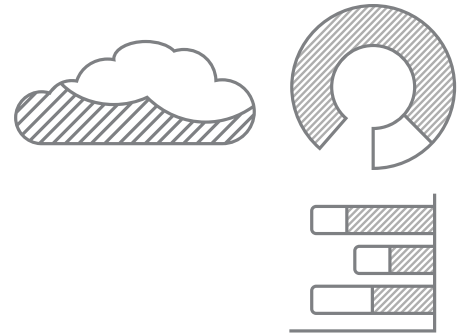


# Annual Report 2019

## LOGISTICS



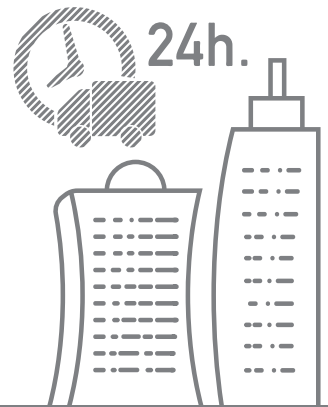
Air Cargo



Transport



Shipping

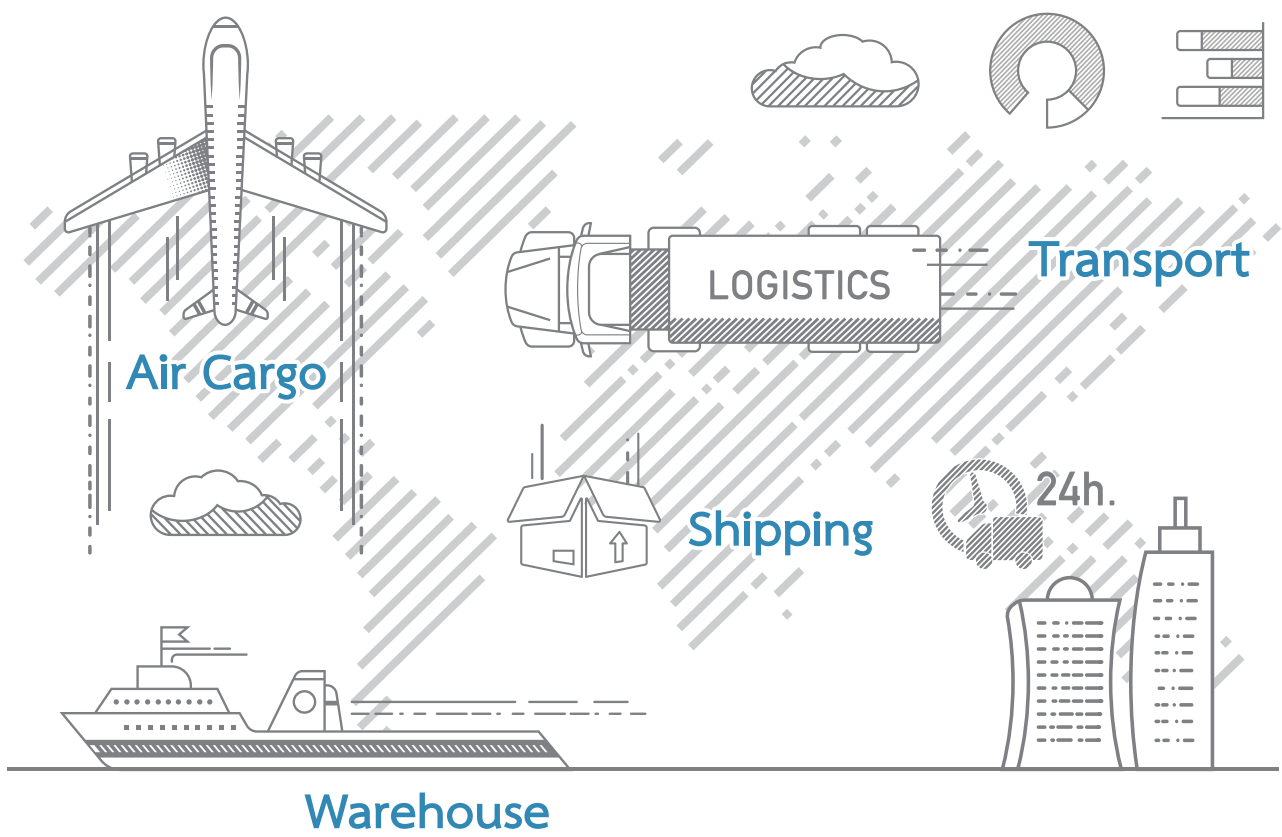


Warehouse



NCL INTERNATIONAL LOGISTICS PUBLIC COMPANY LIMITED











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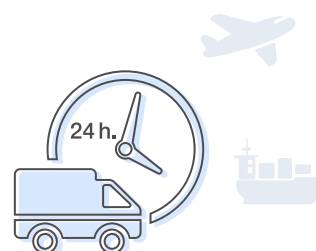
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A handwritten signature in black ink, appearing to read 'Kitti Phuathavornskul'.

(Mr. Kitti Phuathavornskul)  
President

A handwritten signature in black ink, appearing to read 'Polpol Maneerin'.

(General Polpol Maneerin)  
Chairman of the board

## Message from The Board of Director

The year 2019 was considered a very volatile economic year. Thailand faced many risks from both domestic and international factors as well as the world economy in 2019, which has been affected by the trade war between the United States and major trading partners, especially China and the lack of political stability among European countries including countries in Organization of the Petroleum Exporting Countries (OPEC). This resulted in slower rate global economy expansion and increasingly affecting the real economy. It is equally volatile in Thailand due to elections in the past March and the establishment of government including expectation on national administration under this fluctuating and fragile global economy. In the first half of 2019, the economy grew only 2.6%, which decelerated in line with the contracted export value and the slowdown of private investors during the second quarter of the year. After a long wait for GDP figures, Office of the National Economic and Social Development Board (NESDB) announced that overview of Thailand's economy in 2019 should be at 2.4%. This indicates that Thailand's economic growth is at the lowest growth figure since 2015, which has been affected by many parts including the export sector that contracted by 3.2%, mainly due to Thai baht appreciation and overall global economy which is relatively aggressive. At present, Thai baht has started to depreciate due to an improvement in exports which has clearly improved.

As for trends and measures to promote exports in 2020, Trade Policy and Strategy Office (TPSO), Ministry of Commerce expected that Phase-1 Trade Deal between the United States and China would make a better trade atmosphere and, for a while, relieve investor concerns that trade war will not escalate the full import tax between the parties as well as the withdrawal of United Kingdom from European Union (Brexit) that became more clear. However, the global economic outlook is still fragile, negotiations between the United States and China in Phase-2 is still uncertain

since there are no exact details. There are also important structural issues that are expected to take time to negotiate. In addition, fluctuations in prices of crude oil and commodities continue to pressure Thai export trends both in the short and medium term. However, there are still important factors affecting the global economy that may be difficult to avoid from the Covid-19 epidemic, which will gradually improve continuously from the implementation of measures to adjust monetary and fiscal policies of the government in every country which will be able to develop the global economy and the Thai economy both at the micro and macro levels respectively

### Overall Operation

The Group's total revenue increased to 1,270.02 million baht in 2019, or representing a 5.52% rate regarding to the revenue from transportation services increased by 33.42 million baht and the revenue from the sale of hemodialysis and durable products increased 33.03 million baht the Group reported a net profit of 11.06 million baht. The company financial statements has a net loss of 12.85 million baht because in the year 2019, the company sold investment in SSK subsidiary at cost price with a payment period for shares within 2 and a half years. The company therefore recognize loss by calculating present value of the sale of the said investment in amount of 13.29 million baht on the date of investment sale. The loss from investment sale amounting to 13.29 million baht as mentioned will be gradually recognized as interest income over the period of 2 and a half years until all sales of investments have been received in 2020 to mid-2022. In addition, in the year 2019, there was an increase in long-term employee benefit expenses of 2.98 million baht due to the change in additional compensation rate in case that the employer terminates the employment of employees who have worked consecutively for over 20 years to be entitled to compensation not less than the final rate of 400 days and the reduction of interest rate used in estimate

and administrative expenses increased due to the opening of an overseas subsidiary company, resulting in increased travel and related expenses. Whereas, if excluding the effects of changes in legal compensation rates, reversal of allowance for doubtful accounts and loss from sales of investments, it is observed that in the year 2019, the company net profit is 3.42 million baht, which decreased for 0.55 million baht from the year 2018. Both domestic and foreign subsidiaries have improved operating results. In this regard, the entire group of companies has increased gross profits from the year 2018 by a total of 29.07 million baht due to the ability to expand customer base and better cost management. And company. Other incomes in the year 2019 which increased from the previous year by 22.11 million baht, net profits decreased by only 0.55 million baht arising from investment sale in subsidiary as already mentioned and cost of sales and administrative expenses from the company's increased expenses as described in the separate financial statements and from subsidiaries expenses which increased from the previous year by 5 companies. Due to early stage and expansion, resulting in more number of employees and the office has been relocated to support such expansion, resulting in cost of moving and amortizing existing office improvements After the subsidiary company's operations are fully in line with target, the group of companies have better operating results respectively.

Revenue from transportation services in the year 2019 increased to 1,152.33 million baht, representing a rate of 2.99%. The revenue from international transportation increased by 46.10 million baht from 2018 due to subsidiaries that established during the year 2018 by NCL International Logistics USA Inc. in the United States, Qingdao National Container Line Company Limited and Ningbo NCL Inter Logistics Co., Ltd. in China, LG Container Line Pte. Ltd. in Singapore and invested in PT NCL Inter Logistik Indonesia and NCL Inter Logistics Vietnam Company Limited to expand the income base for international transportation management services from the country where the office is located to destinations in different regions. And revenue from international

air transportation increased by 12.30 million baht since in November 2019, the company entered into an agreement with EL AL ISRAEL AIRLINE LTD. (Israel) to provide air transportation services, therefore increasing the revenue from such airline.

Revenue from domestic transportation services has decreased from the year 2018 by 24.98 million baht due to the previous shareholders restructuring of SSK Inter Logistics Company Limited resulting in much improved operating results but still facing some losses since on November 11, 2019, the Board of Directors approved to sell entire investment in SSK to one director of SSK Company at cost price, as a result, SSK ended its subsidiary company status from that date. In order to reduce expenses burden and operating expenses during accumulated loss that may occur in the future and increase the company's liquidity, SSK's tractor therefore haul operations are included in the consolidated financial statements of the Group in 2019 for just 10 months, decreasing revenue from domestic transportation services from the previous year. However, after the investment in SSK has been sold, the Group also operates local transportation businesses, pick-up trucks, and transportation services by tractor and trailer under the company's operations.

In the year 2019, the Board of Directors approved the disposal of LG Container Line Company Limited shares to GTX Logistics (Thailand) Company Limited amounting to 599,999 shares at par value of 10 baht, in total value of 5,999,990 baht, and resulting in LG Container Line Company Limited ending its subsidiaries since that date that the company received full payment from such sale on 3<sup>rd</sup> October 2019. The company recognized profit from the disposal of such investments amounting to 11 million baht in total comprehensive income for the year. Grace Water Med Company Limited ("GWM") is conducting business of producing and selling dialysis solutions and medical supplies. Revenue from the sale of hemodialysis products and durable articles was caused by a subsidiary the Company being a major shareholder. Accounted for a percentage of investment

52.80. Revenue from sales and gross profit for the year 2019 increased from 2018 with net profit included in the consolidated financial statements increased by 0.17 million baht.

From the separate financial results in the year 2018, the company reported net profit from operations in the separate financial statements. The Board has considered and then proposed dividend payment to shareholders according to the dividend payment policy and according to the resolution of the Annual General Meeting of Shareholders 2019, dividend payment at the rate of Baht 0.0067 per share totaling Baht 3,042,819.21 (Three million forty-two thousand eight hundred nineteen Baht, twenty-one satang) will be due to pay on May 24, 2019.

#### Business expansion

Overall, the company maintains a business expansion policy in accordance with the vision and mission of the company as a leader in the integrated logistics services as well as creating trade partners network and establishing effective overseas branches by means of expanding the branch offices in the country with the goal and working with partners abroad. However, in the past February, NCL Inter Logistics (S) Pte., Ltd. (subsidiary in Singapore) which is a subsidiary of the company established NCL International Logistics Private Limited, 1 additional company in India, and during August, the Board of Directors' meeting approved capital increase in NCL Inter Logistics (S) Pte., Ltd in amount of 25 million baht to expand operations of foreign subsidiaries and on 9<sup>th</sup> September 2019, LG Container Line Pte., Ltd. (subsidiary in Singapore) entered into Non-Vessel Operating Common Carrier-NVOCC contract with LG Container Line Company Limited (company in Thailand) in amount of 25 million baht. The subsidiary has paid for the purchase of these segments and received assets transferred on the contract date. The company also agreed to enter into a contract with EL AL ISRAEL AIRLINE LTD. (Israel) in order to be the sole air freight forwarder in Thailand. The contract has been effective from 1 November 2019 onwards.

In 2020 the Company continued biasing policy to expand international logistics over domestic logistics due to the continuous demand for transportation in logistics system from international economic development based on specialization and expertise in conducting business of the company along with expanding the company's business to different countries to reduce the risk of relying on transportation in only certain countries and to support the relocation of production bases of various companies. To emphasize the strong and efficient business potential that the company has with more than 20 years of experience and the transportation sector that has a lot of potential to grow as investments increase every year and in every country as well.

#### Sustainability Management

Main factors that will make NCL International Logistics Public Company Limited sustainable growth amidst all changes and fluctuations include constant adaptation and innovative development, which not only to follow but to lead the way in various changes that may occur. The company is always pushing and encouraging people in the organization to create new ideas and ideas at work by introducing IT technology and various innovations to enhance work to be more efficient and effective, further development in work to help raise performance standards, human resource development and faster service quality development for the benefit of our customers and business partners.

under the operation of the Board of Directors, executives and employees who are committed to developing the organization together, aiming to develop the business implement the Company strategy and maintain standards continuously develop human resources organizations to have more potential, increase competitiveness to provide efficient service and effective management processes, encourage employees to innovate and participate in setting goals and direction of the organization. To support the expansion and growth of the economy and the Company in the future including adhering to business practices in

accordance with the good corporate governance policy by taking into account stakeholders and doing business with social responsibility and be always against corruption business together by constantly reviewing the good corporate governance policy annually.

On behalf of the Board of Directors, executives, employees and affiliates would like to express my sincere gratitude for the trust and confidence of shareholders, investors, financial institutions, business partners, government agencies, private and public organizations and all stakeholders as well as the support

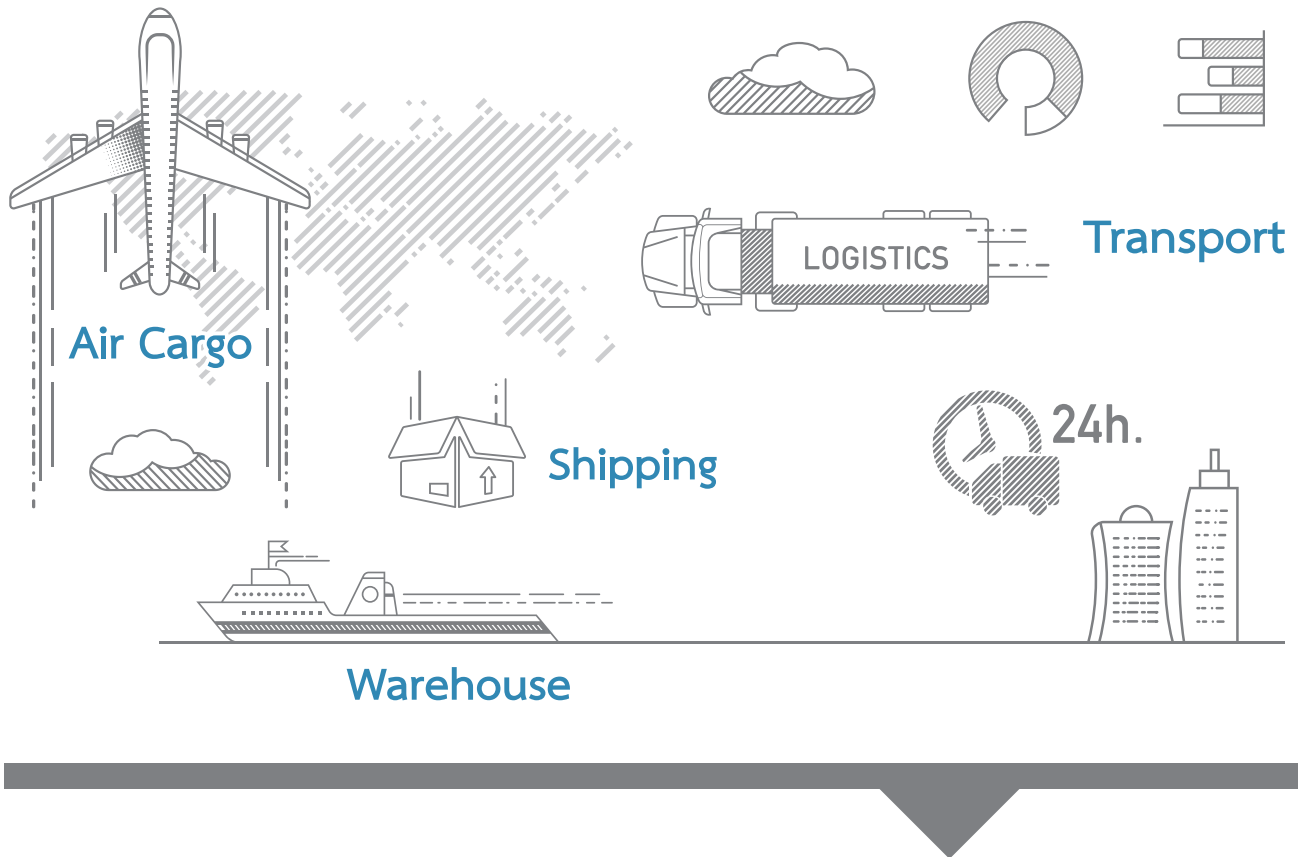
given to the company. We would also like to thank to the managers and the employees who have put efforts and helped business with commitment. As a result, the Company is successful continuously. The Company, Subsidiaries

Company are committed to operate the business under good corporate governance and manage the service to serve customers efficiently and effectively with personnel who expertise and provide customer service with sincerity for the continuous and sustainable growth of the Company.

## Financial Highlight

	The Consolidated Financial Statement			The Company Financial Statement		
	2017	2018	2019	2017	2018	2019
<b>Statement of comprehensive income</b>						
Sales and service income	976.05	1,203.57	1,270.02	716.62	705.97	654.27
Net Profit	(7.60)	3.16	11.06	4.54	6.40	(12.85)
<b>Statement of financial position</b>						
Total Asset	679.44	736.58	812.54	554.40	557.32	630.46
Total Liability	428.87	413.28	502.96	300.17	243.13	332.16
Total shareholders' equity	250.57	323.30	309.58	254.23	314.19	298.30
<b>Cash Flow Statement</b>						
Cash flows from operating activities	28.39	16.97	10.05	37.39	6.05	13.80
Cash flows from investing activities	(24.49)	2.42	(7.83)	(47.80)	(14.96)	19.29
Cash flows from financing activities	(44.69)	(20.24)	6.04	(23.17)	(5.08)	15.97
<b>Key Financial Ratio</b>						
Gross profit margin (%)	19.76	18.90	20.20	19.63	20.10	21.99
Net profit margin (%)	(0.78)	0.28	0.87	0.63	0.91	(1.96)
Return on asset (%)	(1.24)	0.45	1.43	0.82	1.15	(2.16)
Debt to Equity ratio (%)	1.71	1.28	1.62	1.18	0.77	1.11
Return on equity (%)	(3.42)	1.29	3.96	1.80	2.25	(4.20)
Dividend payout (%)	-	-	0.64	-	-	0.64
Basic earnings per share(unit: Baht)	(0.018)	0.007	(0.024)	0.011	0.015	(0.028)

## Vision, Mission, Goal and Strategies in Operation



### Vision

To be a leading total logistics provider to International standard that is the first and best choice for the customers and its partners.

### Mission

The Company's mission is to operate a comprehensive logistics service business with personnel who were expertise and service to customers with sincerity as well as creating the network of trade partners and international offices efficiently.



## Goal

To be a professional company that helps reduce logistics costs to maximize efficiency and customer satisfaction.

## Strategies

To provide personnel with expertise which offer the customers a comprehensive range of services, including consultation about planning related to, and the provision of, the most suitable transport methods, management that allows the customers to forward their freight on time with the lowest cost, by expanding their own branch offices in target countries and working with effective partners in abroad to be able to distribute products to destinations in various countries around the world.

\* The Board of Directors has set vision, mission, goals and strategies of the Company which is annually reviewed to provide coverage and clear indications of direction, goals, and reflect on the identity of the Company, as well as to keep pace with the dynamics of the business that moving fast forward by being efficiently and effectively for the benefit of the Company and the Shareholders as a whole.



## Policy and Business Overview

### Company History

NCL International Logistics Public Company Limited (“Company” or “NCL”) is a logistics provider. Established by Mr. Kittu Phuathavornskul, NCL International Logistics PCL Group was aimed to engage in international freight forwarding services. This Group was comprised of NCL International Logistics Public Company Limited (formerly known as “Regional First Jubilee Co., Ltd.”), founded in 1994; VP International Logistics (Thailand) Co., Ltd. (VP); and Unitrans Global Co., Limited (UNI). At present, the Company has been closed.

The Company started international freight forwarding services in 1994, which were operated under VP International Logistics (Thailand) Co., Ltd. (VP). It started LCL freight forwarding for the route: Thailand - the Americas and expanded routes to Asia and Europe in 1996 and 2000, respectively.

To restructure the management within the Group and eliminate potential conflicts of interest, VP ceased its operation in 2009 and in 2011, staff who founded UNI sold UNI shares to Mr. Phuathavornskul, the Company’s major shareholder. Later, Mr. Phuathavornskul sold all UNI shares to external parties; however, UNI still utilized the Company’s buildings for its business operations and relied on the Company in terms of documentation and accounting and financial management. However, at present, VP and UNI have been registered to cancel the Company. Therefore, only the Company that still operates in the business is NCL International Logistics Company Limited.

Since its inception, the Company has grown steadily and has been able to provide both LCL and FCL services and has acted as a customs broker and goods issuance agent. Growing continuously in the international freight forwarding business, in 2011, the Company invested in domestic freight forwarding services by purchasing tractor heads and trailer trucks to ensure service continuity. The first route established was the southern route and expanded to the East and Bangkok.

The company had been converted from “Company Limited” to Public Company Limited” and Registered in the Market of Alternative Investment (Mai) on November 11, 2014. Being well-established for over 20 years, it presently has a registered capital of 146.91 million baht which comprises 587.65 million ordinary shares and paid up registered capital of 113.53 million baht, which comprises 454.15 million ordinary shares with a par value of 0.25 baht per share

## Transition and Milestone Development

### 2019

- February - NCL Inter Logistics (S) Pte., Ltd. (a subsidiary in Singapore), a subsidiary of the Company, established "NCL International Logistics Private Limited" in Republic of India, which NCL Inter Logistics (S) Pte. Ltd. had shareholding at 100 percent of INR 5,000,000 (USD 70,000) registered share capital. Such company was completed for incorporation on 22 February 2019. As at 31 December 2019, NCL International Logistics Private Limited has INR 286,000 (USD 4,086) paid-up share capital and has yet operated.
- April - The Annual General Meeting of Shareholders for the year 2019 had approved the dividend payment at the rate of 0.0067 baht per share, totaling Baht 3,042,819.21 and will be due to pay on May 24, 2019
- On 26 April 2019, the Annual General Meeting of SSK Inter Logistics Company Limited's shareholders approved the capital decrease of 1,699,280 shares, from 16,874,280 shares to 15,175,000 shares. As a result, the Company had shareholding increased from 75.35 percent to 83.79 percent. On 4 September 2019, the Extraordinary General meeting of such company's shareholders approved the capital decrease of 1,600,000 shares, from 15,175,000 shares to 13,575,000 shares. As a result, the Company had shareholding increased from 83.79 percent to 93.66 percent. The registration of capital decrease was completed on 16 September 2019.
- On 30 April 2019, the Company's Board of Directors approved the resolution disposal on investment in LG Container Lines Company Limited which is a subsidiary, to GTX Logistics (Thailand) Co., Ltd. in full amount at cost, comprising of 599,999 ordinary shares with a par value of Baht 10, totaling Baht 5,999,990. LG Container Lines Company Limited ended being the Company's subsidiary since the agreement date.

- May
- SIM (Thailand) Company Limited has approved the interim dividend payment from the operations for the year ended December 31, 2018 to the shareholders at the rate of Baht 277.30 per share and the Company has received the dividends in proportion to the holding shares in the amount of 1.4 million baht on May 28, 2019
  - Disposal of investment in LG Container Line Company Limited, a subsidiary, to a local company on May 1, 2019. The Company entered into a share purchase agreement with that company in order to dispose of the investment at cost with ordinary shares for 599,999 shares, par value of Baht 10 per share, in total amount Baht 5,999,990. The Company received full payment from the sale on October 3, 2019, with the Company recognizing the gain from the sale of that investment of 11 million baht in the consolidated statement of comprehensive income for the current year.
  - In May 2019, NCL Inter Logistics (S) Pte. Ltd. adjusted shareholder structure of NCL Inter Logistics Vietnam Company Limited by transferring additional investments in such subsidiary amounting to VND 1,225,000,000 equivalent to USD 50,000, and registered being such company's shareholders with shareholding at 49 percent of VND 2,500,000,000 registered and paid-up share capital. Later, in November 2019, there is new shareholder which is a company in Vietnam has invested in NCL Inter Logistics Vietnam Company Limited in the proportion of 51 percent shareholding, totaling VND 1,275,000,000 of VND 2,500,000,000 registered share capital. In addition, the Company's management considers revising Convertible loan agreement by adjusting the loan amount from USD 100,000 to USD 51,000 resulting from investment of new shareholder which makes shareholding percentage decreasing from 100 percent to 49 percent. As a result of the investment of new shareholders as a result, the proportion of shareholding decreased from 49 percent to December 31, 2019.
- August
- On August 13, 2019, the meeting of the Board of Directors has approved to increase the capital in NCL Inter Logistics (S) Pte., Ltd in the amount of 25 million baht to expand the operations of foreign subsidiaries. During the year 2019, the Company transferred additional investment in NCL Inter Logistics (S) Pte., Ltd in the amount of SGD 1,325,365. from the previous registered capital of SGD 1,574,635 Singapore dollars to SGD 2,900,00 and the registration process was completed on December 2, 2019.

- September - On September 9, 2019, LG Container Line Pte., Ltd. (a subsidiary in Singapore) entered into a Non-Vessel Operating Common Carrier (NVOCC) division with LG Container Lines Co., Ltd. (a company in Thailand) in the amount of 25 million baht. The subsidiary company has made payment for the purchase of these segments and received the assets transferred on the date of the contract. From the purchase of this segment, the Company has a relationship with customers and technical knowledge which is presented as the whole intangible asset.
- October - Mr.Korn Dabbaransi has submitted his resignation from the Chairman and Independent Director of the Company. The resignation will be effective from October 9, 2019. The Board of Directors Meeting No. 6/2019, on November 11,2019, passed a resolution to approve the appointment of General Porpol Maneerin, Independent Director, to be the Chairman of the Board of Directors and vacate the audit committee Risk Management Committee and the Nomination and Remuneration Committee with effect from November 12,2019 onwards.
- November - The Company has entered into an agreement with EL AL ISRAEL AIRLINE LTD. (Israel) to be the sole air freight forwarder in Thailand which the contract will be effective from 1<sup>st</sup> of November onwards
- On November 11, 2019, the meeting of the Board of Directors of the Company has approved the disposal of investment in SSK Logistics Company Limited (which has a subsidiary status of the Company) in which the Company holds 12,714,999 shares, representing 93.66%, with the whole sale price of per par value of 10 baht per share, in total of 127,149,990 baht by selling to Mr. Suksan Kittiphattaraphong which is a director in SSK Inter Logistics Company Limited and resulting in SSK Inter Logistics Company Limited ending its subsidiary since that date.

## 2018

- February - On 20 February 2018, a meeting of the Company's Board of Directors approved the capital increase in NCL Inter Logistics (S) Pte. Ltd., a subsidiary, of USD 1,260,000 to expand business in foreign countries. During the year, the Company has transferred a fund for the capital increase amounting to USD 420,000 by increasing the registered share capital from SGD 1,000,000 to SGD 1,574,635. The registration of increased share capital was completed on 28 December 2018.

- The Board of Directors approved NCL International Logistics Public Company Limited. to purchase share of Grace Water Med Co., Ltd. from Mr. Thongchai Phami (Shareholder) number of 3,340 shares at 1,500 baht per share, the total amount is 5,010,000 baht. The purpose is for the company to have the power to control by totalitarianism. At present, the company holds the share in proportion of 44.45% will turn into the share proportion of 52.80%. which has funding from the Company's working capital which does not affect the operation of the Company in any way. In this regard, the Board of Directors has considered the appropriateness of the purchase price by taking into account various relevant factors thoroughly.
  - NCL Inter Logistics (S) Pte. Ltd. Which is the Company's subsidiary, established NCL International Logistics USA INC. in February 23, 2018 (Registered in the United States of America) to provide international freight forwarder with registered capital of USD 100,000. to expand business base in foreign countries and increase source of revenues. On 19 July 2018, NCL Inter Logistics (S) Pte. Ltd. transferred additional investment in NCL International Logistics USA Inc. of USD 30,000 by increasing investment from USD 100,000 to USD 130,000. The registration of increased shares capital of NCL International Logistics USA Inc. was completed on 8 October 2018. NCL Inter Logistics (S) Pte. Ltd. a subsidiary of the Company holds shares in proportion of 100 percent
- May
- The Board of Directors carefully considered and then approved agreed to dissolution its subsidiary Legacy Asia Capital Pte., Ltd. (Registered in Singapore) for the leasing container business. Buss Capital GmbH, which as sponsor of funding to Legacy could not support the funding of business operations for the Legacy continually due to the bankruptcy. As a result, the Legacy does not have sufficient funds for business operations and expansion, which this could result a problem in the business and cause the loss increase in the future.
  - NCL Inter Logistics (S) Pte. Ltd. Which is the Company's subsidiary, established Qingdao National Container Line Company Limited in May 18, 2018 (Registered in China) to provide international freight forwarder with registered capital of CNY 5,000,000. to expand business base in foreign countries and increase source of revenues. As at 31 December 2018, Qingdao National Container Line Company Limited has paid-up shares capital by CNY 346,375. NCL Inter Logistics (S) Pte. Ltd. a subsidiary of the Company holds shares in proportion of 100 percent

- July
- The Company has approved the Issuance of the Warrants to Purchase the Newly Issued Ordinary Shares of the Company (“NCL-W3”) to the existing shareholders of the company (Right Offering) in the total number not exceed 65,000,000 units at no cost to be allocated to the existing shareholders of the company ratio of every 7 existing ordinary shares for 1 unit of warrants (as the case may be, the fraction of warrant under 1 unit shall be rounded down). The existing price is 2.40 Baht per share. The term of warrant is 16 months from the issuance date.
  - The Company has approved the Increase of Registered Capital of the Company amount 26,000,000 Baht from 120,913,184.50 Baht to 146,913,184.50 Baht by Issuance of the Newly Issued Ordinary Shares amount not exceed 104,000,000 shares at par value of 0.25 Baht per share to accommodate the exercise of NCL-W3 Warrant
  - On July 20, 2018, the Company has approved the Articles of Association on article 51 on the company seal. The statement shall be carried out in accordance to the core business of the company, which is the service provider of International Sea Freight Transport. The company agreed to change the company seal, which is easy for customer both in domestic and overseas to remember and supporting sales of the company’s product and service by using the new company seal is as follows:



- The Company disposed investment in Legacy Asia Capital Pte. Ltd. in full amount at cost, comprising of 140,000 ordinary shares with a par value of SGD 1, totaling SGD 140,000, to a shareholder of Legend Shipping PTE. Ltd. which is a related company in Singapore. As a result, Legacy Asia Capital Pte. Ltd. ended being the Company’s subsidiary since thereon
- The Company registered to change the name of the subsidiary company from Legend Shipping (Thailand) Company Limited to LG Container Line Company

Limited. The change was registered at the Department of Business Development Ministry of Commerce already

- NCL Inter Logistics (S) Pte. Ltd. Which is the Company's subsidiary, established LG Container Line Pte. Ltd. in July 27, 2018 (Registered in Singapore) for the purpose of being the principal of LG Container Lines Company Limited (formerly known as "Legend Shipping (Thailand) Co., Ltd."), a subsidiary, as an agent in Thailand to provide international freight forwarder with registered capital of SGD 10,000 (paid-up shares capital by SGD 10,000). NCL Inter Logistics (S) Pte. Ltd. a subsidiary of the Company holds shares in proportion of 100 percent
  - NCL Inter Logistics (S) Pte. Ltd. Which is the Company's subsidiary, has invested in PT. NCL INTER LOGISTIK INDONESIA which was established in Indonesia through entering into Convertible loan agreement amounting to USD 60,000 which shareholding was equivalent to 60 percent of registered share capital and entering into Business cooperation agreement for the purpose of controlling either directly or indirectly business operation and management of such company. The Company has controlled and directed various operating activities including financial policy since the agreement date. Such company became subsidiary company since thereon
- August - NCL Inter Logistics (S) Pte. Ltd. Which is the Company's subsidiary, has invested in NCL Inter Logistics Vietnam Company Limited which was established in Vietnam through entering into Convertible loan agreement amounting to USD 100,000 which shareholding was equivalent to 100 percent and entering into Business cooperation agreement for the purpose of controlling either directly or indirectly business operation and management of such company. The Company has controlled and directed various operating activities including financial policy since the agreement date. Such company became subsidiary company since thereon
- November - NCL Inter Logistics (S) Pte. Ltd. Which is the Company's subsidiary, established Ningbo National Container Line Company Limited in November 30, 2018 (Registered in China) to provide international freight forwarder with registered capital of CNY 5,000,000. to expand business base in foreign countries and increase source of revenues. As at 31 December 2018, Ningbo NCL Inter Logistics Company Limited has not yet operated and no paid-up share capital. NCL Inter



Logistics (S) Pte. Ltd. a subsidiary of the Company holds shares in proportion of 100 percent

## 2017

- |        |  |
|--------|--|
| May    | - The Company has increased its share capital in the subsidiary company, NCL Inter Logistics (S) Pte. Ltd. with 300,000 shares at a par value of SGD 1 each, totaling SGD 300,000, increasing from 700,000 shares at SGD 700,000 to 1,000,000 shares, totaling SGD. 1,000,000, which the Company holds 100 percent of shares.  |
| May    | - The Company has increased its share capital in the Associated Company, Grace Water Med Co., Ltd. with 17,780 shares at the par value of Baht 1,000 each, totaling of 17.78 million baht, and the other shareholders have joined the capital increase with an increase of 18,000 shares, totaling of 18 million baht to 40,000 shares, totaling of 40 million baht, which the Company holds 44.44 percent of shares.  |
| June   | <p>- The Company has issued and offered the warrants to purchase new ordinary shares of the Company No.2 (NCL-W2) to the existing shareholders of the Company in proportion to their shareholding (Right Offering) without charge in the ratio of 6.6 shares to 1 warrant for a total amount of up to 63.65 million units.</p> <p>- The Company increased the registered capital of the Company from 140 million baht to 157.5 million baht by issuing 70,000,000 new ordinary shares with a par value of 0.25 baht each, totaling 17,500,000 baht, and allotment of such increased shares in 2 parts.</p> <p>1. Supports conversion. Right of the warrants of the Company No. 2 (NCL-W2) of 63,650,000 shares</p> <p>2. Supports Right Adjustment of warrants of the Company No.1 (NCL-W1) as a condition for the exercise of 5,350,000 shares, with the new exercise ratio as follows: 1 unit of warrant can exercise the right to purchase 1 ordinary share which is changed to 1 unit of warrant with the right to purchase 1.04 ordinary shares, and adjust the exercise price from 4 baht/ ordinary share to the price of 3.848 baht / ordinary share.</p> |
| August | - The Company has approved a goods distribution project for distributing the goods to various areas by expanding the scope of services to customers who want to  |

transport goods in the country with the pickup truck through applying the company specializes in providing goods transportation services. It also supports the expansion of the company's goods transportation business in the future, as well as an opportunity to increase revenue for the Company.

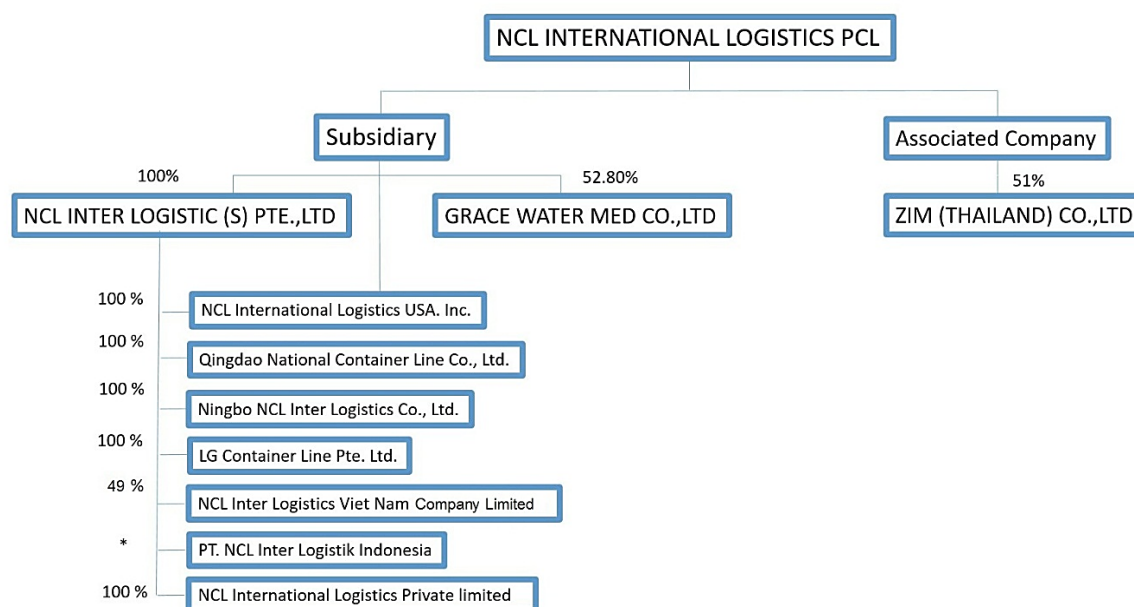
- August - SSK Inter Logistics Co., Ltd. ("SSK"), the associated company has decreased its registered capital from 290 million baht to 168.74 million baht by reducing the number of 12,125,720 shares with the par value of 10 baht each, totaling 121,257,200 baht. This does not affect the operation of the SSK by decreasing the whole capital of Ms. Wassana Suaklinsak, resulting in the termination of the joint venture agreement. As a result, the Company increased its shareholding proportion from 43.84 percent to 75.35 percent of the new registered capital.

\* Additional Information: News of the Stock Exchange of Thailand (SET) "at NCL-M 23/60 16 August 2560 (2017) Subject: Notification of the Acquisition of Assets of NCL International Public Company Limited and the source of capital return of Ms. Wassana Suaklinsak (2nd revision) "

- September - On September 20, 2017, the Company has jointly invested with Zim Integrated Shipping Service Limited (associated company or "ZIM"), an Israeli shipping company, to establish SIM (Thailand) Co., Ltd in order to operate as a maritime shipping agent by container shipping to ZIM with the registered capital of 10 million baht, by which the Company holds 51 percent of shares. This project also aims to expand the business base to overseas and increase the revenue source for the Company. The 51 percent shareholding will make the company be a subsidiary in accordance with the Securities and Exchange Act BE 2535, but the preparation of consolidated financial statements even though the company holds 51 percent of shares but has no control power; such company is considered as an associate company.

## The Company Group's Shareholding Structure

As of December 31, 2019 The Company Group's Shareholder Structure consisted of the following:



\* NCL Inter Logistics (S) Pte. Ltd. entered into a business cooperation agreement with PT. NCL INTER LOGISTIK INDONESIA for the purpose of direct and indirect control of business operations and management of such company that company agreed to share profits with NCL Inter Logistics (S) Pte. Ltd. in the proportion of 60 percent of the net profit for the year. And if the Company has operation losses, NCL inter Logistics (S) Pte. Ltd. agrees to receive the said losses in proportion to 60 percent.

The Company has subsidiary and joint venture and holds shares by a subsidiary ("NCL Group") consists of 9 companies engaged a logistics provider for land transport, sea and air freight forwarding services, which cover full-container load (FCL), less-than-container load (LCL) and door-to-door load delivery. In addition, it serves as a customs broker, shipper owned containers (SOC) and engages in warehousing and domestic freight forwarding using tractor head and trailer truck, shipping agency and other Joint Venture is production dialysis and selling equipment involved dialysis. Including the company, subsidiary, joint venture and other joint venture The Company has subsidiary and joint venture and holds shares by a subsidiary are 11 companies as details below:

### 1. NCL International Logistics Public Company Limited

NCL International Logistics Public Company Limited ("Company" or "NCL") is a Logistics Solution Provider to register in the Market of Alternative Investment (MAI) on November 11,2014. Being well-established for over 20 years, it presently has a registered capital of 146.91 Million Baht divided into 587.65 Million ordinary shares and paid up

registered capital of 113.53 Million Baht, which comprises 454.15 Million ordinary shares with a par value of 0.25 Baht per share.

## 2. NCL Inter Logistics (S) Pte. Ltd.

NCL INTER LOGISTICS (S) PTE. LTD. ("NCL(S)"), which was established on 25 November 2014 with registered capital of SGD 500,000. In May 2017, NCL SG increased the registered capital to SGD 1,000,000 to expand logistics business management (Logistics Provider) and on December 28, 2018, the registered capital was increased to SGD 1,574,635. And in the year 2019, the Company transferred additional investment to NCL (S) in the amount of SGD 1,325,356. From the original registered capital of 1,574,635 Singapore dollars to 2,900,000 Singapore dollars and the registration process was completed on December 2, 2019. The Company holds shares in proportion of 100 percent.

**2.1 NCL International Logistics USA Inc.** (Registered in the United States of America) established on February 23, 2018 to provide international freight forwarder with registered capital of USD 100,000. On October 8, 2018, NCL(S) had registered additional investment in NCL International Logistics USA Inc. of 30,000 by increasing investment from USD 100,000 to USD 130,000. NCL Inter Logistics (S) Pte. Ltd. a subsidiary of the Company holds shares in proportion of 100 percent

**2.2 Qingdao National Container Line Co., Ltd.** (Registered in China) established on May 18, 2018 to provide international freight forwarder with registered capital of CNY 5,000,000. As at 31 December 2018, Qingdao National Container Line Company Limited has paid-up shares capital by CNY 346,375. In January 2019, NCL Inter Logistics (S) Pte. Ltd. transferred additional investments in the amount of CNY 404,058 and completed the registration on January 31, 2019 (As at December 31, 2019, the paid-up capital was CNY 750,433). NCL Inter Logistics (S) Pte. Ltd. a subsidiary of the Company holds shares in proportion of 100 percent

**2.3 Ningbo NCL Inter Logistics Co., Ltd.** (Registered in China) established on November 30, 2018 to provide international freight forwarder with registered capital of CNY 5,000,000. During the year 2019, NCL Inter Logistics (S) Pte. Ltd. transferred additional investment in Ningbo NCL Inter Logistics Co., Ltd. as follows

January	Additional investment CNY 337,360	Registered capital increase	date 28 January 2019
May	Additional investment CNY 675,110	Registered capital increase	date 10 May 2019
August	Additional investment CNY 351,560	Registered capital increase	date 21 August 2019

As at December 31, 2019, Ningbo NCL Inter Logistics Company Limited has CNY 1,364,030 of paid-up capital share capital a subsidiary of the Company holds shares in proportion of 100 percent

**2.4 LG Container Line Pte. Ltd.** (Registered in China) established on July 27, 2018 to provide international freight forwarder with registered capital of SGD 10,000 (paid-up shares capital by SGD 10,000). established on July 27, 2018 to provide international freight forwarder with registered capital of SGD 10,000 (paid-up shares capital by SGD 10,000). On 13 February 2019, a meeting of Board of Directors of NCL Inter Logistics (S) Pte. Ltd., subsidiary, approved the resolution to increase investment in LG Container Line Pte. Ltd. amounting to SGD 90,000 and on 2 October 2019, a meeting of Board of Directors of NCL Inter Logistics (S) Pte. Ltd., approved the resolution to increase investment in LG Container Line Pte. Ltd. amounting to SGD 1,150,000, increasing from SGD 100,000 registered share capital to SGD 1,250,000 registered share capital. The registration of increasing share capital was completed on 10 October 2019 a subsidiary of the Company holds shares in proportion of 100 percent

**2.5 NCL Inter Logistics Viet Nam Company Limited** (Registered in Vietnam) established on July 17, 2018. On 1 August 2018 NCL Inter Logistics (S) Pte. Ltd. has invested in NCL Inter Logistics Vietnam Company Limited through entering into Convertible loan agreement amounting to USD 100,000 to be used for working capital and operating expenses. As conditions stipulated in the Convertible loan agreement, NCL Inter Logistics (S) Pte. Ltd. may at any time to convert such loans into share capital of such company. As at 31 December 2018, NCL Inter Logistics (S) Pte. Ltd. provided such loan amounting to USD 50,000. In addition, NCL Inter Logistics (S) Pte. Ltd. entered into the business cooperation agreement with NCL Inter Logistics Vietnam Company Limited for the purpose of controlling either directly or indirectly business operation and management of such company. Such company agreed to distribute profit to NCL Inter Logistics (S) Pte. Ltd. at the rate of 100 percent of net profit for the year, and if the Company has loss on operation, NCL Inter Logistics (S) Pte. Ltd. agreed to absorb such loss in proportion of 100 percent which being compensated by additional fund. The Company had controlled and directed various operating activities including financial policy since the agreement date and considered to be subsidiary company since thereon. In May 2019, NCL Inter Logistics (S) Pte. Ltd. adjusted shareholder structure of NCL Inter Logistics Vietnam Company Limited by transferring additional investments in such subsidiary amounting to VND 1,225,000,000 equivalent to USD 50,000, and registered being such company's shareholders with shareholding at 49 percent of VND 2,500,000,000 registered and paid-up share capital. Later, in November 2019, there is new shareholder which is a company in Vietnam has invested in NCL Inter Logistics Vietnam Company Limited in the proportion of 51 percent shareholding, totaling VND 1,275,000,000 of VND 2,500,000,000 registered share capital. In addition, the Company's management considers revising Convertible loan agreement by adjusting the loan amount from USD 100,000 to USD 51,000 resulting from investment of new shareholder which makes shareholding percentage decreasing from 100 percent to 49 percent. As a result of the investment of new shareholders as a result, the proportion of shareholding decreased from 49 percent to December 31, 2019.

**2.6 PT. NCL Inter Logistik Indonesia** (Registered in Indonesia) established on November 22, 2017. On July 16, 2018 NCL Inter Logistics (S) Pte. Ltd. has invested in PT.NCL Inter Logistik Indonesia through entering into Convertible loan agreement amounting to USD 60,000 to be used for working capital and operating expenses. As conditions stipulated in the Convertible loan agreement, NCL Inter Logistics (S) Pte. Ltd. may at any time to convert such loans into share capital of such company, which NCL Inter Logistics (S) Pte. Ltd. has option to choose the conversion into the new preferred shares or new ordinary shares as loan amount. In addition, NCL Inter Logistics (S) Pte. Ltd. entered into the business cooperation agreement with PT. NCL INTER LOGISTIK INDONESIA for the purpose of controlling either directly or indirectly business operation and management of such company. Such company agreed to distribute profit to NCL Inter Logistics (S) Pte. Ltd. at the rate of 60 percent of net profit for the year, and if the company had loss on operation, NCL Inter Logistics (S) Pte. Ltd. agreed to absorb such loss in proportion of 60 percent which being compensated by additional fund. The Company had controlled and directed various operating activities including financial policy since the agreement date and considered to be subsidiary company since thereon. As at 31 December 2019 and 2018, PT. NCL INTER LOGISTIK INDONESIA has outstanding loan amounting to USD 60,000.

**2.7 NCL International Logistics Private Limited** (Registered in India) established on February 22, 2019 with registered capital of INR 5,000,000 (USD 70,000). As at 31 December 2019, NCL International Logistics Private Limited has INR 286,000 (USD 4,086) paid-up share capital and has yet operated. A subsidiary of the Company holds shares in proportion of 100 percent

### **3. Grace Waters Med Ltd.**

Grace Waters Med Ltd. (The "Subsidiary "or "GWM") was established on August 8, 2016 with registered capital of 5 Million THB, on September 23, 2016 the company invested to purchase ordinary shares in the amount of 8 Million THB and on July 27, 2017 GWM has increased the registered capital of 40 Million THB. GWM manufactures and distributes dialysis related equipment. By this investment, the company foresees that it can add value to the company in the future as well as to diversify the risk to encourage company a return of stability and growth in the future. And on February 20, 2018, the Company purchased shares from a shareholder of 3,340 shares and completed the registration process on March 1, 2018. The company holds shares in proportion of 52.80 percent.

### **4. Zim (Thailand) CO., LTD.**

Zim (Thailand) Co., Ltd. (the "Associate Company" or "Zim TH") the company has invested with Zim Integrated Shipping Services, Ltd. ("Zim") to established on September 20, 2017 with registered capital of 10 Million THB to act as a shipping agency for Zim in Thailand. The company holds shares in proportion of 51 percent.

## Securities Information and Shareholder

### Paid-up Registered Capital

As of December 31, 2019, the Company's registered capital of 146.91 million baht which comprises 587.65 million ordinary shares and paid up registered capital of 113.53 million baht, which comprises 454.15 million ordinary shares with a par value of 0.25 baht per share

### Shareholders

The Company's 10 major Shareholders, as of December 30, 2019, are as follows:

No	Shareholders	Number of shares	Percentage
1.	<u>Phuathavornskul Family</u>		
	Mr. Kitti Phuathavornskul	130,066,974	28.64
	Ms. Fahsai Phuathavornskul	34,500,000	7.60
	Ms. Pinruck Prasitsirikul	31,000,000	6.83
	Ms. Yingruck Phuathavornskul	30,000,000	6.61
	Mr. Wisit Prasitsirikul	7,727,154	1.70
	<b>Total</b>	<b>233,234,128</b>	<b>51.37</b>
2.	K-SME Venture Capital Co., Ltd.	57,519,800	12.67
3.	Mr. Worawut Tassanawiwat	8,295,700	1.83
4.	Mr. Woranan Tinrungraj	7,241,100	1.59
5.	Mr. Am-naj Sukanjanakul	7,054,300	1.55
6.	Mrs. Nawaporn Ratthanachaikanon	6,963,300	1.53
7.	Mr. Bancha Sukananchai	5,510,000	1.21
8.	Ms. Wassana Sintuwong	5,020,100	1.11
9.	Mr. Nontawit Dtieowsakul	5,000,000	1.10
10.	Ms. Netirad Sang-ngam	4,110,000	0.91
11.	Other Shareholders	114,203,820	25.13
	<b>Total</b>	<b>454,152,248</b>	<b>100.00</b>

Information from: The Thailand Securities Depository Co., Ltd. (TSD)

## Issuance of Other Securities

### The Issuance of the Warrants to Purchase the Issued Ordinary Shares of the Company ("NCL-W3")

According to the resolution of the Extraordinary General Meeting of Shareholders No.1/2016 held on July 20, 2018, the meeting approved the issuance and allotment of warrant to purchase ordinary share of company (NCL-W3) no more than 65,000,000 units, to the allocated to the existing shareholders of the company pro rata to their respective shareholdings (Right Offering), at no cost, at the allocation ratio of every 7 existing shares for 1 unit of NCL-W3 Warrants (as the case may be, the fraction of warrant under 1 unit shall be rounded down). The Company can have allocated 64,877,441 units. The details as follows: -

Type of Warrants	Bearer and exchangeable
Offered to	The existing shareholders of the company in proportion to their respective and active on the date of closing date of the share register book on July 26, 2018.
Number of Warrants	64,877,441 Units
Underlying Shares	104,000,000 shares at Baht 0.25 par value
Offering Price of warrants	Baht 0.00
Term of Warrants	16 Months from date of Issuance
Distribution of Warrants	As of August 07, 2018
Rights of Warrants	Each unit of Warrants is entitled to purchase 1.5 ordinary share (exercise ratio may change according to the rights adjustment)
Exercise Price	Baht 2.4 per share, unless the exercise price is adjusted
Exercise Period	The first Exercise Date of Warrants shall fall on June 28, 2019 and the last exercise date is on the expiration date of the warrants. The warrants can be exercised throughout the period of 2 times while the final Exercise Date of Warrants shall fall on December 6, 2019
Limitation for transfer	None
Secondary market of the warrants	The Stock Exchange of Thailand
Registrar of Warrants	The Thailand Securities Depository Co., Ltd. (TSD)
The remaining of Warrants NCL-W3 on December 31, 2019	None  Because the warrants (NCL-W3) was expired on 6 December 2019



Remark: On December 6, 2019, which is the final exercise schedule of the Warrants to purchase ordinary shares No.3 (NCL-W3), there were 85 units of warrants exercised, with the remaining warrants to purchase ordinary shares No.3 (NCL – W3) that have expired for 64,877,356 units. The Company has registered ordinary shares issued to support the conversion of 103,999,873 shares, which will be proposed to the shareholders' meeting for the approval of the reduction of the registered capital.

The ordinary share issued as a result of exercising the warrants shall be entitled to rights and benefits as the existing ordinary shares of the Company on the day the Ministry of Commerce acknowledges the registration of the paid-up capital increase of the Company.

## Dividend Payment Policy

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The Company's dividend payment policy is to pay at least 50 percent of its net profit after the deduction of all reserves. Dividend payments must not adversely affect the Company's operations, financial position, liquidity, business expansion, necessity, future suitability, or other factors relevant to the Company's administration, as determined by the Board of Directors deems, and must yield maximum benefits to the shareholders.

The subsidiaries will consider paying dividends based on the net profit after the deduction of the corporate income tax each year. However, this will depend on the investment plan and other suitability considerations. The subsidiaries may pay interim dividends to their shareholders from time to time.

The Board of Directors' resolution regarding dividend payments must be proposed at the shareholders' meeting for approval. However, the Board of Directors has the authority to approve interim dividend payments, upon determining that the Company has sufficient profits to do so without posing any impact on its business operations. Said approval shall be reported at the subsequent shareholders' meeting.

In this year of 2019, the Annual General Meeting of Shareholders for the year 2019 had approved the dividend payment at the rate of 0.0067 baht per share for 454,152,121 shares, totaling 3,042,819.21 baht, equivalent to 50.01 percent of net profit for shareholders whose name appear on May 8, 2019 fixed as the Record Date and will be due to pay on May 24, 2019 (pursuant to the company's dividend policy for paying at least 50% of net profit from separated financial statement after deducting all reserves). However, the dividend shall be subject to withholding tax.

## The Company's Revenue Structure

NCL International Logistics Public Company Limited, subsidiaries and associates ("The Group") operates the business management of logistics service provider and produces and sells dialysis solution for kidney disease patients with an artificial kidney and distributing medical supplies for use in hemodialysis group. The Company's revenue structure, classified by services, as shown in the Company's consolidated and separate financial statements is as follows:

Description	2017		2018		2019	
	Million baht	%	Million baht	%	Million baht	%
1. Revenues from services						
1.1 International freight transport						
1.1.1 Sea freight	891.75	90.20	966.05	79.16	1,012.15	77.33
1.1.2 Air freight	23.06	2.33	25.51	2.09	37.81	2.89
1.1.3 Other services	0.07	0.01	0.05	0.01	0.05	0.01
Total revenues from international freight transport services	914.88	92.54	991.61	81.26	1,050.01	80.23
1.2 Domestic freight transport by trucks <sup>1)</sup>	61.17	6.19	127.30	10.43	102.32	7.81
Total revenues from the services	976.05	98.73	1,118.91	91.69	1,152.33	88.04
2. Revenue from the sale of hemodialysis and durable products <sup>2)</sup>	-	-	84.66	6.94	117.69	8.99
Other revenues <sup>3)</sup>	12.54	1.27	16.75	1.37	11.68	0.89
Gain on disposal of investment in subsidiaries	-	-	-	-	27.18	2.08
Total revenues	988.59	100	1,220.32	100	1,308.88	100.00

### Note

- 1) For the revenue from domestic transportation by hauling truck-towing trucks under the operation of SSK Inter Logistics Co., Ltd. (SSK) since 15th August 2017, since it is a subsidiary of the company, from the mentioned date until 31st October, 2019 (the date on which the company sold the whole amount of SSK shares to third parties), the revenue from domestic transportation since September 2017 was from domestic transportation by small transportation vehicles used in the product distribution transportation project under the operation of NCL International Logistics Public Company Limited.
- 2) Revenues from dialysis solution and medical supplies was caused by Grace Waters Med Co., Ltd. (the subsidiary) since 1 March 2018.
- 3) Other revenue includes consulting fee revenue, rental income, gain (loss) on foreign exchange and interest income, etc.

## Market and Competition

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The competitive strategy of the main business is to provide transportation management services as follows.

### Personnel with expertise and commitment to services

Providing international transport services requires an understanding about exportation- and importation-related regulations and laws of different countries. Because the regulations and laws vary to countries, the Company provides staff with expertise in international transport business to serve the customers. It has two licensed staff members that are customs specialists, who provide advisors for other staff in different departments to ensure the compliance with relevant regulations and laws. This makes the customers feel confident that the Company will comply with relevant regulations and laws, that it will receive or deliver goods on time, and reduce potential errors.

In addition to the personnel possessing expertise in relevant regulations and laws, the Company has staff members equipped with adequate experience in the international transport business who have worked for the Company for at least five years. Thus, they are able to give advice based upon their real work experience, such as advice on the reservation of sea freight during low export volumes or proper placement of goods from different customers in the same container to optimize the space being used to reduce transport costs of the customers.

In addition to supporting and developing personnel to equip them with expertise in their responsibilities, the Company aims to instill work values in them – having commitment and integrity to serve the customers. The Company believes that the work values approach is a key factor that enables it to serve customers efficiently and to build good relationships with them.

### Development of service quality

Being aware of the importance of logistics management because the logistics cost is the customers' major cost, the Company is committed to continuous optimization of the service process. In terms of international transport services, the Company has developed the Freight Log system, an IT system that links to the customer database to manage documents required for the importation and exportation within the shortest time. This allows the Company to prepare the bill of lading and delivery order, which are important documents required for goods issuance, within one day. In addition, the Company's staff can check the status

of documentation of the client via the intranet, which connects to the central network, which allows them to render services for the customers without restrictions related to workplace.

As for domestic transport services, the Company has utilized a global positioning system (GPS) for tractor heads in order to track their location and speed in real time. This enables the Company to plan transport routes and track the delivery status for the customers.

### **Full range of services**

The Company is committed to serving as a total logistics provider. Its services include planning and providing transport methods that are suitable for the customers' goods and requirements and comply with laws and regulations in different countries; sourcing and booking sea or ship freight at the lowest cost; loading goods in containers safely with optimized use of space; managing customs clearance and relevant documents to ensure that the Customers will send or receive goods on time; and following up and coordinating with overseas business partners for goods transport and distribution to destinations in different countries. Its trade partners are in more than 180 countries worldwide.

### **Creating business partners**

The Company's continual development of its service system and its 20-year-long business has resulted in the Company being trusted by other local small-scale transport operators to serve their customers. Small-scale operators with a limited range of services can offer a more comprehensive range of services to their own customers by using the Company's services. As a result, the Company is considered to be the center of consolidation for small-scale entrepreneurs. For the Company, these small-scale operators are regarded as its business partners that refer business activities from retail customers across the country to the Company.

The Company is also seeking business partners who are logistics providers in different countries to serve as its agents that can coordinate the services in different countries. Currently, the Company has 80 business partners in 30 countries, which allows the Company to serve clients from Thailand to destinations in more than 180 countries worldwide. Moreover, the Company's business partners share information about market opportunities for target customers to allow for the expansion of the customer base. The Company can also expand its customer base by coordinating services for its business partners' clients residing in Thailand.

### The investment in opening an office to manage the transportation services in abroad

As the Company has gained trust from overseas operators, the Company anticipates the opportunity to expand transportation services from abroad to other countries by opening an office in a foreign country which has executives and local teams that have experience in doing business in that country, causing the group to gain more income from overseas activities.

### Potential for cost management

Since the start of its business, the Company has been able to build its local and foreign trade partners' confidence in its services, which has resulted in the Company continually growing and expanding its customer base. The Company's consistent transport volume helps it to negotiate with its trade partners, such as shipping lines and airlines, about booking schedules for the delivery of freight on ships or planes as required by the customers. Also, this allows the Company to negotiate about the management of freight charges, which is the major cost of its services. Furthermore, having business partners in various countries allows the Company to share information about cost management for services in different countries to maximize its benefits.

Strategic business management as mentioned above, some cases may not meet the target set by the Company due to factors such as the economic slowdown, oil prices which are the cost of transportation. New regulations and policies that are relevant to the business of the Company. However, if the problem occurs, the Company will immediately take corrective action with customers to continue the business. Finally, if the Company believes that its business operations are not in line with its goals, the Company will have to consider the decision whether or not to stop or continue its business in order to limit the scope of damage to a limited extent, such as the case of stopping freight from the port of Ranong to Myanmar which the Company invested in March 2015 and ceased operations in July 2015. In such cases, the Company encounters problems due to uncertainties and changes policies in removing cargo from port and checking container which affect the operations and goals of the Company, to make this point as the freight transport hub to Myanmar.

## Characteristics of customers and target customers.

The Group's customers can be classified by business type as follows:

### International Freight Transport Management Services

The Group is an international freight management service provider, both by sea and by air freight. The Group's target customers can be divided into two groups:

1. The operator of the Export-Import These are factories that produce products (Manufacturer), including traders and distributors, etc., for example, rice traders, rubber, tire and consumer goods, etc. These customers usually have enough freight to rent a container for their own containers. These customers usually use FCL, SOC transport services.
2. The operator of the Freight Forward These customers are entrepreneurs, providing transportation management services, as well as the Group. But their volume of shipping containers is not enough to rent the entire cabinet.

### **Domestic Freight Transport**

Target customers of this business are\Entrepreneurs in various industries and businesses as well as manufacturer, or trader, distributor that transports goods to destinations in the country, for example, rice traders, rubber producers, beverage distributors, construction material traders etc.

Since the Company's customers are wide spread across 2,000 to 3,000 businesses, both in the agricultural and industrial sectors, including logistics service providers, the Company therefore does not rely on any customer for more than 30% of its revenue from service each year. By year 2018 and 2019, does not have the Company provided services to customers in excess of 10 percent of revenues,

### **Distribution and distribution channels**

The Group uses both direct and indirect distribution channels. Direct sales channels include direct contact with customers through our marketing and website staff. [www.nclthailand.com](http://www.nclthailand.com) of the Company. The Group is divided into 3 sections according to customers' groups to keep up with the news and provide services that can respond to the needs of each group of customers as much as possible, including the Freight Forwarding Department (FF), the Non-Vessel Operating Common Carrier Department (NVOCC), and the Truck Department (Truck). The marketing and sales staff will be responsible for contacting both target customers by phone and an appointment to present the service.

The Group's indirect distribution channels are based on the recommendations of its existing customers, and from the introduction of our trading partners, which include the Company's agents. They are the operators in the domestic transportation business. These agents will act as coordinators in the shipping management services in their respective countries. On the other hand, they will recommend or assign to the Group as a customer care agent in the management of transport services in Thailand. At present, the Company has established a memorandum of understanding with about 80 agents around the world. The introduction of these new clients is the key distribution channel of the Group.

In addition to the direct and indirect distribution channels mentioned above, the Group also has a channel for public relations, allowing its partners and clients to become acquainted with the group, both domestically and internationally, including: Association of Thai Chamber of Commerce, the Customs Broker and Transportation Association of Thailand, Association of Freight and Logistics, and World Cargo Alliances (WCA) as well.

## Industry Landscape and Competition

The logistics industry in Thailand has been able to grow continuously. In 2019 had a slight recovery from government stimulus measures, and from the global economic recovery.

## Logistics business outlook and trends

Logistics business in Thailand has grown continuously, especially since the Office of the National Economic and Social Development Board formulated the strategies to develop a logistics system in Thailand for the first time in 2005. Furthermore, it is expected to grow continually in the future as a result of the following domestic and international supporting factors.

- The government sector attaches great importance to the development and promotion of logistics with the determination "Thailand Logistics Development Strategy Plan" continuously to increase the potential of competitiveness for the country and achieve the goal of becoming the "Logistics Hub" of the ASEAN region.
- The government sector has invested more in infrastructure, especially pushing for the investment plan for transportation in 2017 for the amount of 36 projects, which are continued from the year 2016 that resulted in increasing more demand of the service in logistics business.
- The business sector's expansion of production bases and distribution centers to different regions, as well as urbanization and promotion of tourism in different regions have boosted investment, thus resulting in a higher demand for logistics services.
- The business sector attaches greater importance to logistics, which is witnessed from the fact that the Country's percentage of logistics cost to GDP dropped from 17 percent in 2007 to 13.4 percent in 2018. This provides an opportunity for logistics providers to offer efficient logistics services to operators to lower their costs.
- Thailand has strength due to its location – it is situated in the center of the region and has long coastlines. Its borders connect to four neighboring countries, namely Myanmar, Laos, Cambodia and Malaysia. Thirty provinces are adjacent to these neighboring countries, not to mention its



ability to further connect to surrounding countries, e.g. Vietnam and southern China. This has led to a significant increase in the scope of logistics activities of Thailand.

- The center of trade activities is tending to shift from the western world to the Greater Mekong Sub-region, the People's Republic of China, and other Asian countries as a result of an increasingly free trade and a higher purchasing power of people. This provides an opportunity for Thailand to expand trade and investment into new trade zones. In addition, due to Thailand's strength in its location, it will increasingly benefit from the movement of goods between countries within the region.
- Liberalization of trade, investment and services under the AEC framework in 2016 will substantially boost demand for the exchanging of goods and resources within the ASEAN countries. The leniency of rules and regulations pertaining to cross-border transport under the AEC framework will be a factor that encourages the growth in logistics activities.
- Development project of the Eastern Economic Corridor (EEC), which the state is trying to promote, is an important factor that will push the SME logistics business to grow through the two important policies of the government, namely the physical infrastructure (Hard Infrastructure) and the infrastructure of legal and regulatory (Soft Infrastructure) that privileges are superior to other areas. EEC is a project that the government has prepared for physical infrastructure which is the development of transportation infrastructure facilitating logistics activities to become more flexible while the infrastructure of legal, regulatory and the right of tax reduction granting will be a strategy to attract investors through 10 key target industries which will increase the demand for transportation of products produced in the EEC area to spread to various areas to grow.

Competition is divided into international transport services and domestic transport services, both of which are described below.

### International transport services

According to the membership record of the Customs Broker and Transport Association of Thailand, the number of other Thai operators in the logistics service sector that do similar businesses as the Company was 1,379 operators. 1,050 are in the central region, 112 in the eastern region, 25 in the western region, 36 in the northern region, 49 in the northeastern region, and 107 in the southern region. Most of them are small-scale operators that render less-than-container load (LCL) transport or only a few services. Rather than being competitors, these operators are the Company's trade partners that refer business activities from customers across the country to the Company. The number of large-scale operators in Thailand with similar target customers to the Company was approximately 25 operators, 15 are Thai operators and the other 10 are foreign ones and subsidiaries. However, the management has estimated that competition among Thai operators will

not be very intense because the logistics market is huge and tends to grow continuously. Therefore, operators do not only compete in offering services to customers, but also exchange information or cooperate with one another in order to serve their customers.

Concerning competition with foreign competitors, the Company's management has assessed that it will be fiercer in the wake of the liberalization of logistics services under the ASEAN framework. The country's goal towards becoming the regional logistics hub is a factor that draws more foreign operators into the competition. Since 2013, Thailand has adopted a policy to relax its rules and regulations, e.g. increasing the number of shares that foreigners are allowed to hold in logistics companies, up to 70 percent. However, the Company's management believes that Thai operators are at an advantage in terms of their expertise in domestic transport systems and infrastructure, which are important factors for maximizing the efficiency of logistics costs. If foreign operators wish to take shares in Thailand's logistics market, they should be joint investors or trade partners with Thai operators in order to develop their service network in foreign countries.

With diverse services and staff with expertise who are ready to provide customers and partners with the best options, the Company is confident about maintaining its leadership in international transport services. As for the ratio of import/export container volume handled by the Company to the total volume at the Bangkok Port and the Laem Chabang Port, the Company's market shares in international sea freight services are as follows:

Details	2017	2018	2019
Total import/export containers at ports <sup>1)</sup>	9,280,715	9,592,403	9,444,486
Total import/export containers by the Company <sup>2)</sup>	57,406	60,527	55,574
Market share (percent)	0.62	0.63	0.59

Sources: 1) Marine Department

2) The Company

### Domestic transport services

In the domestic transport business, there are many operators, most of which are small-scale operators. According to the Department of Land Transport, as per Jan 31, 2019, the number of truck transport service providers across Thailand was 32,310 service provider. 7,226 were in the central region, 4,337 in the eastern region, 10,516 in the northeastern region, 5,216 in the northern region, 3,188 in the western region, and 1,827 in the southern region.

The year 2019 before the company sold all shares to third parties The SSK currently has 103 truck heads and 112 tail trailers. (In 2018, the Company has 93 truck heads and 101 trailer trucks). Its major customers and service point is in Surat Thani. The management has assessed that in the southern region,

there are 7 or 8 large-scale operators which compete with the Company, and each of them owns 50-300 trucks. However, the competitiveness in the transport business depends on the service quality and the ability to provide high-standard drivers. Hence, a huge fleet is not the determining factor for the procurement of services.

The Company's management has foreseen that the overall competition in tractor head transport business is not very fierce, but only periodical. At the same time, operators can become trade partners. Any operator whose workload exceeds its service capacity may subcontract the excess workload to other operators, as the SSK does. Now, the Company has entered into partnership agreements with approximately 6 trade partners.

With the utilization of a GPS system for planning and controlling its service quality, alongside its care about continual development of driver standards through both training and incentives to drive safely and save fuel, the Company is confident that it will have adequate potential for business competition and expansion in the future.

In addition, the Company's advantage of being an international logistics provider enables it to provide full-cycle services encompassing international and local transport activities in a One-Stop-Service manner. Consequently, customers can receive a full variety of logistics services from the Company.

According to industry conditions, competition, trends and business logistics, as mentioned above, it caused the Company to be affected. As a result, the Company's performance in 2019 was not in line with the target. However, in the core business of the Company. It still has a good performance. In addition, the logistics business in Thailand is growing continuously every year, which is a great opportunity for the Company to make good earnings in the future.

#### Laws related to business operations

Currently, Thailand has no law governing the provision of specialized logistics services. But there are several laws pertaining to each activity of logistics services, such as: The Civil and Commercial Code, Sea Act B.E. 2534 (1991), Multimodal Transport Act B.E. 2550 (2007), Rail and Highway Management Act B.E. 2464 (1921), Land Transport Act B.E. 2522 (1979), Land Traffic Act B.E. 2522 (1979), Thai Vessels Act B.E. 2481 (1938), The Navigation in Thai Waters Act B.E. 2456 (1913) and Thailand Air Navigation Act B.E. 2497 (1954), etc. For important laws related to the core business of the Company are as follows:

### Sea Act B.E. 2534 (1991)

The Sea Act is an act that applies to sea transport from one place of the Kingdom to another outside the Kingdom. By virtue of such act, the carrier is not liable in case of loss, damage or late delivery, as a result of force majeure, sea accidents, war, or any other cause under Chapter 5, Section 52 of this Act. This includes non-liability in the event of damage caused by the sender's fault, or due to its own condition.

In case the carrier is liable, this Act restricts the liability of the carrier for only 10,000 baht per transport unit, or 30 baht per kilogram of net weight of that whichever amount is more. But it must not exceed its price. (See more details in Chapter 6, Section 58-61).

### The Civil and Commercial Code

The Civil Code is a private law on rights, duties and relationships between private and the law is the law governing the rights and obligations of the parties with respect to the legal, economic and trade regulations concerning trade between individuals or businesses. For the domestic transportation business of the Company, the law requires the Company to be liable in the event of loss or damage to the goods, or late delivery, unless proven otherwise by force majeure, or due to its own condition, or the sender's fault. (See details in sections 420 and 616).

In order to prevent the risk of domestic transportation service, the Company has purchased cargo insurance, truck insurance, and accident insurance, which has a higher value of insurance sum than the damage that may occur.

In the area of customs clearance services, which the Company is authorized by the customer to represent the customs clearance. The Company is not personally liable to third parties because the Company is a customer representative. Therefore, the person who authorized the Company shall have the obligation to a third party agent in all that is done within the scope of the authorization. (See Section 820 for more details.)

## Service Sourcing

### Service Sourcing and Sources

#### International transport services

In providing international freight services, the Company must procure air or sea freight from transport operators to provide services to the customers and requested partners in foreign countries to coordinate the services. The sources of such services are as follows:

### Sea or air freight

Sea or air freight charges are the Company's major international transport costs, which represent approximately 80-85 percent of its total international transport costs. The Company mainly procures sea or air freight from domestic operators, which accounts for 70-75 percent of its total freight charge costs. The cost will be paid directly to the transport operator in Thai baht. Each year, the Company procures sea and air freight from over 300 transport operators. Since the Company consistently books freight on ships or airplanes, it is able to negotiate with service providers about determining freight charges 15-30 days in advance.

In the case that the Company has to provide transport services in other countries, the Company will ask its agent partners to handle the services. Thus, the freight cost for the overseas services provided by the agents will be paid in foreign currency. In such cases, its partner agents will bill the freight charge and fees for all services that the partner agents provide. The freight charges paid in foreign currency constitute about 20-25 percent of the Company's total freight charges.

### Agents

As for services in foreign countries, such as shipping freight from ports in foreign countries to destinations in different countries, the Company will contact agents that are its trade partners to help handle the services. The Company's agents are transport operators in foreign countries, who will coordinate transport services in the country where they oversee the service delivery and serve as service fee collectors for the Company in the case a customer specifies that a service fee shall be borne by a recipient residing overseas. Currently, the Company has entered into business agreements with about 80 agents, who are ready to serve customers in over 180 countries across the world (See more information in the Agency Agreement under Section 5.2: Major Contracts/Agreements). Payment of freight charges and service fees of these agents will be made in foreign currency.

### Domestic transport business

As for transport services in Thailand, the Company has 93 tractor heads and 101 trailer trucks. The major cost of the transport services is fuel, which accounts for 40-45 percent of the total domestic transport service costs. This is followed by the transport cost, which involves the cost of sub-contracting other tractor heads-trailer truck operators, which represents 5 percent of the total domestic transport service costs; and the cost of salaries and allowances for drivers, which accounts for 15-20 percent of the total domestic transport service costs. The Company's vehicle and service costs stem from the following:

### Tractor heads and trailer trucks

The Company sourced its tractor heads and trailer trucks by purchasing directly from truck manufacturers, e.g. Tri Petch Isuzu Leasing Co., Ltd. and Dayun Automobile (Thailand) Co., Ltd. In the case of pre-owned vehicles, the Company examines their conditions and service life prior to purchasing them. All

the tractor heads of the Company have insurance and goods insurance, with the sum insured that is higher than potential damage.

#### Fuel

As for management of risks from the fluctuation of the prices of diesel, the main fuel, the Company set the service charges under a sliding scale, whereby the service charges vary according to fuel prices. However, because the prices of diesel are regulated by the Ministry of Energy, its price volatility is relatively low. In 2019, the price of diesel stayed consistently at 18-27 baht per liter.

#### Subcontractors for tractor heads and trailer trucks

The costs associated with subcontracting tractor head and trailer truck operators arise when the Company's vehicles are not sufficient for the customers' demand, or when it is not cost-effective for the Company to operate on its own. In such cases, the Company will subcontract the work to its trade partners.

Because the SSK has diverse trade partners, the cost of services for an individual partner in each year did not exceed 30 percent of the Company's total service costs. During the 2018 - 2019, the cost of services the SSK used from a single partner did not exceed 10 percent of the Company's total service cost.

## Environmental Impacts

In operating its international transport management business, the Company does not have any processes that have adverse environmental impacts. Its domestic transport business with tractor heads and trailer trucks is regulated by the land transport law. This law states that vehicles that require registration plate renewal and tax payment must be inspected by a government authority or an authorized motor vehicle inspection station to receive a certificate, which is a document used for registration, or registration plate renewal and tax payment. The inspection involves testing wheels, lighting systems, noise levels, general operating conditions, the engine system, and pollution from exhaust, including black smoke and the amount of carbon monoxide, hydrocarbon, nitrate oxide and particulates. All Company vehicles have passed the inspection and their license plates are renewed as scheduled every year.

## Nature of the Business

### Nature of Products and Services

NCL International Logistics Public Company Limited, subsidiaries and associates ("The Group") operates the business management of logistics service provider and produces and sells dialysis solution for kidney disease patients with an artificial kidney and distributing medical supplies for use in hemodialysis group as follows:

1. **Provide logistics service provider**, which includes planning, management and offering solutions to customers. In order to ensure that the process of moving the product of the customer from the source to the destination with the shortest time and the lowest cost.

The nature of services rendered by the Company is divided into two major groups: international freight transport and domestic freight transport. The details of the two individual service groups are as follows:

- 1.1 **International transport management services** The services deal with managing the flow of goods from the loading point to export from Thailand to destinations in over 180 countries, covering all the major trade routes across the world, as well as managing the flow of goods transported from other countries to the unloading point in Thailand. The Company renders both sea and air freight services. The Company has no freighters; however, to serve its customers it can arrange to use them as well as containers from freight operators, i.e. shipping lines or airlines. Furthermore, the Company coordinates its services with its trade partners in different countries to manage the flow of goods from ports or airports in these countries to its local destinations. Income earned from the services constitutes the Company's major revenue. In 2018 and 2019, the Company's revenue from international freight transport equated to 991.61 million baht and 1,050.01 million, respectively, which represented 81.26 and 80.23 percent of the overall revenue, respectively.

The Company's international freight transport services can be divided according to the following transport modes:

- 1.1.1 **International sea freight transport**: Currently, the Company renders sea freight transport services across five continents, namely Europe, America, Asia, Australia, and Africa, which cover main ports of major trade areas in over 180 countries. Sea freight transport can be divided into three types as follows:
  - Full container load (FCL), which is suitable for customers with a large quantity of goods in hand, where it is economical to rent a whole container solely for their goods without having to share the container with other customers. The Company will find different sizes of containers according

to the needs of the customer, provide shipping lines in line with the Customer's schedule and requirements, and serve as a customs broker and goods issuance agent.

- Less than container load (LCL), which is suitable for customers with fewer goods for transit, the quantity of which is not economical to warrant the renting of a whole container solely for their goods. The Company will gather goods from individual customers and allocate loading space in the reserved container, and then it will calculate the space and place the goods suitably for their types and requirements of each customer. This is to ensure that each customer's goods are put in the same container safely and are delivered on time at the lowest cost. However, since the majority of the customers are operators rendering freight transport services as the Company, they have the abilities to handle their own customs documentation on their own.
- Shipper Owned Container (SOC): The Company will provide the empty containers for customers to contain their own goods, not necessary to wait for the containers from the shipping agents. In some shipping agents who have no containers to service their customers, the Company will be provided the containers for their customers instead.
- Rental container cargo service: The Group will rent the containers for further renting to customers who provide transportation management services as well as the Group.

**1.1.2 International air freight transport:** This is a fast mode of transport, which takes a shorter time to transport goods to destinations compared to sea freight transport. However, as it bears a higher cost, it is suitable for transporting perishable or temperature-sensitive goods, such as fresh fruits and vegetables, goods with that are high value or need special care, e.g. gems and gold, as well as goods with a low weight and quantity that require fast delivery, e.g. documents and printed materials. The Company finds an airline according to the customer's schedule and requirements and serves as a customs broker and a goods issuance agent. Currently, the Company is able to provide air shipment services to over 180 countries. Since November, 2019, the company had been appointed as an agent for Israel Airlines resulting in the increasing revenue from international air transportation.

**1.1.3 Other services:** The Company provides services concerning customs formalities and relevant documentation, and serves as a goods issuance agent. The services require experts in customs formalities and regulations pertaining to importation and exportation so that the customers can comply with relevant laws in each country and receive or send goods on time.



International Freight Transport and Containers

Log Freight



At present, the Company has two international freight management offices at its head office in Bangkok and its branch office in Hat Yai, Songkhla.

In the end of 2014, the Company invested in NCL INTER LOGISTICS (S) PTE. LTD., based in Singapore in order to provide international freight management services from Singapore to destinations in different regions. The main target is America, Asia and Europe.

In early 2016, the Company invested with LEGEND SHIPPING PTE LTD, based in Singapore to establish a subsidiary, Legend Shipping (Thailand) Co., Ltd. In order to provide international freight management and empty container services to customers, Later in the year 2018, Legend Shipping (Thailand) Co.,Ltd. changed its name to LG Container Line Co.,Ltd. due to the change of the investor, but the Company still maintained the investment proportion and the Company continues to operate as usual. Until the beginning of 2019, LG Container Line Co., Ltd. transferred its container management business to LG Container Line Pte. Ltd. in Singapore established in 2018. This caused LG Container Line Company Limited to have only representative business. Therefore, the company sold all shares in LG Container Line Co., Ltd .to third parties on 30<sup>th</sup> April, 2019.

In late 2016, the Company invested in LEGACY ASIA CAPPITAL PTE. LTD. based in Singapore in order to provide container rental service and sold all of the investment in that company at cost amount to one shareholder of LEGACY ASIA CAPITAL PTE. LTD. in the mid of 2018.

In the end of 2017, the company has invested in Sim (Thailand) Co., Ltd., which operates as a shipping agency for Israel to deliver the goods by sea container.

During the year 2018, the subsidiary, NCL INTER LOGISTICS (S) PTE. LTD., which located in Singapore has established NCL International Logistics USA Inc. in the United States, Qingdao National Container Line Company Limited and Ningbo NCL Inter Logistics Co., Ltd. in China, LG Container Line Pte. Ltd. in Singapore and invested in PT NCL Inter Logistics Indonesia and NCL Inter Logistics Vietnam Company Limited to expand the revenue base for international transportation management services from the country where the office is located to destinations in different regions.

During the year 2019, the subsidiary NCL INTER LOGISTICS (S) PTE. LTD. located in Singapore established NCL International Logistics Private Limited in India to support the revenue base expansion in international transportation management services. However, the operation had not yet been started.

**1.2 Domestic transport services** in the year 2011, the Company started rendering domestic freight transport services by tractor heads and trailer trucks in order to (1) extend its range of services for its existing customers using the Company's international transport services and (2) to expand its business using its expertise in logistics services to serve customers that need freight forwarding in the country. In 2015, the Company has 65 tractor heads and 98 trailer trucks. The trailers trucks are available in both skeleton frame, which are used for carrying containers, and flatbed, which are for carrying containers or cargo directly. The Company forwards goods en route from factories to loading points for exportation, from the loading points for importation into factories or other destinations in the country, and from origins to

destinations in different countries, as required by customers. The Company's existing service points are as follows:

- **Service point in Had Yai:** This service point is situated in Had Yai district, Songkhla
- **Service point in Surat Thani:** This service point is situated in Phunphin district, Surat Thani, which offers both short and long-distance transport service. The short-distance transport takes not over one day, which involves delivering goods from factories in Surat Thani to ports or railway stations within the same province or to ports in the southern region, such as the Phuket Port. The long-distance transport takes more than one day, which involves delivering goods from factories in Surat Thani to Bangkok or other provinces and sending goods from destination provinces or nearby provinces back to the southern provinces.
- **Service point at Rama II:** Located at Rama II, Bangkok, at present there are both short and long distance services; short – distance service such as the service of empty containers to pick up the goods at the factories in Laem Chabang area and pick up the goods from the factories to Laem Chabang Port, KlongToey Port. For long – distance service such as the service of empty container to pick up the goods in Central and East of Thailand then deliver the goods at Laem Chabang Port and KlongToey Port.



Tractor Heads and Trailer Trucks

GPS Tracking

In early 2016, the Company decided to separate domestic transportation business, by co-establishing joint ventures with high potential outsiders who specializes in the transportation business as well as long experience and can also expand major customers base to the Company. Newly established Company is SSK Inter Logistics Co., Ltd. ("Subsidiaries" or "SSK") The Company used the working capital of the Company and transferred assets which are all truck heads-trailer trucks as capital investment in the joint venture to reduce the burden of expenses; both cost and depreciation of the Company, and to optimize cost management, and also encourage the Company to have stable, sustainable growth in the future. One more shipping service point is set up:

- **Saraburi Service Point:** Located in KaengKhoi District, Saraburi. The majority of the merchandise are construction material. Currently, transportation services are available for both short and long distances.

The Transportation business under the joint venture has operated for one period of time and it appears that the economic is slowdown resulted in sales volume of cement or using cement trucks not enough for the expense. As a result, both parties decided to sell the cement trucks to decrease the impact which would happen in the future and canceled the joint venture in August 2017 as following.

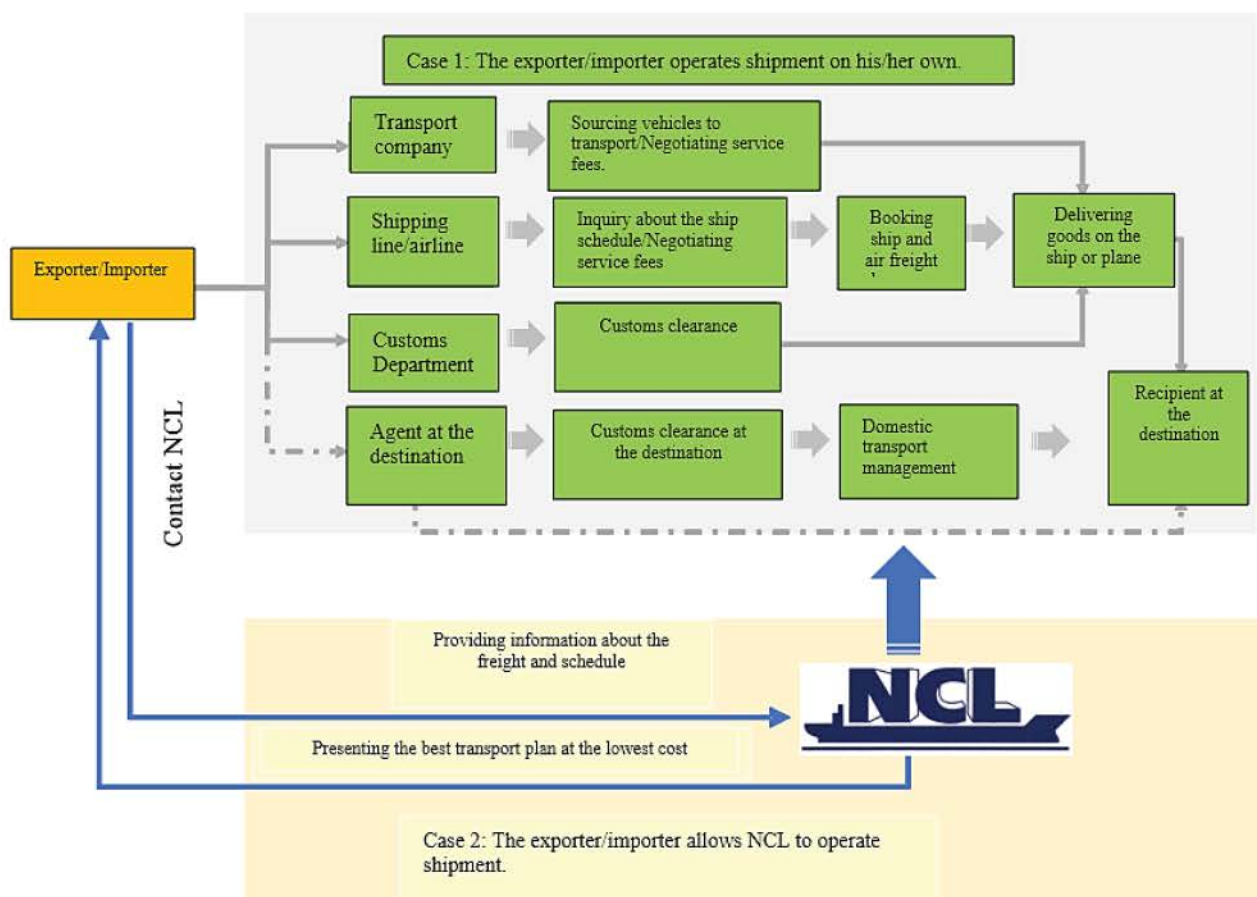
- Sale the assets which are tractors and trailers parts which using for cement transportation. There are 48 tractors and 55 trailers parts to the other party at book value to achieve maximum benefit to SSK as the price is higher than in the market price which is compared with book value (Reference to the market price of the second hand cement truck; comparison the types and the similar of age, as of May 31, 2017).
- Payback by decrease the capital to another party for 12,125,720 shares at the par value of 10 Baht (par value set from the beginning), in total 121,257,200.00 Baht and the accumulated loss of such investments from the commencement of the business until May 31, 2017 as the proportion of investment for 17,430,400.84 Baht based on the proportion of remaining shareholders as of May 31, 2017.

The purpose of this capital reduction is for restructuring of SSK's shareholders. Prior to decrease the capital, SSK management is required by the proportion of joint venture; the two parties must jointly manage and have equal power. And after the capital reduction, NCL will become a major shareholder and the management is unilateral. This will result in more streamlined work and management and to reduce the cost of cement truck about 0.78 million baht per month and other administrative expenses about 2 million baht per month, after the capital reduction did not affect the business of SSK because of the remaining assets are tractors and trailers that the Company has experience and expertise. The Company also has the executives who are experience and expertise in this business for more than 20 years. The management team has a policy of expanding its customer base to meet increasing demand for transportation of agricultural products and consumer goods and consider that there is a better adaptation and resulted in the increasing of the Company's revenue. In the year 2019, the improvement was made but it still not satisfied the management. Therefore, the approval was made to sell all ordinary shares in SSK to third parties at cost price in order to reduce the risk in the company's business operation as SSK has continuously suffered losses since its establishment as well as reducing the risk from the burden that may need to be financed by increasing capital in the future. This caused SSK to terminate from being a subsidiary of the Company from 11<sup>th</sup> November, 2019.

After the sale of SSK shares, the company still provided container transportation services under the company's operations with service points in Laem Chabang, Chonburi Province.

Domestic transportation of the Company Group, a part from the transportation by tractor and trailer under SSK Company's operations, on 2017 the Company has also started to invest in the pickup truck business. In order to expand the scope of services to customers who want to move their goods in the country by road with

Alternatives for operators: the case when the exporter/importer operates shipment on his/her own and the case when the exporter/importer uses NCL's logistics services



## 2. Produce and sell hemodialysis products for kidney disease patients with hemodialysis machines and distribute medical products for use in hemodialysis units.

The production and distribution of hemodialysis solution for kidney disease patients with hemodialysis machines and distribution of medical product for use in hemodialysis units of the Company's group under the operation of Grace Water Med Company Limited ("GWM") which was established on August 8, 2016, in which the Company invested in GWM, the percentage 44.44 which is an associated company. Later, on March 1, 2018, the Company purchased additional shares in GWM from a shareholder, causing the Company with a shareholding ratio of 52.80%, resulting in GWM changing from associated company to subsidiary. From the date of such operating results from 1 March 2018 to 31 December 2018, and 2019 the Company has income from the production and sale of dialysis solution which is included in the consolidated financial statements of the Company equal to 84.66 million baht and 117.69 million bath, representing approximately 6.94% and 8.99 % total revenue of each year.

Hemodialysis is the most popular renal replacement therapy in Thailand. The registration information of Thailand Renal Replacement Therapy Registry (TRT) in 2010, found that there are 30,835 cases of the patient who need to use the hemodialysis or about 482.6 cases per million of population and in each year, there are increasing of patients approximately 6,244 cases or 97.73 cases per million of population. Due to the number of kidney disease patients is increasing in every year, the expansion of the hemodialysis center has also increased causing more demand for dialysis solutions. The Company foresees the need for additional hemodialysis and expansion of the kidney center that are increasing. Therefore, the Company invest with experts who have more than 20 years of experience in the technique of hemodialysis machines, production of hemodialysis and purified water systems that used in the hemodialysis unit and hemodialysis plant. To launch a liquid production plant for patients with hemodialysis and has adopted modern machines that are automated in the production and use of Programmable Logic Controller (PLC) systems to control all production processes in order to meet the requirements of law and in accordance with the quality policy of the Company. The target customer groups are public and private hospitals including the general private kidney centers. The factory is located at No. 13/7, Moo 8, Bang Muang Road - Bang Khu Lat, Bang Muang Subdistrict, Bang Yai District, Nonthaburi Province 11140, which has received the industrial standards, production standards for hemodialysis machines with ISO 9001:2015, ISO 13485:2012, medical device manufacturing standards in accordance with the criteria and methods for the production of medical devices of the Food Commission and Drug Administration 2005 (GMP) and Common Submission Dossier Template (CSDT), however, the Company normally produce approximately 100,000 gallons per month.

## Risk Factors

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### Risks to the business operations of the Group

#### Risks from Fluctuation in Exchange Rates

To serve customers in foreign countries, the Company has partners that are freight forwarders in different countries. These partners act as the Company's agents that coordinate service work in foreign countries, receive service fees from customers in destination countries, and pay for service costs incurred in foreign countries, e.g. vessel freight charge, air freight charge, transportation charge, or paperwork charge for protocol in foreign countries. Therefore, the Company's revenue and expenses are denominated in foreign currencies from countries where the services are rendered. In 2018 and 2019, the Company's revenue in foreign currencies was 125.40 million baht and 99.20 million baht, which represented 17.76 percent and 15.16 percent, respectively. The Company's service costs in foreign currencies were equal to 75.91 million baht and 55.76 million baht, which represented 13.46 percent and 10.92 percent.

The Company may be exposed to the risk of fluctuations in foreign exchange rates from income and costs in foreign currency, the revenue service from foreign currency. If the baht is appreciated, it would reflect to the decreased of revenue and if the cost is foreign currency; if the baht is depreciated, it would reflect to high cost. Therefore, fluctuations in foreign exchange rates will affect the financial position and operating results of the company. The Company have income and cost in foreign currency which can prevent the risk from partial natural hedge. The Company will closely monitor news and exchange rate movements at all times. In order to assess the situation and find a way to prevent foreign exchange risk. In the past, the exchange rate impact was not considered significant to the overall turnover of the Company.

In order to reduce the risks from fluctuations in exchange rates, The Company has diminished the risks from the fluctuations by opening a foreign currency deposit account (FCD). Furthermore, the Company has launched a policy to reduce such risks by entering into forward contracts, which are entered into at the discretion of the management and conform to the policy approved by the Board of Directors, no. 2/2014, dated June 30, 2014. The Company's cap in the forward contracts with financial institutions is 500,000 U.S. dollars.

The Company has no policy concerning speculation about the exchange rates.

### Risks from Personnel Dependency

An international freight forwarding business requires an understanding about regulations on exportation or importation and laws in different countries, as well as an understanding about forms and conditions concerning the proper protocols for international payment. This is to ensure that the customers will be able to comply with relevant regulations and deliver or receive goods on time. As for a domestic freight forwarding business, it requires drivers who possess specialized skills and are able to comply with the Company's regulations. Accordingly, the Company is vulnerable to personnel shortages if it expands its business or fails to find replacements for resigning personnel immediately.

Recognizing the importance of its personnel, the Company has focused on personnel development and incentives. The Company has formulated a plan for job advancement for its employees and provided them with reasonable compensation according to their expertise. Thus, the turnover in major departments is low, and the average working years of employees in the Department of Freight Forwarding (FF) and the Department of Non-vessel Operating Common Carrier (NVOCC) is at least five years, and the average working years of the management is at least 20 years.

Also, the Company has introduced IT systems into its business. For example, the IT systems include Log Freight, which is a system that links clients' databases for managing documents required for customs protocol and importation and exportation, as well as the Global Positioning System (GPS), which tracks the status of freight deliveries by tractor heads and trailer trucks. These systems are utilized in order to facilitate its personnel in terms of customer services and reduce the number of personnel required for different processes within the Company.

The Company continues to focus on the development and implementation of new information systems to use continuously. To increase convenience for employees and increase work efficiency.

### Risks from Major Client Dependency

The Company's clients are distributed throughout different sectors, including the agricultural, industrial, and logistics sectors. Thus, the Company does not depend on particular clients for more than 30 percent of its revenue from services rendered each year. In year 2018 and 2019, there was only one customer for which the Company provided services representing over 10 percent of its service revenue.

However, the Company has a policy to reduce risks from dependency on particular customers – the policy to expand to new customers to distribute the Company's customer base and create more business opportunities for the Company's services.



### **Risk of Changes in Business Regulations**

As the Company runs an international freight forwarding business, which involves regulations applicable to exporting or importing and laws in different countries, it will face risks if it fails to comply with any changes in regulations. Such non-compliance could result in its failure to handle deliveries as demanded by customers and potential financial damage from fines.

However, the Company has prepared its personnel with expertise in international freight forwarding to serve its customers and to offer advice to employees working in different departments. The Company has assigned personnel to study relevant information about, and monitor, the enforcement of trade regulations and measures of different countries; follow relevant news; contact government agencies; and gather information from operators that are the Company's partners in foreign countries. This information will be delivered to relevant departments in the Company to ensure their compliance with customs-related regulations and laws. The departments will receive relevant information continuously and adequately so that they can give proper advice to clients to ensure the client's compliance with regulations. In the past, the Company has never been sued or received a damage claim for non-compliance with such laws or regulations.

### **Risks from investing abroad.**

The Company may be exposed to the investment and business operations in foreign countries, due to business practices in unfamiliar countries, such as culture, society, politics, law, regulation. With policies and plans to expand overseas, the Company may face greater competition from its competitors. Because there are many foreign companies that provide similar services.

The Company rely great importance to the analysis of risks in various areas for consideration of investment decisions which must be a major shareholder who can control and have the power to make decisions in companies that invested. The Company will be considered to find local executives and teams that have previous business experience in that country in order to reduce the risk of the Company that has no experience in such business operations in the country that have decided to invest.

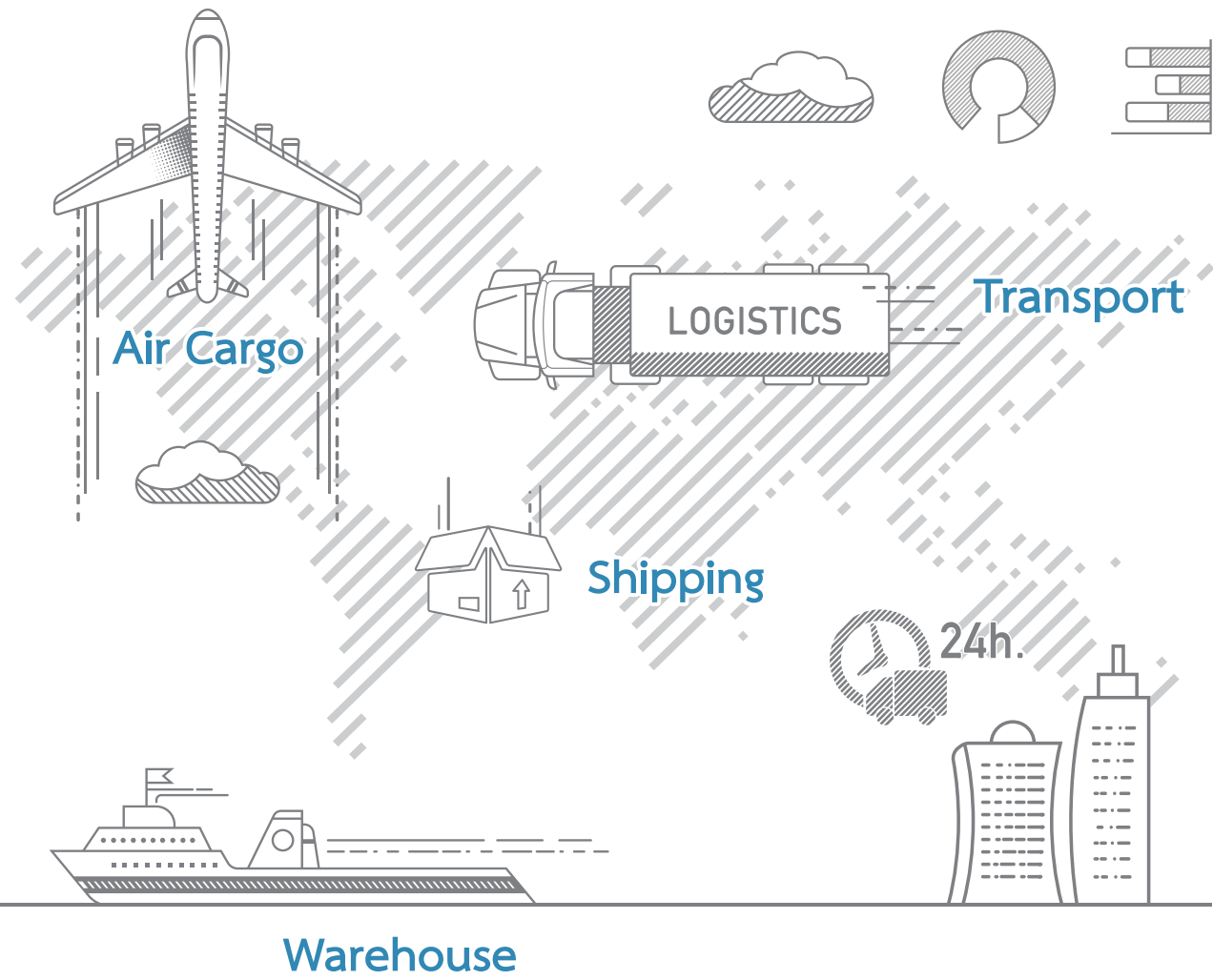
### **Risks from Major Shareholders' Influence on Administration Policies**

As of 31 December 2019, the Company's major shareholder, the Phuathavornskul Family, owns shares representing 52.67 percent of the total number of shares sold by the Company. Mr. Kittu Phuathavornskul serves as the Company's Group Chief Executive Officer (CEO) and Director and is the authorized signatory. This major shareholder has the authority to manage and control votes for almost all major resolutions, including the appointment of directors or other resolutions that need a majority of votes at the shareholders' meeting. An exception is resolutions concerning



legal matters or the Company's regulations that need three-fourths of the votes of the total number of shares that attend the meeting and have the right to vote, e.g. capital increases and decreases. Accordingly, other shareholders that attend the meeting and have the right to vote are not able to gather enough votes to check and balance the major shareholder's administration.

Nonetheless, the Company's management structure is composed of a total of five committees, namely the Board of Directors, Executive Committee, Audit Committee, Risk Management Committee, and Nomination and Remuneration Committee. Because the roles of the respective committees are clearly delineated, the Company's work systems are equipped with a good standard and are easy to audit. Also, the structure of the Board of Directors consists of 4 independent directors out of 8 directors. As for the Audit Committee, it comprises 3 independent directors, each of whom has expertise. As such, they are able to audit the Company's performance with greater transparency and balance the power with regard to presenting matters for consideration in the shareholders' meetings to some extent. Furthermore, the Company has a regulation to handle the case of transactions related to Directors, the major shareholder or people authorized to control the business, as well as people that may have a conflict of interest. This regulation states that these people shall have no authority to approve the transactions, which can reduce potential risks.



Board of Directors Executives

Company Secretary Internal Audit

Supervisor Chief Operation Officer of the Company





General Porpol Maneerin

Age 65 years

Chairman / Independent Director

Nationality : Thai

**Education Qualification**

Master's Degree

- M.A. of Political Science, Chulalongkorn University

Bachelor's Degree

- Bachelor of Science program, Chulachomklao Royal Military Academy

**Training Course**

- Corporate Governance Program for directors and senior executives of the regulator of state-owned enterprises and public organizations No.21/2019, King Prajadhipok's Institute
- Director Certificate Program (DCP) Batch 233/2017, Thai Institute of Director (IOD)
- Thailand National Defence College Batch no. 49 / 2007
- Command And General Staff College no.67 / 1988
- Special Force Operation Detachment, FT. Bragg NC USA /1985

**Holding the post of the Company's Director / Independent Director**

- 2 years (Appointed as a director since 2017)

**Appointed as a Director**

- 26 April 2017

Family relationship with the management

- No -

No. of share held (Own / Spouse / Minor Child) (%)

- No -

Directorship in other (Listed Company)

- No -

Directorship in other (Non-Listed Company)

- No -

Directorship in Related Companies

- No -

**Forbidden Qualification**

- No criminal record in a property offense committed by fraud

Directorship in Companies That May Cause the Conflict of Interest to the Company

- No -

**Experience in other organization**

2019 - Present NCL International Logistics PCL.  
Chairman / Independent Director

2018 – Present Defence Technology Institute (Public Organisation) Ministry of Defence  
Executive Chairman

2018 – Present CAT Telecom PCL.  
Director

2016 – Present Ministry of Defence  
Retired Government Official

2017– 2019 NCL International Logistics PCL.  
Audit committee / Independent Director

2016 - 2017 Ministry of Defence  
Advisor

2015 - 2016 Ministry of Defence  
Deputy Permanent Secretary for Defence

2014 - 2015 Royal Thai Army  
Senior Advisor

**The Meeting Attendance in 2019**

• Board of Director	5/6
• Audit Committee	4/4
• Nomination and Remuneration Committee	2/2
• Risk Management Committee	4/5

**Criteria for Director Nomination**

- Passed recruiting from Nomination and Remuneration Committee



Mr.Phongpun Khongkamnoed  
Chairman of the Audit Committee / Independent Director

Age 59 years  
Nationality : Thai

#### Education Qualification

Master's Degree

- In Economic Development / National Institute of Development Administration (NIDA)

Bachelor's Degree

- In Agricultural Business / Kasetsart University

#### Training Course

- Director Certification Program (DCP) Batch 204/2015

Thai Institute of Director (IOD)

- Director Accreditation Program ( DAP) Batch 103/2013
- Thai Institute of Director (IOD)

#### Holding the post of the Company's Director / Independent Director

- 6 Years (Appointed as a Director since 2013)

#### Appointed as a Director / Independent Director

- 4 February 2013

Family relationship with the management

- No -

No. of share held (Own / Spouse / Minor Child) (%)

- No -

Directorship in other (Listed Company)

- No -

Directorship in other (Non-Listed Company)

- No -

Directorship in Related Companies

- No -

Directorship in Companies That May Cause the Conflict of Interest to the Company

- No -

#### Experience in other organization

2013 - Present	NCL International Logistics PCL Chairman of Audit Committee / Independent Director
2014 - 2015	MCOT Public Company Limited Executive Vice President, CFO
2011 - 2012	KTB Leasing Co., Ltd. Assistant Managing Director
2003 - 2011	Metropolitan Waterworks Authority CFO
2001 - 2003	Credit Agricole Indosuez SVP & Treasurer
1997 - 2001	Credit Agricole Indosuez FVP & Treasurer

#### The Meeting Attendance in 2019

• Board of Director	6/6
• Audit Committee	4/4
• Nomination and Remuneration Committee	2/2
• Risk Management Committee	5/5

#### Criteria for Director Nomination

- Passed recruiting from Nomination and Remuneration Committee

#### Forbidden Qualification

- No criminal record in a property offense committed by fraud



**Mrs. Jitmanee Suwannapool**

**Audit Committee / Independent Director**

**Age 67 Years**

**Nationality : Thai**

**Education Qualification**

Master's Degree

- In Public Administration / National Institute of Development Administration (NIDA)

Bachelor's Degree

- In Laws / Ramkhamhaeng University
- In Business Administration (Accounting) / Ramkhamhaeng University

**Training Course**

- Director Certificate Program ( DCP) Batch 197/2014  
Thai Institute of Director (IOD)
- Certificate of Executive Program, Capital Market Academy (CMA) Batch 12/2554  
Capital Market Academy

**Holding the post of the Company's Director / Independent Director**

- 4 Years (Appointed as a Director since 2015)

**Appointed as a Director**

- 15 May 2015

Family relationship with the management

- No -

No. of share held (Own / Spouse / Minor Child) (%)

- No -

Directorship held in other (Listed Company)

2016 - Present Country Group Holding PCL  
Independent Director/Audit Committee

2014 - Present Grand Canel Land PCL  
Independent Director / Audit Committee

Directorship held in other (Non-Listed Company)

2018 - Present Eastern Economic Corridor (EEC)  
Audit Committee

2016 - Present Thailand Privilege Card Co., Ltd.  
Advisor

Directorship in Related Companies

- No -

Directorship in Companies That May Cause the Conflict of Interest to the Company

- No -

**Experience in other organization**

2015 - Present NCL International Logistics PCL  
Independent Director/Audit Committee

2018 - Present Eastern Economic Corridor (EEC)  
Audit Committee

2016 - Present Country Group Holding PCL  
Independent Director/Audit Committee

2016 - Present Thailand Privilege Card Co., Ltd  
Advisor

2014 - Present Grand Canel Land PCL  
Independent Director/Audit Committee

2016 – 2018 The National Legislative Assembly  
Honorary Advisor to the Commission on Economic, Monetary and Finance

**The Meeting Attendance in 2019**

- |   |     |
|---|-----|
| • Board of Director                     | 6/6 |
| • Audit Committee                       | 4/4 |
| • Nomination and Remuneration Committee | 2/2 |
| • Risk Management Committee             | 5/5 |

**Criteria for Director Nomination**

- Passed recruiting from Nomination and Remuneration Committee

**Forbidden Qualification**

- No criminal record in a property offense committed by fraud





**Ms.Chanyapat Wiphatthanananthakul**  
**Audit Committee / Independent Director**

**Age 40 Years**  
**Nationality : Thai**

**Education Qualification**

International PhD.

- Economics Major Finance and Econometrics, Chiang Mai University

Master's Degree

- Management, University of Surrey, United Kingdom

Bachelor's Degree

- Biomedical Sciences, Mahidol University International College (MUIC)

**Training Course**

- Director Certification Program (DCP) Batch 278/2019 Thai Institute of Director (IOD)

**Holding the post of the Company's Director / Independent Director**

- 1 Years (Appointed as a Director since 2019)

**Appointed as a Director**

- 1 March 2019

Family relationship with the management

- No -

No. of share held (Own / Spouse / Minor Child) (%)

- No -

Directorship held in other (Listed Company)

- No -

Directorship held in other (Non-Listed Company)

2016 – Present The Boss Care Center Ltd.

Director

Directorship in Related Companies

- No -

Directorship in Companies That May Cause the Conflict of Interest to the Company

- No -

**Experience in other organization**

2019 – Present NCL International Logistics PCL.

Audit Committee / Independent Director

2018 – Present Thammasat University

Deputy Director of Executive Integrated Medical Management Program

2016 – Present The Boss Care Center Ltd.

Director

2016 – Present Chulalongkorn University

Co - Advisor

2014 – Present Chulachomklao Royal Military Academy

Assistant Professor

2013 – Present Armed Forces Academies Preparatory School

Teacher in Basic Economics Instructor

2017 – 2019 Assumption convent alumni association

secretary

2018 - 2018 Thai Army Wives Association

Secretary Section

**The Meeting Attendance in 2019**

- Board of Director 5/6
- Audit Committee 3/4
- Nomination and Remuneration Committee 1/2
- Risk Management Committee 4/5

**Criteria for Director Nomination**

- Passed recruiting from Nomination and Remuneration Committee

**Forbidden Qualification**

- No criminal record in a property offense committed by fraud



<b>Mr. Kittu Phuathavornskul</b>		<b>Age 54 years</b>	
<b>Director / President</b>		<b>Nationality : Thai</b>	
<b>Education Qualification</b>		Directorship in Related Companies	
Bachelor's Degree		2018 - Present	LG Container Line Pte. Ltd. Director
• In Business Administration / Assumption University		2017 - Present	Zim (Thailand) Co., Ltd. Director
<b>Training Course</b>		2016 - Present	Grace Water Med Co., Ltd. Director
• Good Governance for Medical Executive Curriculum Training Course Class 6/2018, The King Prajadhipok's Institute		2014 - Present	NCL Inter Logistics (S) Pte., Ltd. Director
• Associate Justice Course, Batch 12/2017		<b>Experience in other organization</b>	
The International Intellectual Property and International Trade Court		2013 - Present	NCL International Logistics PCL Director / President
• Certificate of Executive Program (CMA) Batch 22/2016		2017 - Present	Zim (Thailand) Co., Ltd. Director
Capital Market Academy		2016 - Present	Grace Water Med Co., Ltd. Director
• Director Certificate Program (DCP) Batch 197/2014, (IOD)		2014 - Present	NCL Inter Logistics (S) Pte., Ltd. Director
• Director Accreditation Program (DAP) Batch 103/2013, (IOD)		2016 - 2019	LG Container Lines Co., Ltd. Director
<b>Holding the post of the Company's Director</b>		2016 - 2019	SSK Inter Logistics Co., Ltd. Director
• 6 Years (Appointed as a Director since 2013)		2016 - 2018	Lagacy Asia Capital Pte Ltd. Director
<b>Appointed as a Director</b>		<b>The Meeting Attendance in 2019</b>	
• 4 February 2013		• Board of Director	5/6
Family relationship with the management - No -		• Risk Management Committee	5/5
No. of share held (Own / Spouse / Minor Child) (%)		• Board of Management	8/8
Mr. Kittu Phuathavornskul	130,066,974 shares 28.640 %	<b>Criteria for Director Nomination</b>	
Mrs. Pinruck Prasitsinikul (wife)	31,000,000 shares 6.826 %	• Passed recruiting from Nomination and Remuneration Committee	
Directorship in other (Listed Company) - No -		<b>Forbidden Qualification</b>	
Directorship in other (Non-Listed Company)		• No criminal record in a property offense committed by fraud	
2018 - Present	LG Container Line Pte. Ltd. Director		
2017 - Present	Zim (Thailand) Co., Ltd. Director		
2016 - Present	Grace Water Med Co., Ltd. Director		
2014 - Present	NCL Inter Logistics (S) Pte., Ltd. Director		
Directorship in Companies That May Cause the Conflict of Interest to the Company - No -			





**Mr. Wantenan Techamorakot**

**Director / Vice President Freight Forwarder**

**Age 51 years**

**Nationality : Thai**

**Education Qualification**

Diploma

- High Vocational Education, Rajamangala Institute of Technology Borpitpimuk (Makamek)

**Training Course**

- Logistics Diploma Program For middle level management, version 12 (LQSP Plus 2019), Thai National Shippers' Council (TNSC)
- Chief Transformation Officer (CTO)  
MAI Listed Companies Association
- Director Accreditation Program (DAP) Batch 104/2013  
Thai Institute of Director (IOD)

**Holding the post of the Company's Director**

- 6 Years (Appointed as a Director since 2013)

**Appointed as a Director**

- 4 February 2013

Family relationship with the management

- No -

No. of share held (Own / Spouse / Minor Child) (%)

Mr. Wantenan Techamorako 4,000,000 shares 0.881%

Directorship in other (Listed Company)

- No -

Directorship in other (Non-Listed Company)

- No -

Directorship in Companies That May Cause the Conflict of Interest to the Company

- No -

Directorship in Related Companies

- No -

**Experience in other organization**

2013 - Present	NCL International Logistics PCL Director / Vice President Freight Forwarder
2007 - 2012	NCL International Logistics Co., Ltd. Director
1994 - 2009	NCL Agencies (Thailand) Co., Ltd. Director

**The Meeting Attendance in 2019**

• Board of Director	6/6
• Risk Management Committee	5/5
• Board of Management	8/8

**Criteria for Director Nomination**

- Passed recruiting from Nomination and Remuneration Committee

**Forbidden Qualification**

- No criminal record in a property offense committed by fraud



**Ms.Netirad Sang-ngam**

**Director / Vice President Finance, Accounting, Personal Administration**

**Age 53 years**

**Nationality : Thai**

**Education Qualification**

Master's Degree

- Master of Public Administration Program (M.P.A.)  
Pathumthani University

Bachelor's Degree

- In Accountancy / Southeast Asia University

**Training Course**

- "Bhumipalung Phandin" course for senior management, batch no. 5/2019, Chulalongkorn University
- Advanced Security Management Program : ASMP 10/2018  
The Association of National Defence College of Thailand
- Advanced Certificate Course in Public Administration and Law for Executives The King Prajadhipok's Institute Batch 17/2017  
King Prajadhipok's Institute
- Thammsat Leadership Program "Thammasat Social Sciences" Foundation of Thammsat Leadership Program Batch 10/2017
- Strategic CFO in Capital Markets Program Batch 3/2016, The Stock Exchange of Thailand
- Director Certificate Program (DCP) Batch 204/2015  
Thai Institute of Director (IOD)
- Director Accreditation Program ( DAP) Batch 104/2013  
Thai Institute of Director (IOD)
- Certificate Customs specialist Batch 10/2/2011, Customs

**Holding the post of the Company's Director**

- 6 Years (Appointed as a Director since 2013)

**Appointed as a Director**

- 4 February 2013

Family relationship with the management - No -

No. of share held (Own / Spouse / Minor Child) (%)

Ms.Netirad Sang-ngam 4,110,000 Shares 0.905%

Directorship in other (Listed Company) - No -

Directorship in Companies That May Cause the Conflict of Interest to the Company -No-

**Directorship in other (Non-Listed Company)**

2016 - Present	Grace Water Med Co., Ltd
	Director
2014 - Present	NCL Inter Logistics (S) Pte., Ltd.
	Director

**Directorship in Related Companies**

2016 - Present	Grace Water Med Co., Ltd
	Director
2014 - Present	NCL Inter Logistics (S) Pte., Ltd.
	Director

Directorship in Companies That May Cause the Conflict of Interest to the Company - No -

**Experience in other organization**

2013 - Present	NCL International Logistics PCL.
	Director / Vice President Finance, Accounting, Personal Administration
2016 - Present	Grace Water Med Co., Ltd
	Director
2014 - Present	NCL Inter Logistics (S) Pte., Ltd.
	Director
2016 - 2019	LG Container Lines Co., Ltd.
	Director

**The Meeting Attendance in 2019**

• Board of Director	5/6
• Nomination and Remuneration Committee	2/2
• Risk Management Committee	4/5
• Board of Management	8/8

**Criteria for Director Nomination**

- Passed recruiting from Nomination and Remuneration Committee

**Forbidden Qualification**

- No criminal record in a property offense committed by fraud



**Ms. Pornthip Sae-Lim**

**Director / Vice President NVOCC, Consolidation**

**Age 37 years**

**Nationality : Thai**

**Education Qualification**

Bachelor's Degree

- In Liberal Arts / Siam University

**Training Course**

- Director Accreditation Program ( DAP) Batch 104/2013  
Thai Institute of Director (IOD)

**Holding the post of the Company's Director**

- 5 Years (Appointed as a Director since 2014)

**Appointed as a Director**

- 13 August 2014

Family relationship with the management

- No -

No. of share held (Own / Spouse / Minor Child) (%)

Ms. Pornthip Sae-lim 4,000,000 shares 0.881%

Directorship in other (Listed Company)

- No -

Directorship in other (Non-Listed Company)

- No -

Directorship in Related Companies

- No -

Directorship in Companies That May Cause the Conflict of  
Interest to the Company

- No -

**Experience in other organization**

2014 - Present	NCL International Logistics PCL Director / Vice President NVOCC, Consolidation
2013 - 2014	NCL International Logistics PCL Marketing Manager
2007 - 2013	NCL International Logistics PCL Marketing
2005 - 2007	NCL Agencies (Thailand) Co., Ltd. Marketing

**The Meeting Attendance in 2019**

• Board of Director	6/6
• Risk Management Committee	5/5
• Board of Management	8/8

**Criteria for Director Nomination**

- Passed recruiting from Nomination and Remuneration  
Committee

**Forbidden Qualification**

- No criminal record in a property offense committed by fraud




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**Mr. Marc Cheng Chee Ooi**
**Age 46 years****Vice President International Business Development Division****Nationality : Singapore**


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**Education Qualification**

Hi School

Deyi Secondary School ( In Singapore)

**Forbidden Qualification**

No criminal record in a property offense committed by fraud

**Experience in other Organization**

2017 - Present    NCL International Logistics PCL  
                          Vice President International Business  
                          Development Division

2018 – Present    Qingdao National Container Line Co., Ltd.  
                          Director

2018 – Present    LG Container Line Pte. Ltd.  
                          Director

2017 – Present    PT. NCL Inter Logistik Indonesia  
                          Director

2014 - Present    NCL Inter Logistics (S) Pte Ltd  
                          Current CEO / Director

2010 – 2013        Diamond International Consolidators(S) Pte Ltd  
                          General Manager

2005 - 2009        Soonest Express (S) Pte Ltd  
                          Assistant General Manager

2004 – 2005        Quanterm Fright (S) Pte Ltd  
                          Sales Executive



Ms. Duangsamorn Supasaksutat  
Director Accounting

Age 40 years  
Nationality : Thai

**Education Qualification**

Bachelor's Degree

- In Accountancy with Certified Public Accountant /  
Rajamanglaj University of Technology Krungthep
- In Faculty of Law / Chulalongkorn University

**Forbidden Qualification**

No criminal record in a property offense committed by fraud

**Experience in other organization**

2013 - Present	NCL International Logistics PCL Accounting Director
2017 - Present	Grace Waters Med Ltd. Director
2017 - 2019	SSK Inter Logistics Co., Ltd. Director
2016 - 2019	LG Container Lines Co., Ltd. Director
2008 - 2013	NCL International Logistics Co., Ltd. Accounting Manager



**Ms.Rungarun Bongkodkanok**  
Company Secretary

Age 43 years  
Nationality : Thai

**Education Qualification**

Bachelor's Degree

- Major Marketing, Huachiew Chalemprakiet University

**Training Course**

- Company Secretary Program CSP Batch 60/2014  
Thai Institute of Director (IOD)
- Advance for Corporate Secretaries Batch 2/2560  
Thai Listed Companies Association (TLCA)
- Certificate in Investor Relations 2017 Batch 1/2017  
Thai Listed Companies Association (TLCA)
- Fundamental Practice for Corporate Secretary: FPCS Batch 30  
Thai Listed Companies Association (TLCA)
- Basic courses, laws and regulations related to listed companies Batch 12 Thai Listed Companies Association (TLCA)
- Smart Disclosure Program (SDP)  
The Stock Exchange of Thailand (SET)
- Social Responsibility Center (SR Center)  
The Stock Exchange of Thailand (SET)

Appointed as on 8 November, 2018

**Experience in other organization**

2018 - Present	NCL International Logistics PCL. Company Secretary and IR Manager
2016 - 2018	NCL International Logistics PCL. Assistant Company Secretary and IRO
2014 - 2016	J.S.P. PROPERTY PCL. Assistant Company Secretary
2012 - 2014	Asia Green Energy PCL. Assistant Company Secretary

**Forbidden Qualification**

Never dishonestly committed and offence against property

## Profile of the Chief Internal Auditor and Chief Operating Officer of the Company

Ms.Wanna Maluengnon	Age 56 years																				
Managing Director of Acc-Plus Consultant Co., Ltd.	Nationality : Thai																				
<b>Education Qualification</b> MA. Of Business Administration <ul style="list-style-type: none"> <li>• Chulalongkorn University, 1994</li> </ul> Certificate of Accounting <ul style="list-style-type: none"> <li>• Thammasart University, 1991</li> </ul> Bachelor's Degree of Account <ul style="list-style-type: none"> <li>• Chulalongkorn University, 1990</li> </ul> Hight School <ul style="list-style-type: none"> <li>• Rajini School, 1986</li> </ul>	<b>Internal Audit Work</b> Companies listed on the Stock Exchange of Thailand <ul style="list-style-type: none"> <li>• NCL International Logistics PCL</li> <li>• Ocean Commerce PCL</li> <li>• East Coast Furnitech PCL</li> <li>• Forth Corporation PCL</li> <li>• T.M.C. Industrial PCL</li> <li>• Eureka Design PCL</li> <li>• Teera-Monkol Industrial PCL</li> <li>• Asia Green Energy PCL</li> </ul>																				
<b>Training Course</b> <ul style="list-style-type: none"> <li>• Certificate of Risk Management Program for Corporate Leader (RCL5 / 2016) by the Thai Institute of Directors Association (IOD)</li> <li>• Training on internal audit on fraud investigation Organized by the Federation of Accounting Professions</li> <li>• Workshop COSO2013 Internal Control Batch No. 3/2013</li> <li>• Workshop for Evaluation Risk Internal Control Batch No. 3/2012</li> <li>• Workshop Evaluation internal Control Batch COSO-ERM December 2011</li> <li>• Audit Committee Program - ACP Batch 42/2013 Thai Institute of Director (IOD)</li> <li>• Director Accreditation Program - DAP Batch 99/2012 Thai Institute of Director (IOD)</li> <li>• Certified Public Accountant number 4170</li> </ul>	<b>Other Public</b> <ul style="list-style-type: none"> <li>• Siam Amago Holdings PCL</li> <li>• Forth Smart Service PCL</li> <li>• Sammitr Motor Manufacturing PCL</li> <li>• Power Solution Technologies PCL</li> <li>• Siam Wellness Group PCL</li> </ul>																				
	<b>Experience in other organization</b> <table> <tr> <td>1994 - Present</td><td>Acc-Plus Consultant Co., Ltd.</td></tr> <tr> <td></td><td>Director of Internal Control</td></tr> <tr> <td></td><td>Advisor for Internal Control for Due Diligence</td></tr> <tr> <td>2016 – Present</td><td>Dimetsiam PCL</td></tr> <tr> <td></td><td>Chairman of Audit Committee / Independent</td></tr> <tr> <td></td><td>Director</td></tr> <tr> <td>2018 – Present</td><td>Siam Biomass Supply PCL</td></tr> <tr> <td></td><td>Director</td></tr> <tr> <td>2016 – 2018</td><td>Ocean Commerce PCL</td></tr> <tr> <td></td><td>Chairman</td></tr> </table>	1994 - Present	Acc-Plus Consultant Co., Ltd.		Director of Internal Control		Advisor for Internal Control for Due Diligence	2016 – Present	Dimetsiam PCL		Chairman of Audit Committee / Independent		Director	2018 – Present	Siam Biomass Supply PCL		Director	2016 – 2018	Ocean Commerce PCL		Chairman
1994 - Present	Acc-Plus Consultant Co., Ltd.																				
	Director of Internal Control																				
	Advisor for Internal Control for Due Diligence																				
2016 – Present	Dimetsiam PCL																				
	Chairman of Audit Committee / Independent																				
	Director																				
2018 – Present	Siam Biomass Supply PCL																				
	Director																				
2016 – 2018	Ocean Commerce PCL																				
	Chairman																				

## Directors and Management's shareholding in NCL and NCL Group

As of 31 December 2019 the number of ordinary share includes holding by spouse and minor child

No.	Name-Surname Position	NCL					
		Ordinary Share (Share)			NCL-W3 (unit)		
		31/Dec/2017	Buy(+) / Sell(-)	31/Dec/2018	31/Dec/2018	Buy(+) / Sell(-)	31/Dec/2019
1	General Polpol Maneerin Chairman/Independent Director	-	-	-	-	-	-
2	Mr.Phongpun Khongkamnoed Chairman of the Audit Committee / Indenpent Director	-	-	-	-	-	-
3	Mrs.Jitmanee Suwannapool Audit Committee/Independent Director	-	-	-	-	-	-
4	Ms.Chanyapat Wiphatthanananthakul Audit Committee/Independent Director	-	-	-	-	-	-
5	Mr.Kitti Phuathavornskul Director / President	136,307,274	(6,240,300)	130,066,974	19,472,467	-	-
6	Mr.Wantenan Techamorakot Director/ Vice president	4,000,000	-	4,000,000	585,741	-	-
7	Ms.Netirad Sang-ngam Director/ Vice president	4,110,000	-	4,110,000	587,142	-	-
8	Ms.Pornthip Sae-lim Director/ Vice president	4,000,000	-	4,000,000	571,428	-	-
9	Mr.Marc Cheng Chee Ooi CEO	-	-	-	-	-	-
10	Ms.Duangsamorn Supasaksutat Director Finance and Accounting	-	-	-	-	-	-
11	Miss Rungarun Bongkodkanok Company Secretary	-	-	-	-	-	-
12	Ms.Pinruck Prasitsirikul	30,952,100	47,900	31,000,000	4,421,728	-	-

### Remark

1. Other than those reported in aforementioned table, there are no spouses or minor children of other directors and executives holding shares in the company, associated company and subsidiaries.

2. NCL-W3 expire on 6 December 2019

3. These subsidiaries do not have any directors, executives, including spouses and underage children holding such shares

- NCL International Logistics USA Inc.
- NCL Inter Logistics Viet Nam Company Limited
- Qingdao National Container Line Co., Ltd.
- PT. NCL Inter Logistik Indonesia
- Ningbo NCL Inter Logistics Co., Ltd.
- NCL International Logistics Private Limited
- LG Container Line Pte. Ltd.



ubsidiaries.

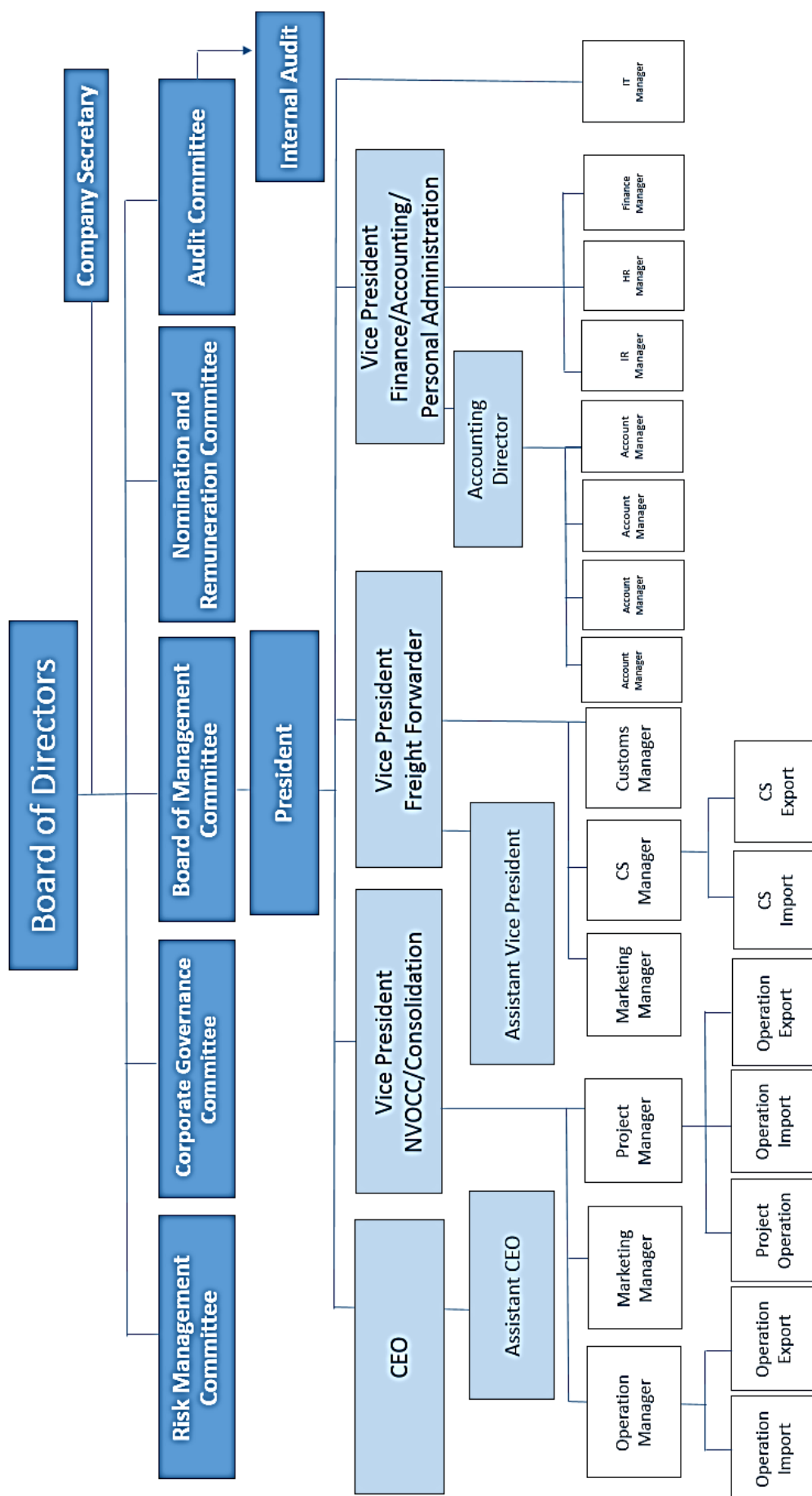
## Management Structure

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The Company's management structure is comprised of a board and five committees, namely the Board of Directors, Executive Committee, the Audit Committee, the Risk Management Committee, the Nomination and Remuneration Committee and the Good Corporate Governance Committee

The Company's Board of Directors and management are composed of qualified people whose qualifications meet the regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission. They have performed their duties with integrity and have protected the shareholders' interest. Furthermore, they have operated within the framework of accepted business ethics, have taken into account all stakeholders' interests, and have provided a trustworthy accounting system, financial reports and account reviews.

**The Management Structure of the Company (as of December 31, 2019) are as follows:**



(As of 31 December 2019)

## Board of Director

As of December 31, 2019 the Company's Board of Directors was composed of the following eight people.

Name	Position	Type of Directors	Attended Dated
1 General Porpol Maneerin <sup>1</sup>	Director	Independent	26 April 2017*
.	Chairman of the Board of Directors	Director	12 November 2019**
2 Mr. Pongpun Kongkumnerd	Director	Independent	4 February 2013
.	Chairman of the Audit Committee	Director	
.	Chairman of the Risk Management Committee		
.	Chairman of The Nomination and Remuneration Committee		
.	Chairman of The Corporate Governance Committee		
3 Mrs. Jitmanee Suwannapool	Director	Independent	15 May 2015
.	The Audit Committee	Director	
.	The Risk Management Committee		
.	The Nomination and Remuneration Committee		
.	The Corporate Governance Committee		
4 Ms. Chanyapat Wiphatthanant hakul <sup>2</sup>	Director	Independent	1 March 2019
.	The Audit Committee	Director	
.	The Risk Management Committee		
.	The Nomination and Remuneration Committee		
.	The Corporate Governance Committee		
5 Mr. Kitti Phuathavornskul	Director, President	Executive Director	4 February 2013
.	Chairman of the Executive Committee	Authorized Signing	
.	The Risk Management Committee	Director	
6 Mr. Wantenan Techamorakot	Director, Vice President	Executive Director	4 February 2013
.	The Executive Committee	Authorized Signing	
.	The Risk Management Committee	Director	
7 Ms. Netirad Sang-ngam	Director, Vice President	Executive Director	4 February 2013
.	The Executive Committee	Authorized Signing	
.	The Risk Management Committee	Director	
.	The Nomination and Remuneration Committee		
8 Ms. Pornthip Sae-Lim	Director, Vice President	Executive Director	13 August 2014
.	The Executive Committee	Authorized Signing	
.	The Risk Management Committee	Director	

Ms. Rungarun Bongkodkanok served as the Secretary of the Board of Directors and Company Secretary.

Remark: \* The date of appointed to director \*\* The date of appointed to Chairman of the Board

<sup>1</sup> The Board of Directors Meeting No. 6/2562 on November 11, 2019 resolved to appoint General Porpol Maneerin holding the position of Chairman of the Board of Directors in place of Mr. Korn Dabbarangsi, who had resigned from the position on October 9, 2019, effective on November 12, 2019.

<sup>2</sup> The Board of Directors Meeting No. 1/2562 on February 27, 2019, resolved to appoint Ms. Chanyapat Wiphatthanantakul to assume the position as Board of Directors instead of Mrs. Naree Boonteeraworn, who had resigned from the position on January 18, 2019, effective on March 1, 2019.

## Directors who were authorized to bind the company

The directors who were authorized to bind the Company included Mr. Kittu Phuathavornskul, Mr. Wantenan Techamorakot, Ms. Netirad Sang-ngam, and Ms. Pornthip Sae-Lim. Two of them signed together and stamped the Company's seal.

## The Audit Committee

The Board of Directors appointed the Audit Committee to assist the Board of Directors in reviewing the quality and reliability of the accounting system, the audit system, the internal control system, and the financial report process.

As of December 31, 2019, the Audit Committee consisted of three people, as follows:

Name			Position
1.	Mr. Pongpun	Kongkumnerd <sup>1</sup>	Chairman of the Audit Committee
2.	Mrs. Jitmanee	Suwanapool <sup>1</sup>	The Audit Committee
3.	Ms. Chanyapat	Wiphatthanant hakul <sup>1,2</sup>	The Audit Committee

Ms. Rungarun Bongkodkanok served as the Secretary of the Audit Committee.

Remark :<sup>1</sup> The Audit Committee member was equipped with adequate expertise and experience in the review of financial statement.

<sup>2</sup> The Board of Directors Meeting No. 1/2562 on February 27, 2019, resolved to appoint Ms. Chanyapat Wiphatthanantakul to assume the position as Audit Committee instead of Mrs. Naree Boonteeraworn, who had resigned from the position on January 18, 2019, effective on March 1, 2019.

## The Risk Management Committee

As of December 31, 2019, the Risk Management Committee was composed of the following seven people:

Name			Position
1.	Mr. Pongpun	Kongkumnerd	Chairman of the Risk Management Committee
2.	Mrs. Jitmanee	Suwanapool	The Risk Management Committee
3.	Ms. Chanyapat	Wiphatthanant hakul <sup>1</sup>	The Risk Management Committee
4.	Mr. Kittu	Phuathavornskul	The Risk Management Committee

Name			Position
5.	Mr. Wantenan	Techamorakot	The Risk Management Committee
6.	Ms. Netirad	Sang-ngam	The Risk Management Committee
7.	Ms. Pornthip	Sae-Lim	The Risk Management Committee

Ms. Rungarun Bongkodkanok served as the Secretary of the Risk Management Committee.

Remark :<sup>1</sup> The Board of Directors Meeting No. 1/2562 on February 27, 2019, resolved to appoint Ms. Chanyapat Wiphatthanantakul to assume the position as Risk Management Committee instead of Mrs. Naree Boonteeraworn, who had resigned from the position on January 18, 2019, effective on March 1, 2019.

## The Nomination and Remuneration Committee

As of December 31, 2019, the Nomination and Remuneration Committee consisted of the following four people:

Name			Position
1.	Mr. Pongpun	Kongkumnerd	Chairman of the Nomination and Remuneration Committee
2.	Mrs. Jitmanee	Suwanapool	The Nomination and Remuneration Committee
3.	Ms. Chanyapat	Wiphatthanant hakul <sup>1</sup>	The Nomination and Remuneration Committee
4.	Ms. Netirad	Sang-ngam	The Nomination and Remuneration Committee

Ms. Rungarun Bongkodkanokas the Secretary of the Nomination and Remuneration Committee.

Remark :<sup>1</sup> The Board of Directors Meeting No. 1/2562 on February 27, 2019, resolved to appoint Ms. Chanyapat Wiphatthanantakul to assume the position as The Nomination and Remuneration Committee instead of Mrs. Naree Boonteeraworn, who had resigned from the position on January 18, 2019, effective on March 1, 2019.

## The Corporate Governance Committee<sup>1</sup>

The Corporate Governance Committee consisted of the following three people:

Name			Position
1.	Mr. Pongpun	Kongkumnerd	Chairman of The Corporate Governance Committee
2.	Mrs. Jitmanee	Suwanapool	The Corporate Governance Committee
3.	Ms. Chanyapat	Wiphatthanant hakul	The Corporate Governance Committee

Ms. Rungarun Bongkodkanokas the Secretary of the Corporate Governance Committee.

Remark: <sup>1</sup> The Board of Directors Meeting No.1/2020, held on February 27, 2020, resolved to appoint four people to the Corporate Governance Committees, all of which are Independent Directors.

## The Executive Committee

As of December 31, 2019, the Executive Committee consisted of the following four people:

Name			Position
1.	Mr. Kitti	Phuathavornskul	Chairman of the Executive Committee
2.	Mr. Wantenan	Techamorakot	The Executive Committee
3.	Ms. Netirad	Sang-ngam	The Executive Committee
4.	Ms. Pornthip	Sae-Lim	The Executive Committee

Ms. Rungarun Bongkodkanokas the Secretary of the Executive Committee.

In 2019, the Board of Directors' Meetings and Committees' Meeting as following: -

Name		Number of Attendance / Number of Meeting				
		BOD Meeting	Audit Committee Meeting	Risk Management Committee Meeting	Nomination and Remuneration Committee Meeting	Executive Committee Meeting
1. Mr. Korn	Dabbaransi <sup>1</sup>	5/6	-	-	-	-
2. General Porpol	Maneerin	5/6	4/4	4/5	2/2	-
3. Mr. Pongpun	Kongkumnerd	6/6	4/4	5/5	2/2	-
4. Mrs. Jitmanee	Suwanapool	6/6	4/4	5/5	2/2	-
5. Ms. Chanyapat	Wiphatthanananthakul <sup>2</sup>	5/6	3/4	4/5	1/2	-
6. Mr. Kitti	Phuathavornskul	5/6	-	5/5	-	8/8
7. Mr. Wantenan	Techamorakot	6/6	-	5/5	-	8/8
8. Ms. Netirad	Sang-ngam	5/6	-	4/5	2/2	8/8
9. Ms. Pornthip	Sae-Lim	6/6	-	5/5	-	8/8

Remark: <sup>1</sup> Mr. Korn Dabbarangsi, who had resigned from the position on October 9, 2019 effective on November 12, 2019.

<sup>2</sup> Miss Chanyapat Wiphatthanananthakul appointed being a Director Audit Committee, Risk Management Committee and the Nomination and Remuneration Committee by the resolution of the Board of Directors meeting No. 1/2019 on February 27, 2019 and effective from March 1, 2019 onwards.

## Management

As of December 31, 2019, the Management consisted of the following five people:

Name			Position
1.	Mr. Kittit	Phuathavornskul	President
2.	Mr. Wantenan	Techamorakot	Vice President The Freight Forwarding Department (FF)
3.	Ms. Netirad	Sang-ngam	Vice President The Personnel and Administration Department The Finance and Accounting Department
4.	Ms. Pornthip	Sae-Lim	Vice President The Non-vessel Operating Common Carrier Department (NVOCC)
5.	Mr. Marc	Cheng Chee Ooi	Chief Executive Officer

## Company's Secretary

At the Board of Directors' meeting, no.7/2018, on November8, 2018, the Board of Directors resolved to designate Miss Rungarun Bongkodkanok act as the Company's secretary. The Position holder must be knowledgeable and understands the company's business and the role of the Company's Secretary, having knowledge of laws, regulations of the office of the Securities and Exchange Commission and the Stock Market of Thailand, as well as having good understanding in corporate governance and code of conduct with the authority of functions as stipulated in the Securities and Exchange Act B.E. 2535 and its amendment (No.4) B.E. 2551 and other operations announced by the Capital Market Supervisory Board.

## Remuneration for the Board of Directors and the Management

### Financial remuneration

#### Board of Directors

The Company considered the formulation of the remuneration policy for the Board in a fair and reasonable manner by taking into account suitability and consistency with the Company's performance and the Board's duties and responsibilities.

At the General Meeting of Shareholders for the year 2019, on April 26, 2019, the rates of remuneration for the Board of Directors and the Audit Committee were determined as an allowance paid per each meeting, which are as follows:



Position	Remuneration (baht/person/meeting)
Chairman of the Board of Directors	50,000
Chairman of the Audit Committee	20,000
Member of the Audit Committee	10,000
Director	20,000

The Company has paid remuneration for the Board of Directors meeting and the Audit Committee meeting only. Company did not pay remuneration to the other committees, i.e. the Executive Committee, the Risk Management Committee, or the Nomination and Remuneration Committee.

#### The remuneration paid for the directors and committee members for the year 2019 as follows

Name		Remuneration (Baht)			
		Director	Audit Committee	Bonus <sup>2</sup>	Total
1.Mr. Korn	Dabbaransi <sup>1</sup>	300,000	-	-	300,000
2.Mr. Pongpun	Kongkumnerd	120,000	80,000	78,750	278,750
3.Mrs. Jitmanee	Suwanapool	120,000	40,000	78,750	238,750
4.Ms. Chanyapat	Wiphatthanananthakul	100,000	40,000	78,750	218,750
5.General Porpol	Maneerin	100,000	30,000	78,750	208,750
6.Mr. Kittti	Phuathavornskul	100,000	-	78,750	178,750
7.Mr. Wantenan	Techamorakot	120,000	-	78,750	198,750
8.Ms. Netirad	Sang-ngam	100,000	-	78,750	178,750
9.Ms. Pornthip	Sae-Lim	120,000	-	78,750	198,750
Total		1,180,000	190,000	630,000	2,000,000

Remark:<sup>1</sup>H.E. Korn Dabbaransi received the attendance fee in both the Board of Directors' Meeting and the Annual General Meeting of Shareholders

<sup>2</sup>The Bonus is calculated from the remaining compensation from the annual meeting allowance. Which must not exceed the remuneration of directors who have been approved

#### Management

The Management of the company receive the compensation as monthly remuneration and bonus which agree well with outcome of the company. In 2019, the Company paid remuneration of 20.36 million baht to four management personnel, which is described as follows:

Remuneration	Total(million baht/year)
Financial remuneration	
- Salaries and bonuses	15.47
- Other remuneration, e.g. contributions to the Social Security Fund, contributions to the Provident Fund, and commissions.	4.89
Non-financial remuneration	None

Other Benefit

- None -

**Personnel**

As of December 31, 2019, the total number of staff (excluding the management) was 154, in 2019, the remuneration that the Company paid for staff was 67.24 million baht. The remuneration included salaries, bonuses, commissions, contributions to the Social Security Fund, contributions to the Provident Fund, etc. They are described as follows:

Department	Number of staff
The Freight Forwarding Department (FF)	71
The Non-vessel Operating Common Carrier (NVOCC)	32
The Finance and Accounting Department, the Information Technology Department, and other departments.	51
<b>Total</b>	<b>154</b>

Provident Fund

The Company set up the Provident Fund on October 1, 2013 with Thailand Kasikorn Asset Management Co., Ltd., which aimed to boost the morale of its staff and to motivate them to work for the Company in the long run.

Other Remunerations

In addition to remunerations in the form of monthly salary, bonus and the provident fund that the company pays to its employees, there are other additional welfare payments to the company's employees as follow:

- Annual health check-up
- Social security fund
- Welfare on assistance
- Welfare on employees uniforms
- Welfare on compensation for transportation / accommodation / allowances
- Welfare on activities
- Holidays

Major labor disputes in the past 3 years.

As of December 31, 2017    the number of employees 148 persons

As of December 31, 2018    the number of employees 145 persons

As of December 31, 2019    the number of employees 154 persons

Important disputes on labor over the last 3 years.

- None -

Personnel Development Policy

The Company has a policy to develop personnel at all levels on a regular basis to enhance their expertise and the efficiency of their work. The Company has prepared a yearly plan for in-house and outsourced training to improve their working skills in accordance with their responsibilities, which will bring benefits to the overall development for the Company. In the year 2019, the executives and employees attended the training course with outsource organization for 36 topics and in-house training course for 6 topics as follows.

**Training Courses – Outsourced Seminars are as follows.**

For the executives

1. “Bhumipalung Phandin” course for senior management, batch no. 5
2. Training course “Chief Transformation Officer: CTO Course”
3. Logistics Diploma Program For middle level management, version 12 (LQSP Plus 2019)
4. Seminar on “Leases to significant financial statements and financial ratios”
5. " Training course “Penetrating the issue of withholding tax”
6. Training course “Issues on accounting entry Chor.16 Property, plant and equipment.
7. Enhancing the efficiency of co-working between the in-house lawyer and the law firm, the Stock Exchange of Thailand.
8. Review of supervision of financial statements within a quarter.

For Employees

1. Documentary Request  
Course on how to use the Issuer Portal system in a new function, Documentary Request.
2. A full boot camp for AGM Checklist 2019
3. CS&IR Networking Seminar “Preparation for AGM 2019 for new listed companies”
4. Course for improving stock distribution reporting system (Free Float Report)
5. Preparatory course for sustainability assessment for the year 2019, batch 5 (Beginner for those who have never participated in the sustainability assessment of the Stock Exchange of Thailand)
6. Human rights seminar: factors driving competitiveness of Thai listed companies towards sustainability (UNGPs).
7. Curriculum for enhancing cooperation in collaboration between internal legal departments (In-house lawyer) and external legal consultants (Law firm).
8. The course of reporting information of Greenhouse Gas Emission, batch 2
9. Workshop Process Innovation Management and Industry Transformation

10. Topic "Sustainability Reporting Knowledge Sharing Session "How to Get Started With ESG Reporting"
11. The Seminar of Opening Project "One-Stop Service"
12. Course of SET Link usage-7<sup>th</sup> Round
13. The project course "Smart Disclosure Program" (SDP)
14. The course of SET Portal use system
15. The Curriculum of "IT Future for Capital Market" 1/2562 "Integration Evolution
16. The Automation Course is the Future of Work by INETMS, 2<sup>nd</sup> Time
17. The Curriculum of Tech Dynamics: Digital Landscape for Finance and Accounting
18. The Curriculum of IT Future for Capital Market No.2/2562
19. Issues Course Accounting Note No. 16 Property, Plant and Equipment"
20. Year -end closing preparation seminar.
21. The course summarizes important faults for bookkeepers.
22. Seminar on "Temporary differences that is used to record deferred income tax (TAS12) accounts including the updating of PAEs and NPAEs accounting standards."
23. Seminar on "Handling the Transfer pricing law"
24. Seminar on "Leases in respect of financial statements and significant financial ratios"
25. The seminar on "Penetration of the transfer price law 2019"
26. Seminar on "The Updating of Tax Law 2019, including Retroactive Tax Auditing"
27. Tax planning course for juristic persons
28. The Curriculum for Comprehension and Major Issues of TFRS for NPAEs batch 8/62

#### **In-house Training Courses are as follows**

1. The curriculum of development of creative thinking and innovative building.
2. The usage of Microsoft Office 365
3. The Corporate Good Governance Policy
4. Code of Conduct – Business Ethics, the Introduction of the Stock Exchange
5. Anti - Corruption
6. Community Development and Environment Preservation

#### **The Summarize of staff training hours in 2019**

Level	Training hours / person
Executives	60
Employees	20

For outsourced training, the Company supports employees and the executives to attend the appropriate training courses and effective to development their work capacity which organized by various institutions and in-house training to provide the executives and employees with knowledge, understanding of fundamentals of organization, policy, organization overview to acknowledge and practice properly, including other related development.

## Corporate Governance

NCL International Logistics Public Company Limited ("the Company") realizes the importance of good corporate governance which is important and necessary to help the company achieve our corporate commitment in becoming a leading efficient organization equipped with good corporate governance and management excellence. In addition, good corporate governance is also a critical success factor to the company's continuous business growth and stability which shall impact the confidence of shareholders, investors and all relevant parties as well as long-term business value of the company.

### Corporate Governance Policy

The Board of Directors has set up the Good Corporate Governance Policy of the Company in accordance with the Good Corporate Governance Principles for Listed Companies of the Stock Exchange of Thailand, with the Corporate Governance Policy and the Business Ethics and Operational Guideline. In writing, The Board of Directors is the driven and regulates the implementation in work process, executives and employees are strictly complied and held on to practice since 2014 and has been distributed on the Company's website to inform the shareholders, investors, interested person and related parties.

The Company had determined that the corporate governance policy need to be reviewed annually or at least once a year. In 2019, there was a review made through the Board of Directors Meeting No. 1/2019 on February 27, 2019, performing a manual update corporate governance policy by additional policies and practices covering all 5 policies, as follow:

1. The Rights of Shareholders
2. The Equitable treatment of Shareholders
3. Role of Stakeholders
4. Disclosure of Information and Transparency
5. Responsibility of the Board

Therefore, the Board of Directors has established the Good Corporate Governance policy to all directors, executives and employees to follow the guidelines as below:

- 1) The Board, management and employees will perform their duties with full effort and responsibility to maximum the benefits of the company. They will reply on Good Governance Policy, Business Ethic as the way to operate.

- 2) The Board has a role with the management to determine vision, strategies, policy and business goal of the company to cover the planning of management and proper business operation.
- 3) The Board, management and Employees must perform their duties responsibly, prudently, earnestly and honestly in accordance with the relevant laws, Company Articles and Notifications.
- 4) The Board, Management and employees will treat all stakeholders with fairness and will examine, control and prevent any action or decision that will lead to any conflicts.
- 5) The Board, management and employees will perform their duties with honesty, fairness, and transparency.
- 6) An internal control system shall be installed and risks management shall be managed at suitable levels, including an accounting system and financial statement which are accurate and reliable.
- 7) Treat employees with fairness, awareness, promotion and cultivation of virtue ethics, coupled with the development of the potential of continue personal.
- 8) Execute important information disclosure on finances and on-finance matter with creditability and punctuality so that shareholders, investors and stakeholders of the company can access such information with fairness, appropriate and thorough
- 9) Implement anti-fraud policy, corruption, including ongoing control
- 10) Complete the business with social responsibility, community and the environment, including all stakeholders, which leads to sustainable development.

Include a review of the Code of Business conduct and Practices to all directors, executives and employees of the Company and the subsidiaries to be held as a practice guideline. Additional information on misconduct and fraud, violation or non-compliance, whistle blowing and protection measures and fairness to data providers, reporters, complainants or collaborators in reporting such information.

## Business Ethics

The Company encourages directors, executives, and employees to operate and make decisions on the Company's business in a transparent, straightforward manner adhere to the law, held on virtue and ethics. The Business Ethics Handbook has been prepared as a part of the Corporate Governance Policy. It is a guideline and standard for the performance of directors, executives and all employees in the organization strictly follow, including continuous supervision. The "Corporate Governance Policy" and the "Business Ethics Handbook" are posted on the Company's website ([www.nclthailand.com](http://www.nclthailand.com)) to communicate with outsiders and within the organization to the directors, executives and employees of the Company acknowledged to properly implementation.

## Chapter 1: The Rights of Shareholders

The Company is aware of the importance of the rights of the shareholders and no action is taken to restrict or violate or deprive of the rights of the shareholders. The Company is responsible for the fair treatment of shareholders including encourages its shareholders to exercise their rights by the basic rights of all shareholders, either domestic or foreign both major shareholders, minor shareholders or institutional shareholders such as the right to buy, sell, or transfer shares, share in the profit of the company, obtain relevant and adequate information on the company in a timely manner and on a regular basis, participate and vote in shareholder meetings to elect or remove members of the board, appoint the external auditor, and make decisions on any transactions that affects the company, such as dividend payment, amendments to the company's articles of association or bylaws, capital increases or decreases, or the approval of extraordinary transactions.

Beside the basic rights mentioned above. The Company also conducts in various matters to facilitate the exercise of shareholders' equities

- 1) The Annual General Meeting of shareholders is determined to be held every year within 4 months after the ending of the accounting year of the company. In case of urgency that there is a need to consider a special agenda that may affect or relate to the benefits of the shareholders and is required an approval from shareholders, the Extraordinary General Meeting of shareholders can then be called upon on a case-by-case basis.
- 2) Give an opportunity for shareholders to propose agenda items and nominate persons to be elected as directors of the Company in advance for at least 30 days. The Company has set the criteria for the right of shareholders to propose the agenda item and / or to nominate persons to be elected as directors in the Annual General Meeting of Shareholders for the year 2019 by the announcement and dissemination of the regulations and procedures through the website of the Stock Exchange of Thailand ([www.set.or.th](http://www.set.or.th)) and published on the company's website ([www.nclthailand.com](http://www.nclthailand.com)). The shareholders can propose such rules from November 12, 2018 to December 28, 2018. Therefore, on the closing date, there were no shareholders presenting such matter.
- 3) Invitation letter to the Annual General Meeting of shareholders is prepared and sent to every type of shareholders including institutional shareholders, together with the details of meeting agendas; important and necessary information for the shareholders consideration; all types of letters of power of attorney namely Form A, Form B, and Form C as determined by the Ministry of Commerce; and indicating how to authorize clearly by indicating location, date, time and a map of the meeting venue. In the meeting invitation letter, details of documents that shareholders need to present in the meeting in order to preserve the right in attending the meeting will be given. The letter will be sent to shareholders at least 7 days and in case of acquisition / disposition of assets or connected transaction or request for delisting Securities offering to directors and



employees. The offering of newly issued shares at low price to private placement, capital increase or reduction must be sent to the shareholders together with the relevant of full information before the meeting not less than 14 days in advance of the meeting date so that shareholders will receive sufficient, accurate, complete, and transparent information in making a decision to cast a vote. In addition, the letter will be announced in the newspapers in Thai for 3 consecutive days before the meeting date at least 3 days. Moreover, the company determines to distribute a complete book of the general annual meeting and the documents about the meeting on the website in Thai version for at least 30 days prior to the meeting day and in English version for at least 7 days prior. The shareholders can then use the information to make a decision for voting with completeness and honesty. The provided documents are intended for the shareholders to be prepared before attending the meeting. The company also broadcasts this news via the channel of SET that the company has distributed the meeting book and related documents on the company website.

- 4) Shareholders will be informed in case there are additional agendas in the meeting. For an urgent case regarding the preserving of rights or benefits of the company, a meeting invitation letter will be sent in advance no less than 7 days before the meeting date, while relevant information of the meeting agendas will be publicized on the website in advance before sending the documents.
- 5) Providing convenient channel in receiving news for shareholders by posting news and details through Company website, especially shareholders' meeting invitation letter which should be post prior to the meeting date for shareholders to conveniently and have sufficient time to study information relating to the meeting. Hard copies of information relating to the shareholders' meeting is nonetheless delivered to shareholders.
- 6) The company will not take any actions that are considered limiting the rights of attendance of shareholders. Every shareholder has to right to attend the meeting of shareholders throughout the length of the meeting.
- 7) If a shareholder cannot attend the meeting, the Company allows the shareholders to appoint an independent director or any person to attend on their behalf with the power of attorney in any form which has been sent by the Company together with the invitation letter. The Proxies are legitimate has the right to attend and vote in the same manner as all shareholders. The Company has proposed the list of independent directors in the proxy form as an alternative to the shareholders to be an opportunity to appoint any independent director.
- 8) Chairman of the meeting shall inform the shareholders of rules of the meeting and voting procedures. All shareholders shall be treated equally in expressing their opinion and raising questions in the meeting. Directors and relevant management team members shall attend the shareholders' meeting to provide responses to any inquiry raised at the meeting. Time shall be allotted appropriately.
- 9) In counting votes, the company will arrange an independent outsider to count or examine the vote counts in ordinary and extra Annual General Meetings, for example the auditor, the legal division or shareholders who are selected and approved from the meeting, etc. The vote counts will be available to present to the meeting and will be recorded in the minutes of the meeting.

- 10) Shareholders are given the right to attend the meeting of shareholders after the meeting has been declared open, and have the right to cast a vote in the agenda in-between consideration that has not been voted.
- 11) The company has indicated the interests of directors in the invitation letter to the meeting of shareholders. And in the meeting of shareholders, if any director has an interest or is related in any of the agendas, the chairman of the meeting will inform the meeting attendants in advance before considering the agenda. The director with an interest to that agenda will not attend the meeting and be refrained from casting a vote in such an agenda.
- 12) The Company shall disclose the resolutions and voting results of each agenda item at the Annual General Meeting of Shareholders and the Extraordinary General Meeting of Shareholders within the meeting date or no later than 9.00 am on the next business day through the website of the Stock Exchange of Thailand ([www.set.or.th](http://www.set.or.th)) and published on the company's website ([www.nclthailand.com](http://www.nclthailand.com)) within the same day.
- 13) Record the minutes of meetings with complete, accurate, timely, transparent and record down significant issues in the minutes of meeting for shareholders to review. Moreover, the Company shall present minutes of meeting on Company website for shareholders to consider as well as hand in the said minutes of meeting to The Stock Exchange of Thailand within 14 days commencing from that of shareholders' meeting.
- 14) Right of shareholders regarding dividends and share of profits the company has announced the dividend payment policy. The reasons and information for the dividend payment or non-payment are disclosed in the Annual Report and Form 56-1 (the details, please see the dividend payment policy) and the Company's website. ([www.nclthailand.com](http://www.nclthailand.com))
- 15) The Right to Consider Directors' Remuneration: Nomination and Remuneration Committee are responsible for the consideration of the form and criteria of the remuneration of each director which considered from the business type, size of the business and the responsibilities of the Board, compared with other listed companies in the Stock Exchange of Thailand which has market capitalization. In similar size, the Company has proposed the remuneration as a meeting allowance, a commission of the director and proposed to the shareholders' meeting to be considered in every year. Thus, the details of Directors' Remuneration appear on the Annual Report and Form 56-1 under "Directors and Management Remuneration"
- 16) The appointment of a certified auditor and the approval of the audit fee: The Audit committee selects and sets auditor fee to propose to Board of Directors and shareholder's meeting. The proposed auditors have been under the Audit Committee's consideration on basis of qualification, quality, efficiency, not related to or concerned to the company, and appropriate remuneration.

In year 2019, the Company held the 2019 Annual General Meeting (AGM) on April 26, 2019, at 09.30 a.m. at the Bangkok Club, floor 28, Sathon City Tower, No.175 South Sathon Road, ThongMahaMek, Bangkok. The meeting was attended by 8 directors. However, Chairman, Managing Director, and Chairman of every subcommittee attended the meeting including Chief Financial Officer, Corporate Secretary, Auditor were also in attendance to answer questions of the shareholders. The Company designated Thailand Securities

Depository Co., Ltd., its share registrar, to circulate an invitation letter to shareholders. The letter was also posted at <http://www.nclthailand.com> 30 days prior to the meeting date. The Minutes of the 2019 AGM were posted on the website 14 days after the meeting. The Company allowed minority shareholders to propose agenda items and to nominate qualified candidates as directors and how to propose through the website of the Stock Exchange of Thailand ([www.set.or.th](http://www.set.or.th)) and published on the company's website ([www.nclthailand.com](http://www.nclthailand.com)). The shareholders can propose such rules from November 12, 2018 to December 28, 2018. Therefore, on the closing date, there is no shareholder proposed the matter. Beside, to register for the meeting, the Company provides facilities for shareholders; the staff and computer systems are adequate and appropriate. Participants are registered with the barcode system and printed out the voting card of each term to the shareholders or their granted proxy.



## Chapter 2: The Equitable treatment of Shareholders

The Company has a policy to emphasize equal and fair treatment of the shareholders including those with management positions, non-executive shareholders, local shareholders and foreign shareholders, major shareholders or minority shareholders and to ensure that the shareholders be able to trust that the company's Board of Directors and management shall use their money to maximize the long-term benefits of all shareholders appropriately as the follow guidelines:

- 1) The company gives importance to every shareholder by giving an opportunity to shareholders to exercise their right in raising an additional agenda to be added to the meeting and in nominating for an expert to be elected as a company's director at least 30 days in advance of the Annual General Meeting of shareholders. In addition, the company will publicize the rules of such execution of the right through channels of the Stock Exchange of Thailand ([www.set.or.th](http://www.set.or.th)) as well as clearly inform the consideration rules in accepting the proposed agenda by publicizing on the company's website ([www.nclthailand.com](http://www.nclthailand.com)) since November 12, 2018 to December 28, 2018.
- 2) Conduct and facilitate the shareholders on the date of the meeting equally and not to do any act that restricts or abuses or deprives the shareholders' rights. Provide the reception staff with sufficient information to check and register the attendance records. The company uses the barcode system to register improve the potential of rapidity and be prepared the stamps in case the shareholder has a proxy to attend the meeting with no expenses. In addition, the Company has prepared the meeting area in sufficiently sized to accommodate the number of shareholders, convenience to travel and located in Bangkok.
- 3) In the shareholders' meeting, the shareholders will consider and vote on their agenda without changing of any important information. The shareholders' meeting shall be preceded according to the agenda item as stated in the notice of the meeting and the agenda could not have added without prior notice to the shareholders to provide the opportunity to shareholders to study the information before decide to vote.
- 4) In the case that a shareholder cannot attend the meeting, the Company shall provide convenience and allow the shareholder to appoint at least 1 independent director or any other person to attend on their behalf with the power of attorney in any form which has been sent by the Company together with the invitation letter.
- 5) The Company stipulates the duty for Independent Director to take care of the minority shareholders as minority shareholders can give suggestions, and comments to Independent Director who shall consider action as appropriated in each case. The directors shall carry out to verify the facts and find out an appropriate corrective action. For suggestion essentially affecting stakeholders as a whole or the Company's business conduct, it shall be proposed to the shareholder meeting for its consideration of inclusion thereof as agenda therein.
- 6) Updated information will be disclosed through the company's website so that shareholders can receive important changing news of the company including information required to be disclosed by relevant regulations. After dis-closure to the Stock Market, such information can be disclosed on the company's website both in Thai and English. and allow the communication channels between the company and the shareholders on the company website so that the shareholders can ask questions and receive fair information.
- 7) Educating directors and executives about the duty to report their securities holding to SEC pursuant to Section 59 of the Securities and Exchange Act B.E.2535. The Board shall regularly inform any information and regulations of the SEC and the Stock Exchange of Thailand to the Board of Directors and the executives upon it has been notified thereof from such agency.

- 8) The Company stipulates protection measures on insider trading of person related to Directors, Executive, employee, and person employed by the Company including spouse and children who are minors and related to the information. The Board also imposed penalty clause on disclosure of the Company's information or exploit the Company's information for personal gain and such regulations shall be declared and abided by the directors, executives, employees accordingly.

The Company has established a policy to use the Company's internal information and policy to prevent conflicts of interest. Approved by the Board of Directors Meeting No. 1/2013 held on 18 July 2013 and the Board of Directors' Meeting No. 1/2019 held on February 27, 2019, reviewed the policy and has been approved for use as the current version as the following details.

### Insider Information Usage Policy

The Company establishes a policy to keep and protect the use of internal information in a written manner and to notify such practices to all persons in the Company and the way to take care of directors and the management in using of internal information of the Company which is not yet disclose to the public use for personal gain as follows.

1. Directors, executives and employees of the company and its subsidiaries are required to maintain confidentiality of information within the company and subsidiaries.
2. Directors, executives and employees of the company and its subsidiaries shall not expose confidential information of the company and its subsidiaries to disclose or seek benefits for themselves or for the benefit of any other person, whether directly or indirectly. Also, whether they receive compensation or not.
3. Educate the board of directors, executives, and senior management in the accounting or finance department at the managerial level or higher. About the duty to prepare and submit reports on the holding of securities in the company, his spouse and children underage. To the Office of the Securities and Exchange Commission under Section 59 and Penalties under the Securities and Exchange Act BE 2535 (as amended)
4. Directors and Executives of the Company include spouse and minor children are prepared and disclosed the report on securities holding and the report on the change of the Company's securities holding to the Office of the Securities and Exchange Commission under Section 59 and the Penal Code under Section 275 of the Securities and Exchange Act BE 2535 (including the additional revision) and submit a copy of this report to the Company on the same day that was sent the report to the Securities and Exchange Commission.
5. The directors, executives, employees and its subsidiaries of the Company are prohibited (including spouse and minor children) who receive significant internal information that affects the change of the Company's securities trading prices within 30 days prior to such disclosure or disclosure to the public. And within 24

hours after the internal information of the company has disclosed to the public. Any person who involved with the internal information must not disclose that information to others until the information is provided to the SET. Penalties for violations of the above rules. The Company treated this action as guilty of misconduct in accordance with the Company's Articles of Association and will be considered the punishment such as verbal warning, warning letter, remit punishment as well as termination of employment by dismissal or deposition depends on the case.

6. The directors, executives and employees of the Company are prohibited to use internal information of the Company which can effect of the change in the price of securities of the Company which has not yet been disclosed to the public which it has knowledge by their position or such status and used to buy or sell or offer to buy or offer to sell or to persuade others to buy or sell shares or other securities of the Company (if any), whether directly or indirectly and whether this is done for the benefit of themselves or others, or to bring such facts out, to disclose to others to do so, whether they receive benefits or not.
7. Directors and executives including the executive level position in accounting or finance or equivalent level manager are required to submit the list of their first securities holding and report on changes of securities holding including those of their spouses and minor children, as well as related persons. The submission and report shall be conducted and submitted within 30 days from the date of appointment to the position of a director or executive and within 3 working days from the date of buying, selling, transferring or receiving the transfer of the securities, submit it to the Office of the Securities and Exchange Commission (SEC) and send a copy to the Company secretary to acknowledges every time of the change to prepare a report to the board of meeting acknowledge in every quarter.
8. Specified that the Directors and Executives including those who assume the position as executive in accounting or finance, equivalent to department manager or equivalent. (According to the definition of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand), it is required to report at least one business day before trading to the Company Secretary for reporting to the Board.

## The Conflict of Interest Policy

The Board of Directors sets policies on conflict prevention on the principle that any decision in conducting business activities must be done for the best interests of the Company and should be avoided any act that can cause the conflicts of interest, determined that any participant or stakeholder in the transaction must notify the company of its relationship or interest in the transaction, aforementioned, must not participate in the decision-making process, or no authority to approve such transactions. The Company has set the policies and practice guideline as below:

1. Director, executive and employee are required to disclose upon arising of any situation believable as a cause for conflict of interest.

2. Avoid making transactions with directors that may cause a conflict of interest with the company. In case of emergency, the transaction must be proposed to Audit Committee for consideration prior to approval from the Executive Committee or Board of Directors (Depending on case), in accordance with the principles of corporate governance and ensure compliance with the rules of the Stock Exchange of Thailand and Commission on Securities and the Stock Exchange.
3. Directors and executives who have a significant interest in a manner are prohibited to give an opinion freely and abstain from taking part in the meeting agenda. The directors and executives are required to inform the stakeholders before the agenda, the minutes of meeting should be recorded.
4. Has set up the clear and transparent structure no cross-shareholdings with major shareholders, to avoid conflicts of interest to any one party and disclose the shareholding structure of the Company and its subsidiaries in the annual report.
5. The company complies with the policy on conflict of interest and business ethics, whereby directors, executives and all employees as well as employees in the subsidiaries are required to strictly comply with such policy. The company provides information to better understand the practices of employees throughout the company.

### Chapter3: Role of Stakeholders

The Company recognizes the importance of rights of every stakeholder including shareholders, customers, trading partners, counterparts or creditors, Company's employees and the society. The Company should set a clear policy on fair treatment for each and every stakeholder in accordance with the laws or mutual agreements. To ensure that such rights are protected and treated fairly and equally. Thus, the Company has set the Business Ethics or Code of Conduct as a guideline for dealing with each stakeholder, as well as the community society and the environment for sustainable development; anti-fraud and corruption, no violate intellectual property including respect for human rights. Any actions that can be considered in violation of stakeholders' legal rights should be prohibited.

#### **Policies and guidelines for shareholders.**

The Company operates business by taking into consideration the long term grown of the Company as well as provision of good return to the shareholders. The Company operates business transparency by putting in place an efficiency internal control system and has strictly prohibited performing any acts in the nature that may cause conflict of interest with the Company. The disclosed information must be accurate, sufficient and timely.

1. The ownership rights of shareholders are equitably and fairly respected.
2. Operations are undertaken in accordance with the principles of good corporate governance, which will foster the trust and confidence of shareholders and eventually lead to sustainable growth.



3. The company's businesses are continually advanced to ensure proper returns to shareholders.
4. Significant information which affects or potentially affects shareholders' interests shall be disclosed, whether reports made pursuant to the accounting period or situation reports, pursuant to the relevant laws and notifications. However, no action shall be taken to restrict shareholders access to Company information.
5. A Report of the Board of Directors' responsibility for the financial statements in the annual report shall be prepared
6. Minority shareholders shall be given an opportunity to propose matter for inclusion in the meeting agenda and/or to nominate persons for election as Company Directors in the Annual General Meeting of Shareholders
7. Shareholders are given an opportunity to submit questions relevant to the meeting prior to the shareholders' meeting
8. Shareholders' meeting notices in both Thai and English are published on the Company website at least 30 days prior to the shareholders' meeting day as information for shareholders and to enable the study of information prior to meetings
9. Shareholders' meeting shall be facilitated. The date, time, venue and procedure must not pose an obstacle to the shareholders' attendance of the meeting. Shareholders who are not able to attend in person must have the opportunity to grant a proxy to other persons to attend the meeting and vote on their behalves.
10. Conflicts of interests must be dealt with prudently, rationally and information must be fully disclosed.
11. The Company's interests and assets shall be safeguarded as a reasonable person would safeguard his/her property. Wrongful interests, whether obtained by director or indirect means, shall be eliminated.

#### **Policies and guidelines for customers.**

The Company realizes that customer satisfaction and confidence are key factors which contribute to the Company's sustainable success. The following policies and guidelines have been prescribed in this regard:

1. The Company operates the business of manufacturing, product distribution and services which are safe for consumers and environmentally friendly.
2. Businesses are operated with commitment to develop goods and services, introduce new innovations and add value to goods and service in order to continually meet the demands if customers along with the disclosure of necessary information for decision-making without concealment or distortion of facts.
3. Businesses are operated in earnest, honest and fair values and no action is taken that would violate the rights of customers. The confidentiality of customer trade secrets is maintained and not exploited for wrongful personal gains or for the gains of others.



4. The Company does not demand, receive or consent to the director or indirect receipt of properties or other dishonest benefits from customers.
5. The Company adheres to trade agreements. In the case where adherence is not possible, the customer would be notified in advance in order to jointly find a remedy and prevent loss.
6. The Company provides communication channels to enable customers to file complaints to the Company. Complaints are processed with care and dealt with fairly.

### **Policies and guidelines for Partners**

The Company treats trading partners equitably and takes into account mutual interests by prescribing the following policies and guidelines.

1. The Company has the policies on treating business partner and all creditors fairly, does not take advantage of business partner and shall not defraud partners or creditors as well as stringently observe contracts, agreements, and conditions given to creditors or partners. The Company is focused on developing and maintaining sustainable relationships with its business partners.
2. The Company has a system for screening trading partners in the value chain who operate businesses in compliance with the law, safety and occupational hygiene standards and friendliness to the environment. Trading partners are treated on the basis of fair competition, equality and mutual respect.
3. The confidentiality of secrets or communications of trading partners are maintained and not exploited for wrongful gains of one self or of others.
4. Relationships and good understandings are fostered. Knowledge is exchanged. Developments and value adding to goods and service are jointly undertaken to promote mutual growth.
5. The Company adheres to trade agreements and makes proper representations of data. In the event that an agreement cannot be complied with, the Company will expeditiously engage in early negotiations with trading partners in order to reach a mutual remedy and loss prevention solution.
6. The Company does not demand, receive or consent to the receipt of properties or any other benefits outside trade agreements

### **Policies and guidelines for competitors.**

1. The Company encourages the policy to promote the free and fair competition conforming to the rules of good competition. The Company shall define the practice under framework of good competitive roles and laws and avoid defamation of competitors as well as in strict adherence to established ethics.
2. The Company will not damage the reputation of its trade competitors.

## Policies and Guidelines for Creditors

1. All creditor groups shall be treated equitably and fairly.
2. Contracts and items will be strictly adhered to.
3. Operations will be administered to ensure the confidence of creditors on the Company's financial standing and credit rating.
4. Financial standings shall be accurately and timely disclosed.
5. In the event of an inability to comply with a particular term, the creditor will be forthwith notified in advance in order to enable a joint solution for remedy and loss prevention.

## Policies and guidelines for employees

The Company also realizes that the employees are one of the important resources to develop the growth of the organization so should be treated equally and fairly as well as focuses on developing employees' potential, knowledge, and competency.

1. Human dignity and fundamental rights of employees are respected at work. Employee data or confidential information is not disclosed or transmitted to third parties or unrelated persons.
2. Employees are treated in accordance with the provisions of law, regulations and articles governing the Company's operations.
3. Employment equality is promoted. There is no discrimination on the grounds of gender, skin color, race, religion, age, disability or other status that is not directly related to the works.
4. Training and knowledge exchange are sponsored and promoted to encourage learning and skill development throughout, strengthen career security and offer opportunities for advancements pursuant to each person's potential.
5. Employees participation in the determination of the Company's direction and development are promoted and listen to opinions and suggestions from every level of employees on a fair and equal basis.
6. Encourage and encourage the provision of additional training to all employees. It is in line with the Company's policies, problems, visions, missions and strategies. Annually for example, the potential for work. The importance of the environment.
7. Provide training, Public relations Corporate Governance, Business Ethics and anti-corruption to all employees to acknowledge and strictly follow.
8. Give a fair return which appropriate to their knowledge, ability, responsibility and performance including the compensation in accord with the Company's performance in both short and long term.
9. Appropriate welfare and benefits are given to employees, e.g. employee welfare policy medical expenses 10 serious diseases, provident fund etc.

10. Channel are provided for employees to communicate suggestions and complaints pertaining to work. These suggestions are considered and remedies will be determined in the interest of all parties and in view of the creation of good working relations.
11. Employees of all levels are encouraged to participate in social responsibility activities.
12. Facilities necessary for work operations are provided and working conditions are maintained with due regard to safety and occupational hygiene as a means of promoting and raising the quality of lives of employees.

### **Policies and guidelines for financial assistance**

The company has a policy not to provide financial assistance to any other company which is not a subsidiary of the company. Regarding to process transactions between the company and a subsidiary in the form of providing financial assistance, the Board of Directors has determined guidelines of processing transactions each other in the form of financial assistance in regulations for approval and operations approved by the Board of Directors themselves.

### **Policies and Practices Under Human Rights**

The company has a policy to treat each other under human rights. It is the ethics and code of business conduct should respect in the dignity of each individual, independence, privacy, legal and human rights and the interests of the stakeholders. The decision of the management should be impartial and treat everyone without prejudice and no discrimination against gender, class or racism.

by directors, executives and employees including employees in subsidiaries that must be strictly adhered to by all parties. It is as part of the discipline of work, which must take into account human dignity, freedom and equality of individuals. The company does not do and promote of human rights violations. The company and its subsidiaries are not related to the organizations or individuals that violate human rights, in all cases, the company has complied with the basic principles of human rights.

### **Personal information protection policy**

NCL International Logistics Public Company Limited (the "Company") recognizes and respects the privacy of personal information. Therefore, the company has published a Personal information protection policy to control the collection, use and disclosure of personal information of the company to oversee the operating process of the collection, use and disclosure of personal information of the company

1. Scope, this policy is enforced to all personal information collected by the company for the purpose of offering the company's products and services to any parties. In this policy, "Personal information" refers to

the information related to a person that allows such person to be identified whether directly or indirectly, but it does not include particular information about the deceased.

2. Giving Consent, the company shall collect, use and disclose personal information only with your consent. The consent can be made either electronically or in writing. Nevertheless, personal information may be collected, used or disclosed without having consent of the individual in the following situations:
  - 2.1 When the company collects personal information for conducting research or collect statistical data.
  - 2.2 When the company is required to prevent danger which may happen to the individual, third party or cause damage to the said individual's property.
  - 2.3 When that personal information has been revealed to the public
  - 2.4 When the company complies with the relevant laws, rules and regulations.
3. Collection of Personal Information, the company may collect the Personal Information and only for the duration necessary for the purposes specified in this policy. However, the personal information shall be collected in an appropriate way and in accordance with the law.
4. The Use of Personal Information, the company shall not use your personal information for any purpose other than as specified in this policy or as *determined* by law. In this regard, the company is aware of providing knowledge to employees in the organization to manage such personal information. For example, access to personal information created and not cause loss or destroy, modify, revise, leakage and others and shall manage security measures appropriately. In addition, the company shall continuously conduct to review and improve necessary measures for the safety of data storage.
5. Disclosure of Personal Information, the company shall not sell or distribute personal information of employees to third parties or any other organization. The personal information shall be disclosed only if you request and give consent to the company to proceed. Otherwise, the disclosure of that information is as permitted or required by law. For example, the disclosure of information under the order of the government officials authorized by law, according to judicial order or the subpoena.

In the case that the company has developed and maintained the work system of the company effectively, the company shall enter into an agreement with a third party to operate. The third party must accept the Personal Confidentiality Agreement as well.

6. Storage of Personal Information, the company shall collect personal information for a period of time as necessary to achieve the objectives as specified in this policy or in accordance with relevant laws and regulations. In this regard, when the company considers that it is no longer necessary to use the information, the company shall take appropriate actions to securely delete or destroy personal information from the system.
7. Access of Personal Information, You may request access to your personal information in order to correct, change or delete personal information provided to the company by submitting a written application letter

to [www.nclthailand.com](http://www.nclthailand.com). In order to prevent unlawful possession of personal information or the change of personal information processed by third parties, the company shall ask for personal information to confirm the identity of such person before processing as request. In this regard, the company shall response to every inquiry within a reasonable time. However, the company may reject the inquiry in certain situations. For instance, the case of the said information refers to another individual or cannot be disclosed due to legal or security reasons.

8. The right to choose, you have the right to decide how that personal information will be collected, used and disclosed, including opting out of Privacy settings and unsubscribing from email or certain letters.
9. Security, the company has implemented measures to control and maintain the security of information systems appropriately to protect the personal information. Although the company takes the best effort to provide the security protection of the information on the website and computer programs, however, we cannot guarantee that the internet data transmission and control will be 100% secured. If you find that the use of the company's services is not secure enough, please notify the company immediately by sending details via the website by clicking on "Contact Us" button.

## **Policies and Practices to respect for intellectual property and copyright**

Company adheres to and respects the intellectual property and copyright as follow:

1. The company must not take any actions that violate the intellectual property rights of others or competitors
2. Executives, managers, and employees must not seek a competitor's trade secrets or specifications of competitors by unlawful ways e.g. illegal theft, espionage or violation of an agreement not to disclose information of a competitor, whether from customers or other parties. It also includes trade secrets of the company, for example, a business plan and technical innovation, which company's employees have a duty to keep it confidential. It must not be distributed to third parties, whether they are competitors or not.
3. The company recognizes the importance of intellectual property and copyright. The company only allows employees to use the software defined and installed by the company. The programs are copyrighted and legally prohibited from installing or downloading copyrighted music, movies, games, and etc. that are not legitimate. The Information Technology department is responsible for oversight and checking individuals' computers regularly. Internal Audit is also responsible to conduct a random check again so that employees understand the importance of such matters.

## Policies and guidelines on compensation and benefit

1. The company will employ and allow all employees to progress in jobs and works with fairness.
2. The company will offer various compensation in comparable amount to other business in same category according to the position, experience, degrees, and qualification of the employees. Based on the performance of the company. It will depend on the evaluation and competency assessment to measure the success the work of the employees as well.
3. The company will provide the fair and proper compensation according to knowledge, responsibility, and the out-come of each employee.
4. The company offers benefits for basic needs of the employees such as provident fund, annual physical examination, uniforms, various compensation in case 10 serious diseases, and training to increase professional skills.

## Employee Complaint Channels

Company determines the time period for the employee to report the incident in the wrong way, discipline and law. It can be sent as a sealed letter to the Managing Director or send by email to the Managing Director at [kitti@nclthailand.com](mailto:kitti@nclthailand.com)

The information provided by the informer will be seriously responded and the reporter will not suffer any loss due to the reporting of the complaint in good faith. Employee disclosures are always kept confidential. However, for the complaint, the complainant should collect the information carefully and realize to the accuracy of the information disclosed.

## Policies and Guidelines for Hygiene and Safety and Workplace Environment

The Company always realizes that the employees are the key to the Company's success. We strive to meet the safety, hygiene, and environmental standards. The Company has set the guidelines for prevention and control of workplace hazards, safety, hygiene and workplace environment which is the duty and responsibility of all employees to cooperate in the surveillance and surveillance of the work environment in a safe condition.

1. Compliance with standards to ensure safety in health and work environment for all employees.
2. Compliance with safety laws and regulations. Health and Environment of the country where the company enters the business
3. The Company always supports the regular improvement of work conditions and safety environment.
4. All employees must consider to their own safety; colleagues include the company's assets as importantly at all work time
5. All employees must maintain cleanliness and orderliness of their work area

6. All employees have the right to offer feedback on improving their work conditions and their workplace and the environment of the company for the improvement
7. The Company support and promotes participation in various security activities that will stimulate employee awareness such as training, incentives, public relations safety and good hygiene.
8. Promote knowledge about hygiene, safety at all levels, it also supports the way and implementation of environmental protection measures in accordance with the laws of the industry.
9. The executives at all level must be a good role model and can encourage employees to work in a safe way.

#### Accident and Injuries Statistics from the year 2019

Number of all employees (people)	Employees injuries (people)						
	Total	Died	Infirm	Some dismemberment	Less than 3 days off work	More than 3 days off work	No day off
154	-	-	-	-	-	-	-

#### Policies and Practice Guidelines for Community and Society

The Company runs its business regarding to its duties and responsibilities to the nation, community and society and local traditions to preserve the goodness in society and the public.

1. Do not run the business that affect to the social and not violate the rights of other people that living in that community and society
2. Encourage of the conscious mind to the responsibility to the community and society in the company and employees at all level continuously.
3. To defined the measurement in prevention and the solution of the impact on communities and society as a result of the Company's operations.
4. Promoting cultural preservation and local traditions
5. Cooperate with various agencies in community development
6. Support the activities that cause public interest
7. Create a good relationship between the Company and the community on the basis of accuracy, transparency and fairness.

## Policies and Practice Guidelines to the Environment

1. Conduct the business in accordance with laws, regulations and environmental policy by considering to the impact on natural resources and environment. Review and evaluate the performance result regularly.
2. Create a corporate culture and raise awareness for employees at all levels to collaborate and responsible in environmental management, efficient and sustainable use of resources
3. knowledge enhancement and training employees on the environment
4. Promote environmental management system. This includes the use of resources, the cost of treatment and rehabilitation, the replacement of surveillance and the protection of the impact on natural resources and the environment.
5. Select the business partners who run the business with environmental friendly

## Policies and Guidelines for Effective Use of Resources

The Board recognizes and promotes a conscious effort to use resources efficiently in the organization. To encourage the staff for the conscious mind and together save the usage of energy resources such as walking up and down the stairs instead of using the elevator, use two-sided paper, reduce paper usage in work process. Turn off and turn on the electricity and air conditioning when necessary and close the air conditioning during the lunch break, use water economically, provide the water dispenser adequately to reduce the purchase of drinking water using plastic bottles.

## Guidelines for Prevention of Involvement in Corruption

The Company is committed to running its business using good corporate governance principles. The Company takes responsibility for society, the environment, and all stakeholders, and it has formulated policies towards the compliance with anti-corruption laws. Also, it has defined the anti-corruption guidelines in the Company's Business Code under the headings "Policy on Receiving and Giving Gifts and Recompenses" and "Policy on Prevention of Corruption and Bribery," which are outlined as follows:

### Policy on Receiving and Giving Gifts and Recompenses

- Executives and employees are prohibited from asking for any benefit from partners or those who do business with the Company.
- Executives and employees are prohibited from offering any benefit to any other third parties or partners in any attempt to persuade them to commit an unlawful action.



#### Policy on Prevention of Corruption and Bribery

- Receiving or giving property, or any other benefit that may produce motivation to make an unlawful decision, must be done correctly and straightforwardly, and it must be ensured that the actions will not lead to any criticism of, or a bad reputation to, the Company. What the Directors have received must be kept in the office or distributed to the employees.
- Procurements must conform to the procedures set forth in the Company's regulations and they should be fair for stakeholders. The decisions on procurements must take into account the reasonableness of prices, quality and services to receive, and transparent auditability.
- As for transactions with the government sector, the Company shall avoid any actions that may persuade the government sector or government officers to take wrongful or improper actions. However, building a good mutual relationship or taking any actions within a proper extent and customary practices are acceptable, e.g. extending congratulations or giving a bouquet for special occasions.

#### Penalty

The Company has authorized the CEO, Deputy CEO or supervisors in each department to consider and take disciplinary actions on employees who have committed wrong actions or fail to comply with the Company's regulations. The disciplinary actions are imposed according to the severity of the offense, ranging from a verbal warning to suspension or dismissal.

The policy was approved at the Board of Directors' Meeting, no. 1/2013, and notification was given to the employees on July 18, 2013.

#### **Participation in Thailand's Private Sector Collective Action against Corruption - CAC**

On 3 October 2017, the Company signed Thailand's Private Sector Collective Action Coalition against Corruption (CAC) to jointly declare its intention to counter corruption and not to accept any dishonesty in consequence of the Company's business operations or the operations in the organization. The Company aims to operate its businesses with honesty and transparency in compliance with laws related to anti-bribery and anti-corruption and with the good corporate governance policy of the Company because organizational corruption is a risk to the sustainable growth of business operations. The Company is aware of anti-corruption in every form without exception and shall not participate in corruption either directly or indirectly. Every director, executive, and employee of the Company shall adhere to and comply with the anti-corruption policy.

## Chapter4: Disclosure of Information and Transparency

The Board of Directors recognizes the importance of disclosure of information, both financial and non-financial, that is accurate, complete and transparent as stipulated by the regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), as well as other material information that may affect the price of the Company's securities that influences the decision-making process of its investors and stakeholders. This is to ensure that all shareholders can access to the Company's information equally. After the Company has registered and became publicly listed in the Stock Exchange of Thailand, proposed the IPO shares in this time. Information on the Company is disseminated to the shareholders, investors and general public through the channels of the SET and the Company's website.

The Board of Directors recognizes the responsibility of the accurate, complete and reasonable quarter and annual financial statements and its subsidiaries under the recognized certified standard with the choice of appropriate accounting policy and practice on regular basis. Sufficient explanations to the financial statements are also inclusive in the annual report. The Company's Board of Directors intentionally maintains effective internal control system to ensure accurate and complete accounting information record with sufficiency to secure asset and realize weak points. This will prevent the Company from any important malpractice or misconduct. The Company Board of Directors has appointed the Audit Committee to take a responsibility for matters concerning quality of financial report and internal control system. The Audit Committee shall report the minutes to the Board of Directors every minutes meeting. The Company has established a dedicated Investor Relations to provide accurate, complete, and accurate information and correspondence to shareholders, analysts and other relevant authorities.

### **Whistle Blowing Policy and Practice and Whistleblower Protection Measures**

The Company is committed to maintaining a well-founded corporate practice. This is in line with the principles of good corporate governance for all stakeholders as stated in the Corporate Governance Policy and Business Ethics Guide. This policy has been set up as a mechanism and gives the rights to employees and stakeholders. Thus, the Board of Directors has set the channels for communication with the Board of Directors by mail or email to provide a channel of information and instructions for ordering a process-based review for complaints related to illegal activity, accuracy of financial reports, defective internal control system, offense or unethical behavior of the executives and employees. The Company will keep the information from this report confidentially and the reporters are protected by the Company.

## Policy scope

This policy is set up to encourage all employees and stakeholders to disclose information that indicates violations of the Company's laws, regulations, and ethics.

- Corruption
- Fraud, Misappropriation, Theft
- Corruption actions to benefit themselves and others.
- Actions that is harmful to health and safety or environmental
- Intentionally causing damage or loss to the Company.
- Clear violation of business ethics
- Support for violating the law, regulations and business ethics including concealing or assist to conceal such actions.

## Keeping Confidential Information

This policy is designed to ensure that employees and stakeholders are fully aware of their complaints, and that reporters will not suffer due to the reporting of complaints in good faith. Employee disclosures are always kept confidential. However, the complaint and the complainant should collect the information carefully and the information disclosed should be accurate.

## False Allegations

If any employee or stakeholders deliberately makes a complaint with false allegations or malicious intend to the complainant, the Company will consider the complaint to be a violation of business ethics. Beside, the Company will conduct the investigation to consider the punishment according to the Company's regulations.

By clues, complaints and recommendations will be considered and implemented as appropriate. It shall be considering and take appropriate action case by case, without disclose the name of the whistle-blowers and also records as the confidentiality complaint. There are measures to protect the whistle-blowers to ensure that the whistle-blowers and the complainant will not be affected by such clues and complaints. If the Company is required to disclose that information, the Company will only disclose the necessary information, to considerate of the important of safety and the damage of the complainant and the whistle-blowers at most.

## Channel for complaints

Register letter

The Board of Directors

NCL INTERNATIONAL LOGISTICS PUBLIC COMPANY LIMITED

56/9-10 SoiTaksin 12/1, Taksin Road, Bukkalo, Thonburi, Bangkok 10600

The Company secretary is responsible for accepting documents sent to the Board of Directors and submitting them to sub-committees or related directors and summarizing all recommendations and issues for submission to the Board of Directors on a basis of quarterly except documents sent to the audit committee, which will be sent directly to the audit committee.

## Channel for contact to the company

	Email	Phone
The Board of Directors	<a href="mailto:management@nclthailand.com">management@nclthailand.com</a>	-
Corporate Secretary	<a href="mailto:rungarun.b@nclthailand.com">rungarun.b@nclthailand.com</a>	02-4737300 # 300
Investor Relation	<a href="mailto:rungarun.b@nclthailand.com">rungarun.b@nclthailand.com</a>	02-4737300 # 300
Website	<a href="http://www.nclthailand.com/Good%20Governance/Channel%20for%20Complaints">www.nclthailand.com /Good Governance/ Channel for Complaints</a>	-

In 2019, there was no report from any stakeholders to The Board of Directors. However, the company always promoted to all stakeholders to be more aware of such channels.

## Chapter5: Responsibility of the Board

The Board of Directors consists of experts with knowledge, capability and experiences that are beneficial to the running of the company and have independence in making decision for the maximum benefit of the company and shareholders. The Board of Directors participates in formulating the policy, corporate overview, consider the business plan and annual budget of the company, by assigning the management to present, and the Board of Directors shares opinions and discusses with the management. This is to create mutual agreement as well as to supervise the management to carry out the business according to the business plan and specified budget in an efficient manner. Moreover, the Board of Directors also supervises the procedures for assessing adequacy of the internal control system, financial reporting and performance monitoring on a regular basis.

## Board of Directors' structure

The Company requires at least one-third, but not less than 3 members of the total number of the Board of Directors must be Independent Directors acting as agents of the minority shareholders scope in order to perform the auditing and balance management of the Company to be accurate and fair, and enhance the shareholders' trust and value.

Furthermore, the Board of Directors promote diversity in the structure of the Board of Director to have experts from diversified fields fully equipped with experiences, knowledge, expertise that are beneficial to the business running, adhering to morale and integrity, regardless of gender, race, religion, age, professional skills or other specific qualifications.

The current Board of Directors consists of 8 members, 4 executive directors and 4 non-executive directors along with the Audit Committee which consists of 3 independent directors, which accounts for more than one-third of the total number of directors. Such board structure allows for balance in voting in the consideration of matters. The Board of Directors also appoints Committees to supervise the Company's business, as follows: -

- Audit Committee the Company's audit Committee (Independent Director), consisting of 3 members, is appointed to perform specific tasks and propose matters to the Board of Directors for consideration and acknowledgement. The audit Committee's rights and duties are specified in the audit Committee charter. At least one audit Committee member shall possess sufficient knowledge and experience in accounting to be able to inspect the credibility of the Company's financial statements.
- The audit committee with knowledge and experience in reviewing the financial statements of the Company are
  1. Mr.Pongpun Kongkumnerd
  2. Mrs.Jitmanee Suwannapool
  3. Ms.Chanyapat Wiphatthanananthakul
- The Audit Committee has knowledge and experience related to the company's business are
  1. Mr.Pongpun Kongkumnerd
  2. Mrs.Jitmanee Suwannapool

The Board of Directors has appointed Company Secretary having the duties and responsibilities in accordance with the Securities and Exchange Act. However, the company may recruit other sub-committees to perform their assigned tasks to alleviate the administrative burden of the Board of Directors in the future.

### The Board of Director's diversity policy

The Board of Directors is realized to the benefits of the diversity of the Board of Directors and considers that it is one of the important factors in increasing the efficiency of making decision and performance of the Board of Directors.

However, diversity is not just limited to gender but also includes age, educational background, professional experience skills and knowledge. Therefore, the selection and appointment of the Company's directors will be based on knowledge, capability and the selection criteria which taking into account benefits of diversity as well.

### The Audit Committee's Office Term

At each Annual General Meeting of Shareholders, one-third of the directors or the number nearest to one-third if the number is not a multiple of three must retire from office. Retiring directors may be re-elected in the Annual General Meeting.

For the Audit Committee, each member is in charge for a period of 3 years. A member of the Audit Committee whose term is ended due to the maturity of term according to the company's regulations may be appointed again. If a position in the Audit Committee is vacant due to a reason other than the end of term, the Board of Directors shall appoint a qualified person to become a member of the Audit Committee so as to ensure the complete set of the committee as specified by the Board of Directors. The person who is newly appointed will has the term length equal to the remaining term of the member of the Audit Committee he/she replaces.

Besides, the Company has specified the qualification of the person who shall be an appropriate independent director in accordance with the characteristics of the company. The independence of the independent director must be in accordance with the rules prescribed by the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand. The Company requires an independent director to hold a term of office not exceeding 9 years from the date of appointment at first time. If the company is required to appoint an independent director to assume the position onward, the board be able to do but should be the reasonable consideration and clarification of the necessity.

And to clarify the responsibilities, the Company has set the clear duties of the Chairman and the director to protect the unlimited power in any person. And to separate the person who assume the position as the Chairman out of the person who assume the position as Managing Director and appointed the Independent Directors as the Chairman. In the year 2019, not have any independent director hold a term more than 9 years.

## Roles of Chairman of the Board of Directors

The Chairman of the Board is responsible for the leadership of the Board. He is also the Chairman of the Board of Directors and the shareholders' meeting. The Chairman of the Board of Directors is responsible to the Board of Directors for management in accordance with the guidelines and policies of the Board of Directors.

## Scope of duties and responsibilities of the Committees.

The Company requires the Board of Directors to comply with the code of best practice in accordance with the guidelines of the SET. The directors must understand and recognize their roles, duties, and responsibilities, and perform their duties in accordance with the law, the Company's objectives and the Articles of Association, shareholders' resolutions, the charter of the Board of Directors, and the Company's corporate governance policy with integrity and honesty, with priority given to the best interests of the Company and its shareholders. The Board of Directors determines the policies, business goals, business plans, and the budget of the Company, and governs the management division to ensure compliance with the policies, plans, and budget specified with efficiency and effectiveness, for the best interests of the Company and its shareholders.

## Board of Directors' Meeting

The Board of Directors' meeting follow the regulations, laws related to public limited company, and regulations of the Stock Exchange of Thailand. Special meetings are arranged if necessary. The meetings are held at least 6 times a year. In order to effectively monitor the operations of the company and the Audit Committee has a meeting at least 4 times a year. The Company secretary prepares the annual meeting calendar to the Board of Directors in advance, within November yearly. To supporting the directors to allocate their schedule time and schedule of meeting in advance, which is not include special occasions of the meetings. When the company will send an invitation letter with the meeting agenda and meeting documents as attachments to the directors no less than 7 days before the date of the meeting so that the directors have time to study the information adequately before attending the meeting. Except in the case of an emergency to protect the rights and interests of the company, the meeting will be notified by other means and then set the date for an earlier meeting. The directors of two or more persons may request the Chairman of the Board of Directors to call a meeting of the Board of Directors. In cases where two or more directors request, the Chairman shall set the date of the meeting within 14 days from the requesting date.

At Board Meetings, not less than two-third (2/3) of the total number of directors shall be present at the meeting so that the quorum of the Board of Directors will be available for the Board to vote. All committee member must attend at least 75 % of the board meeting which are held in the whole year and an average rate not less than 80 % of all committee meetings during the year round. The Company shall maintain the minutes of meetings and keep the said documents receiving the confirmation from the Board of Directors for future examine by the Board or related party.

All this, the committee has set a policy that non-executive directors should have the opportunity to meet among themselves as appropriate or at least once a year without executive directors or management participated in the meeting. To discuss various issues, both regarding the Company's business such as management strategies, sustainable growth guidelines or other matters of interest and report the result of the meeting to the Managing Director. In the year 2019, the meeting was held on 20 December 2019.

## Remuneration for the Board of Directors and Executives

The company has determined remuneration for the directors and executives at an appropriate level, which is sufficient to retain competent directors and executives. While it avoids paying excessive remuneration, it remains the rate at the level comparable to companies in the same group of industry. Factors to be considered include experience, obligations, appraisal and scope of roles and responsibilities. The remuneration payment of the directors must be approved by the company's shareholders. For remuneration of executives, it will be in accordance with principles and policies as determined by the Company's Board of Directors in which the consideration will be made based on duties, responsibilities, performance of each executive, and operational performance of the company.

## Report of the Board of the Directors

The Board of Directors is responsible for the financial reports preparation including the Company's financial statements, the consolidated financial statements of the Company and subsidiaries and financial information memorandum as shown in annual report. The financial statements are prepared based on generally accepted accounting standard. The Company applies proper and acceptable accounting standard and complies with such standard regularly. The Company is very careful to prepare and manage sufficient information to disclose in the notes of financial statements.

## Self-evaluation of the Board of Director

The Board has evaluated their performance every year with three formats 1) person 2) team 3) sub-team and CEO for the Board to assess the outcome, the problems, and the obstacles during the previous year in order to fix and increase efficiency. The evaluation as a team and as a sub-team will be based on the protocols suggested by the Stock Exchange of Thailand, leading to properly changes of the company. With this, the assessment as referred to 6 topics:

- 1) The structure and qualifications of the Board of Directors
- 2) Duty and responsibility of the Board of Directors
- 3) The Board of Directors' meeting
- 4) Performance of Directors
- 5) Relationships with the management
- 6) Self-development of Directors and management development.



## Development of Directors and Executives

The company encourages the Board of Directors and the management to attend seminar courses that are beneficial to their functions. Courses that the Board of Directors should attend at least are courses arranged by the Thai Institute of Directors (IOD) namely Directors Certification Program courses from related supervisory agencies on a regular and constant basis. The Board of Directors has assigned the company's secretary to be a coordinator with directors to inform training courses so that directors can bring in knowledge and experiences to continuously develop the company.

Currently, the Board has 8 persons that attended such trainings by passing the program of Director Certification Program (DCP) or Director Accreditation Program (DAP) by Thai Institute of Directors (IOD).

In 2019, there were directors who participated in trainings to develop knowledge, understandings of role and duty of directors in administering work efficiently as follows:

### General Porpol Maneerin / Chairman of the Board of Directors Attended the training

- Corporate Governance Program for Directors and Executives of the Regulator, State Enterprise and Public Organization (PDI), Batch 21/2019, King Prajadhipok's Institute

### Ms. Chanyapat Wiphatthanananthakul / Independent Director and The Audit Committee Attended the training

- Director Certification Program DCP 278/2019, The Thai Institute of Directors Association (IOD)

### Ms. Netirad Sang-ngam Director / Vice President : Attended the training

- "Bhumipalung Phandin" course for senior management, batch no. 5
- Effect of TFRS 16 "Leases to significant financial statements and financial ratios". Batch no. 1/2019,

#### Federation of Accounting Professions

- Seminar on "Leases to significant financial statements and financial ratios", Federation of Accounting Professions
- "Training course "Penetrating the issue of withholding tax", Dharmniti Seminar and training Co.,Ltd.
- Training course "Issues on accounting entry Chor.16 Property, plant and equipment., Dharmniti Seminar and training Co.,Ltd.
- Enhancing the efficiency of co-working between the in-house lawyer and the law firm, the Stock Exchange of Thailand.
- Review of supervision of financial statements within a quarter. Thai Listed Companies Association

Mr. Wantenan Techamorakot / Director and Vice President Freight Forwarder Attended the training

- Logistics Diploma Program For middle level management, version 12 (LQSP Plus 2019), Thai National Shippers' Council (TNSC)
- Chief Transformation Officer (CTO) 2019, MAI Listed Companies Association

**The orientation of new Directors**

The Board of Directors has set an orientation for newly appointed directors by assigning the Company secretary to prepare company information, annual report, business overview, shareholding structure, organizational structure, director's guide and meeting schedule and other necessary information. In order to create knowledge and understanding in business and various operations of the Company to inform new directors about roles and responsibilities of the directors' corporate governance policies and practices, in order to prepare the directors to perform their duties.

**Policy on re-positioning to the Board position, managing director, and executives in other company**

Corresponding to the good corporate governance and the suggestion from the Stock Exchange of Thailand, the Board has determined the policy on limiting the number of the re-positioning to the Board of other companies that are registered in the Stock Exchange of Thailand to be no more than 5 companies. All current Board members are within this limit.

Also, the Board determines the managing directors and Managements to take the positions in other company as necessary in a way that it will not affect the duties and the responsibilities of the company. There also requires approval from the Board or the one in charge first.

**Succession Plan**

In order to ensure that the company shall have continuity in administration, the Board of Directors sees the necessity and importance of position succession of the high-level executives, the company has made a position succession plan in support of the positions from division directors upwards. Replacement persons are identified. In case no persons who can replace instantly, the company has arranged a personnel development system for preparing persons in subordinate positions along with external selection. This is to ensure confidence in investors, organizations as well as employees that the business running of the company shall be succeeded in good time.

**Report of conflicts of interests**

The Board has determined the protocol in reporting of conflicts of interests of the Board and Managements for transparency in order to prevent the problem that will lead to benefit conflicts as the followings

- The Board or Managements including family members that are associated or are the shareholders must report the conflict of interest to the company by each member must report the information since the day he or she started.
- The Board determines the evaluation of the conflicts of interests in July of every year
- The Board or Managements have the duties to report the stock holding of the company. If any changes, they must report to the Stock Exchange Commissioner within 3 days after changes.
- The Board assigns the Corporate Secretary to record the report of conflicts of interests.

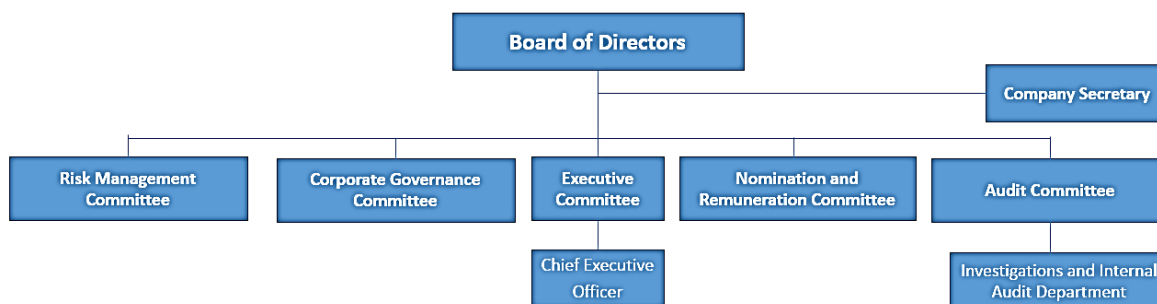
### Internal Control

The Company recognizes the importance of an internal control system in both of executive and operation levels for effective and efficient operation of all departments. The Company has specified the scopes of duty and authority for its executives and employees clearly in writing. It also conducts the control of assets usage for the greatest benefit and divided duties among the operator, the follower and to control and separately assess to make balance and suitably audit each other. In addition, the company provided internal control about financial aspect as the company provided financial report system to propose to the responsible management.

The Company has hired a consultant, Ms. Wanna Maluengnon (Managing Director of Acc-Plus Consultant Co., Ltd.) is the operator to improve an internal control system and after the system has been completely improved, the Company shall hire an independent external audit to verify the internal control system to report directly to the Audit Committee. The Company has set up a compliance unit to coordinate with the consulting firm as mentioned above.

## Committees

The Company's management structure comprises 6 of Board such as Board of Directors, Executive Committee, Audit Committee, Risk Management Committee, Corporate Governance Committee and Nomination and Remuneration Committee



### 1.Board of Director

As of December 31, 2019 the Company's Board of Directors was composed of the following eight people.

Name		Position
1.	General Porpol Maneerin <sup>1</sup>	Independent Director / Chairman of the Board of Directors
2.	Mr. Pongpun Kongkumnerd	Independent Director / Director
3.	Mrs. Jitmanee Suwannapool	Independent Director / Director
4.	Ms.Chanyapat Wiphatthanananthakul <sup>2</sup>	Independent Director / Director
5.	Mr. Kitti Phuathavornskul	Director
6.	Mr. Wantenan Techamorakot	Director
7.	Ms. Netirad Sang-ngam	Director
8.	Ms. Pornthip Sae-Lim	Director

Ms. Rungarun Bongkodkanok served as the Secretary of the Board of Directors and Company Secretary.

Remark: <sup>1</sup>The Board of Directors Meeting No. 6/2562 on November 11, 2019 resolved to appoint General Porpol Maneerin holding the position of Chairman of the Board of Directors in place of Mr. Korn Dabbarangsi, who had resigned from the position on October 9, 2019, effective on November 12, 2019.

<sup>2</sup>The Board of Directors Meeting No. 1/2562 on February 27, 2019, resolved to appoint Ms. Chanyapat Wiphatthanananthakul to assume the position as Board of Directors instead of Mrs. Naree Boonteeraworn, who had resigned from the position on January 18, 2019, effective on March 1, 2019.

### Roles and Responsibilities of the Board of Director

At the Board of Directors' Meeting No.1/2013 on July18, 2013, the Board of Director has been deputed to take a responsibility to manage the Company in accordance with objectives, articles of association, and resolutions of shareholders' meeting. In this regard, the Board of Directors' Meeting No. 1/2019 on February 27, 2019 resolved to approve the revision of the Board of Directors Charter No.1 with the Roles and Responsibilities of the Board of Director as follows:

1. The Board of Directors is responsible for determining the company's vision and mission. To lead executives and employees' operations to approach the same goal and direction. Also consider, review and approve the company's vision, mission strategy, goals and company's business directions annually. Including reviewing an important policy to be appropriate and consistent with business operations in accordance with good corporate governance principles such as corporate governance policy and anti-corruption policy.
2. Monitor and ensure that the company's strategy is in practice. In every quarter, the Board of Directors will monitor the performance of the management team which specifying a report on the results of operations and company performance especially in term of financial goals and various plans in order to get along with the strategy planned.
3. Perform the duty in the most professional manner to comply with all laws, the company's objectives, articles of association and shareholder's resolutions as well as to preserve the company's benefit and interests.
4. The Board of Directors shall manage to have a shareholders' meeting as annual general meeting within four months after the end of the Company's accounting period.
5. Board of Directors meetings are required minimum once of each quarter.
6. Prepare a balance sheet and a profit and loss statement of the Company as of the end of the accounting period and to propose such reports which are audited by the external auditor to the shareholder's meeting for their consideration and approval.
7. Set goals, procedures, policies, plans and budgets of the Company, to govern the administration of the management to be in compliance with the specified policies.
8. Evaluate the operation and ensure that the plan and budget are followed. The Board of Directors also shall take the role of determining business strategies, policies, plans, and budgets.
9. Determine and approve other function which related to the Company which shall be provided maximum benefit to the Company.
10. Scrutinizes the transactions required to be submitted for shareholders' approvals in the shareholders' meetings, with main session in the Annual General Meeting as follows:

- Consider the Board of Director's reports showing the Company's performances which will be proposed to the meeting
  - Consider and approve the financial statements
  - Consider profit appropriation
  - Nominate new directors to replace the retiring directors, the auditor and determine the auditor's remunerations
  - Consider the transaction with possible conflicts of interest which must be approved by shareholders
  - Other matters.
11. Acknowledge the importance of the Audit Committee or internal audit's report including audit and consult with other sections of the Company. Also take responsibility to set the solution.
  12. Consider the organization structure, to nominate the management and other Committee as appropriate including considering the appropriateness of an appointment of the Company secretary in accordance with the SEC rule.
  13. The Board of Directors shall neither engage in the business of the same nature as the Company that might compete with the Company, nor a partner in the partnership, unlimited-liability partner in limited partnership, or director of another company limited or public company limited that engages in the business of the same nature as the Company that might compete with the Company, unless informing to the shareholders' meeting prior to the appointment.
  14. Ensure management's accountability to shareholders and preserve their rights and interests. Report financial data and other information to shareholders, stakeholders and investors correctly in accordance with the laws.
  15. The Board of Directors shall authorize one or many of director(s) or any other person to perform the duties on behalf of the Board of Directors under the Board of Directors' supervision or delegate such persons to have authorities and over the period the Board of Directors deems appropriate where the Board of Directors can revoke or alter such delegation of authorities as they deem appropriate.
  16. Consider a performance evaluation of the Company's Board of Directors and other Committees approved the risk management policy and have an effective management system including overseeing an arrangement of an effective procedure for an assessment of the Company's executives' duty performance.
  17. If there are any laws, rules or the Company's roles which have been set up for distinct scopes of authority for the Board of Directors, the Board of Directors shall operate under those laws, rules or the Company's roles. In case the Board of Directors' action due to their interest or gain/ loss in accordance with the regulations of the SEC and/ or related laws, the authorities shall be ineffective.
  18. Authorization of duty and responsibility of the executive committee shall not constitute authorization or sub-authorization that enable the person authorized by the executive committee to approve a transaction in which they or other persons likely with a conflict (as defined by the notifications of the Capital Market Supervisory Board, the SET, or relevant organizations) have an interest or any other conflict of interest with the Company, subsidiary,

and/or related company unless it is the transaction in the nature of normal course of business operation in accordance with the notifications of the Capital Market Supervisory Board, the SET, and/or relevant organizations.

19. The Board of Directors shall be able to authorize the following transactions after they receive the Shareholders' Meeting approval to do so. For the transactions that might lead to any conflicts of interests, the director who might have such conflict of interest must not vote on that transaction.

- The transactions that are required by law to receive the Shareholders' Meeting approval.
- The transactions that might lead to any conflict of interests as well as are required by laws and/or regulations of the Stock Exchange of Thailand to receive the Shareholders' Meeting approval.

20. The transactions as specified below shall be approved by the Board of Directors' Meeting and the Shareholders' Meeting with not less than three-fourth of the voting right of the shareholders who are present at the meeting and have the right to vote.

- Disposition or transfer of the part or the whole of the Company to others;
- Acquisition of the part or the whole of others;
- Engage in, amend or cancel the rental agreement of the whole or any significant business of the Company, to assign others to manage the Company and to merge the Company with others with a purpose of profit sharing;
- Revision of the memorandum of association;
- To increase, decrease, issue debentures, to merge and to liquidate the Company
- Perform any other activities those are required by securities laws or regulations of the Stock Exchange of Thailand to have the approval of the Board of Directors' Meeting and the Shareholders' Meeting with such aforementioned voting condition.

However, such appointment does not include the authority to approve the transactions that such directors and/or their related persons have the conflict of interests with the Company or its subsidiary.

In addition, the board of directors shall have the duty and responsibility to govern the Company to comply with the laws related to the securities and the stock exchange including the undertaking of the connected transaction and the acquisition and disposition of major assets as per the rules and regulations of the stock exchange of Thailand and other relevant laws.

## 2.The Audit Committee

As of December 31, 2019, the Audit Committee consisted of three people, as follows:

Name			Position
1.	Mr. Pongpun	Kongkumnerd <sup>1</sup>	Chairman of the Audit Committee
2.	Mrs. Jitmanee	Suwannapool <sup>1</sup>	The Audit Committee
3.	Ms.Chanyapat	Wiphatthanananthakul <sup>1,2</sup>	The Audit Committee

Ms. Rungarun Bongkodkanok served as the Secretary of the Audit Committee.

Remark :<sup>1</sup>The Audit Committee member was equipped with adequate expertise and experience in the review of financial statement.

<sup>2</sup>The Board of Directors Meeting No. 1/2562 on February 27, 2019, resolved to appoint Ms. Chanyapat Wiphatthanananthakul to assume the position as Audit Committee instead of Mrs. Naree Boonteeraworn, who had resigned from the position on January 18, 2019, effective on March 1, 2019.

### Roles and Responsibilities of the Audit Committee

At the Board of Directors' Meeting No.1/2013 on July18, 2013, has approved Roles and Responsibilities of the Audit Committee. In this regard, the Board of Directors' Meeting No. 1/2019 on February 27, 2019 resolved to approve the revision of the Audit Committee Charter No.1 with the Roles and Responsibilities as follows:

1. Review to ensure proper financial reporting and adequate disclosure by coordinating with an auditor from outside, with the management being responsible for producing financial reports both quarterly and annually. The Audit Committee might suggest the auditor to review or audit any transactions deemed necessary and important during an audit;
2. Review the Company's internal control system and internal audit system to ensure that they are suitable and effective, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit;
3. Review the Company's compliance with the law on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business;
4. Consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year;
5. Review the Connected Transactions, or the transactions that may lead to conflicts of interest, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company;
6. Prepare, and to disclose in the Company's annual report, an Audit Committee's Report which will be signed by the Audit Committee's Chairman and consist of at least the following information:



- an opinion on the accuracy, completeness and creditability of the Company's financial report,
  - an opinion on the adequacy of the Company's internal control system,
  - an opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business,
  - an opinion on the suitability of an auditor,
  - an opinion on the transactions that may lead to conflicts of interests,
  - the number of the audit committee meetings, and the attendance of such meetings by each committee member,
  - an opinion or overview comment received by the Audit Committee from its performance of duties in accordance with the charter, and
  - other transactions which, according to the Audit Committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's Board of Directors; and
7. Perform any other act as required by law or as delegated by the Board of Directors."
8. Reporting the findings or suspicious transactions or any of the following acts such as a transaction which causes a conflict of interest; any fraud, irregularity, or material defect in an internal control system; or an infringement of the law on securities and exchange, the Stock Exchange of Thailand's regulations, or any law relating to the Company's business which may materially affect the Company's financial condition and operating results to the Board of Directors for rectification within the period of time that the Audit Committee thinks fit. If the Company's Board of Directors or Management fails to make a rectification within the period of time under the first paragraph, any Audit Committee member may report on the transaction or act under the first paragraph to the Office of the Securities and Exchange Commission or the Stock Exchange of Thailand.

### 3.The Risk Management Committee

As of December 31, 2019, the Risk Management Committee was composed of the following seven people:

Name			Position
1.	Mr. Pongpun	Kongkumnerd	Chairman of the Risk Management Committee/ Independent Director
2.	Mrs. Jitmanee	Suwannapool	The Risk Management Committee/ Independent Director
3.	Ms.Chanyapat	Wiphatthanananthakul <sup>1</sup>	The Risk Management Committee/ Independent Director

4.	Mr. Kitti	Phuathavornskul	The Risk Management Committee
5.	Mr. Wantenan	Techamorakot	The Risk Management Committee
6.	Ms. Netirad	Sang-ngam	The Risk Management Committee
7.	Ms. Pornthip	Sae-Lim	The Risk Management Committee

Ms. Rungarun Bongkodkanok served as the Secretary of the Risk Management Committee.

Remark :<sup>1</sup> The Board of Directors Meeting No. 1/2562 on February 27, 2019, resolved to appoint Ms. Chanyapat Wiphathanananthakul to assume the position as Risk Management Committee instead of Mrs. Naree Boonteeraworn, who had resigned from the position on January 18, 2019, effective on March 1, 2019.

#### Roles and Responsibilities of Risk Management Committee

At the Board of Directors' Meeting No.2 /2013 on March 31, 2013, has approved Roles and Responsibilities of the Risk Management Committee. In this regard, the Board of Directors' Meeting No. 1/2019 on February 27, 2019 resolved to approve the revision of the Risk Management Committee Charter No.1 with the Roles and Responsibilities as follows:

1. Support the Board of Directors in setting risk management policy and acceptable risk level,
2. Establish risk management profile to align with the Risk Management Policy, following the compliance, review the effectiveness of risk management profile,
3. Consider and review risk management report and performing to ensure that the Company's risk management is adequate and appropriate, can be managed in acceptable level and is performed,
4. Continuously coordinate with the audit committee through the knowledge and information exchange about the risks and internal control which shall affect or may affect to the Company.
5. Decision and provide guidance on the key issues which shall arise in the risk management procedure.
6. Report the operating performance of the Risk Management Committee to the Audit Committee to acknowledge and/or to consider regularly quarter.

#### 4.The Nomination and Remuneration Committee

As of December 31, 2019, the Nomination and Remuneration Committee consisted of the following four people:

Name			Position
1.	Mr. Pongpun	Kongkumnerd	Chairman of the Nomination and Remuneration Committee/ Independent Director
2.	Mrs. Jitmanee	Suwannapool	The Nomination and Remuneration Committee/ Independent Director

Name			Position
3.	Ms.Chanyapat	Wiphatthanananthakul <sup>1</sup>	The Nomination and Remuneration Committee/ Independent Director
4.	General Porpol	Maneerin	The Nomination and Remuneration Committee/ Independent Director
5.	Ms. Netirad	Sang-ngam	The Nomination and Remuneration Committee

Ms. Rungarun Bongkodkanokas the Secretary of the Nomination and Remuneration Committee.

Remark :<sup>1</sup> The Board of Directors Meeting No. 1/2562 on February 27, 2019, resolved to appoint Ms. Chanyapat Wiphatthanananthakul to assume the position as The Nomination and Remuneration Committee instead of Mrs. Naree Boonteeraworn, who had resigned from the position on January 18, 2019, effective on March 1, 2019.

### Roles and Responsibilities of Nomination and Remuneration Committee

At the Board of Directors' Meeting No.1/2014 on February 26, 2014, has approved Roles and Responsibilities of the Nomination and Remuneration Committee. In this regard, the Board of Directors' Meeting No. 1/2019 on February 27, 2019 resolved to approve the revision of the Nomination and Remuneration Committee Charter No.1 with the Roles and Responsibilities as follows:

#### Nomination

- Setting guidelines and policies in nominating Board of Directors and other sub-committee members by considering what would be the appropriate number, structure and composition of members, and outlining necessary directors' qualifications,
- Proposing these ideas for approval by the Board of Directors and/or Shareholders' Meeting as appropriate.
- Searching, selecting and proposing appropriate persons to assume the position of the Company's directors whose terms have expired and/or became vacant, including newly appointed director.
- Executing other tasks related to nominations as assigned by the Board of Directors.
- Evaluating the performance of the top management and reporting to the Board of Directors for their consent.

#### Remuneration

- Preparing guidelines and policies in determining the Board of Directors and other sub-committees' remuneration, and proposing it to the Board of Directors and/or Shareholders' Meeting for approval as appropriate.
- Determining necessary and appropriate monetary and non-monetary remuneration, for individual members of the Board of Directors by taking into consideration each director's duties

and responsibilities, performance, and comparisons against similar businesses, and the benefits expected in return from each director. The report will be submitted to the Board of Directors for consent and to the Shareholders' Meeting for approval.

- Taking responsibility to support the Board of Directors and being responsible for explaining and answering any questions regarding the Board of Directors' remuneration in the Shareholders' Meeting.
- Reporting policies and principles/reasons in determining the remuneration of directors and management according to the SET guidelines by disclosing them in the Company's annual information disclosure (56-1) and annual report.
- Being responsible for any other tasks related to the remuneration as assigned by the Board of Directors. The management team and other units have to report or present the information relating to the NRC in order to support the operation of the NRC to achieve their assigned tasks.

## 5.The Corporate Governance Committee<sup>1</sup>

The Corporate Governance Committee consisted of the following three people:

Name		Position
1.	Mr. Pongpun Kongkumnerd	Chairman of the Corporate Governance Committee / Independent Director
2.	Mrs. Jitmanee Suwannapool	The Corporate Governance Committee / Independent Director
3.	Ms.Chanyapat Wiphatthanananthakul	The Corporate Governance Committee / Independent Director

Ms. Rungarun Bongkodkanokas the Secretary of the Corporate Governance Committee.

Remark: <sup>1</sup> The Board of Directors Meeting No.1/2020, held on February 27, 2020, resolved to appoint four people to the Corporate Governance Committees, all of which are Independent Directors.

### Governance Committee has the scope of duties and responsibilities as follows:

The Board of Directors Meeting No. 1/2020, held on February 27,2020, determined that the Corporate Governance Committee has the scope of duties and responsibilities as follows:

1. Supervised the Company to operate and complied with the principles of good corporate governance in accordance with the determined policy of the directors' board.
2. Considering and approving work plans for activities promoting good corporate governance with the objective of maintaining standards and developing good corporate governance as well as creating good corporate governance to be a corporate culture by regularly communicating with the directors, executives and employees regarding good corporate governance.

3. Supervised the performance of directors and management to comply with good corporate governance principles of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission.
4. Overseeing operations and activities on social and environmental responsibility
5. Determining guidelines for reporting on compliance with the principles of good corporate governance in the annual report.
6. To consider and approve the dissemination and public relations of the corporate governance of the Company and information disclosure policy of the Company to the public in wide space, including the improvement of the dissemination of good corporate governance information on the company's website.
7. Establish a system to receive complaints from stakeholders in the case of good corporate governance and business ethics of directors, executives and employees.
8. Regularly review the principles of good corporate governance of the Company by comparing with the international practices and recommendations of the Supervisory Institute or related departments to the Board of Directors.
9. Review current business ethics of the Company, appropriate with the company's business and in accordance with the guidelines of the Stock Exchange of Thailand.
10. Review and update every committee's charter and submit it to the board for approval.
11. Perform other duties as assigned by the Board of Directors.

## 6.The Executive Committee

As of December 31, 2019, the Executive Committee consisted of the following four people:

Name			Position
1.	Mr. Kitt	Phuathavornskul	Chairman of the Executive Committee
2.	Mr. Wantenan	Techamorakot	The Executive Committee
3.	Ms. Netirad	Sang-ngam	The Executive Committee
4.	Ms. Pornthip	Sae-Lim	The Executive Committee

Ms. Rungarun Bongkodkanok served as the Secretary of the Executive Committee.

### Roles and Responsibilities of the Executive Committee

The Board of Directors Meeting No. 1/2014 on 26 February 2014 resolved that the Executive Committee hold the roles and responsibilities in performing the overall management of the Company. The Executive Committee also creates policies, budgeted business plan, management structure, rules and regulations and authority of the Company in accordance with the current economic situation and submits to the

Board of Directors for approval and audit. In this regard, the Board of Directors' Meeting No. 1/2019 on February 27, 2019 resolved to approve the revision of the Executive Committee Charter No.1 with the Roles and Responsibilities as follows:

1. Operating and managing business according to the policies and reporting the Company's performance to the Board of Directors.
2. Setting and preparing the Company's business strategies, policies, business plans and budget structure to the Board of Directors for approval.
3. Setting an appropriate approval authority limit for each executive, categorizing the roles and responsibilities which may cause fraudulent, controlling the practice according to the rules and procedures, and submitting to the Board of Directors for approval.
4. Considering the organizational structure for the approval of the Board of Directors.
5. Managing the overall human resources management including remuneration structure, recruitment process, transfer procedures, dismissal, punishment and reward of employees.
6. Considering and permitting the financial operations with commercial banks or financial institutions as approved by the Board of Directors. Such transactions include opening and closing bank accounts, borrowing and lending funds, financing funds, pledging, mortgaging, guaranteeing, buying and selling as well as signing the proprietary right of the land.
7. Considering and permitting the investment and investment budget as stated in the approval process manual.
8. Considering and permitting each department's operation plan as well as the over-limit requisitions as authorized by the Board of Directors.
9. Considering and permitting the appointment of committees required for the smoothness of the Company's operations.
10. Considering the fundraising for the approval of the Board of Directors.
11. Being responsible for other assignments periodically delegated by the Board of Directors.

The above duties and responsibilities do not give the Executive Committee the authority to approve transactions in which they or any related persons may have any potential conflicts of interest (as defined by The Securities and Exchange Commission or The Stock Exchange of Thailand) with the Company or subsidiaries. All transactions must be approved by the Board of Directors and/or the Annual General Meeting according to the Company's regulations or related laws unless such transactions are the Company's general business transactions.

## President

### Roles and Responsibilities of Chief Executive Officer

The Board of Directors Meeting No. 1/2013 on 18 July 2013 resolved that the Chief Executive Officer holds the following roles and responsibilities:

1. Performing all duties in compliance with the related laws by The Securities and Exchange Commission Announcements or The Stock Exchange of Thailand Notifications, company objectives and articles of association and Board of Directors', Annual General Meeting's and Shareholders' Meeting's resolutions.
2. Managing and operating the business in accordance with the Board of Directors' strategies, plans and its annual budget to ensure the goals are achieved.
3. Implementing mission of the Company in accordance with the budget, business and strategic plans set by the Board of Directors.
4. Managing the overall business operations of the Company in financial, marketing, human resources sections and other departments according to the policies set by the Board of Directors.
5. Being responsible for human resources management such as remuneration structure, recruitment process, transfer procedures, dismissal of employees as well as authorizing the attorney to perform such operations.
6. Allocating reward, salary increase, remuneration and special bonus apart from the usual annual bonus.
7. Negotiating, signing contracts and/or general business transactions within the budgeted plans as authorized by the Board of Directors.
8. Setting rules, regulations, announcements and memorandums for proper and smooth business operations as well as the benefit of the Company.
9. Being responsible for other assignments periodically delegated by the Board of Directors.
10. Arranging the attorney in accordance with the power of attorney and/or the Board of Directors' resolutions. Such arrangement must not authorize the attorney to approve the transactions which may cause direct or indirect damages, leading to personal or others benefits with or without any individual returns (according to The Securities and Exchange Commission Announcements) unless such transactions are in accordance with the policies and regulations of the Board of Directors or Shareholders' Meeting.

In addition, the Board of Directors Meeting No. 4/2013 on 28 October 2013 resolved that the Chief Executive Officer approves the budgeted general business transactions up to five million baht, other budgeted business assets transactions up to one million baht and budgeted financial transactions up to one million baht. For transactions over such authorized amounts, an approval is required from the Executive Committee or the Board of Directors as the case may be. The Chief Executive Officer is also authorized to approve unbudgeted transactions of not more than ten per cent of the approved annual budget.

## Nomination and Selection of Directors and Management

### Nomination and Selection of Independent Directors

The Nomination and Remuneration Committee has responsibilities to make primary recommendations to the nomination and selection process for independent directors who must possess the qualifications as stipulated by the Company and in accordance with The Securities and Exchange Commission Announcements or The Stock Exchange of Thailand Notifications. The Board of Directors will be considered to select independent directors from experts who have work experienced and other suitability combined to create diversity in the structure, considering from the necessary skills that are lacking as well as the strategy of the Company that will be continued. After that it will be presented to the shareholder's meeting to be appointed as the company's director and experiences, and propose to the Annual General Meeting for nomination as directors of the Company. There must be at least three independent directors, and not less than one-third of the Board size with the following qualifications:

1. Holding not more than one percent of the total voting shares of the Company, a subsidiary, an affiliate, other associate company, a major shareholder, or a controlling person, including shares held by related persons.
2. Neither being nor used to take part in management, or being an employee, staff member, advisor receiving a regular salary, or controlling person of the Company, a subsidiary, an affiliate, other associate company, a major shareholder, or a controlling person in the past two years unless the foregoing relationship has ended not less than two years. The above prohibited characters exclude the independent director who is a government employee or consultant who is major shareholders or controlling person of the Company.
3. Not being a close relative by birth or by legal registration as a parent, a spouse, a brother or sister, a son or daughter of management, a controlling person, a shareholder or a person nominated as management or a controlling person of the Company or its subsidiary.



4. Neither having nor used to involve in a business relationship with the Company, a subsidiary, an affiliate, a major shareholder, or a controlling person in such a way that will obstruct his independent judgment including not being a major shareholder or a controlling person of the person who has a business relationship with the company, a subsidiary, an affiliate, a major shareholder, or a controlling person unless the foregoing relationship has ended not less than two years, a business relationship includes a normal cause of business transaction, a rent or lease of property, a transaction related to assets, service, providing or receiving financial support such as borrowing, lending, guaranteeing, or assignment resulting in the Company or other party being in debt obligation of more than three per cent of net tangible assets of the Company of twenty million baht, whichever is lower. The calculation of debt obligation shall be in accordance with the calculation of value of related party transaction specified by the Capital Market Supervisory Board's Announcement of Related Party Transaction including debt obligation one year prior to the date that business relationship starts.
5. Neither being nor used to be an external auditor of the Company, a subsidiary, an affiliate, a major shareholder, or a controlling person of the Company and not being a shareholder holding major portion in an audit office of an external auditor of the Company, a subsidiary, an affiliate, a major shareholder, or a controlling person in the past two years.
6. Neither being nor used to be a provider of professional service such as legal or financial services and receives a professional fee of more than two million baht per year from the Company, a subsidiary, an affiliate, a major shareholder, or a controlling person and not being a major shareholder or a partner of such a provider of professional service in the past two years.
7. Not being a director representing another director of the Company, a major shareholder, or a shareholder related to a major shareholder.
8. Not being in a business substantially the same and compete with the Company, or a subsidiary, or not being a principal partner in a business partnership or being a director involving in management, employee, staff member, advisor receiving a regular salary, or holds of shares with voting right more than one per cent of total number of voting right of other company that engages in a business substantially the same and compete with the Company and its subsidiary.
9. Be able to express an independent opinion with respect to the operation of the Company.

The Board of Director contains 4 independent members, which are the persons with knowledge or competency and truly have the freedom to operate such as no business connection to the company, no connect to other influences that might affect the independent performance.

## Terms of the Independent Director

The Board determines the independent Director to be in position for 3 years and will circulate and retire as 1 in 3 of the entire team accordingly. When the term comes, the committee could be presented to the Annual General Meeting of Shareholders to continue as the Board and to come back in the position. The independent committee will in the position for no longer than 3 terms or 9 years starting from the day of accepting the position. In addition, the board of directors should clearly state a policy that independent directors who have served on the Board beyond nine years from the date of their first appointment should be subject to particularly rigorous review of their continued independence. In 2019, no independent committee stays more than 9 years.

## Nomination of Directors and Management

In selecting experts to take up a position of directors who complete the term, or in other cases, to propose to the company in selecting persons who are nominated to be candidates to the meeting of shareholders for approval, the company has a procedure to select experts from their expertise, visions, leadership, morale, transparent work background and ability to express opinions independently. The composition of the company's directors and the selection, appointment, or removal from the position of a director of the company has been determined in the regulations of the company which can be concluded as follows:

1. The Board of Directors consists of at least 5 directors who are elected in the meeting of shareholders. The members of the Board must contain at least 3 directors from the Audit Committee and at least a half of the total number of directors must reside in Thailand.
2. The meeting of shareholders is responsible for electing directors according to the following rules and methods:
  - Each shareholder has 1 vote for 1 share.
  - Each shareholder will cast all of their votes according to elect one person or more than one person to be a director. In case of electing more than one person, the votes will not be divided unequally between the elected persons.
  - Persons with the highest votes in order respectively will be elected as directors equaling to the number of directors that are supposed to be or to elect in a particular occasion. In case that persons in the second orders have the same number of votes and more than the number of directors that are supposed to be or to select in a particular occasion, the chairman of the meeting shall have the deciding vote.
3. In every Annual General Meeting of shareholders, the terms of one-third (1/3) of the current number of the Directors will be ended. If the number of Directors could not be divided into three proportions, the number of Directors whose terms will be ended will be the closet number to the

one-third proportion. Directors whose terms are ended in the first and the second years after the registration of the company will be decided by drawing lots. For the consecutive years, the Directors who are in the positions the longest will be removed. However, those Directors who are removed may be elected to fill the positions again.

4. In addition to the end of the term. Directors will vacate when
  - Death
  - Resign
  - Be without qualifications or possess of the characteristics prohibited under Act and the related Notification.
  - In casting a vote on which Directors whose terms should be ended before seeing out their actual terms, the number of votes must be at least no less than three-fourth of the number of shareholders attending the meeting and having the right to vote, and that the total number of shares must be no less than a half of the number of shares held by the shareholders who attend the meeting and having the right to vote
5. Any director who is resigning from the position should submit the letter of resignation to the company with the effective date from the date that the letter of resignation reaches the company.

The Board must allow the shareholders to present a name with qualifications to become a Board member. In 2019, no name was nominated by shareholders

### **Nomination and Appointment of the Audit Committee**

The Audit Committee of the company must be the company's director who is appointed from the Board of Directors and have qualifications as specified by the securities law and the Stock Exchange of Thailand. The Audit Committee must contain no less than 3 persons and at least 1 director must have knowledge on accounting and finance.

### **Nomination and Appointment of the Risk Management Committee**

The Risk Management Committee is appointed by the Board of Directors to define and implement strategies for overall risk management. In addition, the Risk Management Committee is responsible for developing and reviewing management systems and risk management in line with the policy consistently. One of the Risk Management Committee shall be appointed to be the chairman of the Risk Management Committee by the Boards of Directors. He/she shall have the qualifications required by the Securities Laws and the Stock Exchange of Thailand, including regulations and / or regulations of the Stock Exchange of Thailand

### **Nomination and Appointment of the Nomination and Remuneration Committee**

The Board of Directors shall nominate the Nomination and Remuneration Committee by election from the number of independent directors and executives as deemed appropriate to be independent to nominate directors and determine remuneration which is suitable for the company. One of the Nomination and Remuneration Committee shall be appointed to be the chairman of the Nomination and Remuneration Committee by the Boards of Directors. He/she shall have the qualifications required by the Securities Laws and the Stock Exchange of Thailand, including regulations and / or regulations of the Stock Exchange of Thailand

### **Nomination and Appointment of the Corporate Governance Committee**

The Board of Directors proposes the appointment of the Corporate Governance Committee by election from an independent committee Certain amount as it deems appropriate but must not less than 3 people to help support the Board of Directors in formulating policies and laying down criteria for strengthening policies and laying down criteria for strengthening the Company to have concrete standards and practices in corporate governance to cover the entire organization with transparency, credibility, and accountability, build confidence for shareholders and stakeholders and the Board of Directors has appointed a member of the Good Corporate Governance Committee to be the Chairman of the Good Corporate Governance Committee with qualifications as required by the Securities and Exchange Act of Thailand, including notifications, regulations and / or regulations of the Stock Exchange of Thailand

### **Nomination and Appointment of the Executives Committee**

The Board of Directors is responsible for proposing the appointment of the Executives Committee by electing from Directors and/or a certain number of Management as it sees appropriate and the Board of Directors will appoint one of the members of the Executives Committee to be the chairman of the Executives Committee.

### **Nomination and Appointment of Chief Executive Officer**

The Executive Committee will nominate the qualified delegates with proper knowledge, capabilities and experiences for the position of Chief Executive Officer for the Nomination and Remuneration Committee and Board of Directors' approval.

## Corporate Governance of the Subsidiaries, Joint Venture and Other Joint Venture

The Company has always put great emphasis on good governance policy in line with business operation. The Company has also set up a policy to supervise its subsidiaries, affiliated companies and other associated companies for the purpose of overseeing those companies. The Board of Directors has a regulatory mechanism that regulates, manages, and is responsible for the operations of its subsidiaries, associated companies and other affiliates in order to maintain the interests of the company's investment, including:

- Sending of a person to represent the Company as a director of the invested company in proportion to the shareholding. The company's representative shall be a person without any conflict of interest with the business of such subsidiary, associated or other associated company
- The company's representative will oversee that its subsidiaries, associates and other affiliates comply with the rules and regulations set forth in the company's regulations and the laws governing the conduct of business. In addition, the company's representative must ensure that the subsidiary has the regulations governing connected transactions, the acquisition or disposition of assets or other important transactions of such company shall be complete and accurate, and apply the rules related to disclosure and the above transaction in the same manner as the Company's criteria.
- Supervision of disclosure of financial status and operating results, including important transactions to be consistent with the rules of the company, and to keep the records and accounting records of the company so that the company can review and collect the consolidated financial statements in a timely manner.

### Investment and Governance Policy of Subsidiaries and Associates

1. Investment in other companies include joint venture to set up a new company and buying shares in other companies. The Company has a policy to coin vest with other investors that have transparent business operation and corporate governance.
2. Businesses in which the company will invest must be supportive and beneficial company's business vertically and horizontally to create equilibrium of the Company.
3. Businesses in which the company will invest shall be analyzed in terms of basic business factors, business trend as well as return rate evaluation and future risk prediction.
4. Investment shall not cause problems to liquidity of the Company and subsidiaries.
5. The Company will invest at sufficient proportion to take part in managing and defining business operation regulations of a company to be invested in.
6. The company will review investment in subsidiaries and associates properly and in accordance with business condition of the Company in each period.

7. The investment shall be approved by the board of director or general meeting of the Company according to the article of association and related laws to be in accordance with a notice of Capital Market Supervisory Board associated with principles of providing significant particulars within scope of obtainment or distribution of properties and a notice of Stock of Exchange Commission on disclosure of data and practices of listed companies about property obtainment B.E. 2547
8. The company will supervise a company in which it invests by sending representatives to be a director of subsidiaries and/or associates by proportion of shareholding. The company's representatives must be free from conflict of interest of the subsidiaries and/or associates in which the Company invests and they shall supervise the subsidiaries and/or associates to comply with specified regulations and principles in the company's article of association and applicable laws about business operation of the subsidiaries and/or associates.

It is valid from 13 December 2016 and onwards.

## Auditor Free

The Audit Committee will consider auditors according to the assessment standard of the company such as independence in working, quality of work, and working standard. The auditors must have qualifications according to The Stock Exchange of Thailand.

They must not relate to the stakeholders of the company, subsidiary, executives, major shareholder, and associated persons. They must have freedom to Audit and give opinion to the financial statement of the company.

For the year ended 31 December 2019, the Company paid audit fee of 3.10 million baht to EY Company Limited. This fee included the service of quarterly and annual audit of the Company but excluded other non-audit services such as photocopy and travelling expenses.

### Non – audit free

- None –

## Corporate Social Responsibility

### Policy overview

NCL International Logistics Plc. is committed to operating businesses that are beneficial to the economy and society. The Board of Directors' meeting No. 2/2014 resolved to approve the policy to conduct business with social and environmental responsibility under the 8 principles as follows:

1. Good Corporate Governance: The Company will operate its business in accordance with relevant laws and regulations, transparency, disclosure of important information and audit. The Company will comply with the good corporate governance policy, taking into account the benefits with all stakeholders.
2. Operating business with fairness.: The Company will promote free trade, avoid potential conflicts of interest and infringe on intellectual property rights, and promote social responsibility in the business chain at all stages.
3. Anti-Corruption: The Company has the policy to support anti-corruption both inside and outside the organization for transparency and accountability. It also cooperates with various organizations to fight against corruption and encourages employees to be aware of the anti-corruption.
4. Human Rights and Employee Treatment: The Company supports and respects the protection of human rights by ensuring equal and fair treatment of employees by providing welfare, safety, and hygiene in the workplace, as well as promoting learning and development of personnel to enhance Professional work. The Company will support the development of the work system and encourage its employees to participate in direct and indirect social benefits.
5. Company's responsibility on consumer: The Company will develop services that do not harm consumers and impact the environment by maintaining quality to meet or exceed consumer expectations under fair conditions. It will provide information about products and services that are accurate, adequate, without exaggeration, and keeping the confidentiality of clients and not used it to their own interests or those involving wrongfully
6. Environment and Safety: The Company will undertake risk and environmental impact analysis and safety in all business processes. It also uses resources efficiently and energy- saving in accordance with international principles.
7. Participation in community and society.: The Company promotes the use of business processes for the benefit of improving the quality of life, helping to build the economy and strengthen the neighboring communities and Thai society.
8. Develop and disseminate innovation from CSR.: The Company shall promote the creation and promotion of co-creation of all stakeholders in the development of innovation that balances values and worth of the community, society, and the environment, along with sustainable business growth.

## Implementation and reporting

The Executive Committee is responsible for preparing the Corporate Social Responsibility (CSR) plan to present to the Board of Directors annually. The Company will continue to operating the business by complying with its corporate social responsibility and environmental policy by operating in accordance with the disclosed policies.

Throughout the past years, the Company has been operating on a corporate social responsibility basis for sustainable development. In the year 2019, the Company continues to strive to develop in every process of work, to create a responsible work and service (CSR in Process) by improving and developing new things to add value and meet the needs of customers in all groups such as providing comprehensive services, giving attention to customer needs, providing the service by a unified, standards, accountability, accurate, fast, within a specified period services and also reducing costs to customers.

- Good Corporate Governance: The Company always attaches great importance to the implementation of good corporate governance principles consistent with good corporate governance for listed companies of the Securities Exchange of Thailand in 2012, including the rights of shareholders, equitable treatment of shareholders, taking into account the role of stakeholders, disclosure and transparency, and responsibilities of the Board. In 2019, the Board reviewed and updated the manual, good corporate governance policy, business ethics, and different policies according to the relevant principles of corporate governance for listed companies in the year 2017 (CG Code 2017), following to the resolution of the Board of Directors meeting No.1/2019 held on February 27, 2019, Those reviewing and updating is to be complete, clear with the guidelines covering all aspects such as improvement of corporate governance policy, conflict of interest policy, internal information policy of the Company and subsidiaries, protection and fairness policies for employees who provide information or provide clues regarding fraud or non-compliance with the laws, regulations and ethics of the Company and its subsidiaries (Whistleblower Policy) and also provide channels to facilitate the information.
- Human rights and employee treatment: The Company respects human rights within and outside the organization. The Company treats its business partners and those who deal with business entities irrespective of race, religion, or other factors that would lead to a serious disregard for human rights. Within the organization, the company equally treats its employees, contract workers and without discrimination, gender, race, religion, or anything else that would bring disunity and inequality. The practices per the employee are according to the Code of Business Ethics, while the Code of Conduct is the guidance of the work of all employees. It is considered a practice in the Ethics Guide as a part of the "Employee Rules and Regulations" which the employees have to comply with. The Company has undertaken to clarify the Code of Business Conduct for all employees to be acknowledged when they join the company.



In the year 2019, the Company has implemented according to the guideline as follows:

1. The Company provides opportunities for employees at all levels to express their opinions in order to listen to problems and suggestions for working and living together. by enable them to report directly to the management. In case the employee has a complaint.
2. The company has clear procedures and process for the complaint. The company will find a way to terminate the complaint quickly and fairly to limit the problem for not expanding the scope to a broader scope.
3. The company has developed an employee satisfaction assessment form to reflect the company's attention and sincerity to its employees in improving, developing and moving forward together. If employees have any doubts or comments, the Company, by the relevant management, will consider and communicate with the staff quickly.
4. The Company encourages employees to make progress on the basis of their knowledge and ability, with a minimum training plan for each employee. It aims to strengthen the organization and to increase the potential of employees, such as knowledge of services, good corporate governance, business ethics, and anti-corruption etc.
5. The Company has provided channels of complaints and report inappropriate work practices in accordance with the Company's Code of Business Ethics. It is a recommendation or complaint about work to the Board of Directors to oversee all aspects and sustainability in the organization, including the protection of employees from harassment or punishment from his/her complaint (Whistleblower Policy), to take care of all parties and create sustainability in the organization, can inform the clues of offenses (Whistle Blowing), which is in accordance with the policy and guidelines for reporting whistleblowing and measures to protect the whistleblower with details as follows.

### **Whistle Blowing Policy and Practice and Whistleblower Protection Measures**

The Company is committed to maintaining a well-founded corporate practice. This is in line with the principles of good corporate governance for all stakeholders as stated in the Corporate Governance Policy and Business Ethics Guide. This policy has been set up as a mechanism and gives the rights to employees and stakeholders. Thus, the Board of Directors has set the channels for communication with the Board of Directors by mail or email to provide a channel of information and instructions for ordering a process-based review for complaints related to illegal activity, accuracy of financial reports, defective internal control system, offense or unethical behavior of the executives and employees. The Company will keep the information from this report confidentially and the reporters are protected by the Company.

## Policy scope

This policy is set up to encourage all employees and stakeholders to disclose information that indicates violations of the Company's laws, regulations, and ethics.

- Corruption
- Fraud, Misappropriation, Theft
- Corruption actions to benefit themselves and others.
- Actions that is harmful to health and safety or environmental
- Intentionally causing damage or loss to the Company.
- Clear violation of business ethics
- Support for violating the law, regulations and business ethics including concealing or assist to conceal such actions.

## Keeping Confidential Information

This policy is designed to ensure that employees and stakeholders are fully aware of their complaints, and that reporters will not suffer due to the reporting of complaints in good faith. Employee disclosures are always kept confidential. However, the complaint and the complainant should collect the information carefully and the information disclosed should be accurate.

## False Allegations

If any employee or stakeholders deliberately makes a complaint with false allegations or malicious intent to the complainant, the Company will consider the complaint to be a violation of business ethics. Beside, the Company will conduct the investigation to consider the punishment according to the Company's regulations.

By clues, complaints and recommendations will be considered and implemented as appropriate. It shall be considering and take appropriate action case by case, without disclose the name of the whistle-blowers and also records as the confidentiality complaint. There are measures to protect the whistle-blowers to ensure that the whistle-blowers and the complainant will not be affected by such clues and complaints. If the Company is required to disclose that information, the Company will only disclose the necessary information, to considerate of the important of safety and the damage of the complainant and the whistle-blowers at most.

## Channel for complaints

Register letter

The Board of Directors

NCL INTERNATIONAL LOGISTICS PUBLIC COMPANY LIMITED

56/9-10 SoiTaksin 12/1, Taksin Road, Bukkalo, Thonburi, Bangkok 10600

The Company secretary is responsible for accepting documents sent to the Board of Directors and submitting them to sub-committees or related directors and summarizing all recommendations and issues for submission to the Board of Directors on a basis of quarterly except documents sent to the audit committee which will be sent directly to the audit committee.

6. The Company has policies and guidelines on the appropriate remuneration and welfare of employees. The remuneration paid to employees, such as salaries, annual bonuses, salary adjustments, promotion, must be consistent with the performance of each employee and the company's performance. Employees are also provided with welfare benefits such as the establishment of a provident fund, the provision of annual health checks, and the provision of a healthy working environment. Accident insurance is also provided to employees, drivers, messengers and / or those who are at risk of accidents at work to ensure that when unexpected accidents happen the employees will be taken care of.

The Company also offers a New Year' party every year to give employees an opportunity to socialize, relax outside of work time, foster friendships and enhance unity in the organization.



7. The company has focused on the importance of human resources by providing good physical health by arranging health checks for employees and executives on an annual basis.

Annual Health Check-up 2019, on February 6, 2019



- Company's responsibility on consumer: The Company recognizes the importance of being responsible to stakeholders in the business chain, including shareholders, customers, partners, and business competitors. The Code of Business Ethics and the Code of Conduct has been adopted as the guideline for the Company's operations with the following principles of customer responsibility.
  - Delivering quality products and services as agreed at fair prices.
  - Providing accurate, adequate, and up-to-date information to customers about their businesses and services, without exaggeration, misleading customers about the quality of the service.
  - Be courteous, efficient, and trustworthy to customers, and provide a process system that addresses customer complaints about the quality and security of the service.
  - keeping the confidentiality of clients and not used it for personal interest or those involving wrongfully.
  - The Company has set the vision, mission, and business goals of the Company, effective from July 18, 2013. In order to emphasize that employees must set equal pricing of products and services for their

customers by offering the best and most appropriate logistics solutions to each customer and building an effective alliance network to grow together with our customers and partners.

- Anti-corruption: The Company has established a policy to comply with anti-corruption laws by setting the anti-corruption guidelines in the Company's Code of Business Ethics under the heading "Policy on Receiving, Giving Gift and Return" and "Policy on anti-corruption and bribery". The Company's employees have been informed and implemented since July 20, 2013.

On October 3, 2017, the company has already announced its intention to become a Collective Action Coalition of the private sector in the fight against corruption.

## Anti-Corruption Policy and Guidelines

The Company is committed to operating under the principles of good corporate governance through corporate social responsibility and the environment as well as all stakeholders. The Company has established a policy to comply with anti-corruption laws by setting the anti-corruption guidelines in the Company's Code of Business Ethics under the heading "Policy on Receiving, Giving Gift and Return" and "Policy on anti-corruption and bribery". This can be summarized as follows:

### Policy on Receiving, Giving Gift and Return

- Executives and employees are prohibited from claiming any benefit from a partner, and/or persons doing business with the Company.
- Executives and employees are prohibited from offering any benefit to outsiders or partners for the purpose of inducing them to act inappropriately.

### Policy on anti-corruption and bribery

- Acceptance or giving of property or other benefits that may motivate unethical decisions should not be taken but instead of that, the straightforward manner should be conducted. The Company should ensure that such conduct will not cause scandal or bring the company into disrepute. The items that the Company's directors receive shall be kept either in the office or distributed to the company's employees.
- Procurement must comply with the procedures prescribed by the Company and be fair to those involved. The decision must take into account the reasonableness of the price, quality, service received, and transparency.
- In transactions with the public sector, the Company must avoid acts that may motivate the state or its employees to act improperly. However, establishing good relationships with each other or doing things in



the right and the proper way can be done, such as joining the congratulation event or giving flower bouquets on various occasions etc.

#### Penalty

- The Company requires that the Chief Executive Officer, the Executive Vice President, or the supervisor of each department be authorized to consider and take disciplinary action against employees who commit an offense or fail to comply with the rules and regulations prescribed by the Company. The Company has imposed disciplinary action in the order of default, ranging from verbal admission to suspension or dismissal.

The policy passed the resolutions of the Board of Directors' Meeting No. 1/2013 and announced to the company's employees to acknowledge and implement from July 18, 2013, onwards.

#### Membership of Thailand's Private Sector Collective Action Coalition Against Corruption - CAC

The company has signed a declaration of intent to join the Thai Government's Private Sector Collective Action Against Corruption (CAC) on October 3, 2017. It aims to express the Company's opposition to corruption and does not admit to any fraud arising from the operation of its business or operations of the organization.

The Company is committed to conducting business with integrity and transparency, according to all the laws relating to anti-bribery and corruption and good governance of the Company. The Company recognizes and adheres to all forms of anti-corruption, and does not engage in any direct or indirect corruption. All directors, executives, and employees in the organization must adhere to this policy with proper compliance.

#### **Activities for social and environmental benefits (after process)**

The Company continuously promotes and supports social and environmental activities. In particular, supporting for education and cultivating virtue for the youth, which will grow into a major force in the country in the future, Religious Support to maintain virtue Ethics in Thai society Including health, hygiene, etc.

- The Company has promoted and supported education which is considered as an important foundation for nation development, if the foundation is good, stable and strong, it will lead to national development in the future. On December 7, 2019, the Company by Mr. Kitti Phuathavornskul, the President in collaboration with the Board of Directors of the Medical Student Scholarships Foundation for Benefits of Mankind led by Mr. Surachai Sutthiworachai, President of the Foundation who realize those who study about medicine must have the intelligence and scholarships. Therefore, he has offered the scholarships

to medical students who has good grades, good behavior but lacking funds as of amount 60,000 baht per person per year throughout the study. In order to graduate as a valuable physician, morality and ready to take care of the health of people and have a sense of love for the homeland.



The Company by the representatives of the Company Executive; Miss Netirad Sang-ngam, Deputy Chief Executive Officer of the Company together with the representatives of the Thammasat Executives Training Program, Class 10 (Nor Mhor Thor 11) have jointly supported to repair Ban Bung Bao Huai Charoen School, Selaphum District, Roi Et Province, to improve 3 buildings that was flooded in the past year which were the school building, multi-purpose building and bathroom, as well as hand out kindergarten and elementary school uniform to the students during August 30 – September 8, 2019.



Before



After



The Company had sent the representatives to participate in the charity golf tournament. On the occasion of the 20<sup>th</sup> anniversary on December 11, 2019 at the Alpine Golf and Sport Club, income after deducting expenses will be donated to public charities.



And on October 16, 2019, had participated in a charity golf tournament at Uniland Golf and Country Club, Muang District, Nakhon Pathom Province. The objective is to provide scholarships to the students of Nakhon Pathom Rajabhat University as well as using in the activities of the University Affairs Board.

## Internal Control and Risk Management

### The Board of Directors' Opinions about the Company's Internal Control System

The Board realizes the importance of internal control by assigning the Audit Committee composed of independent committee comprised of three Audit Committee to examine and assess the internal control system to appoint the ACC-Plus Consultant Co., Ltd. to internally audit the company and directly report to the Audit Committee. This company has a duty to inspect working system of each department of the company according to the yearly examination approved by the Audit Committee. The objective is to ensure efficient performance, good resource usage, correct financial operation, following on regulation and rules, evaluation of efficiency of control system so that the business can be operated and reaches maximum benefits for all stakeholders. The Audit Committee also has a duty in considering and choosing auditors and auditor compensation, and in considering the publicizing the company information for correctness in the case of related issues and benefit conflicts.

At the NCL International Logistics PCL's Board of Directors' Meeting, No. 1/2019 on February 27, 2019, The Board of Directors, The Audit Committee and Executive have been attended to the meeting for assessing the adequacy of the Company's internal control system based on the Securities and Exchange Commission's Adequacy Assessment Form for the Internal Control System. Inquiries were conducted with the management concerning five components: 1) Organization and the control environment, 2) Risk assessment and management, 3) Control of the management's operation, 4) Information and communication system, and 5) Monitoring and evaluation system.

### Organization and control environment

Based on information from management with the assessment of the adequacy of the internal control system form, the Board of Directors is of the opinion that the Company has adequate internal management and internal control system, which there are no significant internal control deficiencies. The management encourages employees in the organization to be aware of the importance of internal control and to provide adequate personnel to ensure that the Company's internal control system is adequate and appropriate. In addition, the Company can adjust to suit the changing situation in an efficient manner so that the company's operations meet the objectives set in accordance with relevant laws and regulations and in accordance with the good corporate governance principles. The Company has clearly defined its duties and responsibilities, and has set the rules, regulations, policies, levels of authority, and the level of approval of the appropriate items in writing.

## Risk Management

The company realizes and sees the importance of good organizational management in driving the organization to foster and expand the business stably with secured financial position and generating good returns to shareholders appropriately. The Board of Directors has appointed the Risk Management Committee comprising of the Auditing Committee which is an independent body and Executive Officer to consider organization's risk factors both internal and external issues in order to find how the Company can prevent possible risk or its impact effectively. More over the Company has paid attention to corruption prevention. The Company launched a policy toward compliance with anti-corruption laws. It defined anti-corruption guidelines in the Company's Business Code under the headings "Policy on Receiving and Giving Gifts and Recompenses" and "Policy on Prevention of Corruption and Bribery" (See details in Section 12.4: Guidelines for Prevention of Involvement in Corruption), which was announced to employees on July 20, 2013. Thus, the Company has declared its intention in joining the Collective Action Coalition since October 3, 2017 organized by private sectors in anti-corruption.

## Management Control Activities

The Company monitors its performance monthly through the Board of Directors' meetings, compared to the same period last year and other companies in the same industry. The Board of Directors has assigned the internal audit unit to directly report the audit results to the Audit Committee. in order to analyze the causes of the differences and adjust their strategies, to achieve the goals, and to have an effective internal control system of the Company. If there is a significant defect, the Audit Committee shall report to the Board of Directors and continually report of such corrections. In addition, the Company has set policies to consider and approve the company's transactions that take into account the company's maximum benefit. The Company also applied the process of monitoring the operation of a subsidiary or associated company, which has set guidelines for the appointment of a person to be a director or executive of the subsidiary or associated company.

## Information and Communication Measure

The company has a systematic collection of important information with effective internal controls, ensuring that the information is reliable to support internal control. Based on information gathered from internal and external, and information systems to process and store information to support internal control can proceed as scheduled. It also communicates the information needed to support internal control, which can be provided to the relevant parties within the organization, and to communicate other relevant information to third parties.

The company has a process of communicating information within the organization about its objectives, policies, and practices. It also provides channels for employees to report information about offenses and fraud to the Company safely.

For external communication, the Company provides investor relations and contact information to investors, relevant persons, and disseminates important news through its website ([www.nclthailand.com](http://www.nclthailand.com)) and channels of the Stock Exchange of Thailand. It also provides a way for third parties to provide information about offenses and fraud safely to the Board of Directors at [management@nclthailand.com](mailto:management@nclthailand.com) in accordance with the policy and practice guidelines for reporting offenses and measures for the protection of whistle-blowing.

### Monitoring and Evaluation System

The Company has an internal audit function that is an independent unit to monitor and evaluate internal control by commissioning the inspection of Internal control system from external agencies (outsourcing)., which reports directly to the Audit Committee to review the performance of the activities to achieve the objectives and goals of the Company as a whole. As a result, the Company is able to control the transactions with persons who may have conflicts or connected persons, including the major shareholders, directors, executives or persons related to such persons, sufficiently and appropriately, and to protect company property from the person who may have conflicts of interest that led to the wrongful or without power. For internal control on other topics, the Board of Directors considers that the Company has sufficient internal controls as well.

### The Audit Committee' Opinions about the Company's Internal Control System that are different from the Board and the auditor

- None -

### Regulating Unit of the Company's Internal Control System

The Company has a policy to hire outsourced internal audits. At the NCL International Logistics PCL's Board of Directors' meeting, no. 1/2019, on February 27, 2019, it was resolved to appoint ACC-Plus Consultant Co., Ltd. to serve as the Company's internal auditor. ACC-Plus Consultant Co., Ltd. Designated Ms. Wanna Malueangnon, Managing Director, to serve as the key internal auditor for the Company. After studying the qualifications of ACC-Plus Consultant Co., Ltd., the Board regarded that this company has adequate expertise and experience in performing the said duty since it has 20 years of experience in internal auditing and the key internal auditor attended the Workshop "COSO 2013," batch 3/2013, which is the latest framework for internal control. Furthermore, as a result of the fact that

ACC-Plus Consultant Co., Ltd is unrelated to the Company, it is allowed to audit the Company and provide the Company with advice freely. The Company has set up an internal compliant unit to coordinate with the company's auditors.

The appointment, withdrawal or reshuffling of the Company's internal auditor must be screened and approved by the Board of Directors. The Board of Directors will propose the internal auditor that has been approved by the Audit Committee at the Board of Directors' meetings for approval of employment and the negotiation on related costs.

## Related Party Transaction

### The Company's Relationships with Related Persons / Companies.

Persons who may have conflicts	Relationship
1 Mr. Kitti Phuathavornskul	- Director and shareholder of the Company holding 29.97% of the registered and paid-up capital of 113.54 million baht.
2 Ms. Pinrak Prasitsirikul	- She is the wife of Mr. Kitti Phuathavornskul and shareholder of the Company holding 6.82% of the registered and paid-up capital of 113.54 million baht.
3 Ms. Waraporn Kitiyanurak	- She is the mother of Ms. Pinrak Prasitsirikul, the wife of Mr. Kitti Phuathavornskul
4 Grace & Gallon (Thailand) Company Limited ("G & M")	- G&M is the company which Ms. Pinrak Prasitsirikul, the wife of Mr. Kitti Phuathavornskul, is a director and shareholder of the company holding 99.99 % of the registered and paid-up capital of 5 million baht. - G & M manufactures and sells handicrafts.
5 Grace Water Med Co., Ltd.	- Formerly an associated company of the Company, registered in Thailand on 8 August 2016, with the Company holding 44.44% of the registered capital of 40,000,000 baht. Subsequently, on 1 March 2018, the Company acquired additional shares resulting in becoming a subsidiary of the company, which the company holds 52.80% of the registered capital of 40 million baht. - Grace Water Med Co., Ltd., a manufacturer and distributor of hemodialysis products, kidney disease patients with hemodialysis machines and distributing medical supplies for use in hemodialysis units.
6 Seven Day Dialysis Company Limited	- A company that Khun Wisit Prasitsirikul is a director and Kidney Time Company Limited holds a 74% shareholding of registered capital of 5 million baht - Kidney Time Company Limited is a company that Khun Wisit Prasitsirikul is a director and holds 52% of the registered capital of 40 million baht. - Khun Wisit Prasitsirikul is Khun Pinrak Prasit Sirikun's brother who is the wife of Khun Kitti Phuathavornskul and a shareholder in the company 1.69 percent of registered and paid-up capital of 113.54 million baht - Seven Day Dialysis Company Limited operates a business service in treating hemodialysis patients who have kidney failure.
7 Zim (Thailand) Co., Ltd.	- It is an associated company registered in Thailand on September 20, 2017. The Company holds 51 percent of the registered capital of 10,000,000 baht.
8 Zim Integrated Shipping Service Ltd.	- Being a shareholder in Zim (Thailand) Co., Ltd., holding 49% of the registered capital of 10,000,000 baht
9 PT.NCL INTERLOGISTIK INDONESIA	- Being a subsidiary registered in Indonesia controlled by NCL Inter Logistics (S) Pte.Ltd., which is a subsidiary of the Company by convertible loan agreement at the amount of USD 60,000 on July 16, 2018 and entering the business cooperation agreement for the purpose of controlling the

Persons who may have conflicts	Relationship
	business operation and administer both directly and indirectly and agreed to divide the profit for the Company in the proportion of 60% of net profit for the year.

## 12.2 Summary of Connected Transactions in 2018 and 2019

Related person	Relationship	Type of transactions	Value of connected transactions (million baht)		Necessity and reasonableness of the transaction
			2018	2019	
Ms. Warapom Kit-tayanurak	She is the mother of Ms. Pinrue Prasitsirikul, the wife of Mr. Kitti Phuathavornskul. Ms. Pinrue Prasitsirikul holds a stake of 6.82 percent of the registered capital of the Company.	Rental of the Document Warehouse	0.095	0.095	<u>Necessity and reasonableness</u> The Company's business involves large quantity of documents, which must be kept for at least five years. Therefore, a place to keep such documents is needed, the Company signed a contract to rent a 3-floor commercial building located at 59/61, Soi Charoen Nakhon 24, with a total utility space of 408 square meters, to serve as its document warehouse. The Company has entered into a lease agreement for the building since 2008 with the current agreement, starting from August 1, 2019 to July 31, 2022 with a rental fee of 90,000 baht per year, which is 18.38 baht per square meter per month (exclusive of withholding tax). In comparison, the rentals of other commercial buildings of similar features in the vicinity range from 190,000 - 360,000 baht per year, which is 25.00 - 69.44 baht per square meter per month. In addition, by renting this building, the Company is able to make use of it as the temporary office in the case of emergency
Ms. Pinrak Prasitsirikul	She is the wife of Mr. Kitti Phuathavornskul and shareholder of the Company holding 6.82% of the registered and paid-up capital of 113.54 million baht.	Rental income	1.20	1.20	<u>Reason and Necessity</u> The rental fee is generated by Grace Water Med Co., Ltd., a subsidiary company which need the land to set up factories to produce dialysis solution. The Company has entered into a land lease agreement approximately 1 rai 3 ngan 60 square wah, located at 13/7 Moo 8, Bang Muang-Bang Khu Lat Road, Bang Muang District, Bang Yai District, Nonthaburi 11140. The contract starts from 1 April 2017 to 31 March 2020, with the rental rate in the first year equal to 930,000 baht per year, the second year and the third year. The rental rate is



Related person	Relationship	Type of transactions	Value of connected transactions (million baht)		Necessity and reasonableness of the transaction
			2018	2019	
					1,200,00,000 baht per year or equal to 101.97 baht and 131.58 baht per square wah per month, respectively (excluding withholding tax) which when compared to developed land in the same area nearby, found that the rental rate is around 1,094,400-1,276,800 baht per year or 120.00-140.00 baht per square wah per month. In 2018 and 2019, the rental fee is 1.20 million baht.
Grace & Glamour (Thailand) Co., Ltd. (G&M)	- It is a company that Ms.Pinruck Prasitsirikul the wife of Mr. Kitti Phuathavornskulis a director and shareholder, collectively holding a stake of 99.99 percent of its 5 million baht of registered capital. Ms. Pinruck is a shareholder of the Company, holding a stake of 6.81 percent of registered capital of the company.	Rental income Outstanding Check	0.60 0.05	0.60 0.05	<u>Necessity and reasonableness</u> The rental fee is generated by Grace Water Med Co., Ltd., a subsidiary company which want to use office buildings and factory buildings to produce the dialysis solution. The Company has entered into a building lease agreement. It's located at 13/7, Moo 8, Bang Muang Road - Bang Khu Lat, Bang Muang Subdistrict, Bang Yai District, Nonthaburi Province 11140 with a total living area of approximately 1,478 square meter, the contract starting from 1 April 2017 to 31 March 2020, with the first year rental fee of 420,000 baht per year, the second year and the third year, the rental rate is 600,000 baht per year or equal to 23.68 baht and 33.83 baht per square meter per month respectively (excluding withholding tax) which compared to similar buildings in the nearby area, found that the rental rate is in the range of approximately 800,000-1,000,000 baht per year or 50.00-60.00 baht per square meter per month. In 2018 the rental fee is equal at 0.60 million baht and accrued cheque is equal at 0.05 million baht.
Grace Water Med Co., Ltd.	Formerly an associate of the Company, registered in Thailand on 8 August 2016, with the Company holding 44.44% of the registered capital of	Service income	0.53	-	Service revenue is the revenue collected from Grace Water Med Co., Ltd. for the domestic transportation service, in early 2018, before being a subsidiary of NCL which is a normal business operation. The inter-service cost pricing is set at cost plus margin. In the year 2018, the Company had domestic transportation revenue of 0.53 million baht.



Related person	Relationship	Type of trans- actions	Value of connected transactions (million baht)		Necessity and reasonableness of the transaction
			2018	2019	
	40,000,000 baht. Subsequently, on 1 March 2018, the Company acquired additional shares which became a subsidiary of the Company holds 52.80% of the registered capital of 40 million baht.				
Seven Day Dialysis Co., Ltd.	Is a company that Khun Wisit Prasitsirikun is a director and Kidney Time Company Limited holds a 74% shareholding of registered capital for 5 million baht. Kidney Time Company Limited is a company that Khun Wisit Prasitsirikun is a director and holds 52% of the registered capital of 40 million baht. Khun Wisit Prasitsirikun is Khun Pinrak Prasitsirikun's brother which is the wife of Khun Kitti	Service income Account receivable	24.66 2.52	19.04 2.63	Sale income is the income that Grace Water Med Co., Ltd., Subsidiary Company Limited collects from Seven Day Dialysis Co., Ltd. in the sale of dialysis and various medical equipment related to dialysis which is normal business with the selling price determined at the price comparable to the outsiders In the year 2019, the Company had sales revenue equal at 19.04 million baht, trade accounts receivable were 2.63 million baht.

Related person	Relationship	Type of transactions	Value of connected transactions (million baht)		Necessity and reasonableness of the transaction
			2018	2019	
	Phuathavornsakul and a shareholder in the Company for 1.69 percent of registered and paid-up capital of 113.54 million baht.				
Zim Integrated Shipping Service Ltd.	Is a joint shareholder in Zim (Thailand) Co., Ltd., holding 49% of the registered capital of 10,000,000 baht	Service income Consulting income Service cost Advances receivables Other receivables Account payables	0.03 2.09 8.45 - - -	- 3.97 9.15 0.17 3.87 1.11	<p>The service income is the revenue collected from Zim integrated Shipping Service Ltd. for international transportation services which is a normal business operation with pricing between services at cost price plus margin.</p> <p>The advisory service income which occurred on August 10, 2018, the Board of Directors of the Company resolved to allow the management to negotiate, change and amend certain conditions in the agreement between the shareholders and Zim integrated Shipping Service Ltd in respect of the interests of the Company which must not be less than the original benefit specified in the original contract.</p> <p>However, the Company must take into account the highest benefits of the shareholders. On November 15, 2018, the negotiations ended, the Company has made a consultancy agreement with Zim integrated Shipping Service Ltd. to provide advisory services for transportation operations in the country where the service fee is as specified in the contract.</p> <p>Service cost is the cost incurred from the use of international transportation services at a price comparable to the outsiders.</p> <p>In the year 2019, the Company had consulting income totaling 3.97 million baht, service costs equal to 9.15 million baht.</p>

Related person	Relationship	Type of trans- actions	Value of connected transactions (million baht)		Necessity and reasonableness of the transaction
			2018	2019	
PT.NCL INTER LOGISTIK INDONESIA	Being a subsidiary Registered in Indonesia controlled by NCL Inter Logistics (S) Pte.Ltd., A subsidiary of the Company by contracting the loan to convert the amount of USD 60,000 on July 16, 2018 and entering the business cooperation agreement for the purpose of controlling the business operation and administer both directly and indirectly and agreed to divide the profit for the Company in the proportion of 60% of net profit for the year	Service income Service cost	5.19 0.58	- -	Service income is the revenue collected from the NCL group in providing international transportation services during the time before becoming a subsidiary which is normal business with pricing between services at cost price plus margin. Service cost is the cost incurred from the use of international transportation services at a price comparable to the outsiders. In the year 2018, the Company had revenue from international transportation equal to 5.19 million baht and the service cost was 0.58 million baht.

## Summary of Guarantee Obligation Between companies and individuals that may have conflicts

As of December 31, 2019, the Company was granted credit facilities of 480 million baht in total by three commercial banks, which are described below:

- Overdraft: 60 million baht
- Promissory note: 300 million baht
- Foreign exchange rate at 120 million baht

The credit facilities have been secured by the claims for the Company's bank accounts, the mortgage of the Company's land and buildings.

## Necessity and Reasonableness of Connected Transactions

The Company's connected transactions from 2018 to 2019 are divided into three categories, as follows:

1. Normal business transactions and transactions supporting normal business Zim Intergraded Shipping Service Ltd., and Grace Water Med Co., Ltd. and revenue from sales with Seven Day Dialysis Co., Ltd. such transactions are considered as necessary and reasonable, and do not let the company lose any benefits. The Company has a pricing policy that can be compared with that of an unrelated party by setting the selling price at the cost plus margin and selling goods between the parties at a cost price plus a margin and with normal trading conditions as for the consulting fee income, it is a reasonable price specified in the contract.
2. Rental of property included the lease of land with buildings from close relatives of Mr. Kittu Phuathavornskul, a director, and major shareholders. Land lease office buildings and factory buildings from the wife of Khun Kittu Phuathavornsakul and from the Company that the wife is a director and shareholder. Such transactions are considered as necessary and reasonable and do not let the company lose any benefits.

## Measures or Procedures of Approval for Connected Transactions

The Company formulated measures and procedures for approval of connected transactions, which were approved at the Board of Directors' Meeting, No. 7/2013 on April 3, 2013. It is prescribed that If there is a necessity for the Company to enter into a connected transaction with a person who may have a conflict of interest or any interest. The Company must have the Audit Committee giving opinions about the necessity and appropriateness of the transactions. In the event that the Audit Committee has no expertise in the consideration

of any potential connected transactions, it must have an independent expert or account auditor of the Company provide opinions of such transactions to assist in the decision-making of the Board of Directors, and/or the Audit Committee, and/or shareholders, as the case may be. Those who may have a conflict of interest or any interest of such transactions will have no right vote to approve the connected transactions. The Company's policy towards connected transactions is classified as follows:

- Normal business transactions and transactions supporting normal business, such as the purchase and sale of goods and raw materials etc. Such transactions must be subject to fair and reasonable trading conditions and shall not result in transferring of interests, which is comparable to the transactions between the Company and the public, or transactions between persons who may have conflict of interest with the public, or transactions in the same way as other operators in the business. The Company has a policy for the Audit Committee to consider and give opinion on the reasons and necessity for such transaction on a quarterly basis. The Company will also comply with laws concerning securities and the stock exchange; regulations, announcements, orders or requirements from the Stock Exchange of Thailand; and requirements on connected transaction disclosures
- Other transaction than normal business transactions and normal business support transactions, such as property rental transactions or property transactions, or financial assistance etc. The Company has a policy to have the Audit Committee consider, and provide opinions about, the necessity and reasonableness of such transactions. The Company shall comply with the law governing securities and exchange, the rules, notifications, orders or requirements of the Stock Exchange of Thailand, including compliance with the disclosure requirements of connected transactions and acquisition or disposition of assets. The company has no policy to provide loans to people who may have conflict to conduct business or to operate on behalf of the company.

The Board of Directors shall comply with the laws governing securities and stock exchange and the regulations, notifications, orders or requirements of the Stock Exchange of Thailand. This includes compliance with the terms and conditions of connected transactions and acquisition or disposition of important assets of the Company. so that the decision to enter into such transaction will not cause any conflict of interest and benefit to all shareholders. The Company will disclose such transactions in the annual registration statement (Form 56-1) and the Annual Report of the Company and the notes to the financial statements audited by the auditor of the Company.

## Trends of Connected Transactions

Transactions that will continue to be carried out in the future include the provision of transportation services, and customs clearance, revenue from the sale of blood purification and medical equipment related to hemodialysis which are normal business transactions, rental transactions, document storage, land rented, office buildings and factory buildings owing to the need to operate the business. For connected transactions that will occur in the future, the company will adhere to the policy of connected transactions as described above.

## The Audit Committee's Report

### To Shareholders

The Audit Committee of NCL International Logistics Public Company Limited ("the Company") has been appointed by the Company's Board of Directors. The Committee comprises three independent directors who possess extensive experience and professional expertise. All members possess adequate qualifications as required by the Audit Committee Charter and the regulations of the Securities and Exchange Commission, Thailand (SEC) and the Stock Exchange of Thailand (SET). Its members include:

- |    |               |                      |                                 |
|----|---------------|----------------------|---------------------------------|
| 1. | Mr. Pongpun   | Kongkumnerd          | Chairman of the Audit Committee |
| 2. | Mrs. Jitmanee | Suwannapool          | Audit Committee                 |
| 3. | Ms. Chanyapat | Wiphatthanananthakul | Audit Committee                 |

and Ms. Rungarun Bongkodkanok, serves as a secretary to the Audit Committee.


The Audit Committee performs the tasks assigned to it by the Board of Directors. Altogether toper form the duties indicated in the Audit Committee Charter, however, and is unconstrained in its access to information and always receives good co-operation from the Company, in conformity to regulations of The Stock Exchange of Thailand. And efficient internal control and Risk Management were established, The Company's Consolidated financial statement to ensure compliance with accounting standard appropriate to the business operation, and review to ensure that the Company's financial report was accurate and adequate. In 2019, The Audit Committee held 4 meetings. The summary of meeting attendance of the members in 2019 is shown in "Management Structure". And the Committee's duties are summarized as follows:

1. Reviewed quarterly and annual financial statements for the year 2019 to insure that information is accurately and completely disclosed and that the financial statements are drawn up in accordance with the financial reporting standards and relevant laws prior to submission for approval of the Board. The Audit Committee is of opinion that the financial statements are accurate and complete with adequate disclosure of material information.
2. Reviewed and commented on related party transactions and transactions that may constitute a conflict of interest to ensure complete information disclosure and compliance with rules and regulations stipulated by the Securities and Exchange Commission, the Stock Exchange of Thailand and other regulatory bodies with a view to ensure reasonableness and the Company's best interest. The

Committee is confident that related party transactions were reasonable, fair, transparent, free of a material conflict of interest, and in the best interest of the Company.

3. Reviewed the Company's operation to ensure compliance with the Securities and Exchange Act, rules stipulated by the Stock Exchange of Thailand and laws related to the Company's business. The Committee is of opinion that the Company has complied with laws and rules governing the Company.
4. Reviewed the assessment of internal control system to ensure that the internal control and internal audit system were adequate and appropriate, including risk assessment, control activities, information system and communication and operation monitoring. The Committee is confident that there was no material flaw in the internal control system.
5. Review of Good Corporate Governance, The Audit Committee reviews compliance with the code of conduct and corporate governance policy, laws on securities and securities exchange and other related laws.
6. Considered and recommended the appointment of EY Company Limited as the Company's External Auditor and audit fee. In addition, the Committee held a meeting with the external auditor and internal audit department without the presence of the Management. The Committee is of opinion that EY Company Limited performed their tasks with independence and was qualified to audit the Company's financial statement to ensure accuracy and reliability with disclosure of material information.
7. Reviewed the performance of the Committee for the year 2019 by way of self-assessment and assessment by the Board. The assessment revealed that the Committee functioned at excellent level.

In summary, the Committee performed its duties as prescribed in the Committee's Charter approved by the Board.



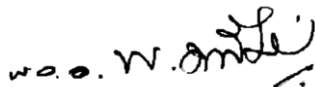
Mr. Pongpun Kongkumnerd  
Chairman of the Audit Committee



## Statement of Responsibilities of the Board of Directors on Financial Statements

The Board of Directors recognizes the importance of the Corporate Governance Management Policy and the preparing process of the financial statement and financial information as reported in the annual report to ensure that the statements are prepared in accordance with the Thai generally accepted accounting standards, using appropriate and consistent accounting policy and sufficient information is disclosed in the notes to financial statements. This also assures the efficiency and effectiveness of internal controls such as safeguarding of assets connected or potential conflict of interest transactions and the compliance to applicable laws and regulations, which the Audit Committee's opinion is stated in the Audit Committee's Report. The Audit Committee's report on these matters is also published in the Company's 2019 Annual Report and Annual Registration Statement (Form 56-1).

It is the opinion of the Board of Directors that the Company and its subsidiaries' overall internal controls are adequate for its business and operations and that the financial statements for the year ended 31 December 2019 are fairly presented with adequate disclosure in accordance with generally accepted accounting principles.



General Porpol Maneerin  
Chairman of the Board



Mr. Kitti Phuathavornskul  
President

## Management Discussion, Analysis and Operating Performance

NCL International Logistics (NCL) is a logistic provider starting in 1996 to provide international transportation services. The Company later on in 2010 has extended into domestic freight transport by tractor heads - trailer trucks and domestic transport with a pickup truck in 2017 to enhance full coverage services.

During the year 2016, the Company invested in Grace Water Med Co., Ltd. to manufacture and sell hemodialysis products for kidney disease patients with hemodialysis machines and distributing medical durable articles for use in hemodialysis units with a shareholding of 44.44%. And acquired additional shares in February 2018 from a shareholder resulting in the Company being a major shareholder accounted for 52.80%, resulting in Grace Water Med Co., Ltd. changed from an associated company to be a subsidiary at that time. The consolidated financial statements for the year 2018 therefore have revenue from the sale of hemodialysis and durable products as following.

Type of Businesses	2017		2018		2019	
	million baht	%	million baht	%	million baht	%
International freight transport						
Sea freight	891.75	91.82	966.05	80.27	1,012.15	79.69
Air freight and other services	23.13	2.36	25.56	2.12	37.86	2.98
Total international transport services	914.88	94.18	991.61	82.39	1,050.01	82.67
Domestic transport	61.17	5.82	127.30	10.58	102.32	8.06
Total revenues from the transportation services	976.05	100	1,118.91	92.97	1,152.33	90.73
Revenue from the sale of hemodialysis and durable products	-	-	84.66	7.03	117.69	9.27
Revenue from services and sales in total	976.05	100.00	1,203.57	100.00	1,270.02	100.00

The Group's total revenue was 1,203.57 million baht in 2018 and increased to 1,270.02 million baht in 2019, or representing a 5.52% rate regarding to the revenue from transportation services increased by 33.42 million baht and the revenue from the sale of hemodialysis and durable products increased 33.03 million baht

Revenue from transportation services in total is 1,118.91 million baht in the year 2018 and increased to 1,152.33 million baht in 2019, representing a rate of 2.99%. The revenue from international transportation increased by 46.10 million baht from 2018 due to subsidiaries that established during the year 2018 by NCL International Logistics USA Inc. in the United States, Qingdao National Container Line Company Limited and Ningbo NCL Inter Logistics Co., Ltd. in China, LG Container Line Pte. Ltd. in Singapore and invested in PT NCL Inter Logistik Indonesia and NCL Inter Logistics Vietnam Company Limited to expand the income base for international transportation management services

from the country where the office is located to destinations in different regions. And revenue from international air transportation increased by 12.30 million baht since in November 2019, the company entered into an agreement with EL AL ISRAEL AIRLINE LTD. (Israel) to provide air transportation services, therefore increasing the revenue from such airline.

Revenue from domestic transportation services has decreased from the year 2018 by 24.98 million baht since on November 11, 2019, the Board of Directors approved to sell entire investment in SSK to one director of SSK Company at cost price, as a result, SSK ended its subsidiary company status from that date. Therefore, SSK's tractor haul operations are included in the consolidated financial statements of the Group in 2019 for just 10 months, decreasing revenue from domestic transportation services from the previous year.

For SSK Inter Logistics Co., Ltd., set up in March 2016, by invested in third parties. which they have tremendous potential and has long experience and expertise in the transportation business as well to serve freight transport by tractor truck-trailer truck and other vehicles. As a result, the Company has no need to use tractor truck-trailer truck, therefore, the Company transferred 65 heads of tractor truck and 98 tails of trailer truck as its investment in its associate company. The value of the transfer agreement is approximately 120.94 million baht. The transfer pricing criteria are not less than the appraised value of the independent appraiser and must not incur losses on the transfer of assets for domestic transportation under the associate company. This will reduce the burden on the company's expenses, both in terms of cost and depreciation, to increase efficiency in managing the company's costs., to encourage the Company to have a profitable, stable and sustainable return in the future, and to generate more shareholder returns in the long term.

The Company operates under a joint venture, which, after a period of operation, has shown that the economic slowdown has resulted in unprofitable of sales of cement or using of cement truck. As a result, both parties decided to sell the cement truck to reduce the losses that would occur and cancel the joint venture in August 2017 to restructure SSK's shareholders. After the capital reduction, the Company will be the sole shareholder and management, which would result in the operation and management more flexible and to reduce costs, depreciation of cement truck, and other expenses in the administration. After the capital reduction, it did not affect the SSK business, due to the remaining assets of the SSK company was a tractor truck-trailer truck which it has experience and expertise and an experienced management team specialized in the transportation by tractor truck-trailer truck more than 20 years The management has a policy to expand its customer base, which has increased demand for transportation of agricultural products and consumer goods, with a view that it will be better adjustment and will result in the Company's revenue increase as well. SSK's operating results after the shareholder restructuring has improved for a great deal but there are still some losses. In November 2019, the company decided to sell all its shares in order to reduce the burden of expenses, operating expenses, accumulated losses that may occur in the future and increase the company's liquidity.

During the year 2017, the Company started to invest in pick-up trucks to distribute goods to expand the scope of services to customers who want to move their goods in the country by pickup trucks, by relying on its expertise of the service of goods distribution management system, enabling the expansion and growth of the company's transportation business.

However, after the investment in SSK has been sold, the Group also operates local transportation businesses, pick-up trucks, and transportation services by tractor and trailer under the company's operations.

The Company recognizes revenue when services are delivered to customers. In providing international freight management services, the Company receivables are recognized when the Bill of Lading / Air Way Bill is delivered to the customer. For domestic transportation services, the Company will recognize revenue when the company trucks have been delivered goods to the recipient's destination.

In recognition of the Company's revenue, it will recognize the whole number received from the customer. As a result, the Company's service income in the financial statements consists of freight and other service costs that the Company had already paid and margins from the Company's customers (Cost Plus) Included in income from such services. The cost of freight and services is approximately 80-85% of the revenue from transportation services, or 91-98% of total service revenue of the Company.

The main cost of the company's services for international shipping businesses is freight costs and the share of revenues paid back to the client. The main cost of domestic transportation business is the cost of fuel. In determining service charges to customers, the Company uses a cost-plus-profit method. The company's regular bookings for ships or aircraft make it possible to negotiate with freight forwarders for freight rates in advance. The term that the Company booked a ship or aircraft freight with the period of time that the customer agreed with the Company is between 1-7 days, so the Company can determine the service rate that reflects the change in freight rate in each period. The transportation fee in the country, the Company uses a cost-plus-margin pricing method and calculates the rate of service on a step-by-step basis. The service rates will be varied by the change in oil prices, which is the main cost of domestic transportation, enabling the company to reduce the risk of fluctuations in the price of oil, a ship or aircraft freight. The cost incurred in 2019, both ship or aircraft freight, commission and employee benefits, has been increased from 2018, as a result of declining revenues.

	Basic profitable rates		
Business groups	2017	2018	2019
International freight transport services	17% - 21%	17% - 21%	18% - 25%
Domestic transport services	12% - 17%	12% - 17%	11% - 15%
Total profits gaining	19.76%	18.78%	19.84%

Gross profit of both domestic and international transportation services of the Group is 192.82 million baht, 210.19 million baht, and 228.81 million baht in 2017, 2018 and 2019, respectively, and a gross margin of 19.76%, 18.78% and 19.84% respectively. The increase in gross profit rate in 2019 from 2017 and 2018 due to the Group market expansion by opening more subsidiaries in foreign countries, which focus on expanding customer base and increasing number of various complete services offered by the company in order to provide an opportunity to the company to offer quality service to customers who have never used other services, making it possible to increase gross profit and gross margin. Therefore, gross profit margin increased to 19.84 in the year 2019.

Revenue from the sale of hemodialysis products and durable articles was caused by a subsidiary, Grace Water Med Company Limited ("GWM") is conducting business of producing and selling dialysis solutions and medical supplies which the Company was holding 44.44% of shares. Later in February 2018, the Company purchased additional shares from a shareholder resulting in the Company being a major shareholder. Accounted for a percentage of investment 52.80 therefore GWM changed from an associate to a subsidiary in 2018, resulted to the income in the consolidated financial statements has the income of GWM for the year 2018 and 2019 as follow

	Revenue and gross profit from sales		
Business group	2017	2018	2019
Revenue from sales	-	84.66	117.69
Gross Profit	-	17.18	27.50
Gross Profit Margin	-	20.29%	23.37%

Revenue from sales and gross profit for the year 2019 increased from 2018 as GWM has been a subsidiary of the group since March 2018, so the operating results can only be combined for 10 months. Therefore, in 2019, there is 12 months of operation result together with the increased purchase of reagents due to the company can expand the customer base greatly. As a result, GWM has net profits included in the consolidated financial statements in proportion to its shareholding in the year 2019 in the amount of 3.86 million baht, which is an increase from the year 2018 with net profits according to the proportion of shareholding in the amount of 0.71 million baht

Other income of the Group is derived from

1. Gain on sales of investment in a subsidiary in the amount of 27.18 million baht was caused by the sale of investment in LG (TH) of 11.15 million baht and the sale of investment in SSK in the amount of 16.03 million baht due to the consolidated financial statements in Previous periods included the loss of the said company in the consolidated financial statements for the whole time being a subsidiary company. When investments in that subsidiary are sold at cost so that the recognition as profit is back in the consolidated financial statements.

2. Other revenues of the Group are derived from interest, office rental (Investment properties), gain from foreign exchange, and advisory fees.

The Company had net loss in 2017 was 7.60 million baht and net profit in 2018 and 2019, equal to 3.16 million baht and 11.06 million baht respectively. The net loss rate in 2017 was 0.78% and with a net profit margin in 2018 and 2019, equal to 0.28% and 0.87% respectively.

In the year 2017, the Company had a loss of 7.60 million baht, which increased from 2016. According to the Company's separate financial statements, it had a net profit of 4.54-million-baht profit but the subsidiary company at of Singapore, NCL Inter Logistics (S) Pte, Ltd. had a Loss of 2.39 million baht, due to reorganizing of the Company's new marketing department and international bad debt. After reorganizing the marketing department, the company's performance will improve as well. The associated companies, SSK Inter Logistics Co., Ltd. ("SSK") from January 1, 2017, to August 14, 2017, the Company recognized a loss according to its shareholding proportion of 43.84% or at the amount of 9.47 million baht due to unsuitable margin of cement transportation business. As a result, the Company has changed its strategy since August 15, 2017, SSK became a subsidiary, which the Company holds 75.35% of its share. After the change of the shareholding structure, the Company received a share of loss from the new shareholding proportion of 5.14 million baht. As the first phase of changing of SSK's business strategy by the Company, it has a cost in transition resulting in the loss of SSK. The Company has a gain from the change in its shareholding proportion by the purchase price allocation method (PPA) which an independent appraisal of the change in the shareholder structure of SSK is estimated at 6.84 million baht. Grace Water Med Co., Ltd. ("GWM") manufactures and sells kidney dialysis solutions products, founded in August 2016, with a net loss of 5.42 million baht, which the Company has realized a loss according to its investment proportion at 44.44% or at the amount of 2.41 million baht. Since GWM began to invest and build the plant in mid-2017 so there is still the cost of construction and other permits. GWM began producing and selling kidney dialysis solutions in late July 2017 and improved performance respectively.

In the year 2018, the Group had a net profit of 3.16 million baht. The Company's financial statements showed a net profit of 6.40 million baht, which improved from the year 2017. NCL INTER LOGISTICS (S) PTE LTD ("NCL SINGAPORE") was effective with better performance, revenue and gross profit increased from the previous year. Since the year 2018, the Company expanded more of the customer base combined with the trust of the existing customers, resulting to increase more sales. During the year, the Company expanded the LCL Shipment (Less than Container Load) to increase revenue and profit in the said segment which resulting in the Company net profit of 2.93 million baht. LG Container Line Co., Ltd., formerly known as Legend Shipping (Thailand) Company Limited ("LG (TH)", has a net loss of 0.81 million baht, which is better than the previous year due to a large amount of revenue has increased the gross profit decreased because the Company able to manage containers better but the income is not good due to price competition in the market and the Company is unable to negotiate costs because the ship line has a lot of mergers in 2018. Therefore, the Company closely monitoring market movements in order to adjust marketing strategies in time

to enable the company to have better operating results. SSK Inter Logistics Company Limited ("SSK") after the company being a major shareholder and has changed the business strategy of SSK, resulting in SSK having significantly improved operating results. In 2018, Legacy Asia Capital Pte. Ltd. ("Legacy"), which operates the business container rental, formerly, the company holds 70% of shares. Later in July 2018, the Company sold all of the investment in Legacy Asia Capital Pte. Ltd. at the cost since the Buss Capital Fund Singapore fund, which is a working capital sponsor for business operations was bankrupt with 140,000 ordinary shares worth shares at 1 SGD per share total amount is 140,000SGD to a shareholder of Legend Shipping PTE. Ltd., which is a related company in Singapore, resulting in Legacy Asia Capital Pte. Ltd. terminating as a subsidiary of the Company. Due to Legacy has accumulated losses and result in the Company for not having to bear the burden of operating expenses and accumulated losses that may occur in the future. Therefore, the Company, has included the profit from the sale of such investment in the amount of 0.13 million baht in the consolidated financial statements. As for the subsidiary that opened in 2018, which includes NCL International Logistics USA Inc. ("NCL USA") in the United States, Qingdao National Container Line Company (NCL-Qingdao) in China, NCL Inter Logistics Vietnam Company Limited ("NCL -Vietnam ") in Vietnam and PT. NCL INTER LOGISTIK INDONESIA (" NCL-Indonesia ") in Indonesia with a total loss of 2.87 million baht due to the expansion of investment in foreign countries, there are various expenses during the establishment and expansion, resulting in increased sales and administrative expenses. Therefore, the Company expects that after the operation of the subsidiary company is in full accordance with the target, it will result in the group of companies with better performance, respectively.

In the year 2019, the Group reported a net profit of 11.06 million baht. The company financial statements have a net loss of 12.85 million baht because in the year 2019, the company sold investment in SSK subsidiary at cost price with a payment period for shares within 2 and a half years. The company therefore recognize loss by calculating present value of the sale of the said investment in amount of 13.29 million baht on the date of investment sale. The loss from investment sale amounting to 13.29 million baht as mentioned will be gradually recognized as interest income over the period of 2 and a half years until all sales of investments have been received in 2020 to mid-2022. In addition, in the year 2019, there was an increase in long-term employee benefit expenses of 2.98 million baht due to the change in additional compensation rate in case that the employer terminates the employment of employees who have worked consecutively for over 20 years to be entitled to compensation not less than the final rate of 400 days and the reduction of interest rate used in estimate and administrative expenses increased due to the opening of an overseas subsidiary company, resulting in increased travel and related expenses. Whereas, if excluding the effects of changes in legal compensation rates, reversal of allowance for doubtful accounts and loss from sales of investments, it is observed that in the year 2019, the company net profit is 3.42 million baht, which decreased for 0.55 million baht from the year 2018. Both domestic and foreign subsidiaries have improved operating results. In this regard, the entire group of companies has increased gross profits from the year 2018 by a total of 29.07 million baht due to the ability to expand customer base and better cost management. Other incomes in the year 2019 are in total of 38.86 million baht, which increased

from the previous year by 22.11 million baht arising from investment sale in subsidiary as already mentioned and cost of sales and administrative expenses increased by 48.03 million baht from the company's increased expenses as described in the separate financial statements and from subsidiaries expenses which increased from the previous year by 5 companies, in total of 14.73 million baht. Due to early stage and expansion, expenses of GWM increased from the previous year by 3.22 million baht and expenses of NCL Singapore subsidiary increased by 5.58 million baht due to work expansion for LCL resulting in more number of employees and the office has been relocated to support such expansion, resulting in cost of moving and amortizing existing office improvements After the subsidiary company's operations are fully in line with target, the group of companies have better operating results respectively.

## Financial Status Analysis

The Company's assets cover approximately 32 - 47% of circulating assets with indebted clients whereas the fixed assets are of 53 - 68% of the total assets. Main assets are land, buildings, vehicles and equipment. At the end of 2018 and 2019 the total assets were of 736.58 million baht and 812.54 million baht respectively. The main cause of the increase in total assets in 2018 arising from an increase in receivables from sales of investments in amount of 114.53 million baht due to the sale of investment in SSK in November 2019 with a payment period of 2 and a half years. The increase in trade receivables is 77.59 million baht, which is related to the Group's revenue increase. The increase in intangible assets is 23.21 million baht due to LG Container Line Pte. Ltd., the subsidiary company in Singapore purchased the business of international shipping and distribution services and a domestic company amounting to 25 million baht, in which the fair value of business segments has been measured by an independent appraiser, estimates of fair value and useful life of each intangible asset with the useful life of 3-25 years and the reduction of land, buildings and equipment is amount to 136.73 million baht. Regarding the disposal of investments in SSK, SSK's land, buildings and equipment are not included in the consolidated financial statements of the Group, which are mainly tractor units and trailers.

Group Company have trade accounts receivable from related parties of 6.30 million Baht with no allowance for doubtful accounts and other trade accounts receivable of 264.02 million Baht with a credit term of 30 - 90 days. The age of the debtor has an average collection period of 75 days which is in the period according to the credit term which the Company has set up an adequate allowance for doubtful accounts in the amount of 5.88 million Baht.

Group Company are of approximately 82 - 92% current debts mainly because of overdraft and short-term debts from finance institutes and trading creditors. The current debt is of 8 - 18% of the total debts comprising of the debt covered by financial leasing contracts, long-term loans from finance institutes and engaged employee benefits. The total debts at the end of 2019 was equal to 502.96 million baht, increasing by 89.68 million baht at the end of 2018. Due to an increase of short-term loans from financial institutions for working capital of the Group and increased trade accounts payable in relation to increased income and costs.



At the end of 2018 and 2019 the Company shareholder's portion were of 323.30 million baht and 309.58 million baht respectively. The main reason that the shareholders' equity decreased due to non-controlling interests of the subsidiaries decreased by 24.89 million baht which are non-controlling interests of SSK from the investment sale in that company during 2019 and retained earnings increased by 13.39 million baht from the net profit in 2019.

The Company is of debt obligation and extra balance management as follows.

1. On 31 December 2018 the Company has entered space rental contracts with several external persons for a period of 1-5 years with possible renewable agreement. The Group is committed to pay total rental and service fees under one-year contract amounting to 4.63 million baht, 0.38 million USD, and 0.08 million SGD as well as the amount to be paid after 1 year but not over 5 years for 2.03 million baht, 0.36 million USD and 0.01 million SGD.
2. On 31 December 2019 the Group has obligation to have domestic banks issue letters of guarantee to various state enterprises i.e. Electricity Authority, Port Authority and to guarantee the performance under contract as a carrier in amount of Baht 6.10 million.

## Liquidity and Financial Ratio

Cash flow	31 Dec 17	31 Dec 18	31 Dec 19
Net profit (loss) prior income tax	(6.13)	5.51	8.63
Net receivable (spending)-activities	28.39	16.97	10.05
Cash receivable (spending)-investment	(24.49)	2.42	(7.83)
Net receivable (spending)-fund raising	(44.69)	(20.24)	6.04
Net cash and equivalent increase (reduce)	(41.75)	(2.16)	6.45

In the year 2019, the Company's cash and cash equivalents net increased by 6.45 million baht, mainly due to the following reasons:

1. The cash flow from operating activities was 16.97 million baht. The main items were net profit of 8.64 million baht adjusted to impact interest expenses and depreciation and amortization of 36.66 million baht, gain from disposal of investment in subsidiary 27.18 million baht, loss from write-off of assets under financial lease and impairment of total assets 7.45 million baht. cash received from income tax of 1.99 million baht, income tax payment of 9.15 million baht, account payable and other liabilities increased by 124.91 million baht, and account receivable decreased by 136.03 million baht, resulting in an increase in cash flow from operating activities in the year 2019.

2. Cash flows used in investing activities in amount 7.83 million baht from main transactions include cash paid for business acquisition of 25 million baht and return of short-term loans from related parties 18 million baht.
3. Cash flows from financing activities in amount of 6.04 million baht from main transactions include bank overdrafts and short-term loans from financial institutions in amount of 53.76 million baht, short-term loans and long-term loans from financial institutions payment of 5.99 million baht, liabilities under financial lease agreements payment of 12.56 million baht, dividend payment of 3.04 million baht, interest payment of 13.16 million baht and pay back capital to non-controlling interests from the reduction of SSK capital by 14.28 million baht.

## Capital sources

As of 31 December 2019 Group's short-term loans were as follows.

1. Of 60-million-baht over draft, the current balance was 46.93 million baht to serve as internal current capital.
2. Of 300 bm. and 1.5 million USD promissory notes the balance on 31 December 2019 was 111.80 million baht and 0.61 million USD to serve as the Company internal current capital and for expanding business investment. The loan shall be provided by promissory notes of required amount for a period of 3 months.

## Conditions of loan agreement

There is no specific requirement for the Company to observe debt ratio per shareholder proportion regarding the short-term loan.

## Financial Ratios

At the end of 2017, 2018 and 2019, the Company's liquidity ratio was 0.61 times, 0.76 times and 0.84 times, respectively, in close proximity and sufficient for the operation of the company. The liquidity ratio in 2019 increase from 0.08 times in 2018, there is the increasing in current assets due to the increase in trade and other receivables of approximately 110.49 million baht due to there are receivables from the sale of investment amounting to 31.15 million baht and regarding from the increase in revenue of both domestic and foreign subsidiaries.

The Company has an average collection period of 44.50 days, 57.52days and 59.86days for the year 2016, 2017 and 2018, respectively. The increase in average collection period in 2019 was due to the sales of GWM subsidiary, which increased considerably. Debt collection period of customers, which are government agencies and private agencies waiting for government subsidies increase average collection period by approximately 3-16 days but the

debtors with long payment periods do not have any bad debts. However, the debt collection period is still in line with credit policy provided to the company's customers, which is an average of not more than 90 days.

The Company has the ability to pay an average of 38-49 days of trade payables, ability to pay off various debts and pay back the loan within the specified time by using money from normal operations, and the Company still has additional available credit limits. In this regard, the Company takes into account the cost of borrowing and finding other sources of funds, taking into account the best interests of the shareholders.

The debt to equity ratio at the end of 2017, 2018 and 2019 was 1.71 times, 1.28 times and 1.62 times, respectively. For the year 2019, the ratio increased from the year 2018 due to the Group's liabilities increased by 89.68 million baht due to liabilities from bank overdrafts and short-term loans from financial institutions for working capital and trade payables increased by 129.18 million baht and equity decreased by 13.72 million baht due to the sale of investment in SSK subsidiary resulting in an increase in debt to equity ratio.

The Return on equity at the end of 2017, 2018 and 2019 were negative 3.42%, negative 1.29% and negative 3.96%, respectively. This is due to the company's net loss for the years 2017 of 7.60 million baht and there is a turnover as profit in 2018 and 2019 for amount of 3.16 million baht and 11.06 million baht respectively.

The Group's operating results for the year 2017 was 7.60 million baht. For the year 2018 and 2019, the Group had a net profit of approximately 3.16 million baht and 11.06 million baht respectively. As a result, return on equity, return on assets return on assets, return on fixed assets, interest payment capability, and the ability to pay the obligation in 2018 and 2019, compared with 2017 has improved.

## Effecting Factors for Future Operating Performance.

1. The global epidemic of Covid-19 affect the economy of Thailand and around the world due to impact on supply chain whether a shortage of materials, equipment, and finished products transported through logistics system, restricted transportation route, labor shortage due to disease or detention of people who are vulnerable to infections, restriction of access to the origin of product due to restriction in some areas with outbreaks, behavior and consumer confidence affecting the use of products or services in public areas, which also affects the logistics sector. The Group foresees the impact and has planned to find various ways to reduce the impact to the Group.
2. The Thai government has announced the investment plan for development of transport infrastructure and logistics covering several major projects of road transportation, rail systems, marine and aviation transport which will be beneficial for the Company and its logistics business.
3. Trade liberalization announced by ASEAN Economic Community in 2015 has evidently increased international trades and goods transportation bringing good opportunity for the Company to expand both domestic and international logistics services with better opportunity to look for trading allies which is one of

the Company's operating policy and goal to expand logistics allies and networking locally and internationally.

If supporting factors are available for new investment opportunity the Company shall focus on shareholders' benefits and various risks against utilization of current capital, especially uncertainty regarding market situation, economic conditions, rules and regulations relevant to policy and management strategies faced at both national and regional levels. This is because every country has unavoidably faced both positive and negative impacts by the role of liberalized of ASEAN Economic Community.

4. Eastern Economic Corridor (EEC) is one of the mega projects under the Thailand 4.0 policy that wants to develop areas and infrastructure of the economic zone in the eastern region of Thailand to higher competitiveness. In the first phase of this project will start from areas in Chonburi, Rayong and Chachoengsao which was originally one of the most important industrial zones in the country filled with many factories in large industrial estates, there is an airport including the port that containers most pass as 22<sup>nd</sup> port of the world. The main investment of EEC will be in the development of infrastructure for travel and transportation. To be ready to accommodate and facilitate the growth of the industry and tourism more which will have a joint venture from the private sector to come in some projects which have various industry groups that are benefiting from such projects Including the logistics business sector and the Company as well.

NCL International Logistics Public Company Limited  
and its subsidiaries  
Report and consolidated financial statements  
31 December 2019

## Independent Auditor's Report

To the Shareholders of NCL International Logistics Public Company Limited

### Opinion

I have audited the accompanying consolidated financial statements of NCL International Logistics Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of NCL International Logistics Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NCL International Logistics Public Company Limited and its subsidiaries and of NCL International Logistics Public Company Limited as at 31 December 2019, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Emphasis of matter

I draw attention to Note 14 and 15 to the financial statements regarding disposal of investments in subsidiaries' as follows:

- Disposal of investment in SSK Inter logistics Company Limited which is a subsidiary, to such company's shareholder. The Company disposed such investment in full amount at cost, comprising of 12,714,999 ordinary shares with a par value of Baht 10, totaling Baht 127,149,990. On 30 November 2019, the Company entered into sale and purchase share agreement and already transferred shares to such shareholder. In order that, the sale and purchase share agreement specified that the buyer paid for shares with three post-dated cheques within three years since the agreement date. The first installment will be payable on 30 June 2020. In addition, the Company entered into share pledged agreement with such shareholder to pledge for all share certificates of SSK Inter Logistics Company Limited for the buyer's guarantee payment. The Company recognised loss on disposal of investment in SSK Inter Logistics Company Limited to such shareholder amounting to Baht 13 million in the only Company's statement of comprehensive income and recognised gain on disposal of such investment amounting to Baht 16 million in the consolidated statement of comprehensive income for the current year.
- Disposal of investment in LG Container Lines Company Limited which is a subsidiary, to a local company. On 1 May 2019, the Company entered into sale and purchase share agreement with such company to dispose the investment in full amount at cost, comprising of 599,999 ordinary shares with a par value of Baht 10, totaling Baht 5,999,990. The Company received full payment on 3 October 2019. The Company recognised disposal of such investment amounting to Baht 11 million in the consolidated statement of comprehensive income for the current year.

My opinion is not modified in respect of above matters.

### Key Audit Matters

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

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

### **Revenue recognition**

The Group has entered into agreements with a large number of customers and there are a variety of conditions in these agreements. As a result, the Group's recognition of revenue from sales is complex. In addition, the trend of import - export of motor cars, parts and accessories, electric appliances, construction material and processed food industry have directly resulted in more intense competition in the import - export service providers. I have therefore focused on the audit of the actually occurring and timing of revenue recognition.

I have examined the revenue recognition of the Group by

- Assessing and testing the Group's internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.
- Applying a sampling method to select service income transactions during the year to assess whether revenue recognition was consistent with the conditions, and in compliance with the Group's policy.
- On a sampling basis, examining supporting documents for actual sales transactions occurring and near the end of the accounting period.
- Reviewing credit notes issued after the period-end.
- Performing analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period.



## **Other Information**

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

My opinion on the 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 financial statements, my responsibility is to read the other information 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 of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

In preparing the financial statements, management is responsible for assessing the Group'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 financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the 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 Thai Standards on Auditing 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 financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the 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 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 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 financial statements of the current period 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.

I am responsible for the audit resulting in this independent auditor's report.

Orawan Techawatanasirikul  
Certified Public Accountant (Thailand) No. 4807

EY Office Limited  
Bangkok: 27 February 2020

## NCL International Logistics Public Company Limited and its subsidiaries

## Statement of financial position

As at 31 December 2019

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	40,857,844	34,413,795	14,145,299	3,669,443
Trade and other receivables - related parties	8, 9	6,698,668	8,449,229	15,251,199	7,759,249
Trade and other receivables - other parties	10	296,717,639	217,384,763	121,022,174	108,984,356
Current portion of account receivable from disposal of investment	15	31,149,590	-	31,149,590	-
Inventories	11	3,235,879	3,591,727	-	-
Short-term loans to related parties	8	-	-	-	41,000,000
Other current assets		5,510,565	12,166,681	4,841,713	5,068,638
<b>Total current assets</b>		<b>384,170,185</b>	<b>276,006,195</b>	<b>186,409,975</b>	<b>166,481,686</b>
<b>Non-current assets</b>					
Restricted bank deposits	12	86,956,009	85,037,756	78,582,108	76,154,923
Investment in associate	13	6,255,121	6,588,664	5,100,000	5,100,000
Investments in subsidiaries	14	-	-	91,222,871	195,025,541
Account receivable from disposal of investment					
- net of current portion	15	83,377,109	-	83,377,109	-
Investment properties	16	11,887,668	14,733,050	11,887,668	14,733,050
Property, plant and equipment	17	182,235,217	318,959,124	147,049,088	83,341,612
Intangible assets	18	29,481,863	6,268,036	3,892,918	3,173,267
Goodwill	19	2,252,566	2,252,566	-	-
Withholding tax deducted at source		14,320,411	15,801,016	14,320,411	9,089,690
Deferred tax assets	25	6,118,083	1,836,513	5,697,155	1,559,213
Other non-current assets		5,483,975	9,097,620	2,919,956	2,657,155
<b>Total non-current assets</b>		<b>428,368,022</b>	<b>460,574,345</b>	<b>444,049,284</b>	<b>390,834,451</b>
<b>Total assets</b>		<b>812,538,207</b>	<b>736,580,540</b>	<b>630,459,259</b>	<b>557,316,137</b>

The accompanying notes are an integral part of the financial statements.

**NCL International Logistics Public Company Limited and its subsidiaries**

**Statement of financial position (continued)**

**As at 31 December 2019**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdrafts and short-term loans from banks	20	228,191,573	174,433,466	201,276,446	169,461,986
Trade and other payables - related parties	8	1,926,213	1,742,056	6,969,231	2,093,763
Trade and other payables - other parties	21	198,630,037	123,200,977	73,335,890	52,990,762
Short-term loans from related parties	8	20,000,000	21,938,646	-	-
Current portion of liabilities under finance lease agreements	22	4,587,792	25,651,609	4,536,691	997,875
Current portion of long-term loans	23	-	6,902,604	-	3,600,000
Other current liabilities		6,324,323	11,007,450	3,512,856	4,329,561
<b>Total current liabilities</b>		<b>459,659,938</b>	<b>364,876,808</b>	<b>289,631,114</b>	<b>233,473,947</b>
<b>Non-current liabilities</b>					
Liabilities under finance lease agreements					
- net of current portion	22	28,898,083	32,531,058	28,840,932	1,854,390
Long-term loans - net of current portion	23	-	3,222,823	-	-
Provision for long-term employee benefits	24	10,532,677	6,863,734	10,155,935	5,543,912
Deferred tax liabilities	25	339,946	2,714,639	-	-
Other non-current liabilities		3,531,271	3,066,483	3,531,271	2,253,259
<b>Total non-current liabilities</b>		<b>43,301,977</b>	<b>48,398,737</b>	<b>42,528,138</b>	<b>9,651,561</b>
<b>Total liabilities</b>		<b>502,961,915</b>	<b>413,275,545</b>	<b>332,159,252</b>	<b>243,125,508</b>
<b>Shareholders' equity</b>					
Share capital	26				
Registered					
587,652,738 ordinary shares of Baht 0.25 each		146,913,185	146,913,185	146,913,185	146,913,185
Issued and paid-up					
454,152,248 ordinary shares of Baht 0.25 each					
(2018: 454,152,121 ordinary shares of Baht 0.25 each )		113,538,062	113,538,030	113,538,062	113,538,030
Share premium		170,630,057	170,629,784	170,630,057	170,629,784
Retained earnings (deficit)					
Appropriated - statutory reserve	28	11,047,311	10,727,089	11,047,311	10,727,089
Unappropriated (deficit)		(6,150,082)	(19,216,686)	3,084,577	19,295,726
Other components of shareholders' equity		(4,355,528)	(2,140,563)	-	-
Equity attributable to owners of the Company		284,709,820	273,537,654	298,300,007	314,190,629
Non-controlling interests of the subsidiaries		24,866,472	49,767,341	-	-
<b>Total shareholders' equity</b>		<b>309,576,292</b>	<b>323,304,995</b>	<b>298,300,007</b>	<b>314,190,629</b>
<b>Total liabilities and shareholders' equity</b>		<b>812,538,207</b>	<b>736,580,540</b>	<b>630,459,259</b>	<b>557,316,137</b>
		-	-	-	-

The accompanying notes are an integral part of the financial statements.

(Ms. Netirad Sang-ngam)

Director

(Mr. Wantaenan Techamorakot)

Director

**NCL International Logistics Public Company Limited and its subsidiaries**

**Statement of comprehensive income**

**For the year ended 31 December 2019**

(Unit: Baht)

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	Note	2019	2018	2019	2018
<b>Profit or loss:</b>					
<b>Revenues</b>					
Service income	8	1,153,008,822	1,119,142,113	654,274,489	705,967,924
Sales	8	117,009,011	84,429,174	-	-
Other income					
Gain on disposal of investment in subsidiaries	14	27,181,946	133,870	-	-
Dividend income	13	-	-	1,414,230	-
Others		11,678,986	16,617,743	14,108,026	8,568,432
<b>Total revenues</b>		<b>1,308,878,765</b>	<b>1,220,322,900</b>	<b>669,796,745</b>	<b>714,536,356</b>
<b>Expenses</b>					
Cost of services	8, 29	924,195,715	908,951,681	510,420,336	564,101,759
Cost of sales		89,300,068	67,165,525	-	-
Selling and distribution expenses	29	51,664,752	56,538,888	34,030,620	34,148,449
Administrative expenses	29	216,029,647	170,584,536	119,873,910	99,274,908
Loss on disposal of investment in subsidiaries	14	-	-	13,292,003	-
Other expenses	17, 22	7,452,086	-	-	-
<b>Total expenses</b>		<b>1,288,642,268</b>	<b>1,203,240,630</b>	<b>677,616,869</b>	<b>697,525,116</b>
<b>Profit (loss) before share of gain from investment in associate, finance cost and income tax expense</b>		<b>20,236,497</b>	<b>17,082,270</b>	<b>(7,820,124)</b>	<b>17,011,240</b>
Share of gain from investment in associate	13	1,080,687	1,064,165	-	-
<b>Profit (loss) before finance cost and income tax expense</b>		<b>21,317,184</b>	<b>18,146,435</b>	<b>(7,820,124)</b>	<b>17,011,240</b>
Finance cost		(12,683,897)	(12,639,804)	(7,475,642)	(7,143,845)
<b>Profit (loss) before income tax expense</b>		<b>8,633,287</b>	<b>5,506,631</b>	<b>(15,295,766)</b>	<b>9,867,395</b>
Income tax revenue (expense)	25	3,038,989	(4,078,867)	2,447,652	(3,462,942)
<b>Profit (loss) for the year</b>		<b>11,672,276</b>	<b>1,427,764</b>	<b>(12,848,114)</b>	<b>6,404,453</b>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>					
Exchange differences on translation of financial statements in foreign currencies		(2,214,965)	(946,432)	-	-
<i>Other comprehensive income to be not reclassified to profit or loss in subsequent periods</i>					
Actuarial gain - net from income tax		50,409	2,323,027	-	2,323,027
<b>Other comprehensive income for the year</b>		<b>(2,164,556)</b>	<b>1,376,595</b>	<b>-</b>	<b>2,323,027</b>
<b>Total comprehensive income for the year</b>		<b>9,507,720</b>	<b>2,804,359</b>	<b>(12,848,114)</b>	<b>8,727,480</b>

The accompanying notes are an integral part of the financial statements.

**NCL International Logistics Public Company Limited and its subsidiaries**

**Statement of comprehensive income (continued)**

**For the year ended 31 December 2019**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>Profit (loss) attributable to:</b>					
Equity holders of the Company		11,064,493	3,157,782	(12,848,114)	6,404,453
Non-controlling interest of the subsidiaries		607,783	(1,730,018)		
		<u>11,672,276</u>	<u>1,427,764</u>		
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		8,891,765	4,534,377	(12,848,114)	8,727,480
Non-controlling interest of the subsidiaries		615,955	(1,730,018)		
		<u>9,507,720</u>	<u>2,804,359</u>		
<b>Earnings (loss) per share</b>	30				
Basic earnings (loss) per share					
Profit (loss) attributable to equity holders of the Company		<u>0.024</u>	<u>0.007</u>	<u>(0.028)</u>	<u>0.015</u>

The accompanying notes are an integral part of the financial statements.

## NCL International Logistics Public Company Limited and its subsidiaries

## Statement of changes in shareholders' equity

For the year ended 31 December 2019

Consolidated financial statements										(Unit: Baht)
	Other components of equity									
	Other comprehensive income									
	Exchange differences on translation of financial statements in foreign currencies									
	Retained earnings (deficit)									
	Appropriated	Unappropriated								
Issued and paid-up share capital	Share premium					Total equity attributable to owners of the Company	Equity attributable to non-controlling interest of the subsidiaries	Total shareholders' equity		
105,000,000	127,933,204	10,500,000	(24,470,406)	(1,194,131)	217,768,667	32,797,314	250,565,981			
-	-	-	3,157,782	-	3,157,782	(1,730,018)	1,427,764			
-	-	-	2,323,027	(946,432)	1,376,595	-	1,376,595			
-	-	-	5,480,809	(946,432)	4,534,377	(1,730,018)	2,804,359			
8,538,030	42,696,580	-	-	-	51,234,610	-	51,234,610			
Acquisition of subsidiaries through controlling (Note 14)										
-	-	-	-	-	-	4,554,049	4,554,049			
-	-	-	-	-	-	(1,442,616)	(1,442,616)			
Change in proportion of investment in associate (Note 14)										
-	-	-	-	-	-	15,588,612	15,588,612			
-	-	227,089	(227,089)	-	-	-	-			
113,538,030	170,629,784	10,727,089	(19,216,686)	(2,140,563)	273,537,654	49,767,341	323,304,995			
Balance as at 31 December 2018										
Balance as at 1 January 2019										
113,538,030	170,629,784	10,727,089	(19,216,686)	(2,140,563)	273,537,654	49,767,341	323,304,995			
Profit for the year										
-	-	-	11,064,493	-	11,064,493	607,783	11,672,276			
-	-	-	50,409	(2,214,965)	(2,164,556)	8,172	(2,156,384)			
-	-	-	11,114,902	(2,214,965)	8,899,937	615,955	9,515,892			
Increase in share capital from exercise of warrants (Note 26)										
32	273	-	-	-	305	-	305			
-	-	-	5,314,737	-	5,314,737	825,107	6,139,844			
Gain from capital reduction of the subsidiary										
Equity attributable to non-controlling interest of the subsidiary decreased from share capital reduction (Note 14)										
-	-	-	-	-	-	(32,992,800)	(32,992,800)			
-	-	-	-	-	-	5,291,052	5,291,052			
Disposal of investment in subsidiary (Note 14)										
Change in proportion of investment in subsidiary (Note 14)										
-	-	-	-	-	-	1,359,817	1,359,817			
-	-	-	(3,042,813)	-	(3,042,813)	-	(3,042,813)			
-	-	320,222	(320,222)	-	-	-	-			
113,538,062	170,630,057	11,047,311	(6,150,082)	(4,355,528)	284,709,820	24,866,472	309,576,292			
Balance as at 31 December 2019										

The accompanying notes are an integral part of the financial statements.



NCL International Logistics Public Company Limited and its subsidiaries  
Statement of changes in shareholders' equity  
For the year ended 31 December 2019

	Separate financial statements					(Unit: Baht)
	Issued and paid-up share capital	Share premium	Retained earnings		Total shareholders' equity	
			Appropriated	Unappropriated		
<b>Balance as at 1 January 2018</b>	105,000,000	127,933,204	10,500,000	10,795,335	254,228,539	
Profit for the year	-	-	-	6,404,453	6,404,453	
Other comprehensive income for the year	-	-	-	2,323,027	2,323,027	
Total comprehensive income for the year	-	-	-	8,727,480	8,727,480	
Increase in share capital from exercise of warrants (Note 26)	8,538,030	42,696,580	-	-	51,234,610	
Statutory reserve (Note 28)	-	-	227,089	(227,089)	-	
<b>Balance as at 31 December 2018</b>	113,538,030	170,629,784	10,727,089	19,295,726	314,190,629	
<b>Balance as at 1 January 2019</b>	113,538,030	170,629,784	10,727,089	19,295,726	314,190,629	
Loss for the year	-	-	-	(12,848,114)	(12,848,114)	
Other comprehensive income for the year	-	-	-	-	-	
Total comprehensive income for the year	-	-	-	(12,848,114)	(12,848,114)	
Increase in share capital from exercise of warrants (Note 26)	32	273	-	-	305	
Dividend paid (Note 32)	-	-	-	(3,042,813)	(3,042,813)	
Statutory reserve (Note 28)	-	-	320,222	(320,222)	-	
<b>Balance as at 31 December 2019</b>	113,538,062	170,630,057	11,047,311	3,084,577	298,300,007	

The accompanying notes are an integral part of the financial statements.

**NCL International Logistics Public Company Limited and its subsidiaries**

**Cash flows statement**

**For the year ended 31 December 2019**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
<b>Cash flows from operating activities</b>				
Profit (loss) before tax	8,633,287	5,506,631	(15,295,766)	9,867,395
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Reversal of allowance for doubtful accounts	(1,355,357)	(2,434,773)	(1,143,653)	(3,577,648)
Bad debt	889,450	-	889,450	-
Write-off withholding tax deducted at source	-	123,564	-	123,564
Loss (gain) on disposal of equipment	1,201,705	(792,793)	93,531	266,035
Gain on disposal of assets held for sale	(1,957,750)	-	-	-
Depreciation and amortisation	23,975,612	27,431,902	5,941,969	4,746,596
Loss on write-off assets under finance lease agreements	6,071,211	-	-	-
Loss on impairment of assets	1,380,875	-	-	-
Allowance for diminution in value of inventories	6,996	19,762	-	-
Deferred prepaid rental	130,815	130,815	130,815	130,815
Long-term employee benefit expenses	5,248,348	2,130,663	4,612,023	1,628,744
Loss (gain) on disposal of investment in subsidiaries	(27,181,946)	-	13,292,003	-
Share of gain on investments in associates	(1,080,687)	(1,064,165)	-	-
Unrealised (gain) loss on exchange	46,157	325,184	(253,207)	186,402
Unrealised gain on disposal of investment in subsidiary	-	(111,717)	-	-
Dividend income	-	-	(1,414,230)	-
Interest income	(2,068,054)	(959,311)	(2,491,528)	(3,152,251)
Interest expenses	12,683,897	12,639,804	7,475,642	7,143,845
Profit from operating activities before changes in operating assets and liabilities	26,624,559	42,945,566	11,837,049	17,363,497
Operating assets (increase) decrease				
Trade and other receivables - related parties	(19,240,693)	7,488,563	(6,449,678)	(4,283,904)
Trade and other receivables - other parties	(116,792,588)	(38,582,748)	(11,619,976)	4,116,059
Inventories	348,852	(168,442)	-	-
Other current assets	1,577,861	(2,524,361)	211,644	(694,467)
Other non-current assets	701,493	533,147	(393,616)	(301,574)
Operating liabilities increase (decrease)				
Trade and other payables - related parties	18,981,522	(1,127,284)	4,868,044	(1,333,435)
Trade and other payables - other parties	105,924,752	8,482,232	20,526,496	(6,068,412)
Other current liabilities	(3,570,192)	2,279,664	(816,705)	(852,357)
Other non-current liabilities	1,070,583	2,026,333	1,219,584	1,213,108
Cash flows from operating activities	15,626,149	21,352,670	19,382,842	9,158,515
Cash received for interest	1,577,975	940,953	1,334,682	764,236
Cash received for income tax	1,992,757	3,225,091	-	3,225,091
Cash paid for corporate income tax	(9,149,087)	(8,547,497)	(6,921,010)	(7,094,340)
<b>Net cash flows from (used in) operating activities</b>	<b>10,047,794</b>	<b>16,971,217</b>	<b>13,796,514</b>	<b>6,053,502</b>

The accompanying notes are an integral part of the financial statements.

**NCL International Logistics Public Company Limited and its subsidiaries**

**Cash flows statement (continued)**

**For the year ended 31 December 2019**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
<b>Cash flows from investing activities</b>				
Cash paid for acquisition of equipment	(5,575,892)	(2,865,509)	(16,109,823)	(646,435)
Proceeds from sales of equipment	2,774,166	5,479,604	3,248,690	347,874
Cash paid for acquisition of intangible assets	(1,549,269)	(2,796,191)	(780,252)	(1,909,296)
Increase in investment in subsidiaries	-	-	(29,347,310)	(18,248,960)
Cash received from acquisition of investments in subsidiaries	-	3,164,791	-	-
Decrease in short-term loans to related parties	18,000,000	-	18,000,000	2,442,300
Cash received from disposal on investment in subsidiaries	7,681,077	1,506,184	5,999,990	1,506,184
Cash decreased from disposal on investment in subsidiaries	(3,160,726)	(1,660,115)	-	-
Cash received from interest income	-	-	714,452	1,811,885
Cash received from dividend	1,414,230	-	1,414,230	-
Cash paid for acquisition of business unit	(25,000,000)	-	-	-
Increase in restricted bank deposits	(2,418,253)	(412,186)	(2,427,185)	(271,586)
<b>Net cash flows from (used in) investing activities</b>	<b>(7,834,667)</b>	<b>2,416,578</b>	<b>(19,287,208)</b>	<b>(14,968,034)</b>
<b>Cash flows from financing activities</b>				
Increase (decrease) in bank overdrafts and short-term loans from banks	53,758,107	(28,123,290)	31,814,460	(30,645,229)
Increase in short-term loans from related parties	1,310,110	1,938,646	-	-
Cash paid for long-term loans	(5,987,609)	(14,791,805)	(3,600,000)	(10,400,000)
Cash received from share capital	305	43,988,007	305	43,988,007
Cash paid for capital reduction by non-controlling interest in subsidiary	(14,276,418)	-	-	-
Cash paid for liabilities under finance lease agreements	(12,558,728)	(12,770,088)	(1,668,298)	(955,334)
Cash paid for dividend	(3,042,813)	-	(3,042,813)	-
Cash paid for interest expenses	(13,162,301)	(10,478,654)	(7,537,104)	(7,067,902)
<b>Net cash flows from (used in) financing activities</b>	<b>6,040,653</b>	<b>(20,237,184)</b>	<b>15,966,550</b>	<b>(5,080,458)</b>
Decrease in translation adjustments	(1,595,795)	(1,195,991)	-	-
Effect of changes in exchange rate on cash and cash equivalents	(213,936)	(118,911)	-	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>6,444,049</b>	<b>(2,164,291)</b>	<b>10,475,856</b>	<b>(13,994,990)</b>
Cash and cash equivalents at beginning of year	34,413,795	36,578,086	3,669,443	17,664,433
<b>Cash and cash equivalents at end of year (Note 7)</b>	<b>40,857,844</b>	<b>34,413,795</b>	<b>14,145,299</b>	<b>3,669,443</b>
	-	-	-	-

The accompanying notes are an integral part of the financial statements.

**NCL International Logistics Public Company Limited and its subsidiaries****Cash flows statement (continued)****For the year ended 31 December 2019**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
<b>Supplemental cash flows information</b>				
Non-cash items consist of				
Transfer investment properties to plant and property	2,009,128	59,243,617	2,009,128	59,243,617
Purchase of equipment but not yet paid	12,524	278,200	12,524	278,200
Purchase of equipment and vehicles under finance lease agreements	32,193,656	-	32,193,656	-
Equipment and vehicle decrease from disposal of investment in subsidiary	2,799,508	-	-	-
Actuarial gain - net of income tax	(42,237)	(2,323,027)	-	(2,323,027)
Disposal on investment in subsidiary but not yet received	(127,149,990)	(1,912,347)	(127,149,990)	(1,912,347)
Disposal of equipment and vehicle but not yet received	-	-	(1,800,000)	-
Transfer short-term loan to related party to investment in subsidiary	-	-	-	661,636
Short-term loan and interest decreased from settlement with receivable	-	-	(23,569,680)	-
Transfer vehicle back to non-controlling interest in subsidiary from capital reduction	(10,618,788)	-	-	-

The accompanying notes are an integral part of the financial statements.

## NCL International Logistics Public Company Limited and its subsidiaries

### Notes to consolidated financial statements

For the year ended 31 December 2019

#### 1. General information

NCL International Logistics Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is listed on The Market for Alternative Investment (MAI). The Company’s major shareholder is Phuathavornskul Family, which total shareholding is 52.67 percent (2018: 44.20 percent). The Company is principally engaged in an international freight forwarding, customs broker, inland transportation, multimodal transport operator and all freight related services for imports and exports. The registered office of the Company is at 56/9-10 Soi Taksin 12/1, Somdejprachaotaksin Road, Bukkhalo, Thonburi, Bangkok.

#### 2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

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

#### 2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of NCL International Logistics Public Company Limited and the following subsidiaries (“the Group”):

Company's name	Nature of business	Country of incorporation	Percentage of Shareholding	
			2019 (Percent)	2018 (Percent)
<u>Subsidiaries which are directly held by the Company</u>				
NCL Inter Logistics (S) Pte. Ltd.	Providing service of international freight forwarding	Singapore	100.00	100.00

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2019 (Percent)	2018 (Percent)
LG Container Line Co., Ltd.	Providing service of international freight forwarding	Thailand	-	60.00
SSK Inter Logistics Co., Ltd.	Providing service of land transportation	Thailand	-	75.35
Grace Water Med Co., Ltd.	Producing dialysis	Thailand	52.80	52.80
<u>Subsidiaries which are held by NCL Inter Logistics (S) Pte. Ltd.</u>				
NCL International Logistics USA Inc.	Providing service of international freight forwarding	United States of America	100.00	100.00
Qingdao National Container Line Co., Ltd.	Providing service of international freight forwarding	China	100.00	100.00
LG Container Line Pte. Ltd.	Providing service of international freight forwarding	Singapore	100.00	100.00
Ningbo NCL Inter Logistics Co., Ltd.	Providing service of international freight forwarding	China	100.00	100.00
NCL Inter Logistics Vietnam Co., Ltd.	Providing service of international freight forwarding	Vietnam	49.00	-
NCL International Logistics Private Limited	Providing service of international freight forwarding	India	100.00	-
<u>Subsidiary which has interests through controlling by NCL Inter Logistics (S) Pte. Ltd.</u>				
PT. NCL INTER LOGISTIK INDONESIA	Providing service of international freight forwarding	Indonesia	-	-

- In February 2018, NCL Inter Logistics (S) Pte. Ltd. which was the Company's subsidiary, established "NCL International Logistics USA Inc." in the United States of America, which NCL Inter Logistics (S) Pte. Ltd. had shareholding at 100 percent of USD 100,000 registered share capital. Such company was completed for incorporation on 23 February 2018 and became subsidiary company since thereon as stipulated in Note 14 to financial statements.

The revenue and loss of such company from the date of incorporation to 31 December 2018 amounting to Baht 20.18 million and Baht 1.43 million, respectively, were included in the consolidated financial statements for the year ended 31 December 2018.

- In February 2018, the Company acquired shares in Grace Water Med Company Limited from a shareholder by Baht 5.01 million, comprising of 3,340 shares with a value of Baht 1,500 per share. As a result, the Company became a major shareholder with a 52.80 percent shareholding. The registration of change in the number of share capital held by the Company was completed on 1 March 2018 and Grace Water Med Company Limited changed from an associate to a subsidiary since thereon, as stipulated in Note 13 to financial statements.

The consolidated financial statements for the year ended 31 December 2018 included the statement of financial position of such company as at 31 December 2018 and the statement of comprehensive income for the period as from 1 March 2018 to 31 December 2018. The asset value as at 1 March 2018 presented as the fair value which was equivalent to their net book value. Since the Company's management considered that Grace Water Med Company Limited was established in 2016 and had just operated. The fair value of the identifiable assets acquired and liabilities assumed as at 1 March 2018 was not different from the net book value. The remaining excess of the purchase price over the fair value of the net assets acquired had been recorded as goodwill in the consolidated statements of financial position.

Details of the fair value of net assets, equivalent to the net book value of Grace Water Med Company Limited as at 1 March 2018 were as follows:

(Unit: Thousand Baht)

**Assets**

Cash and cash equivalents	7,560
Trade and other receivables - related parties	3,783
Trade and other receivables - other parties	12,261
Inventories	3,443
Other current assets	1,525
Buildings and equipment, net (Note 17)	33,001
Intangible assets, net (Note 18)	32
Deferred tax assets	19
Other non-current assets	89
<b>Total assets</b>	<b>61,713</b>

(Unit: Thousand Baht)

**Liabilities**

Trade and other payables - related parties	408
Trade and other payables - other parties	8,092
Short-term loans from related parties	20,000
Other current liabilities	95
Provision for long-term employee benefits (Note 24)	95
Total liabilities	<u>28,690</u>
Net asset value	<u>33,023</u>
The Company's investment portion (%) increased by	8.35
Net asset attributable to investment portion increased by	2,757
Positive goodwill	<u>2,253</u>
Cash paid for acquisition of investment in subsidiary	5,010
Less: Cash and cash equivalents of subsidiary	<u>(7,560)</u>
Net cash from acquisition of investment in subsidiary in consolidated financial statements	<u>2,550</u>

Details of the acquisition of shares of Grace Water Med Company Limited were as follows:

(Unit: Thousand Baht)

**Acquisition price**

Cash paid	5,010
Fair value of net assets acquired	<u>(2,757)</u>
Goodwill	<u>2,253</u>

The revenue and profit of such company from 1 March 2018 to 31 December 2018 amounting to Baht 84.96 million and Baht 1.34 million, respectively, were included in the consolidated financial statements for the year ended 31 December 2018.

- In May 2018, NCL Inter Logistics (S) Pte. Ltd. which was the Company's subsidiary, established "Qingdao National Container Line Company Limited" in China, which NCL Inter Logistics (S) Pte. Ltd. had shareholding at 100 percent of CNY 5,000,000 registered share capital. Such company was completed for incorporation on 18 May 2018 and became subsidiary company since thereon, as stipulated in Note 14 to financial statements.

The revenue and loss of such company from the date of incorporation to 31 December 2018 amounting to Baht 12.24 million and Baht 1.00 million, respectively, were included in the consolidated financial statements for the year ended 31 December 2018.



- In July 2018, NCL Inter Logistics (S) Pte. Ltd. which was the Company's subsidiary, established "LG Container Line Pte. Ltd." in Singapore, which NCL Inter Logistics (S) Pte. Ltd. had shareholding at 100 percent of SGD 10,000 registered share capital. Such company was completed for incorporation on 27 July 2018 and became subsidiary company since thereon, as stipulated in Note 14 to financial statements.

As at 31 December 2018, such subsidiary company had yet operated and its financial statements were prepared by the management which incurred the establishment expenses approximately amounted to Baht 0.08 million was included in the consolidated financial statements for the year ended 31 December 2018.

- In July 2018, NCL Inter Logistics (S) Pte. Ltd. had invested in PT. NCL INTER LOGISTIK INDONESIA which was established in Indonesia through entering into Convertible loan agreement amounting to USD 60,000 which shareholding was equivalent to 60 percent of registered share capital and entering into Business cooperation agreement for the purpose of controlling either directly or indirectly business operation and management of such company. The Company had controlled and directed various operating activities including financial policy since the agreement date. Such company became subsidiary company since thereon, as stipulated in Note 14 to financial statements.

The consolidated financial statements for the year ended 31 December 2018 included the statement of financial position of such company as at 31 December 2018 and the statement of comprehensive income for the period as from the date of agreement to 31 December 2018. The asset value as at the agreement date presented as the fair value which was equivalent to their net book value. Since the Company's management considered that PT. NCL INTER LOGISTIK INDONESIA was established in August 2017 and had just operated. Therefore, the fair value of the identifiable assets acquired and liabilities assumed as at the agreement date was not different from the net book value.

Details of the fair value of net assets, equivalent to the net book value of PT. NCL INTER LOGISTIK INDONESIA as at the agreement date were as follows:

(Unit: Thousand Baht)

**Assets**

Cash and cash equivalents	615
Trade and other receivables - other parties	4,251
Other current assets	2,318
Equipment, net (Note 17)	119
Total assets	<u>7,303</u>

**Liabilities**

Trade and other payables - other parties	<u>1,365</u>
Total liabilities	<u>1,365</u>
Net asset value	<u>5,938</u>
Net cash from acquisition of investment in subsidiary through controlling in consolidated financial statements	<u>615</u>

The revenue and loss of such company from the agreement date to 31 December 2018 amounting to Baht 20.46 million and Baht 0.86 million, respectively, were included in the consolidated financial statements for the year ended 31 December 2018.

- In August 2018, NCL Inter Logistics (S) Pte. Ltd. invested in NCL Inter Logistics Vietnam Company Limited which was established in Vietnam through entering into Convertible loan agreement amounting to USD 100,000 which shareholding was equivalent to 100 percent and entering into Business cooperation agreement for the purpose of controlling either directly or indirectly business operation and management of such company. The Company had controlled and directed various operating activities including financial policy since the agreement date. Such company became subsidiary company since thereon, as stipulated in Note 14 to financial statements.

The consolidated financial statements for the year ended 31 December 2018 included the statement of financial position of such company as at 31 December 2018 and the statement of comprehensive income for the period as from the date of agreement to 31 December 2018. The asset value as at the agreement date presented as the fair value which was equivalent to their net book value. Since the Company's management considered that NCL Inter Logistics Vietnam Company Limited was established in July 2018 and had yet operated at the agreement date. Therefore, the fair value of the identifiable assets acquired and liabilities assumed as at the agreement date was not different from the net book value.

Fair value of net assets which was equivalent to net book value of NCL Inter Logistics Vietnam Company Limited as at the agreement date was Baht 321,371 which was only other receivable account.

The revenue and profit of such company from the agreement date to 31 December 2018 amounting to Baht 8.72 million and Baht 0.16 million, respectively, were included in the consolidated financial statements for the year ended 31 December 2018.

- In November 2018, NCL Inter Logistics (S) Pte. Ltd. which was the Company's subsidiary, established "Ningbo NCL Inter Logistics Company Limited" in China, which NCL Inter Logistics (S) Pte. Ltd. had shareholding at 100 percent of CNY 5,000,000 registered share capital. Such company was completed for incorporation on 30 November 2018 and became subsidiary company since thereon, as stipulated in Note 14 to financial statements.

As at 31 December 2018, such subsidiary company had yet operated and no paid-up share capital.

- In February 2019, NCL Inter Logistics (S) Pte. Ltd. which is the Company's subsidiary, established "NCL International Logistics Private Limited" in Republic of India, which NCL Inter Logistics (S) Pte. Ltd. had shareholding at 100 percent of INR 5,000,000 registered share capital. Such company was completed for incorporation on 22 February 2019 and became the Company's subsidiary since thereon as stipulated in Note 14 to financial statements.

As at 31 December 2019, such subsidiary has INR 286,000 paid-up share capital and has yet operated.

- On 26 April 2019, the Annual General Meeting of SSK Inter Logistics Company Limited's shareholders approved the capital decrease of 1,699,280 shares, from 16,874,280 shares to 15,175,000 shares. As a result, the Company had shareholding increased from 75.35 percent to 83.79 percent. This decrease in share capital was return of the assets of shareholders which brought for investment. The registration of capital decrease was completed on 1 May 2019. Later, on 4 September 2019, the Extraordinary General meeting of such company's shareholders approved the capital decrease of 1,600,000 shares, from 15,175,000 shares to 13,575,000 shares. As a result, the Company had shareholding increased from 83.79 percent to 93.66 percent. The registration of capital decrease was completed on 16 September 2019 and the shareholding percentage has changed since thereon as stipulated in Note 14 to financial statements.
- On 30 April 2019, a meeting of the Company's Board of Directors approved the resolution disposal of investment in LG Container Lines Company Limited in full amount at cost, comprising of 599,999 ordinary shares with a par value of Baht 10, totaling Baht 5,999,990 to a domestic company. On 1 May 2019, the Company had entered into sale and purchase share agreement with such company. As a result, LG

Container Lines Company Limited ended being the Company's subsidiary since thereon as stipulated in Note 14 to financial statements.

- On 11 November 2019, a meeting of the Company's Board of Directors approved the resolution disposal of investment in SSK Inter Logistics Company Limited in full amount at cost, comprising of 12,714,999 shares with a par value of Baht 10, totaling Baht 127,149,990 to a shareholder of SSK Inter Logistics Company Limited.

On 30 November 2019, the Company has entered into sale and purchase share agreement with such shareholder. As a result, SSK Inter Logistics Company Limited ended being the Company's subsidiary since thereon as stipulated in Note 14 to financial statements.

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currencies" in the statements of changes in shareholders' equity.
- f) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.
- g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

- 2.3 The separate financial statements present investments in subsidiaries and associate under the cost method.

### 3. Acquisition of business unit

In September 2019, LG Container Line Pte. Ltd., a subsidiary in Singapore entered into Sales and Purchase agreement with a company in Thailand to acquire the business unit of Non-Vessel Operating Common Carrier (NVOCC), totaling Baht 25.0 million. The subsidiary paid for acquisition of the business unit and the assets were already transferred on the date of the agreement.

The subsidiary processed for fair value measurement by independent appraisal relating to identifying the assets acquired, its fair value and useful lives of each items. The management of subsidiary agreed to acquire the business unit equal to its fair value.

The net book value of identifiable assets acquired as at the acquisition date are as follows:

(Unit: Thousand Baht)

Business relationship of customer, container lessor and feeder	20,000
Technical knowledge of NVOCC operation	5,000
Total assets	<u>25,000</u>

The subsidiary recognised such identifiable assets acquired as intangible assets since the agreement date as stipulated in Note 18 to financial statements.

### 4. New financial reporting standards

#### (a) Financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company's and its subsidiaries' financial statements. However, the new standard involves changes to key principles, which are summarised below:

## **TFRS 15 Revenue from Contracts with Customers**

TFRS 15 supersedes the following accounting standards together with related interpretations.

TAS 11 (revised 2017)	Construction Contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

This standard does not have any significant impact on the Group's financial statements.

### **(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2020**

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which involve changes to key principles, which are summarised below.

#### **Financial reporting standards related to financial instruments**

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32 Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Group is currently evaluating the impact of these standards on the financial statements in the year when they are adopted.

### **TFRS 16 Leases**

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The Group plans to adopt TFRS 16 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The management of the Group expects the effect of the adoption of this accounting standard to the statement of financial position as at 1 January 2020 to be to increase the Group's assets by approximately Baht 52.64 million (the Company only: approximately Baht 27.56 million) and the Group's liabilities by approximately Baht 52.64 million (the Company only: approximately Baht 27.56 million).

## **5. Significant accounting policies**

### **5.1 Revenue recognition**

#### *Rendering of services*

Service revenue is recognised at a point in time upon completion of the service and is recognised over time when services have been rendered taking into account the stage of completion, measuring based on comparison of actual costs incurred up to the end of the period and total anticipated costs to be incurred to completion.

#### *Sales of goods*

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally upon delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns and discounts to customers.

#### *Interest income*

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

#### *Dividends*

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

### **5.2 Expenses recognition**

Expenses are recognised on an accrual basis.

### **5.3 Cash and cash equivalents**

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

### **5.4 Trade and other receivables and allowance for doubtful accounts**

Trade and other receivables are stated at the 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 experience and analysis of debt aging.

### **5.5 Inventories**

Finished goods are valued at the lower of cost under the first-in, first-out method and net realisable value. The cost of inventories includes all production costs and attributable factory overheads.



Raw materials and supplies are valued at the lower of cost under the first-in, first-out method and net realisable value and are charged to production costs whenever consumed.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sales.

## **5.6 Investments**

- a) Investment in associate is accounted for in the consolidated financial statements using the equity method.
- b) Investments in subsidiaries and associate are accounted for in the separate financial statements using the cost method less allowance for loss on impairment of investments (if any).

The weighted average method is used for computation of the cost of investments. In the event the Group reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

## **5.7 Investment properties**

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 10 - 30 years. Depreciation of the investment properties is included in determining income.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

## **5.8 Property, plant and equipment / Depreciation**

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of buildings and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Land improvement	10 years
Buildings and building improvement	5 - 20 years
Furniture, fixtures and office equipment	3 - 5 years
Containers	15 - 20 years
Motor vehicles	5 - 10 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under construction.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

## 5.9 Intangible assets

Intangible assets acquired through business combination are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised 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 amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

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

	<u>Useful lives</u>
Computer software	3 - 10 years
Business relationship of customer, container lessor and feeder	3 - 25 years
Technical knowledge of NVOCC operation	10 years

## 5.10 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Group estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

#### **5.11 Related party transactions**

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

They also include associate companies and individuals or enterprises 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.

#### **5.12 Long-term leases**

Leases of property, plant or 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 assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over the useful life of the leased asset.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on the straight-line basis over the lease term.

#### **5.13 Foreign currencies**

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

#### **5.14 Impairment of assets**

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised 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.

An impairment loss is recognised in profit or loss.

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 carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

#### **5.15 Employee benefits**

##### ***Short-term employee benefits***

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

##### ***Post-employment benefits***

###### *Defined contribution plans*

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

###### *Defined benefit plans*

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Group treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Group recognises restructuring-related costs.

## **5.16 Provisions**

Provisions are recognised 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.

## **5.17 Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

### **Current tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

### **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognises deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Group reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

### 5.18 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1     Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2     Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3     Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

## 6. Significant accounting judgements and estimates

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

### Revenue from contracts with customers

In calculating the revenue recognised over time, the management is required to use judgement regarding measuring progress towards complete satisfaction of a performance obligation, measuring based on comparison of actual costs incurred up to the end of the period and total anticipated costs to be incurred to completion.

### **Recognition of investment in associate when the Company holds more than half of shares**

The management of the Company determined that the Company has no control over Zim (Thailand) Company Limited even though the Company holds 51 percent of shares and voting rights, which is more than half of shares and voting rights because the Company and another shareholder have entered into a Shareholders Agreement and there are three directors, two of whom are to be appointed by another shareholder resulting in such shareholder has control over this company.

### **Consolidation of subsidiary that the Company has no shareholding**

The management of the Company determined that the Company has control over PT. NCL INTER LOGISTIK INDONESIA, even though the Company holds none of shares and voting rights. Since NCL Inter Logistics (S) Pte. Ltd.; the Company's subsidiary, entered into Business cooperation agreement with such company for the purpose of controlling either directly or indirectly business operation and management of such company. Therefore, PT. NCL INTER LOGISTIK INDONESIA is deemed to be subsidiary of the Company and has to be included in the consolidated financial statements from the date on which the Company assumed control.

### **Consolidation of subsidiary that the Company holds less than half of shares**

The management of the Company determined that the Company has control over NCL Inter Logistics Vietnam Company Limited, even though the Company holds 49 percent of shares and voting rights that is less than half of shares and voting rights. Since NCL Inter Logistics (S) Pte. Ltd.; the Company's subsidiary, entered into Business cooperation agreement with such company for the purpose of controlling either directly or indirectly business operation and management of such company. Therefore, NCL Inter Logistics Vietnam Company Limited is deemed to be subsidiary of the Company and has to be included in the consolidated financial statements from the date on which the Company assumed control.

### **Leases**

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

**Allowance for doubtful accounts**

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

**Fair value of financial instruments**

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

**Allowance for diminution in value of inventories**

The determination of allowance for diminution in the value of inventory requires management to exercise judgment in estimating losses on outstanding inventory, based on the selling price expected in the ordinary course of business, minus selling expenses and provision for slow-moving and deteriorated inventories, and taking into account the approximate useful life of each type of inventory.

**Investment properties, property, plant and equipment / Depreciation**

In determining depreciation of investment properties (excluded land), plant and equipment, the management is required to make estimates of the useful lives and residual values of the investment properties (excluded land), plant and equipment and to review estimate useful lives and residual values when there are any changes.

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

**Goodwill and intangible assets**

The initial recognition and measurement of goodwill and 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.



### Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

### Post-employment benefits under defined benefit plans

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

### Litigation

The Company has contingent liabilities as a result of litigation. The Company's management has used judgement to assess of the results of the litigation and believes that no loss will result. Therefore, no contingent liabilities are recorded as at the end of reporting period.

## 7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidation		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Cash	422	4,040	140	140
Bank deposits	40,436	30,374	14,005	3,529
Total	40,858	34,414	14,145	3,669

As at 31 December 2019, bank deposits in saving accounts and fixed deposits carried interests between 0.13 and 1.35 percent per annum (2018: between 0.13 and 2.10 percent per annum).

## 8. Related party transactions

During the years, the Group had significant business transactions with related parties. Such transactions arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company, its subsidiaries and those related parties.

The relationship between the Company and the related parties are summarised below.

Name of related parties	Relationship with the Company
NCL Inter Logistics (S) Pte. Ltd.	Subsidiary
LG Container Lines Co., Ltd.	Subsidiary*
SSK Inter Logistics Co., Ltd.	Subsidiary*
Grace Water Med Co., Ltd.	Subsidiary
NCL International Logistics USA Inc.	Subsidiary (Held by a subsidiary)
Qingdao National Container Line Co., Ltd.	Subsidiary (Held by a subsidiary)
LG Container Line Pte. Ltd.	Subsidiary (Held by a subsidiary)
Ningbo NCL Inter Logistics Co., Ltd.	Subsidiary (Held by a subsidiary)
NCL Inter Logistics Vietnam Co., Ltd.	Subsidiary (Held by a subsidiary)
NCL International Logistics Private Limited	Subsidiary (Held by a subsidiary)
PT. NCL INTER LOGISTIK INDONESIA	Subsidiary (Through controlling by a subsidiary)
Zim (Thailand) Co., Ltd.	Associate
Zim Integrated Shipping Services Ltd.	Mutual shareholders in associate
Sevenday Dialysis Co., Ltd.	Held by close relative of director
Grace and Glamour (Thailand) Co., Ltd.	Held by close person of director
K.S. 54 Co., Ltd.	Mutual directors
Grand Canal Land Plc.	Mutual directors
Country Group Holdings Plc.	Mutual directors
Sunchild & Baby Co., Ltd.	Mutual directors
Limsophon Panich Co., Ltd.	Mutual directors
NSP Network Co., Ltd.	Mutual directors
LNG Food Products Co., Ltd.	Mutual directors
Zhong Tai Blue Sea Co., Ltd.	Mutual directors
NCL Inter Logistics Corporation Limited	Mutual directors
CAT Telecom Public Company Limited	Mutual directors
Asian Interlaw Co., Ltd.	Mutual directors
AEC Interservice Co., Ltd.	Mutual directors

\*Investments in LG Container Lines Company Limited and SSK Inter Logistics Company Limited were disposed during the year.

Such significant transactions for the years ended 31 December 2019 and 2018 are summarised below.

	Consolidated		Separate		(Unit: Thousand Baht)
	financial statements		financial statements		Transfer Pricing Policy
	2019	2018	2019	2018	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
LG Container Lines Co., Ltd.					
Service income	-	-	100	2,824	Cost plus margin 10 - 30%
Rental income	-	-	291	720	As stipulated in the agreements
Other income	-	-	-	35	Price compared to third parties
Interest income	-	-	446	1,350	The rate of 7.5% per annum
Cost of services	-	-	2,963	16,310	Price compared to third parties
NCL Inter Logistics (S) Pte. Ltd.					
Service income	-	-	10,333	17,149	Cost plus margin 10 - 30%
Interest income	-	-	-	27	The rate of 4.0% per annum
Cost of services	-	-	5,313	6,460	Price compared to third parties
SSK Inter Logistics Co., Ltd.					
Service income	-	-	1,072	1,043	Cost plus margin 10 - 30%
Rental income	-	-	2,765	765	As stipulated in the agreements
Interest income	-	-	217	992	The rate of 4.0% per annum
Cost of services	-	-	2,398	5,620	Price compared to third parties
Purchase of fixed assets	-	-	14,510	-	Net book value plus margin
Grace Water Med Co., Ltd.					
Service income	-	-	15	1,396	Price compared to third parties
Rental income	-	-	-	540	As stipulated in the agreements
Other income	-	-	400	-	As stipulated in the agreements
Sales of fixed assets	-	-	2,898	-	Net book value plus margin

	Consolidated		Separate		(Unit: Thousand Baht)
	financial statements		financial statements		Transfer Pricing Policy
	2019	2018	2019	2018	
NCL International Logistics USA Inc.					
Service income	-	-	6,198	5,154	Cost plus margin 10 - 30%
Cost of services	-	-	8,527	2,713	Price compared to third parties
PT. NCL INTER LOGISTIK INDONESIA					
Service income	-	5,186	8,745	12,160	Cost plus margin 10 - 30%
Cost of services	-	584	950	1,631	Price compared to third parties
NCL Inter Logistics Vietnam Co., Ltd.					
Service income	-	-	3,622	1,554	Cost plus margin 10 - 30%
Cost of services	-	-	290	178	Price compared to third parties
Qingdao National Container Line Co., Ltd.					
Cost of services	-	-	30	38	Price compared to third parties
LG Container Line Pte. Ltd.					
Service income	-	-	572	-	Cost plus margin 10 - 30%
Ningbo NCL Inter Logistics Co., Ltd.					
Service income	-	-	130	-	Cost plus margin 10 - 30%
Cost of services	-	-	527	-	Price compared to third parties
<u>Transactions with associates</u>					
Zim (Thailand) Co., Ltd.					
Dividend income	-	-	1,414	-	As declared
Grace Water Med Co., Ltd.					
Service income	-	531	-	531	Price compared to third parties
<u>Transactions with related parties</u>					
Grace and Glamour (Thailand) Co., Ltd.					
Service income	-	5	-	-	Cost plus margin 10 - 30%
Rental income	450	600	-	-	As stipulated in the agreements
Sevenday Dialysis Co., Ltd.					
Sales	19,039	24,658	-	-	Cost plus margin 10 - 30%
LNG Food Products Co., Ltd.					
Other income	-	31	-	-	Price compared to third parties

(Unit: Thousand Baht)					
	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	2019	2018	2019	2018	
Zim Integrated Shipping Service Ltd.					
Service income	2	2,118	2	2,118	Cost plus margin 10 - 30%
Consulting income	3,975	-	3,975	-	As stipulated in the agreements
Cost of services	9,152	8,454	9,152	8,454	Price compared to third parties
<u>Transactions with persons relative with directors</u>					
Rental expenses	95	1,295	-	95	As stipulated in the agreements
Interest expenses	823	1,066	-	-	The rate of 5.5% per annum

As at 31 December 2019 and 2018, the balances of the accounts between the Company, its subsidiaries and those related persons and parties are as follows:

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b><u>Trade and other receivables - related parties</u></b>				
Trade accounts receivable				
Subsidiaries				
LG Container Lines Co., Ltd.	-	-	-	239
NCL Inter Logistics (S) Pte. Ltd.	-	-	3,431	2,294
Grace Water Med Co., Ltd.	-	-	-	96
NCL International Logistics USA Inc.	-	-	1,140	845
SSK Inter Logistics Co., Ltd.	-	-	-	648
PT. NCL INTER LOGISTIK INDONESIA	-	-	1,746	1,266
NCL Inter Logistics Vietnam Co., Ltd.	-	-	2,324	916
Ningbo NCL Inter Logistics Co., Ltd.	-	-	126	-
LG Container Line Pte. Ltd.	-	-	570	-
Related company				
Sevenday Dialysis Co., Ltd.	2,629	2,517	-	-
Total	2,629	2,517	9,337	6,304
Advances for custom clearance				
Associate				
Zim (Thailand) Co., Ltd.	-	96	-	96
Related company				
Zim Integrated Shipping Services Ltd.	166	-	166	-
Total	166	96	166	96

		(Unit: Thousand Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
Collections for other parties					
Subsidiaries					
LG Container Lines Co., Ltd.	-	-	-	43	
Qingdao National Container Line Co., Ltd.	-	-	-	39	
NCL Inter Logistics Vietnam Co., Ltd.	-	-	21	32	
PT. NCL INTER LOGISTIK INDONESIA	-	-	7	14	
NCL International Logistics USA Inc.	-	-	33	-	
Ningbo NCL Inter Logistics Co., Ltd.	-	-	1	-	
Total	-	-	62	128	
Rental receivables					
Subsidiaries					
LG Container Lines Co., Ltd.	-	-	-	60	
SSK Inter Logistics Co., Ltd.	-	-	-	65	
Total	-	-	-	125	
Other receivables					
Subsidiaries					
LG Container Lines Co., Ltd.	-	-	-	149	
Grace Water Med Co., Ltd.	-	-	1,800	-	
LG Container Line Pte. Ltd.	-	-	19	-	
Related company					
Zim Integrated Shipping Services Ltd.	3,867	-	3,867	-	
Directors	37	5,836	-	-	
Total	3,904	5,836	5,686	149	
Interest receivables					
Subsidiaries					
LG Container Lines Co., Ltd.	-	-	-	264	
SSK Inter Logistics Co., Ltd.	-	-	-	693	
Total	-	-	-	957	
Total trade and other receivables - related parties	6,699	8,449	15,251	7,759	

#### **Trade and other payables - related parties**

##### Trade accounts payable

##### Subsidiaries

LG Container Lines Co., Ltd.	-	-	-	365
NCL Inter Logistics (S) Pte. Ltd.	-	-	771	381
NCL International Logistics USA Inc.	-	-	3,238	33
PT. NCL INTER LOGISTIK INDONESIA	-	-	180	45
Qingdao National Container Line Co., Ltd.	-	-	29	14
NCL Inter Logistics Vietnam Co., Ltd.	-	-	68	77
Ningbo NCL Inter Logistics Co., Ltd.	-	-	520	-

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Associate				
Zim (Thailand) Co., Ltd.	-	155	-	155
Related company				
Zim Integrated Shipping Services Ltd.	1,109	-	1,109	-
Total	1,109	155	5,915	1,070
Payment for other party				
Subsidiary				
NCL Inter Logistics (S) Pte. Ltd.	-	-	510	54
Total	-	-	510	54
Other payable				
Directors	-	27	-	-
Total	-	27	-	-
Accrued expenses				
Directors	-	1,288	-	969
Total	-	1,288	-	969
Pension payables				
Directors	537	-	538	-
Total	537	-	538	-
Cheque payable				
Related companies				
Zim Integrated Shipping Services Ltd.	6	-	6	-
Grace and Glamour (Thailand) Co., Ltd.	48	48	-	-
Directors	95	95	-	-
Total	149	143	6	-
Interest payable				
Directors	131	129	-	-
Total	131	129	-	-
Total trade and other payables - related parties	1,926	1,742	6,969	2,093
<u>Short-term loans to related parties</u>				
Subsidiaries				
LG Container Lines Co., Ltd.	-	-	-	18,000
SSK Inter Logistics Co., Ltd.	-	-	-	23,000
Total short-term loans to related parties	-	-	-	41,000
<u>Short-term loans from related parties</u>				
Directors and person relative with directors	20,000	21,939	-	-
Total short-term loans from related parties	20,000	21,939	-	-

During the current year, the movements of short-term loans to related parties were as follows:

(Unit: Thousand Baht)

		Separate financial statements			
Short-term loans	Related by	Balance as at 1 January 2019	Increase during the year	Decrease during the year	Balance as at 31 December 2019
LG Container Lines Co., Ltd.	Subsidiary	18,000	-	(18,000)	-
SSK Inter Logistics Co., Ltd.	Subsidiary	23,000	-	(23,000)	-
Total		41,000	-	(41,000)	-

During the current year, the movement of short-term loans from related parties were as follows:

(Unit: Thousand Baht)

Consolidated financial statements					
Short-term loans	Balance as at 1 January 2019	Increase during the year	Decrease from repayment during the year	Decrease from disposal of investment	Balance as at 31 December 2019
Directors and person relative with directors	21,939	224	(224)	(1,939)	20,000
Total	21,939	224	(224)	(1,939)	20,000

As at 31 December 2019, a subsidiary acquired short-term loans from directors and person relative with directors under loan agreements with a term of one year, bearing interest at a rate of 5.5 percent per annum.

#### Directors and management's benefits

During the year, the Group recorded employee benefit expenses payable to their directors and management as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Short-term employee benefits	25,911	29,935	18,012	18,652
Post-employment benefits	2,399	907	2,348	767
Total	28,310	30,842	20,360	19,419



As at 31 December 2019, the Company entered into a building lease agreement with a close relative of a director for a period of three years with an option to renew as conditions in mutual agreement. The Company is committed to pay rental of Baht 0.09 million per year.

## 9. Trade and other receivables - related parties

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b><u>Trade accounts receivable</u></b>				
Aged on the basis of due dates				
Not yet due	2,628	2,517	3,383	2,950
Past due				
Up to 1 month	-	-	2,575	1,451
1 - 3 months	-	-	1,953	1,798
3 - 6 months	-	-	1,035	105
6 -12 months	-	-	391	-
Over 12 months	-	-	-	-
Total	2,628	2,517	9,337	6,304
<b><u>Other receivables</u></b>				
Others	4,071	5,932	5,949	1,455
Less: Allowance for doubtful accounts	-	-	(35)	-
Other receivables - net	4,071	5,932	5,914	1,455
Total trade and other receivables - related parties	6,699	8,449	15,251	7,759

Movement in the allowance for doubtful accounts of trade and other receivables - related parties for the year ended 31 December 2019 are summarised below.

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 1 January 2019	Addition during the year	Collect during the year	Balance as at 31 December 2019
Allowance for doubtful accounts	-	35	-	35
Other receivables	-	35	-	35
Total	-	35	-	35

## 10. Trade and other receivables - other parties

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b><u>Trade accounts receivable</u></b>				
Aged on the basis of due dates				
Not yet due	81,427	93,326	49,848	57,395
Past due				
Up to 1 month	48,005	40,443	29,550	22,257
1 - 3 months	40,190	26,364	14,675	8,683
3 - 6 months	76,859	18,164	7,125	2,960
6 - 12 months	9,616	13,478	1,332	1,712
Over 12 months	7,919	10,534	6,290	7,205
Total	264,016	202,309	108,820	100,212
Less: Allowance for doubtful accounts	(5,881)	(7,453)	(5,144)	(6,336)
Total trade accounts receivable - net	258,135	194,856	103,676	93,876
<b><u>Other receivables</u></b>				
Advances for custom clearance	12,367	14,377	12,164	12,555
Less: Allowance for doubtful accounts	(14)	(30)	(14)	-
Net	12,353	14,347	12,150	12,555
Other receivables	24,643	4,587	5,039	2,323
Less: Allowance for doubtful accounts	(87)	(87)	(87)	(87)
Net	24,556	4,500	4,952	2,236
Deposit payment	748	680	-	-
Collections for other parties	332	2,082	-	-
Prepaid insurance	349	603	-	-
Interest receivables	245	317	244	317
Total other receivables - net	38,583	22,529	17,346	15,108
Total trade and other receivables - other parties - net	296,718	217,385	121,022	108,984

Movement in the allowance for doubtful accounts of trade and other receivables - other parties for the year ended 31 December 2019 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements					Balance as at 31 December 2019
	Balance as at 1 January 2019	Addition (reversal) during the year	Decrease from disposal of investment	Collect during the year	Difference from translation adjustment	
Allowance for doubtful accounts						
Trade accounts receivable	7,453	(1,281)	(153)	(88)	(50)	5,881
Advances for custom clearance	30	14	(30)	-	-	14
Other receivables	87	-	-	-	-	87
Total	7,570	(1,267)	(183)	(88)	(50)	5,982

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 1 January 2019	Addition (reversal) during the year	Collect during the year	Balance as at 31 December 2019
Allowance for doubtful accounts				
Trade accounts receivable	6,336	(1,192)	-	5,144
Advances for custom clearance	-	14	-	14
Other receivables	87	-	-	87
Total	6,423	(1,178)	-	5,245

## 11. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2019	2018	2019	2018	2019	2018
Finished goods	1,239	2,116	(24)	(20)	1,215	2,096
Raw materials	1,432	955	-	-	1,432	955
Manufacturing supplies	592	540	(3)	-	589	540
Total	3,263	3,611	(27)	(20)	3,236	3,591

During the current year, a subsidiary reduced cost of inventories by Baht 6,996 (2018: Baht 19,762) to reflect the net realisable value. This was included in cost of sales.

## 12. Restricted bank deposits

These represent fixed deposits pledged with the banks to secure credit facilities that the Group received from several commercial banks.

## 13. Investment in associate

### 13.1 Details of associate

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost method		Carrying amount based on the equity method	
			2019	2018	2019	2018	2019	2018
			(%)	(%)				
Zim (Thailand) Co., Ltd.	Agent for sea freight containers	Thailand	51.00	51.00	5,100	5,100	6,255	6,589
					5,100	5,100	6,255	6,589

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements							
			Shareholding percentage		Cost method		Allowance for impairment of investment		Carrying amounts based on cost method - net	
			2019	2018	2019	2018	2019	2018	2019	2018
			(%)	(%)						
Zim (Thailand) Co., Ltd.	Agent for sea freight containers	Thailand	51.00	51.00	5,100	5,100	-	-	5,100	5,100
					5,100	5,100	-	-	5,100	5,100

### Grace Water Med Company Limited

On 20 February 2018, a meeting of the Company's Board of Directors approved a resolution to acquire shares in Grace Water Med Company Limited by Baht 5.01 million, comprising of 3,340 shares with a value of Baht 1,500 per share. As a result, the Company became major shareholder by increasing shareholding percentage from 44.44 percent to 52.80 percent. The registration of change in the number of share capital held by the Company was completed on 1 March 2018 and the Company has participated in decision making regarding financial and operating policies, including joint control over those policies. Consequently, Grace Water Med Company Limited changed from an associate to a subsidiary since thereon.

On 11 November 2019, a meeting of the Company's Board of Directors approved the resolution to dispose investment in Grace Water Med Company Limited in full amount which the price should be closed to the price appraised by a buyer's independent appraiser and consider the maximum interests of the Company's shareholders. However, as at 31 December 2019, the Company has yet disposed such investment.

#### Zim (Thailand) Company Limited

On 10 August 2018, a meeting of the Company's Board of Directors approved the management to negotiate for modification and revision of certain conditions in Shareholders Agreement between the Company and Zim Integrated Shipping Services Ltd. regarding interests of the Company which the management must take into account the maximum interests of the shareholders, whereby the new interests must be higher than the original interests. On 15 November 2018, the negotiation ended and the Company has entered into a Consultancy agreement with Zim Integrated Shipping Services Ltd. to provide consulting services on domestic transportation which the service fee is as stated in the agreement.

On 20 May 2019, a meeting of Board of Directors of Zim (Thailand) Co., Ltd. approved the payment of an interim dividend from operation result for the year ended 31 December 2018 to shareholders with Baht 277.30 per share totaling Baht 2.80 million of dividend payment. The Company received such dividend in proportion of shareholding amounting Baht 1.40 million on 28 May 2019.

### **13.2 Share of comprehensive income and dividend received**

During the years, the Company has recognised its share of profit/loss from investments in associate companies in the consolidated financial statements and dividend income in the separate financial statements as follows:

					(Unit: Thousand Baht)	
	Consolidated				Separate	
	financial statements				financial statements	
	Share of other comprehensive income					
	Share of profit (loss) from investments in associates		from investments in associates		Dividend received	
Company's name	during the year		during the year		during the year	
	2019	2018	2019	2018	2019	2018
Grace Water Med Co., Ltd.	-	(284)	-	-	-	-
Zim (Thailand) Co., Ltd.	1,081	1,348	-	-	1,414	-
Total	1,081	1,064	-	-	1,414	-

### 13.3 Summarised financial information about material associates

#### Summarised information about financial position

(Unit: Thousand Baht)

	Zim (Thailand) Co., Ltd.		Grace Water Med Co., Ltd.
	31 December 2019	31 December 2018	28 February 2018*
Current assets	151,739	97,589	28,572
Non-current assets	25,289	27,018	33,141
Current liabilities	(163,522)	(110,601)	(28,594)
Non-current liabilities	(1,241)	(1,087)	(95)
Net assets	12,265	12,919	33,024
Shareholding percentage (%)	51.00	51.00	44.44
Share of net assets	6,255	6,589	14,675
Elimination entries	-	-	-
Carrying amounts of associates based on equity method	6,255	6,589	14,675

\*28 February 2018 is the date that Grace Water Med Company Limited ended being associate.

#### Summarised information about comprehensive income

(Unit: Thousand Baht)

	Zim (Thailand) Co., Ltd.		Grace Water Med Co., Ltd.
	For the year ended 31 December 2019	For the year ended 31 December 2018	For the period as from 1 January 2018 to 28 February 2018
Revenue	57,930	54,973	12,274
Profit (loss)	2,119	2,643	(639)

## 14. Investments in subsidiaries

14.1 Details of investments in subsidiaries as presented in separate financial statements are as follows:

(Unit: Thousand Baht)						
Company's name	Paid-up capital		Shareholding percentage		Cost	
	2019	2018	2019	2018	2019	2018
			(%)	(%)		
<u>Subsidiaries which are directly held by the Company</u>						
NCL Inter Logistics (S) Pte. Ltd.	SGD 2.90 million	SGD 1.57 million	100.00	100.00	68,435	39,088
LG Container Lines Co., Ltd.	-	Baht 10.0 million	-	60.00	-	6,000
SSK Inter Logistics Co., Ltd.	-	Baht 168.7 million	-	75.35	-	127,150
Grace Water Med Co., Ltd.	Baht 40.0 million	Baht 40.0 million	52.80	52.80	22,788	22,788
<u>Subsidiaries which are held by NCL Inter Logistics (S) Pte. Ltd.</u>						
NCL International Logistics USA Inc.	USD 0.13 million	USD 0.13 million	100.00	100.00	-	-
Qingdao National Container Line Co., Ltd.	CNY 0.8 million	CNY 0.3 million	100.00	100.00	-	-
LG Container Line Pte. Ltd.	SGD 1.3 million	SGD 0.01 million	100.00	100.00	-	-
Ningbo NCL Inter Logistics Co., Ltd.	CNY 1.4 million	-	100.00	100.00	-	-
NCL Inter Logistics Vietnam Co., Ltd.	VND 2500.0 million	VND 2,500.0 million	49.00	-	-	-
NCL International Logistics Private Limited	INR 0.3 million	-	100.00	-	-	-
<u>Subsidiary which has interests through controlling by NCL Inter Logistics (S) Pte. Ltd.</u>						
PT. NCL INTER LOGISTIK INDONESIA	IDR 1,000.0 million	IDR 1,000.0 million	-	-	-	-
Total					91,223	195,026

## 14.2 Details of investments in subsidiaries that have material non-controlling interests

(Unit: Million Baht)								
Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit/loss allocated to non-controlling interests during the year		Dividend paid to non-controlling interests during the year	
	2019	2018	2019	2018	2019	2018	2019	2018
	(%)	(%)						
LG Container Lines Co., Ltd.	-	40.00	-	(7.32)	(0.11)	(0.54)	-	-
Grace Water Med Co., Ltd.	47.20	47.20	19.68	16.22	3.46	0.63	-	-
PT. NCL INTER LOGISTIK INDONESIA	40.00	40.00	3.77	3.89	(0.12)	(0.34)	-	-
NCL Inter Logistics Vietnam Co., Ltd.	51.00	-	1.41	-	(0.27)	-	-	-

### 14.3 Summarised financial information that based on amounts before inter-company elimination about subsidiaries that have material non-controlling

#### Summarised information about financial position

(Unit: Million Baht)

	PT. NCL INTER							
	LG Container Lines		Grace Water Med		LOGISTIK		NCL Inter Logistics	
	Co., Ltd.		Co., Ltd.		INDONESIA		Vietnam Co., Ltd.	
	2019	2018	2019	2018	2019	2018	2019	2018
Current assets	-	44.04	44.20	34.67	9.32	9.54	6.11	3.68
Non-current assets	-	7.62	31.81	31.69	2.33	2.43	0.69	0.49
Current liabilities	-	59.41	33.94	31.76	8.67	8.59	5.23	3.68
Non-current liabilities	-	0.55	0.37	0.24	-	-	-	-

#### Summarised information about comprehensive income

(Unit: Million Baht)

	PT. NCL INTER LOGISTIK							
	LG Container Lines Co., Ltd.		Grace Water Med Co., Ltd.		INDONESIA		NCL Inter Logistics Vietnam Co., Ltd.	
	For the period as from 1 January 2019 to 30 April 2019 (the date ended being subsidiary)	For the year ended 31 December 2018	For the period as from 1 March 2018 (date of being subsidiary) to 31 December 2018	For the year ended 31 December 2019	For the period as from 16 July 2018 (date of having control) to 31 December 2018	For the period as from 15 November 2019 (date of proportion change) to 31 December 2019		
Revenue	8.14	210.00	117.71	84.96	8	8		8
Profit (loss)	(0.28)	(1.35)	7.32	1.34	8	8		8
Other comprehensive income	-	-	-	-	-	-		-
Total comprehensive income	(0.28)	(1.35)	7.32	1.34	8	8		8



### Summarised information about cash flows

(Unit: Million Baht)

	LG Container Lines Co., Ltd.		Grace Water Med Co., Ltd.		PT. NCL INTER LOGISTIK INDONESIA		NCL Inter Logistics Vietnam Co., Ltd.
	For the period as from 1 January 2019 to 30 April 2019 (the date ended being subsidiary)	For the year ended 31 December 2018	For the period as from 1 March 2018 (date of being subsidiary) to 31 December 2018	For the year ended 31 December 2019	For the period as from 16 July 2018 (date of having control) to 31 December 2018	For the period as from 15 November 2019 (date of proportion change) to 31 December 2019	
Cash flows from (used in)							
operating activities	(3.38)	(0.09)	3.47	(1.13)	(1.20)	1.33	1.42
Cash flow from (used in)							
investing activities	0.17	(0.21)	(1.11)	(0.24)	(0.05)	(0.08)	-
Cash flow from (used in)							
financing activities	1.72	(1.35)	(6.10)	(0.79)	-	(1.21)	1.74
Net increase (decrease) in							
cash and cash equivalents	(1.49)	(1.65)	(3.74)	(2.16)	(1.25)	0.04	3.16

### NCL Inter Logistics (S) Pte. Ltd.

- On 20 February 2018, a meeting of the Company's Board of Directors approved the capital increase in NCL Inter Logistics (S) Pte. Ltd., a subsidiary, of USD 1,260,000 to expand business in foreign countries. During the year 2018, the Company transferred a fund for the capital increase amounting to USD 420,000 by increasing the registered share capital from SGD 1,000,000 to SGD 1,574,635. The registration of increased share capital was completed on 28 December 2018.
- On 13 August 2019, a meeting of the Company's Board of Directors approved the resolution an increase of Baht 25 million registered share capital of NCL Inter Logistics (S) Pte. Ltd. to expand the business of oversea subsidiary.
- During the year 2019, the Company transferred additional investment in NCL Inter Logistics (S) Pte. Ltd. amounting to SGD 1,325,365 by increasing the registered share capital from SGD 1,574,635 to SGD 2,900,000. The registration of increased share capital was completed on 2 December 2019.

NCL International Logistics USA Inc.

- In February 2018, NCL Inter Logistics (S) Pte. Ltd. established “NCL International Logistics USA Inc.” in the United States of America, which NCL Inter Logistics (S) Pte. Ltd. has shareholding at 100 percent of USD 100,000 registered share capital. Such company was completed for incorporation on 23 February 2018 and became subsidiary company since thereon, because the Company holds investment in such company through NCL Inter Logistics (S) Pte. Ltd. with shareholding at 100 percent of the registered share capital of NCL International Logistics USA Inc. and the Company has power to control over such company.
- On 19 July 2018, NCL Inter Logistics (S) Pte. Ltd. transferred additional investment in NCL International Logistics USA Inc. of USD 30,000 by increasing investment from USD 100,000 to USD 130,000. The registration of increased shares capital of NCL International Logistics USA Inc. was completed on 8 October 2018.

Qingdao National Container Line Company Limited

- In May 2018, NCL Inter Logistics (S) Pte. Ltd. established “Qingdao National Container Line Company Limited” in China, which NCL Inter Logistics (S) Pte. Ltd. has shareholding at 100 percent of CNY 5,000,000 registered shares capital. Such company was completed for incorporation on 18 May 2018 and became subsidiary company since thereon, because the Company holds investment in such company through NCL Inter Logistics (S) Pte. Ltd. with shareholding at 100 percent of the registered share capital of Qingdao National Container Line Company Limited and the Company has power to control over such company. As at 31 December 2018, Qingdao National Container Line Company Limited has paid-up shares capital by CNY 346,375.
- In January 2019, NCL Inter Logistics (S) Pte. Ltd. transferred additional investment in Qingdao Container Line Company Limited, a subsidiary in China, for the purpose of business operation amounting to CNY 404,058. Qingdao National Container Line Company Limited completed the registration of increasing share capital on 30 January 2019. As at 31 December 2019, such subsidiary had CNY 750,433 paid-up share capital.

LG Container Line Pte. Ltd.

- In July 2018, NCL Inter Logistics (S) Pte. Ltd. established “LG Container Line Pte. Ltd.” in Singapore for the purpose of being the principal of LG Container Lines Company Limited, a subsidiary, as an agent in Thailand, which NCL Inter Logistics (S) Pte. Ltd. had shareholding at 100 percent of SGD 10,000 registered share capital. Such company was completed for incorporation on 27 July 2018 and became a subsidiary company since thereon, because the Company holds investment in such company through NCL Inter Logistics (S) Pte. Ltd. with shareholding at 100 percent of the registered share

capital of LG Container Line Pte. Ltd. and the Company has power to control over such company.

- On 13 February 2019, a meeting of Board of Directors of NCL Inter Logistics (S) Pte. Ltd., subsidiary, approved the resolution to increase investment in LG Container Line Pte. Ltd. amounting to SGD 90,000, totaling SGD 100,000 of all investments. NCL Inter Logistics (S) Pte. Ltd. transferred additional investment and LG Container Line Pte. Ltd. completed the registration of increasing share capital on 1 March 2019.
- On 2 October 2019, a meeting of Board of Directors of NCL Inter Logistics (S) Pte. Ltd., approved the resolution to increase investment in LG Container Line Pte. Ltd. amounting to SGD 1,150,000, increasing from SGD 100,000 registered share capital to SGD 1,250,000 registered share capital. The registration of increasing share capital was completed on 10 October 2019.

#### PT. NCL INTER LOGISTIK INDONESIA

- On 16 July 2018, NCL Inter Logistics (S) Pte. Ltd. entered into Convertible loan agreement with PT. NCL INTER LOGISTIK INDONESIA, which established in Indonesia, amounting to USD 60,000 to be used for working capital and operating expenses. As conditions stipulated in the Convertible loan agreement, NCL Inter Logistics (S) Pte. Ltd. may at any time to convert such loans into share capital of such company, which NCL Inter Logistics (S) Pte. Ltd. has option to choose the conversion into the new preferred shares or new ordinary shares as loan amount.

In addition, NCL Inter Logistics (S) Pte. Ltd. entered into the business cooperation agreement with PT. NCL INTER LOGISTIK INDONESIA for the purpose of controlling either directly or indirectly business operation and management of such company. Such company agreed to distribute profit to NCL Inter Logistics (S) Pte. Ltd. at the rate of 60 percent of net profit for the year, and if the company had loss on operation, NCL Inter Logistics (S) Pte. Ltd. agreed to absorb such loss in proportion of 60 percent which being compensated by additional fund. The Company had controlled and directed various operating activities including financial policy since the agreement date and considered to be subsidiary company since thereon. As at 31 December 2019 and 2018, PT. NCL INTER LOGISTIK INDONESIA has outstanding loan amounting to USD 60,000.

#### NCL Inter Logistics Vietnam Company Limited

- On 1 August 2018, NCL Inter Logistics (S) Pte. Ltd. entered into Convertible loan agreement with NCL Inter Logistics Vietnam Company Limited, which established in Vietnam, amounting to USD 100,000 to be used for working capital and operating expenses. As conditions stipulated in the Convertible loan agreement, NCL Inter

Logistics (S) Pte. Ltd. may at any time to convert such loans into share capital of such company, which NCL Inter Logistics (S) Pte. Ltd. has option to choose the conversion into the new preferred shares or new ordinary shares as loan amount. As at 31 December 2018, NCL Inter Logistics (S) Pte. Ltd. provided such loan amounting to USD 50,000.

In addition, NCL Inter Logistics (S) Pte. Ltd. entered into the business cooperation agreement with NCL Inter Logistics Vietnam Company Limited for the purpose of controlling either directly or indirectly business operation and management of such company. Such company agreed to distribute profit to NCL Inter Logistics (S) Pte. Ltd. at the rate of 100 percent of net profit for the year, and if the Company has loss on operation, NCL Inter Logistics (S) Pte. Ltd. agreed to absorb such loss in proportion of 100 percent which being compensated by additional fund. The Company had controlled and directed various operating activities including financial policy since the agreement date and considered to be subsidiary company since thereon.

- In May 2019, NCL Inter Logistics (S) Pte. Ltd. adjusted shareholder structure of NCL Inter Logistics Vietnam Company Limited by transferring additional investments in such subsidiary amounting to VND 1,225,000,000 equivalent to USD 50,000, and registered being such company's shareholders with shareholding at 49 percent of VND 2,500,000,000 registered and paid-up share capital. However, NCL Inter Logistics (S) Pte. Ltd. considers NCL Inter Logistics Vietnam Company Limited being subsidiary since the Business cooperation agreement between parties still exists. The agreement is for the purpose of controlling either directly or indirectly business operation and management of such company and the conditions stipulated in the agreement remain the same.
- Later, in November 2019, there is new shareholder which is a company in Vietnam has invested in NCL Inter Logistics Vietnam Company Limited in the proportion of 51 percent shareholding, totaling VND 1,275,000,000 of VND 2,500,000,000 registered share capital. As a result, the shareholding percentage and profit distribution in such subsidiary of NCL Inter Logistics (S) Pte. Ltd. decreased from 100 percent to 49 percent shareholding. However, the Company's management still considers NCL Inter Logistic Vietnam Company Limited being a subsidiary, even though NCL Inter Logistics (S) Pte. Ltd. holds 49 percent of shares and voting rights that is less than half of shares and voting rights. Since there is Business cooperation agreement with such company for the purpose of controlling either directly or indirectly business operation and management of such company and the agreement is still effective. In addition, the Company's management considers revising Convertible loan agreement by adjusting the loan amount from USD 100,000 to USD 51,000 resulting from investment of new shareholder

which makes shareholding percentage decreasing from 100 percent to 49 percent. As at 31 December 2019, the revision of Convertible loan agreement is in the process.

Ningbo NCL Inter Logistics Company Limited

- In November 2018, NCL Inter Logistics (S) Pte. Ltd. established “Ningbo NCL Inter Logistics Company Limited” in China, which NCL Inter Logistics (S) Pte. Ltd. had shareholding at 100 percent of CNY 5,000,000 registered shares capital. Such company was completed for incorporation on 30 November 2018 and became subsidiary company since thereon, because the Company held investment in such company through NCL Inter Logistics (S) Pte. Ltd. with shareholding at 100 percent of the registered share capital of Ningbo NCL Inter Logistics Company Limited and the Company had power to control over such company. As at 31 December 2018, Ningbo NCL Inter Logistics Company Limited had yet operated and no paid-up share capital.
- During the year 2019, NCL Inter Logistics (S) Pte. Ltd. transferred additional investment in Ningbo NCL Inter Logistics Company Limited for being working capital, are summarised below.

Month	Amount of additional investment (CNY)	The date of share capital registration
January 2019	337,360	28 January 2019
May 2019	675,110	10 May 2019
August 2019	351,560	21 August 2019

As at 31 December 2019, Ningbo NCL Inter Logistics Company Limited has CNY 1,364,030 of paid-up share capital.

NCL International Logistics Private Limited

- In February 2019, NCL Inter Logistics (S) Pte. Ltd., established “NCL International Logistics Private Limited” in Republic of India, which NCL Inter Logistics (S) Pte. Ltd. had shareholding at 100 percent of INR 5,000,000 registered share capital. Such company was completed for incorporation on 22 February 2019 and became the Company's subsidiary since thereon, because the Company held investment in such company through NCL Inter Logistics (S) Pte. Ltd. with shareholding at 100 percent of the registered share capital of NCL International Logistics Private Limited and the Company has power to control over such company. As at 31 December 2019, NCL International Logistics Private Limited has INR 286,000 paid-up share capital and has yet operated.

Legacy Asia Capital Pte. Ltd.

- On 10 May 2018, a meeting of the Company's Board of Directors passed the resolution regarding the disposal of investment in Legacy Asia Capital Pte. Ltd. at full amount since Buss Capital Fund Singapore, the fund supporter, had experienced bankruptcy. The Company disposed investment in Legacy Asia Capital Pte. Ltd. in full amount at cost, comprising of 140,000 ordinary shares with a par value of Baht SGD 1, totaling SGD 140,000, to a shareholder of Legend Shipping PTE. Ltd. On 15 July 2018, the Company entered into share purchase agreement with such shareholder. The payment would be made in 12 installments on a monthly basis and the first installment would be payable on 21 September 2018 which was the completion date of the registration of share transfer. As a result, Legacy Asia Capital Pte. Ltd. ended being the Company's subsidiary since thereon.

Net assets of such subsidiary as at disposal date amounted Baht 3,614,841 including cash and cash equivalent of Baht 1,660,115. During the year 2018, the Company recorded gain on disposal of investment in Legacy Asia Capital Pte. Ltd. of Baht 133,870 under other revenue in the consolidated statement of income for the year ended 31 December 2018.

The Company received all amount from disposal of such investment in June 2019.

SSK Inter Logistics Company Limited

- On 26 April 2019, the Annual General Meeting of SSK Inter Logistics Company Limited's shareholders approved the capital decrease of 1,699,280 shares, from 16,874,280 shares to 15,175,000 shares. As a result, the Company had shareholding increased from 75.35 percent to 83.79 percent. This decrease in share capital was return of the assets of shareholders which brought for investment. The registration of capital decrease was completed on 1 May 2019. Later, on 4 September 2019, the Extraordinary General meeting of such company's shareholders approved the capital decrease of 1,600,000 shares, from 15,175,000 shares to 13,575,000 shares. As a result, the Company had shareholding increased from 83.79 percent to 93.66 percent. The registration of capital decrease was completed on 16 September 2019 and the shareholding percentage had changed since the registration date of decrease share capital with Ministry of Commerce. The subsidiary paid for capital reduction to shareholders in October 2019.

- On 11 November 2019, a meeting of the Company's Board of Directors approved the resolutions to dispose of investment in SSK Inter logistics Company Limited which is a subsidiary, to such company's shareholder. The Company disposed such investment in full amount at cost, comprising of 12,714,999 ordinary shares with a par value of Baht 10, totaling Baht 127,149,990. On 30 November 2019, the Company entered into sale and purchase share agreement and already transferred shares to such shareholder. In order that, the sale and purchase share agreement specified that the buyer paid for shares with three post-dated cheques within three years since the agreement date which the first installment will be payable on 30 June 2020. In addition, the Company entered into share pledged agreement with such shareholder to pledge for share certificates of SSK Inter Logistics Company Limited for the buyer's guarantee. SSK Inter Logistics Company Limited ended being the Company's subsidiary since the agreement date.

Net assets of such subsidiary as at disposal date in the proportion of the Company's shareholding, amounted Baht 87,851,838 in surplus, including cash and cash equivalent of Baht 1,002,575. The Company recognised loss on disposal of investment in SSK Inter Logistics Company Limited to such shareholder amounting to Baht 13,292,003 in the only Company's comprehensive income and recognised gain on disposal of such investment amounting to Baht 16,031,214 in the consolidated statement of comprehensive income for the current year.

#### LG Container Lines Company Limited

- On 30 April 2019, the Company's Board of Directors approved the resolution disposal on investment in LG Container Lines Company Limited which is a subsidiary, to a domestic company. On 1 May 2019, the Company entered into sale and purchase share agreement with such company to dispose the investment in full amount at cost, comprising of 599,999 ordinary shares with a par value of Baht 10, totaling Baht 5,999,990. The Company received full payment on 3 October 2019. LG Container Lines Company Limited ended being the Company's subsidiary since the agreement date.

Net assets of such subsidiary as at disposal date in the proportion of the Company's shareholding, amounted Baht 5,150,732 in deficit, including cash and cash equivalent of Baht 2,158,151. The Company recognised gain on disposal of investment in LG Container Lines Company Limited of Baht 11,150,732 in the consolidated statement of comprehensive income for the current year. There is no gain or loss recognised in the Company's statement of comprehensive income since selling price equals to its cost.



**15. Account receivable from disposal of investment**

(Unit: Thousand Baht)

	Consolidated/Separate financial statements	
	2019	2018
Account receivable from disposal of investment	127,150	-
Less: Deferred interest income	(12,623)	-
Total	114,527	-
Less: Portion due within one year	(31,150)	-
Account receivable from disposal of investment - net of current portion	83,377	-

Account receivable from disposal of investment is account receivable that the Company disposed investment in SSK Inter Logistics Company Limited to a shareholder. The Company entered into sale and purchase agreement with such shareholder which the payment will be repayable in three installments on yearly basis. The first installment will be payable on 30 June 2020 amounting to Baht 38 million, second and third installment amounting to Baht 44.6 million each which will be repayable on 30 June 2023 and 2024, respectively. The Company received post-dated cheque for all three installments. Moreover, the Company received share certificates of 12,714,990 shares of SSK Inter Logistics Company Limited to pledge in accordance with pledge share agreement for guarantee the payment as stipulated in Note 14 to financial statements.

**16. Investment properties**

The net book value of investment properties as at 31 December 2019 and 2018 is presented below.

(Unit: Thousand Baht)

	Consolidated / Separate financial statements			
	Land	Land improvement	Buildings and building improvement	Total
<b>As at 31 December 2019</b>				
Cost	5,387	5,402	4,521	15,310
Less: Accumulated depreciation	-	(2,412)	(1,010)	(3,422)
Net book value	5,387	2,990	3,511	11,888



(Unit: Thousand Baht)

	Consolidated / Separate financial statements			
	Land		Buildings and building	Total
	Land	improvement	improvement	
<b>As at 31 December 2018</b>				
Cost	5,387	5,402	6,817	17,606
Less: Accumulated depreciation	-	(1,872)	(1,001)	(2,873)
Net book value	5,387	3,530	5,816	14,733

A reconciliation of the net book value of investment properties for the years 2019 and 2018 is presented below.

(Unit: Thousand Baht)

	Consolidated / separate financial statements	
	2019	2018
Net book value at beginning of year	14,733	75,100
Transferred to change of asset type	(2,009)	(59,244)
Depreciation charged	(836)	(1,123)
Net book value at end of year	11,888	14,733

The fair value of the investment properties as at 31 December 2019 and 2018 stated below:

(Unit: Thousand Baht)

	Consolidated / separate financial statements	
	2019	2018
Land and office building - Bangkok	-	7,176
Land and structures there on - Suratthani	14,770	14,770

The fair value of the above investment properties has been determined based on valuation performed by an accredited independent valuer. The fair value has been determined using the income approach. Key assumptions used in the valuation include yield rate, inflation rate, long-term vacancy rate and long-term growth in real rental rates.

As at 31 December 2019, there is no any investment property pledged for credit facilities. (2018: The Company had pledged investment properties amounting to Baht 2.08 million as collateral against credit facilities received from a commercial bank).

## 17. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements					
	Land	Buildings and building improvement	Furniture, fixtures and office equipment	Motor vehicles	Assets under construction	Total
<b>Cost</b>						
1 January 2018	6,292	20,957	23,337	267,766	251	318,603
Additions	-	214	2,209	243	195	2,861
Increase from business combination (Note 2.2)	-	13,685	20,588	518	-	34,791
Decrease from disposal on investment	-	-	(2,778)	-	-	(2,778)
Disposals/write-off	-	-	(891)	(6,156)	-	(7,047)
Transfer from investment properties	45,916	14,496	-	-	-	60,412
Transfer in (out) from assets under construction	-	-	390	56	(446)	-
Translation adjustment	-	-	(94)	-	-	(94)
31 December 2018	52,208	49,352	42,761	262,427	-	406,748
Additions	-	468	37,397	41	-	37,906
Decrease from disposal on investment	-	(2,371)	(5,581)	(142,754)	-	(150,706)
Disposals/write-off	-	-	(2,662)	(54,765)	-	(57,427)
Transfer from investment properties	-	2,296	-	-	-	2,296
Translation adjustment	-	(13)	(273)	-	-	(286)
31 December 2019	52,208	49,732	71,642	64,949	-	238,531
<b>Accumulated depreciation</b>						
1 January 2018	-	13,257	12,448	35,319	-	61,024
Increase from business combination (Note 2.2)	-	337	1,263	71	-	1,671
Decrease from disposal on investment	-	-	(129)	-	-	(129)
Depreciation for transfer from investment properties	-	1,169	-	-	-	1,169
Depreciation for the year	-	1,798	4,424	19,313	-	25,535
Depreciation on disposals	-	(6)	(451)	(1,856)	-	(2,313)
Translation adjustment	-	-	(34)	-	-	(34)
31 December 2018	-	16,555	17,521	52,847	-	86,923
Decrease from disposal on investment	-	(1,512)	(3,947)	(34,166)	-	(39,625)
Depreciation for transfer from investment properties	-	287	-	-	-	287
Depreciation for the year	-	1,971	5,432	14,563	-	21,966
Depreciation on disposals	-	-	(1,688)	(11,405)	-	(13,093)
Translation adjustment	-	(5)	(157)	-	-	(162)
31 December 2019	-	17,296	17,161	21,839	-	56,296
<b>Allowance for impairment loss</b>						
1 January 2018	-	-	-	866	-	866
Increase during the year	-	-	-	-	-	-
31 December 2018	-	-	-	866	-	866
Decrease during the year	-	-	-	(866)	-	(866)
31 December 2019	-	-	-	-	-	-

(Unit: Thousand Baht)

Consolidated financial statements					
	Land	Buildings and building improvement	Furniture, fixtures and office equipment	Motor vehicles	Assets under construction
					Total
<b>Net book value</b>					
31 December 2018	52,208	32,797	25,240	208,714	-
31 December 2019	52,208	32,436	54,481	43,110	-
<b>Depreciation for the year</b>					
2018 (Baht 16.43 million included in cost of service, and the balance in selling and administrative expenses)					25,535
2019 (Baht 12.42 million included in cost of service, and the balance in selling and administrative expenses)					21,966

(Unit: Thousand Baht)

Separate financial statements					
	Land	Buildings and building improvement	Furniture, fixtures and office equipment	Motor vehicles	Total
<b>Cost</b>					
1 January 2018	6,292	18,610	11,750	22,704	59,356
Additions	-	-	647	-	647
Disposals/Write-off	-	-	(348)	(1,767)	(2,115)
Transfer from investment properties	45,916	14,496	-	-	60,412
31 December 2018	52,208	33,106	12,049	20,937	118,300
Additions	-	150	33,612	38,123	71,885
Disposals/Write-off	-	-	(992)	(8,033)	(9,025)
Transfer from investment properties	-	2,296	-	-	2,296
31 December 2019	52,208	35,552	44,669	51,027	183,456
<b>Accumulated depreciation</b>					
1 January 2018	-	12,255	9,404	10,225	31,884
Depreciation for the year	-	981	962	1,464	3,407
Depreciation for transfer from investment properties	-	1,169	-	-	1,169
Depreciation on disposals	-	-	(344)	(1,157)	(1,501)
31 December 2018	-	14,405	10,022	10,532	34,959
Depreciation for the year	-	1,270	993	2,782	5,045
Depreciation for transfer from investment properties	-	287	-	-	287
Depreciation on disposals	-	-	(976)	(2,908)	(3,884)
31 December 2019	-	15,962	10,039	10,406	36,407
<b>Net book value</b>					
31 December 2018	52,208	18,701	2,027	10,405	83,341
31 December 2019	52,208	19,590	34,630	40,621	147,049
<b>Depreciation for the year</b>					
2018 (Baht 0.74 million included in cost of service, and the balance in selling and administrative expenses)					3,407
2019 (Baht 0.23 million included in cost of service, and the balance in selling and administrative expenses)					5,045

As at 31 December 2019, the Group had vehicles and equipment which were acquired under finance lease agreements with net book value of Baht 33.28 million (Separate financial statements: Baht 33.19 million) (2018: Baht 86.91 million (Separate financial statements: Baht 4.19 million)).

As at 31 December 2019, certain items of plant and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 8.18 million (Separate financial statements: Baht 8.18 million) (2018: Baht 10.18 million (Separate financial statements: Baht 10.18 million)).

As at 31 December 2019, the Company has pledged the land and structures thereon with net book value of Baht 67.66 million as collateral against credit facilities received from a commercial bank.

As at 31 December 2018, the Group had pledged the land and structures thereon and certain trailers with net book value of Baht 88.60 million (Separate financial statement: Baht 66.34 million) as collateral against credit facilities received from a commercial bank and unrelated person.

On 28 February 2019, a meeting of Board of Directors of a subsidiary approved the resolution to return of eight trucks and four trailers which the shareholders brought for investment with net book value of Baht 12.0 million since the subsidiary required to adjust the shareholder structure and to reduce the expenses incurring from the trucks and trailers which cannot be used effectively. The subsidiary had entered into asset transfer agreement and provided the power of attorney for transfer registration process and relevant documents at the agreement date. In first quarter, the subsidiary reclassified the trucks and trailers from equipment account presented under non-current assets to assets held for distribution to owners account which was presented under current assets because the capital decrease as stipulated in Note 14, is highly probable, within one year of classification as held for distribution to owners and it is unlikely that the plan will be significantly changed. Assets held for distribution to owners were recognised at the lower of carrying amount and fair value less costs to distribute. The recognition of such transactions incurred loss on impairment amounting to Baht 1.4 million which was presented in other expenses account in consolidated income statement. The subsidiary did not recognise the depreciation of such trucks and trailers since the classification to be assets held for distribution to owners. On 18 September 2019, the subsidiary completed the transfer registration process of such trucks and trailers and wrote-off assets held for distribution to owners from the account in same day.

## 18. Intangible assets

The net book value of intangible assets as at 31 December 2019 and 2018 are presented below.

	(Unit: Thousand Baht)				Separate	
	Consolidated financial statements				financial statements	
	Business					
	relationship of					
	customer,					
	Technical					
	knowledge of					
	NVOCC					
	Computer	container lessor	operation	Total	Computer	Total
	software	and feeder			software	
As at 31 December 2019						
Cost	11,917	20,000	5,000	36,917	8,538	8,538
Less: Accumulated amortisation	(3,735)	(324)	(169)	(4,228)	(2,317)	(2,317)
Allowance for diminution						
in value of assets	(2,814)	-	-	(2,814)	(2,328)	(2,328)
Translation adjustment	(58)	(270)	(65)	(393)	-	-
Net book value	5,310	19,406	4,766	29,482	3,893	3,893
					(Unit: Thousand Baht)	
					Separate	
	Consolidated financial statements				financial statements	
	Business					
	relationship of					
	customer,					
	Technical					
	knowledge of					
	NVOCC					
	Computer	container lessor	operation	Total	Computer	Total
	software	and feeder			software	
As at 31 December 2018						
Cost	12,811	-	-	12,811	7,758	7,758
Less: Accumulated amortisation	(3,730)	-	-	(3,730)	(2,257)	(2,257)
Allowance for diminution						
in value of assets	(2,814)	-	-	(2,814)	(2,328)	(2,328)
Translation adjustment	1	-	-	1	-	-
Net book value	6,268	-	-	6,268	3,173	3,173

Movements of the intangible assets account for the years ended 31 December 2019 and 2018 are below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Net book value at beginning of year	6,268	3,970	3,173	1,203
Increase from business combination - net book value (Note 2.2)	-	32	-	-
Acquisitions during the year - at cost	1,593	969	780	67
Increase from acquisition of business unit (Note 3)	25,000	-	-	-
Decrease from disposal of investment - net book value	(1,811)	-	-	-
Programs under installation	-	2,120	-	2,120
Amortisation for the year	(1,174)	(809)	(60)	(217)
Translation adjustment	(394)	(14)	-	-
Net book value at end of year	29,482	6,268	3,893	3,173

#### Acquisition of intangible assets during the year

Business relationship of customer, container lessor and feeder and technical knowledge of NVOCC operation presented in the consolidated financial statements are intangible assets which are from acquisition of business unit as stipulated in Note 3 to financial statements.

## 19. Goodwill

	(Unit: Thousand Baht)
	Grace Water Med Co., Ltd.
Goodwill	2,253

Goodwill acquired in a business combination is allocated to cash-generating unit which is Grace Water Med Company Limited for the purpose of annually impairment testing.

The Company considers the recoverable amount of the cash-generating unit based on the value in use of assets, using projections of cash inflows that were prepared with reference to financial projection approved by the management and significant assumptions of growth rate of income and discount rate.

## 20. Bank overdrafts and short-term loans from banks

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Bank overdrafts	13,076	14,433	13,076	9,462
Short-term loans from banks	215,116	160,000	188,200	160,000
Total	228,192	174,433	201,276	169,462

The Group's short-term loans from banks represented promissory notes in the period of three months, on which interest is charged at rates of 3.08 - 5.24 percent per annum (2018: 3.08 - 4.96 percent per annum).

Bank overdrafts and short-term loans from banks are secured by the mortgage of the Group's land and structures thereon and cash at banks.

## 21. Trade and other payables - other parties

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Trade accounts payable	135,759	102,504	53,951	39,781
Accrued expenses	25,599	12,044	10,235	8,031
Other payables	37,272	8,653	9,150	5,179
Total trade and other payables - other parties	198,630	123,201	73,336	52,991

## 22. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Liabilities under finance lease agreements	38,529	61,485	38,414	3,032
Less: Deferred interest expenses	(5,043)	(3,302)	(5,036)	(180)
Total	33,486	58,183	33,378	2,852
Less: Portion due within one year	(4,588)	(25,652)	(4,537)	(998)
Liabilities under finance lease agreements - net of current portion	28,898	32,531	28,841	1,854

The Group has entered into the finance lease agreements with leasing companies for rental of motor vehicles and equipment for use in its operation, whereby it is committed to pay rental on a monthly basis, the terms of the agreements are generally between 5 and 8 years.

Future minimum lease payments required under the finance lease agreements of the Group were as follows:

(Unit: Thousand Baht)

As at 31 December 2019								
Consolidated financial statements					Separate financial statements			
Less than 1 year	1 - 5 years	More than 5 years	Total		Less than 1 year	1 - 5 years	More than 5 years	Total
Future minimum lease payments	5,773	23,924	8,832	38,529	5,773	23,862	8,832	38,414
Deferred interest expenses	(1,185)	(3,535)	(323)	(5,043)	(1,183)	(3,530)	(323)	(5,036)
Present value of future minimum lease payment	4,588	20,389	8,509	33,486	4,537	20,332	8,509	33,378

(Unit: Thousand Baht)

As at 31 December 2018								
Consolidated financial statements					Separate financial statements			
Less than 1 year	1 - 5 years	More than 5 years	Total		Less than 1 year	1 - 5 years	More than 5 years	Total
Future minimum lease payments	27,760	33,725	-	61,485	1,103	1,929	-	3,032
Deferred interest expenses	(2,108)	(1,194)	-	(3,302)	(15)	(75)	-	(180)
Present value of future minimum lease payment	25,652	32,531	-	58,183	98	1,854	-	2,852

As at 31 December 2019, future minimum sublease payments expected to be received under non-cancellable subleases totaled Baht 2.15 million (2018: nil) and during the year 2019, the Company recognised subleasing revenue of Baht 0.57 million (2018: nil).

During the year 2019, the Group recognised rental expenses of Baht 18.11 million (Separate financial statements: Baht 1.80 million) (2018: Baht 12.77 million (Separate financial statements: Baht 1.10 million)).

During the year 2019, a subsidiary returned ten cement mixer trucks which were under the finance lease agreements with a leasing company which remaining liabilities under finance lease agreements were approximately Baht 19.0 million, since the subsidiary required to



restructure the business by focusing on transportation business in the area of expertise. The subsidiary disposed such all cement mixer trucks from the fixed assets account and recognised loss on such disposal amounting to Baht 2.6 million in the only subsidiary's financial statement and recognised additional loss on disposal in the consolidated financial statement amounting to Baht 3.5 million resulted from the fair value of such cement mixer trucks was higher than net book value at the business combination date. Total loss on disposal were Baht 6.1 million presented in the part of other expenses account in the consolidated income statement. The leasing company will process for the auction of such cement mixer trucks. If the amount receiving from the auction is less than remaining liabilities, the subsidiary is committed to pay for the remainder including other relevant expenses to the leasing company. However, the Company disposed all investments of this subsidiary during the year, therefore, there is no any commitment relating to such difference that may occur.

## 23. Long-term loans

			(Unit: Thousand Baht)			
Loan	Interest rate	Repayment schedule	Consolidated financial statements		Separate financial statements	
			2019	2018	2019	2018
	(%)					
<u>Long-term loans from banks</u>						
1	MLR-3 (period 1-24)	Monthly installments as from 15 May 2015 until 22 April 2019				
	MLR-2 (period 25-36)		-	3,600	-	3,600
2	14.21%	Monthly installments as from 25 December 2016 until 25 November 2020	-	5,492	-	-
<u>Long-term loan from other party</u>						
1	20.96%	Monthly installments as from 17 April 2017 until 17 March 2019	-	1,034	-	-
Total			-	10,126	-	3,600
Less: Current portion			-	(6,903)	-	(3,600)
Long-term loans, net of current portion			-	3,223	-	-

Movement of long-term loan account during the years ended 31 December 2019 and 2018 are below.

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2019	2018	2019	2018
Balance at beginning of year	10,126	24,917	3,600	14,000
Less: Repayment during the year	(5,988)	(14,791)	(3,600)	(10,400)
Decrease from disposal of investment	(4,138)	-	-	-
Balance at end of year	-	10,126	-	3,600

As at 31 December 2019, the Group does not have long-term credit facilities (2018: The Group had the long-term credit facilities of Baht 40 million which were secured by the mortgage of the Company's land and structures and its subsidiary's trucks and trailers).

The bank loan agreements contain several covenants which, among other things, require the Group to maintain debt-to-equity ratio and debt service coverage ratio at the rate prescribed in the agreements.

## 24. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2019	2018	2019	2018
<b>Provision for long-term employee benefits</b>				
<b>at beginning of year</b>	6,864	7,542	5,544	6,819
Increase from business combination (Note 2.2)	-	95	-	-
Decrease from disposal of investment in subsidiary	(1,516)	-	-	-
Included in profit or loss:				
Current service cost	2,675	1,955	2,083	1,473
Interest cost	940	176	921	156
Past service cost	1,633	-	1,608	-
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic Assumptions changes	17	(997)	-	(997)
Financial assumptions charges	33	(2,393)	-	(2,393)
Experience adjustments	(113)	486	-	486
<b>Provision for long-term employee benefits</b>				
<b>at end of year</b>	10,533	6,864	10,156	5,544

On 5 April 2019, the Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law was effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Group has additional long-term employee benefit liabilities of Baht 1.63 million (The Company only: Baht 1.61 million) as a result. The Group reflects the effect of the change by recognising past service costs as expenses in the income statement of the current year.

The Group does not expect to pay for long-term employee benefits during the next year.

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefit is 24 years (Separate financial statements: 22 years) (2018: 22 years (Separate financial statements: 22 years)).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Discount rate	2	2 - 3	2	2
Salary increase rate	5	5	5	5
Staff turnover rate (depending on age)	13 - 31	13 - 44	22 - 28	20

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2019 and 2018 are summarised below:

	(Unit: Thousand Baht)			
	As at 31 December 2019			
	Consolidated financial statements		Separate financial statements	
	Increase 1.0%	Decrease 1.0%	Increase 1.0%	Decrease 1.0%
Discount rate	(23) - (687)	27 - 759	(687)	759
Salary increase rate	33 - 923	(29) - (839)	923	(839)

(Unit: Thousand Baht)

	As at 31 December 2018			
	Consolidated financial		Separate financial	
	statements		statements	
	Increase 1.0%	Decrease 1.0%	Increase 1.0%	Decrease 1.0%
Discount rate	(6) - (344)	7 - 385	(344)	385
Salary increase rate	7 - 370	(6) - (338)	370	(338)

## 25. Income tax

Income tax expenses for the years ended 31 December 2019 and 2018 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Current income tax:</b>				
Current income tax charge	3,535	3,982	1,690	3,202
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(6,574)	97	(4,138)	261
<b>Income tax expense (revenue) reported in profit or loss</b>	<b>(3,039)</b>	<b>4,079</b>	<b>(2,448)</b>	<b>3,463</b>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2019 and 2018 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	2019	2018	2019	2018
Deferred tax relating to actuarial gain	13	581	-	581
	13	581	-	581

The reconciliation between accounting profit and income tax expense is shown below.

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2019	2018	2019	2018
Accounting profit (loss) before tax	8,633	5,507	(15,296)	9,867
Applicable tax rate	8.84% - 25%	8.84% - 25%	20%	20%
Accounting profit (loss) before tax multiplied by income tax rate	(5,843)	689	(3,059)	1,973
Effects of:				
Non-deductible expenses	2,322	3,077	1,401	2,349
Additional expense deductions allowed	(1,129)	(824)	(562)	(168)
Loss carry forward not recognised as deferred tax assets	(1,542)	-	-	-
Temporary difference not recognised as deferred tax assets	(228)	(691)	(228)	(691)
Unused tax loss not expected to benefit	3,381	1,828	-	-
Total	2,804	3,390	611	1,490
Income tax expense (revenue) reported in profit or loss	(3,039)	4,079	(2,448)	3,463

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	962	1,004	962	967
Allowance for diminution in value of inventories	5	4	-	-
Allowance for asset impairment	63	63	63	63
Unrealised loss on disposal of investment in subsidiary	2,524	-	2,524	-
Accumulated loss brought forward	340	120	-	-
Liabilities under financial lease agreement	117	-	117	-
Provision for long-term employee benefits	2,107	1,267	2,031	1,110
<b>Total</b>	<b>6,118</b>	<b>2,458</b>	<b>5,697</b>	<b>2,140</b>
<b>Deferred tax liabilities</b>				
Depreciation for building improvement	(340)	(296)	-	-
Liabilities under financial lease agreement	-	(656)	-	-
Actuarial gain	-	(581)	-	(581)
Asset revaluation from business combination	-	(1,803)	-	-
<b>Total</b>	<b>(340)</b>	<b>(3,336)</b>	<b>-</b>	<b>(581)</b>
<b>Deferred tax assets (liabilities) - net</b>	<b>5,778</b>	<b>(878)</b>	<b>5,697</b>	<b>1,559</b>
<b>Presentation in the statements of financial position is as follow:</b>				
Deferred tax assets	6,118	1,837	5,697	1,559
Deferred tax liabilities	(340)	(2,715)	-	-
<b>Deferred tax assets (liabilities) - net</b>	<b>5,778</b>	<b>(878)</b>	<b>5,697</b>	<b>1,559</b>

As at 31 December 2019, the Group has deductible temporary differences and unused tax losses totaling Baht 1.94 million (Separate financial statements: Nil) (2018: Baht 1.90 million (Separate financial statements: Nil)) on which deferred tax assets have not been recognised as the Group believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

## 26. Share capital

The registered ordinary shares have not been issued and paid-up are reserved for the exercise of warrants.

### Registered share capital

On 20 February 2018, a meeting of the Company's Board of Directors passed the following resolutions:

- To propose to the Annual General Meeting of the shareholders for consideration a decrease of Baht 36,586,815 in the registered capital of the Company from Baht 157,500,000 to Baht 120,913,185, through the decrease of 146,347,262 registered ordinary shares with a par value of Baht 0.25 per share, remained from issuing and offering NCL-W1 warrants which were expired on 19 January 2018.
- To propose to the Annual General Meeting of the shareholders for consideration the amendment of the Company's memorandum of association to reflect the decrease in the Company's registered capital from 630,000,000 shares to 483,652,738 shares.

On 26 April 2018, the 2018 Annual General Meeting of the shareholders approved as proposed the resolution by meeting of the Company's Board of Directors.

The Company amended the Company's memorandum of association to reflect the decrease in its registered share capital with the Ministry of Commerce on 8 May 2018.

On 10 May 2018, a meeting of the Company's Board of Directors passed the following resolutions:

- To propose to the Extraordinary General Meeting of the shareholders for consideration the allocation of 104,000,000 shares with a par value of Baht 0.25 per share, totaling Baht 26,000,000, to accommodate the exercise of the NCL-W3 warrants.
- To propose to the Extraordinary General Meeting of the shareholders for consideration an increase of Baht 26,000,000 registered share capital of the Company from Baht 120,913,185 to Baht 146,913,185 through newly issue of 104,000,000 ordinary shares with a par value of Baht 0.25 per share.
- To propose to the Extraordinary General Meeting of the shareholders for consideration the amendment of the Company's memorandum of association to reflect the increase in the Company's registered capital from 483,652,738 shares to 587,652,738 shares.

On 20 July 2018, the Extraordinary General Meeting of the shareholders approved as proposed the resolution by meeting of the Company's Board of Directors.

The Company amended the Company's memorandum of association to reflect the increase in its registered share capital with the Ministry of Commerce on 6 August 2018.

The movement of registered share capital is summarised below.

	Number of shares	Amount
	(shares)	(Baht)
<b>As at 1 January 2018</b>	630,000,000	157,500,000
Decrease from NCL-W1 expired	(146,347,262)	(36,586,815)
Increase for accommodating issuance of NCL-W3	104,000,000	26,000,000
<b>As at 31 December 2018</b>	<b>587,652,738</b>	<b>146,913,185</b>

During the year 2019, there is no any movement of registered share capital.

#### Issued and paid-up share capital

On 18 January 2018, the Company registered paid-up capital and amended the Company's memorandum of association with the Ministry of Commerce relating to the exercise of NCL-W2 on 29 December 2017. After the registration of increased shares, the issued and paid-up share capital was increased 4,824,045 shares from 420,000,000 shares to 424,824,045 shares with a par value of Baht 0.25 per share, totaling Baht 106,206,011 of paid-up share capital.

During the year 2018, there was exercise of warrants as details below.

Type of warrant	Date of exercise	Quantity of exercised warrants	Ordinary shares issued for exercise warrants	Exercise price	Date that the Stock Exchange of Thailand	Date of registration with the Ministry of Commerce
					approved ordinary shares as listed securities	
		(Units)	(Shares)	(Baht)		
NCL-W1	19 January 2018	2,633	2,738	3.848	1 February 2018	8 February 2018
NCL-W2	29 June 2018	29,325,338	29,325,338	1.500	6 July 2018	12 July 2018

On 1 February 2018, the Company registered paid-up capital and amended the Company's memorandum of association with the Ministry of Commerce relating to the exercise of NCL-W1 on 19 January 2018. After the registration of increased shares, the issued and paid-up share capital was Baht 106,206,696 comprising of 424,826,783 shares with a par value of Baht 0.25 per share.



On 6 July 2018, the Company registered paid-up capital and amended the Company's memorandum of association with the Ministry of Commerce relating to the exercise of NCI-W2 on 29 June 2018. After the registration of increased shares, the issued and paid-up share capital was Baht 113,538,030 comprising of 454,152,121 shares with a par value of Baht 0.25 per share.

During the year 2019, there was exercise of warrants as details below.

Type of warrant	Date of exercise	Quantity of	Ordinary shares	Exercise price	Date of registration with the Ministry of Commerce	Date that the Stock Exchange of Thailand approved ordinary
		exercised	issued for exercise			shares as listed
		warrants	warrants			securities
		(Units)	(Shares)	(Baht)		
NCL-W3	6 December 2019	85	127	2.400	18 December 2019	24 December 2019

On 18 December 2019, the Company registered paid-up capital and amended the Company's memorandum of association with the Ministry of Commerce relating to the exercise of NCL-W3 on 6 December 2019. After the registration of increased shares, the issued and paid-up share capital was Baht 113,538,062 comprising of 454,152,248 shares with a par value of Baht 0.25 per share.

The movement of issued and paid-up share capital is summarised below.

	Number of shares	Amount
	(shares)	(Baht)
<b>As at 1 January 2018</b>	420,000,000	105,000,000
Increase from the exercise of NCL-W2 on 29 December 2017	4,824,045	1,206,011
Increase from the exercise of NCL-W1 on 19 January 2018	2,738	684
Increase from the exercise of NCL-W2 on 29 June 2018	29,325,338	7,331,335
<b>As at 31 December 2018</b>	454,152,121	113,538,030
Increase from the exercise of NCL-W3 on 6 December 2019	127	32
<b>As at 31 December 2019</b>	454,152,248	113,538,062

## 27. Warrants

On 20 January 2016, the Company issued registered warrants free of charge to existing shareholders (NCL-W1) in a ratio of 1 warrant for every 3 existing shares. Details of the warrants, which are securities listed on the Stock Exchange of Thailand are as follows:

No. of warrants offered:	139,997,497 units
No. of shares reserved for exercise:	139,997,497 shares
Type:	Named certificate and transferable
Term:	2 years from the issue date
Offering date:	20 January 2016
Expiry date:	19 January 2018
Exercise price:	Baht 4 per share
Exercise ratio:	1 ordinary share per warrant
Exercise period:	Warrants can be exercised on the last working day of each June and December, except the final exercise date, which will be the expiration date. The first exercise date is 30 June 2016 and the final exercise date is 19 January 2018

On 30 June 2017, the Company issued registered warrants free of charge to existing shareholders (NCL-W2) in a ratio of 1 warrant for every 6.6 existing shares. Details of the warrants, which are securities listed on the Stock Exchange of Thailand were as follows:

No. of warrants offered:	63,635,200 units
No. of shares reserved for exercise:	63,635,200 shares
Type:	Named certificate and transferable
Term:	12 months from the issue date
Offering date:	30 June 2017
Expiry date:	29 June 2018
Exercise price:	Baht 1.50 per share
Exercise ratio:	1 ordinary share per 1 warrant
Exercise period:	Warrants can be exercised on the last working day of each June and December, except the final exercise date, which will be the expiration date. The first exercise date is 29 December 2017 and the final exercise date is 29 June 2018.

On 19 January 2018 which was the final exercise date of the NCL-W1 warrants, there was exercise of the NCL-W1 warrants totaling 2,633 units and remaining 139,994,864 warrants were expired which the Company has registered ordinary shares, issued for accommodating the exercise of warrants, totaling 146,347,262 shares. The 2018 Annual General Meeting of the shareholders approved to decrease such registered share capital, as stipulated in Note 26 to financial statements.

On 10 May 2018, a meeting of the Company's Board of Directors passed the resolution to propose to the Extraordinary General Meeting of the shareholders for consideration the issuance of up to 70,000,000 warrants to purchase the newly issued ordinary shares of the Company (NCL-W3), allocation to the existing shareholders of the Company at no cost, in a ratio of 1 warrant for every 7 existing shares. The exercise ratio is 1 warrant for 1.5 ordinary shares with an exercise price of Baht 2.40 per share. The term of NCL-W3 warrants will be 16 months from the issue date. On 20 July 2018, the Extraordinary General Meeting of the shareholders approved as proposed the resolution by meeting of the Company's Board of Directors by changing the number of NCL-W3 warrants from up to 70,000,000 warrants to up to 65,000,000 warrants.

On 29 June 2018 which was the final exercise date of the NCL-W2 warrants, there was exercise of the NCL-W2 warrants totaling 29,325,338 units and remaining 29,485,817 warrants were expired which the Company has registered ordinary shares, issued for accommodating the exercise of warrants, totaling 29,485,817 shares. The Company's management will propose to next Annual General Meeting of the shareholders for consideration of decrease in registered share capital.

On 7 August 2018, the Company issued registered warrants free of charge to existing shareholders (NCL-W3) in a ratio of 1 warrant for every 7 existing shares. Details of the warrants, which are securities listed on the Stock Exchange of Thailand were as follows:

No. of warrants offered:	65,000,000 units
No. of shares reserved for exercise:	104,000,000 shares
Type:	Named certificate and transferable
Term:	16 months from the issue date
Offering date:	7 August 2018
Expiry date:	6 December 2019
Exercise price:	Baht 2.40 per share
Exercise ratio:	1.50 ordinary share per 1 warrant
(Remaining fractions of shares are discarded.)	

Exercise period:

Warrants can be exercised on the last working day of each June and December, except the final exercise date, which will be the expiration date. The first exercise date is 28 June 2019 and the final exercise date is 6 December 2019.

On 6 December 2019 which was the final exercise date of the NCL-W3 warrants, there was exercise of the NCL-W3 warrants totaling 85 units and remaining 64,877,356 warrants were expired which the Company has registered ordinary shares, issued for accommodating the exercise of warrants, totaling 103,999,873 shares. The Company's management will propose to next Annual General Meeting of the shareholders for consideration of decrease in registered share capital.

Details of the warrant of the Company are as follows:

Type of warrant	Exercise price per share	Exercise ratio per 1 warrant	Number of warrants outstanding as at 1 January 2019	Number of warrants issued during the year	Number of warrants exercised during the year	Number of warrants expired during the year	Number of warrants outstanding as at 31 December 2019
	(Baht)		(Units)	(Units)	(Units)	(Units)	(Units)
NCL-W3	2.400	1.50 existing share per 1 unit of warrant	64,877,441	-	(85)	(64,877,356)	-

## 28. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. In 2019, the Company set aside a statutory reserve amounting to Baht 320,222 (2018: Baht 227,089).

## 29. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	2019	2018	2019	2018
Salaries and wages and other employee benefits	131,798	112,337	67,243	70,166
Directors remuneration	27,709	30,842	20,360	19,419
Depreciation and amortisation	23,976	27,432	5,941	4,747
Air and sea freight	799,407	514,784	466,211	486,619
Custom clearance	7,054	38,864	5,786	6,870
Commission	22,379	49,827	18,614	44,713
Transportation	41,228	52,076	29,118	31,433
Expense for head trailer	8,080	4,567	3,631	901
Service expense - Sea	3,181	12,780	3,181	4,830
Rental and service	23,026	29,833	15,594	13,674
Advertisement and sales promotion	1,457	496	962	344
Travelling	7,289	6,956	5,903	5,003
Entertainment	10,069	8,797	8,931	7,584

## 30. Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing profit (loss) for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

Diluted earnings (loss) per share is calculated by dividing profit (loss) for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

The following table sets forth the computation of basic earnings per share:

Consolidated financial statements						
Profit for the year		Weighted average number of ordinary shares		Earnings per share		
2019	2018	2019	2018	2019	2018	
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)	
<b>Basic earnings per share</b>						
Profit attributable to equity holders						
of the Company	11,064	3,158	454,152	439,450	0.024	0.007
Separate financial statements						
Profit (loss) for the year		Weighted average number of ordinary shares		Earnings (loss) per share		
2019	2018	2019	2018	2019	2018	
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)	
<b>Basic earnings (loss) per share</b>						
Profit (loss) attributable to equity holders						
of the Company	(12,848)	6,404	454,152	439,450	(0.028)	0.015

No calculations of diluted earnings per share for the year ended 31 December 2019 were required for warrants since all remaining warrants were expired during the year.

No calculation of diluted earnings per share for the year ended 31 December 2018 were required for warrants since the exercise price was higher than the average market price of the Company's ordinary shares.

### 31. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as Chief Executive Officer.

For management purposes, the Group is organised into business units based on its services and has four reportable segments as follows:

- Land transportation
- Freight forwarder
- Non-Vessel Operating Common Carrier (NVOCC)
- Producing and distributing dialysis

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue and profit information regarding the Group's operating segments for years ended 31 December 2019 and 2018.

(Unit: Million Baht)

	For the year ended 31 December 2019						Consolidated financial statements
	Land transportation	Freight forwarder	Non-Vessel Operating Common Carrier (NVOCC)	Producing & distributing dialysis	Total reportable segments	Eliminations	
<b>Service income and sales</b>							
Revenues from external customers	992	929.64	122.76	117.69	1,270.01	-	1,270.01
Inter-segment revenues	20	57.76	6.58	-	66.74	(66.74)	-
<b>Total revenues</b>	<u>102.32</u>	<u>987.40</u>	<u>129.34</u>	<u>117.69</u>	<u>1,336.75</u>	<u>(66.74)</u>	<u>1,270.01</u>
<b>Operating results</b>							
<b>Segment profit</b>	11.35	185.80	31.86	27.50	256.51	-	256.51
Other income							38.86
Selling and distribution expenses							(51.66)
Administrative expenses							(216.03)
Other expenses							(7.45)
Finance cost							(12.68)
Share of gain on investment in associate							1.08
<b>Profit before income tax</b>							<u>8.63</u>
Income tax revenue							<u>3.04</u>
<b>Profit for the year</b>							<u>11.67</u>

(Unit: Million Baht)

For the year ended 31 December 2018							
	Land transportation	Freight forwarder	Non-Vessel Operating Common Carrier (NVOCC)	Producing & distributing dialysis	Total reportable segments	Eliminations	Consolidated financial statements
<b>Service income and sales</b>							
Revenues from external customers	121.68	656.72	340.51	84.66	1,203.57	-	1,203.57
Inter-segment revenues	5.62	63.63	16.31	-	85.56	(85.56)	-
<b>Total revenues</b>	<u>127.30</u>	<u>720.35</u>	<u>356.82</u>	<u>84.66</u>	<u>1,289.13</u>	<u>(85.56)</u>	<u>1,203.57</u>
<b>Operating results</b>							
<b>Segment profit</b>	6.47	165.22	38.58	17.18	227.45	-	227.45
Other income							16.75
Selling and distribution expenses							(56.54)
Administrative expenses							(170.58)
Finance cost							(12.64)
Share of gain on investments in associates							1.06
<b>Profit before income tax</b>							<u>5.50</u>
Income tax expense							(4.08)
<b>Profit for the year</b>							<u>1.42</u>

### Major customer information

For the years 2019 and 2018, the Group has no major customer with revenue of 10 percent or more of entity's revenues.

## 32. Dividends

On 26 April 2019, the Annual General Meeting of the Company's shareholders approved the payment of a dividend for the 2018 operating result of Baht 0.0067 per share totaling Baht 3.04 million. The payment of such dividend is scheduled on 24 May 2019.

## 33. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 5 percent of basic salary. The fund, which is managed by K Master Pooled Fund, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2019 amounting to Baht 2.75 million (2018: Baht 2.71 million) were recognised as expenses.

## 34. Commitments and contingent liabilities

### 34.1 Operating lease and long-term service commitments

The Group has entered into several lease agreements in respect of the lease of office building space and service agreements with other parties. The terms of the agreements are generally between 1 and 5 years with an option to renew as conditions in mutual agreement.



The Group has future minimum lease payments required under these non-cancellable operating leases agreements and long-term service agreements were as follows.

	2019	2018
	(Million)	(Million)
Payable in up to 1 year		
Baht	4.63	13.63
USD	0.38	0.02
SGD	0.08	0.06
Payable in over 1 year and up to 5 years		
Baht	2.03	4.44
USD	0.36	0.02
SGD	0.01	0.06

### 34.2 Commitments in respect of uncalled investments

As at 31 December 2019 and 2018, the subsidiary in Singapore is committed to pay the uncalled portion of investments in other subsidiaries as follow.

	2019	2018
Qingdao National Container Line Co., Ltd.	CNY 4.2 million	CNY 4.7 million
Ningbo NCL Inter Logistics Co., Ltd.	CNY 3.6 million	CNY 5.0 million
PT. NCL INTER LOGISTIK INDONESIA	IDR 1,000.0 million	IDR 1,000.0 million
NCL International Logistics Private Limited	INR 4.7 million	-

### 34.3 Guarantees

As at 31 December 2019, there were outstanding bank guarantees of Baht 6.1 million (Separate financial statements: Baht 6.1 million) (2018: Baht 3.3 million (Separate financial statements: Baht 2.7 million)) issued by banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee amounting to Baht 0.5 million (Separate financial statements: Baht 0.5 million) (2018: Baht 0.9 million (Separate financial statements: Baht 0.5 million)) to guarantee payments of fee and others, Baht 5.5 million (Separate financial statements: Baht 5.5 million) (2018: Baht 2.2 million (Separate financial statements: Baht 2.0 million)) to guarantee contractual performance regarding being logistic operator and Baht 0.1 million (Separate financial statements: Baht 0.1 million) (2018: Baht 0.1 million (Separate financial statements: Baht 0.1 million)) to guarantee electricity use and others.

### 34.4 Litigation

The Company and one of its drivers have been sued by the prosecutor in Nonthaburi Municipal Court on charges of transporting goods in excess of the legal weight limit. On 8 December 2015, the Civil Court ordered the confiscation of a common vehicle (net book value is equivalent to Baht 953,075). On 6 September 2016, the Appeal Court upheld the Civil Court's ruling, and the Company filed an appeal with the Supreme Court but was rejected. Consequently, the common vehicle was confiscated for auction. During the current year, the Company wrote-off such vehicle from assets account.

### 35. Fair value hierarchy

As at 31 December 2019 and 2018, the Group had assets that were measured at fair value using different levels of inputs as follows:

	(Unit: Thousand Baht)			
	Consolidated / Separate financial statements			
	31 December 2019			
	Level 1	Level 2	Level 3	Total
<b>Assets for which fair value are disclosed</b>				
Investment properties	-	-	14.77	14.77

	(Unit: Thousand Baht)			
	Consolidated / Separate financial statements			
	31 December 2018			
	Level 1	Level 2	Level 3	Total
<b>Assets for which fair value are disclosed</b>				
Investment properties	-	-	21.95	21.95

### 36. Financial instruments

#### 36.1 Financial risk management

The Group's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, loans, investments, trade and other payables, liabilities under lease agreement and short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

### Credit risk

The Group is exposed to credit risk primarily with respect to trade and other receivables, account receivable from disposal of investment and loans. The management manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Group do not have high concentrations of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables, account receivable from disposal of investment and loans, as stated in the statement of financial position.

### Interest rate risk

The Group's exposure to interest rate risk relates primarily to its cash at banks, bank overdrafts and short-term loans from banks, and long-term borrowings. Most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2019 and 2018, significant financial assets and liabilities classified by type of interest rate are summarised 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.

(Unit: Million Baht)

	Consolidated financial statements						
	As at 31 December 2019						
	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	9.57	31.29	40.86	0.10 - 0.38
Trade and other receivables	-	-	-	-	303.42	303.42	-
Account receivable from disposal of investment	31.15	83.38	-	-	-	114.53	7.05
Restricted bank deposits	-	-	-	86.95	-	86.95	0.13 - 3.00
	<u>31.15</u>	<u>83.38</u>	<u>-</u>	<u>96.52</u>	<u>334.71</u>	<u>545.76</u>	
<b>Financial liabilities</b>							
Bank overdrafts and short-term loans from banks	215.12	-	-	13.08	-	228.20	3.08 - 5.24
Trade and other payables	-	-	-	-	200.56	200.56	-
Liabilities under finance lease agreements	4.59	20.39	8.51	-	-	33.49	3.75 - 4.37
Short-term loans from related parties	20.00	-	-	-	-	20.00	5.50
	<u>239.71</u>	<u>20.39</u>	<u>8.51</u>	<u>13.08</u>	<u>200.56</u>	<u>482.25</u>	

(Unit: Million Baht)

Consolidated financial statements							
As at 31 December 2018							
Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)	
Within 1 year	1-5 years	Over 5 years					
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	26.56	7.85	34.41	0.10 - 2.10
Trade and other receivables	-	-	-	-	225.83	225.83	-
Restricted bank deposits	-	-	-	85.03	-	85.03	1.00 - 1.35
	-	-	-	111.59	233.68	345.27	
<b>Financial liabilities</b>							
Bank overdrafts and short-term							
loans from banks	164.97	-	-	9.46	-	174.43	3.00 - 6.68
Trade and other payables	-	-	-	-	124.94	124.94	-
Liabilities under finance lease							
agreements	25.65	32.53	-	-	-	58.18	4.33 - 6.58
Short-term loans from related							
parties	21.94	-	-	-	-	21.94	0 - 5.50
Long-term loans	6.90	3.22	-	-	-	10.13	5.15 - 21.00
	219.46	35.75	-	9.46	124.94	389.62	
(Unit: Million Baht)							

(Unit: Million Baht)

	Separate financial statements						
	As at 31 December 2019						
	Fixed interest rates						
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	1.21	12.94	14.15	0.10 - 0.38
Trade and other receivables	-	-	-	-	136.27	136.27	-
Account receivable from disposal of investment	31.15	83.38	-	-	-	114.53	7.05
Restricted bank deposits	-	-	-	78.58	-	78.58	0.13 - 1.38
	31.15	83.38	-	79.79	149.21	343.53	
<b>Financial liabilities</b>							
Bank overdrafts and short-term loans from banks	188.20	-	-	13.08	-	201.28	3.08 - 4.13
Trade and other payables	-	-	-	-	80.31	80.31	-
Liabilities under finance lease agreements	4.54	20.33	8.51	-	-	33.38	3.75 - 4.37
	192.74	20.33	8.51	13.08	80.31	314.97	

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2018						
Fixed interest rates						
Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
<b>Financial assets</b>						
Cash and cash equivalents	-	-	26.56	7.85	34.41	0.10 - 2.10
Trade and other receivables	-	-	-	225.83	225.83	-
Restricted bank deposits	-	-	85.03	-	85.03	1.00 - 1.35
	-	-	111.59	233.68	345.27	
<b>Financial liabilities</b>						
Bank overdrafts and short-term loans from banks	164.97	-	9.46	-	174.43	3.00 - 6.68
Trade and other payables	-	-	-	124.94	124.94	-
Liabilities under finance lease agreements	25.65	32.53	-	-	58.18	4.33 - 6.58
Short-term loans from related parties	21.94	-	-	-	21.94	0 - 5.50
Long-term loans	6.90	3.22	-	-	10.13	5.15 - 21.00
	219.46	35.75	9.46	124.94	389.62	

(Unit: Million Baht)

Separate financial statements						
As at 31 December 2019						
Fixed interest rates						
Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
<b>Financial assets</b>						
Cash and cash equivalents	-	-	1.21	12.94	14.15	0.10 - 0.38
Trade and other receivables	-	-	-	136.27	136.27	-
Account receivable from disposal of investment	31.15	83.38	-	-	114.53	7.05
Restricted bank deposits	-	-	78.58	-	78.58	0.13 - 1.38
	31.15	83.38	79.79	149.21	343.53	
<b>Financial liabilities</b>						
Bank overdrafts and short-term loans from banks	188.20	-	13.08	-	201.28	3.08 - 4.13
Trade and other payables	-	-	-	80.31	80.31	-
Liabilities under finance lease agreements	4.54	20.33	8.51	-	33.38	3.75 - 4.37
	192.74	20.33	13.08	80.31	314.97	

(Unit: Million Baht)

	Separate financial statements						
	As at 31 December 2018						
	Fixed interest rates						
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	2.95	0.72	3.67	0.10 - 0.38
Trade and other receivables	-	-	-	-	116.74	116.74	-
Short-term loans to related parties	41.00	-	-	-	-	41.00	4.00 - 7.50
Restricted bank deposits	-	-	-	76.15	-	76.15	1.00 - 1.35
	41.00	-	-	79.10	117.46	237.56	
<b>Financial liabilities</b>							
Bank overdrafts and short-term loans from banks	160.00	-	-	9.46	-	169.46	3.00 - 6.68
Trade and other payables	-	-	-	-	55.08	55.08	-
Liabilities under finance lease agreements	1.00	1.85	-	-	-	2.85	4.37
Long-term loans	-	-	-	3.60	-	3.60	5.15
	161.00	1.85	-	13.06	55.08	230.99	

**Foreign currency risk**

The Group's exposure to foreign currency risk arises mainly from trading transactions and borrowings that are denominated in foreign currencies.

As at 31 December 2019 and 2018, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currencies	Consolidated financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	2019	2018	2019	2018	2019	2018
	(Thousand)	(Thousand)	(Thousand)	(Thousand)	(Baht per 1 foreign currency unit)	
US Dollar	1,567.93	3,323.84	1,143.09	1,618.85	30.15	32.45
Pound Sterling	-	-	4.54	-	39.74	41.07
Euro	0.05	-	42.71	-	33.91	37.13
Singapore Dollar	97.30	81.67	262.26	-	22.32	23.69
Swiss Franc	-	-	0.53	-	31.12	32.92
Rupiah (per 1,000 Rupiah)	-	1,394,796.60	-	-	2.17	2.25

Separate financial statements

Foreign currencies	Financial assets		Financial liabilities		Average exchange rate	
	2019	2018	2019	2018	2019	2018
	(Thousand)	(Thousand)	(Thousand)	(Thousand)	(Baht per 1 foreign currency unit)	
US Dollar	545.58	585.74	661.80	345.91	30.15	32.45
Pound Sterling	-	-	3.23	4.90	39.74	41.07
Euro	0.05	-	7.07	1.20	33.91	37.13
Singapore Dollar	-	81.67	-	-	22.32	23.69

### 36.2 Fair values of financial instruments

Since the majority of the Group's financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

### 37. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2019, the Company and its subsidiaries' debt-to-equity ratio was 1.6:1 (2018: 1.3:1) (the Company's was 1.1:1 (2018: 0.8:1)).

### 38. Event after the reporting period

On 27 February 2020, the meeting of the Company's Board of Directors passed the following resolutions.

- To approve an increase in registered share capital Baht 25 million of NCL Inter Logistics (S) Pte. Ltd. to expand the business of oversea subsidiary.
- To propose to the Annual General Meeting of the shareholders for consideration a decrease in registered share capital of Baht 33,375,123 of the Company from Baht 146,913,185 to Baht 113,538,062 through the decrease of 133,500,490 registered ordinary shares with a par value of Baht 0.25 per share, remained from issuing and offering NCL-W2 and NCL-W3 warrants which were expired on 29 June 2018 and 6 December 2019, respectively.
- To propose to the Annual General Meeting of the shareholders for consideration the amendment of the Company's memorandum of association to reflect the decrease in the Company's registered share capital from 587,652,738 shares to 454,152,248 shares.

**39. Approval of consolidated financial statements**

These consolidated financial statements were authorised for issue by the Company's Board of Directors on 27 February 2020.



## General Information and Important Information

### General Information

#### Company Information

Company	:	NCL International Logistics Public Company Limited
Symbol	:	NCL
Registered No.	:	0107556000434
Type of Business	:	Logistics Solution Provider
Registered Capital	:	146,913,184.50 Bath
Paid-up Capital	:	113,538,030.25 Bath
No. of common stock	:	454,152,248 Units
Par Value	:	0.25 THB
Head Office	:	56/9-10 Soi Somdetphrachaotaksin 12/1 Somdetphrachaotaksin Road, Bukkalo, Thonburi Bangkok 10600
Telephone	:	02-4737300
Fax	:	02-4737374
Website	:	<a href="http://www.nclthailand.com">www.nclthailand.com</a>
Company Secretary	:	Telephone: 02-4737300 Ext.300
Email	:	<a href="mailto:rungarun.b@nclthailand.com">rungarun.b@nclthailand.com</a>
Investor Relationship	:	Telephone: 02-4737300 Ext.300
Email	:	<a href="mailto:rungarun.b@nclthailand.com">rungarun.b@nclthailand.com</a>

## Details of the entity which the company holds 10 percent and more

Company's Name	Type of Business	Registered Capital	Paid-up Capital	(%) of Holding
<b>Subsidiary</b>				
NCL INTER LOGISTICS (S) PTE. LTD. 140 PAYA LEBAR ROAD #10-08 AZ @ PAYA LEBAR SINGAPORE (409015)	Logistics Service Provider	2,900,000 SGD	2,900,000 SGD	100
GRACE WATER MED CO.,LTD. 13/7 MOO.8 BANGMUANG-BANGULAD ROAD, BANGMUANG,BANGYAI,NONTHABURI	Manufactures and Distributes Dialysis Related Equipment	40 Million THB	40 Million THB	52.80
<b>Associated Company</b>				
ZIM (THAILAND) CO.,LTD. 3656/66-68 20 <sup>th</sup> FLOOR, GREEN TOWER RAMA 4 ROAD, KLONGTON,KLONGTOEY,BANGKOK 10110	Provide International Freight by Sea	10 Million THB	10 Million THB	51
<b>Held by NCL INTER LOGISTICS (S) PTE. LTD. (Subsidiary)</b>				
NCL International Logistics USA Inc. 2438 SAN GABRIEL BLVED STE A, ROSEMEAD, CA 91770	Freight Forwarding	1300,000 USD	1300,000 USD	100
Qingdao National Container Line Co., Ltd. Room No.2118, Floor 21, No.9 Fu zhou nan Road, Shinan District 266000	Provide International Freight	5,000,000 CNY	750,433 CNY	100
Ningbo NCL Inter Logistics Co., Ltd. Room 1203, 12 <sup>th</sup> Floor, 50 <sup>th</sup> Dalai Street, Haishu District, Ningbo City, Zhejiang Province 315000	Provide International Freight	5,000,000 CNY	1,364,030 CNY	100
LG Container Line Pte. Ltd. 140 PAYA LEBAR ROAD #10-08 AZ @PAYA LEBAR SINGAPORE (409015)	Provide International Freight	1,250,000 SGD	1,250,000 SGD	100
NCL Inter Logistics Viet Nam Co., Ltd. 96-98 Dao Duy Anh, Ward 9, Phu Nhuan District, Ho Chi Minh City, Vietnam	Provide International Freight	2,500,000,000 VND	2,500,000,000 VND	49
PT. NCL Inter Logistik Indonesia Pan's Building JL. Raya Sultan Agung No.425 Rt 006 Rw 007, kelurahan medan Satria, kecamatan kota bekasi	Provide International Freight	1,000,000,000 IDR	1,000,000,000 IDR	Get results for profit or loss in proportion of 60 percent (business cooperation agreement)
NCL International Logistics Private Limited 504, Mangla Tower, Off.P.K. Road, Mulund West, MUMBAI, Mumbai City, Maharashtra, India, 400080	Provide International Freight	5,000,000 INR	286,000 INR	100

## Reference

Ordinary Share Registrar	Thailand Securities Depository Company Limited. 93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400 Telephone : 0 2009-9000 Fax : 0 2009-9991
Auditor	EY Company Limited. 33 <sup>rd</sup> Floor Lake Ratchada Office Complex, 193/136-137, Ratchadapisek Road, Klongtoey, Klongtoey, Bangkok 10110 Telephone : 0-2264-9090 Fax : 0-2264-0789 – 90
Legal Advisor	Thanasap Law Office Company Limited. 143/2 Soi Wat Suwankiri, Boromratchonnane Road, Arun Amarin, Bangkoknoi, Bangkok 10700 Telephone : 02-4343132 Fax : 02-4343133



**บริษัท เอ็นซีแอล อินเตอร์เนชั่นแนล โลจิสติกส์ จำกัด (มหาชน)**  
**NCL INTERNATIONAL LOGISTICS PUBLIC COMPANY LIMITED**

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