approved	437,385,245	votes	equal to	99.96	percent
Not approved	173,910	votes	equal to	0.04	percent
Abstained	0	vote	equal to	0.00	percent

Dr. Jamlong Atikul concluded that the Meeting unanimously approved to elect Mr. Sumate Tanthuwanit as Director and the Meeting with the majority of the shareholders attending and casting votes, approved to elect Mr. Hartwig Schulze-Eckardt as director and Mr. Viset Choopiban as Independent Director.

Dr. Jamlong Atikul thanked the shareholders on behalf of the Board of Directors for the trust accorded to the re-elected and new directors. In the year 2017 the Board of Directors comprises 3 independent directors, 1 non-executive director and 4 executive directors making the total of 8 directors.



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

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

Dr. Jamlong Atikul referred to the 37<sup>th</sup> Annual Shareholders General Meeting held on 29<sup>th</sup> April 2016 which has approved the appointment of Prof. Emeritus Kesree Narongdej and team from A.M.T. & Associates to be the Company's auditors for the period from 1<sup>st</sup> January 2016 till 31<sup>st</sup> December 2016 and approved the audit fees of Baht 1.539 million.

For the year 2017 the Audit Committee has recommended Mrs. Natsarak Sarochanunjeen and team from A.M.T. & Associates to be the Company's auditors for the period from 1<sup>st</sup> January 2017 till 31<sup>st</sup> December 2017. The Board of Directors at its Meeting No. 1/2017 held on 24<sup>th</sup> February 2017 endorsed the recommendation from the Audit Committee to propose to the Shareholders' Meeting, to appoint Mrs. Natsarak Sarochanunjeen, CPA No. 4563 or Mr. Chaiyuth Angsuwithaya, CPA No. 3885 from A.M.T. & Associates, to be the Company's auditors for the period from 1<sup>st</sup> January 2017 till 31<sup>st</sup> December 2017 with either one of the two auditors certifying the Company's financial statements on behalf of A.M.T. & Associates.

In the event that those auditors are unable to perform their duties, A.M.T. & Associates is authorized to assign another of its auditors to perform the audit and express an opinion on the Company's financial statements in their place. Those recommended auditors do not have any relationship or any interest with the Company, its subsidiaries, executives, major shareholders or related persons, and not working under the same auditing office as overseas subsidiaries.

The audit fees for the years 2017 remain unchanged as detailed in Attachment 5 sent to all shareholders in advance together with the Notice, as following:

- Examination of the company's Financial Statement for the year ending 31 <sup>st</sup> December 2017	630,000 Baht
- Review of interim consolidated financial statements of the Company totaling 3 quarters	789,000 Baht
- Review of the consolidated financial statements in USD totaling 4 quarters	120,000 Baht
Total	<b><u>1,539,000 Baht</u></b>

At end of the report, the Chairman gave an opportunity for shareholders to raise queries if any and to ask questions. No queries were received and Shareholders casted the votes as follows;

Voting results : 84 Shareholders casted 437,559,155 votes

Approved	437,559,155 votes	equal to	100.00 percent
Not Approved	0 vote	equal to	0.00 percent



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Abstained 0 vote equal to 0.00 percent

The meeting approved with the majority votes to appoint Mrs. Natsarak Sarochanunjeen, CPA No. 4563 or Mr. Chaiyuth Angsuwithaya, CPA No. 3885 from A.M.T. & Associates to be the Company's auditors for the period from 1<sup>st</sup> January 2017 till 31<sup>st</sup> December 2017 with either one of the two auditors certifying the Company's financial statements on behalf of A.M.T. & Associates. In the event those auditors are unable to perform their duties, A.M.T. & Associates is authorized to assign another of its auditors to perform the audit and express an opinion on the Company's financial statements in their place; and approved the audit fees of Baht 1.539 million.

Upon the conclusion of all the agendas of annual general meeting, there were shareholders asking questions as following;

**Mr.Kriengkamol Therasaksophon, Shareholder**

**Question:** Did 3 alliances have the right to set the freight rate? What were the criteria of setting?

**Answer:** The goods and ships would be more, normally it used bigger ship. For example, the big liner in Japan sailed from Bangkok to Japan 2-3 times per week, so all 3 lines would sail 6 times. The freight rate may decreased by 30-40% compared to the cost. However, the big ship could not enter into Bangkok, they had to moor at Lamchabang in which the ship would increase. There are 2 ways to ship goods to Bangkok which were by train and by ship. This was the change.

**Question:** How to set the freight rate? What was the role of 3 alliances?

**Answer:** 1.demand-supply 2.cost. The strategy to reduce cost did not use because in the past there were 17 liners competed cutting price to lower than cost. When negotiate to be alliance, it had to disclose how many goods on hand and who had more goods would have power to negotiate.

**Question:** Did 3 alliances be directors to set the freight rate?

**Answer:** They could set the freight rate for their own line. The alliance collaborated of performing but raise the price was illegal, the penalty was both civil and criminal case.



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

Mr.Worapong Ladsena, Shareholder

**Question:** The total lifting was 1,782,000 TEUs in 2016. What was the plan in 2017 or how much would the growth be?

**Answer:** Expected to increase more and it very much depends on the number of liftings to justify the sailing's wortheness as well as on the market situation

**Question:** In 2016, the average freight income was USD160/TEUs and average cost was USD170/TEUs. Was average cost inclusive of oil?

**Answer:** Included.

Mr.Dusit Butrdee, Shareholder

**Question:** What was the reason for the average cost of freight and operations decreased to USD170/TEUs? What was the plan to decrease the average cost of freight and operations in 2017?

**Answer:** There were many factors of which utilization was a major factor. If utilization was higher, the cost would be reduced. It was crucial for business on how the company increases utilization how it selects the high margin of goods.

**Question:** Was current utilization comparable to the last year's?

**Answer:** It was better.

**Question:** Intra Asia Index was at170. Would RCL incur loss at this rate?

**Answer:** We were waiting for the figures.

**Question:** Would there be any effect on RCL's routes, if the trend of the ships turned to the sizes of 20,000-25,000 TEUs?

**Answer:** It all depends if the big ship would come to Asia, although the management would evaluate the situation..

**Question:** Why was the price of newbuilding higher and how many percent higher?

**Answer:** The price of newbuilding did not increase. It was the charter rates that increased, but it depended on the size. If it was a suitable size for the need, the charter price would high. On the other hand, if it was not suitable, the price would be low.

**Question:** What was the strategy to solve the problem in 2017?



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

**Answer:** 1. The company set up IT system which is highly sophisticated to select the goods with the best margin. 2. Consideration to be given to evaluation of ships to be scrapped as well as the need for newbuildings' modernization.

**Question:** Did the company calculate the depreciation when scrapping?

**Answer:** The old ship has less of depreciation. When evaluating if it was high scrapping price, the depreciation have to be low and in 1<sup>st</sup> quarter of 2017 the price was higher than last year.

**Question:** Was it possible for RCL to expand the market in China?

**Answer:** The company has good ship from China to Singapore, however, it depended on demand and supply. If it was very good, there would be other players coming into the market. The company could not sail its vessels across cities in China, as the ship must be Chinese registered.

**Question:** Why did the freight rate from Shanghai to China decrease?

**Answer:** Because of fierce competition.

**Question:** Could the company show the cost's structure in Annual Report?

**Answer:** The company will consider the request.

There were being no matters or inquiries, the Chairman, Dr. Jamlong Atikul thanked the shareholders and closed the 38<sup>th</sup> Annual Shareholders General Meeting 2017 at 12.16 p.m.

**Chairman of the Board of Directors**

Signed

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Dr. Jamlong Atikul

**Company Secretary**

Signed

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Mrs. Suporn Amruaypan