

ANNUAL REPORT 2020

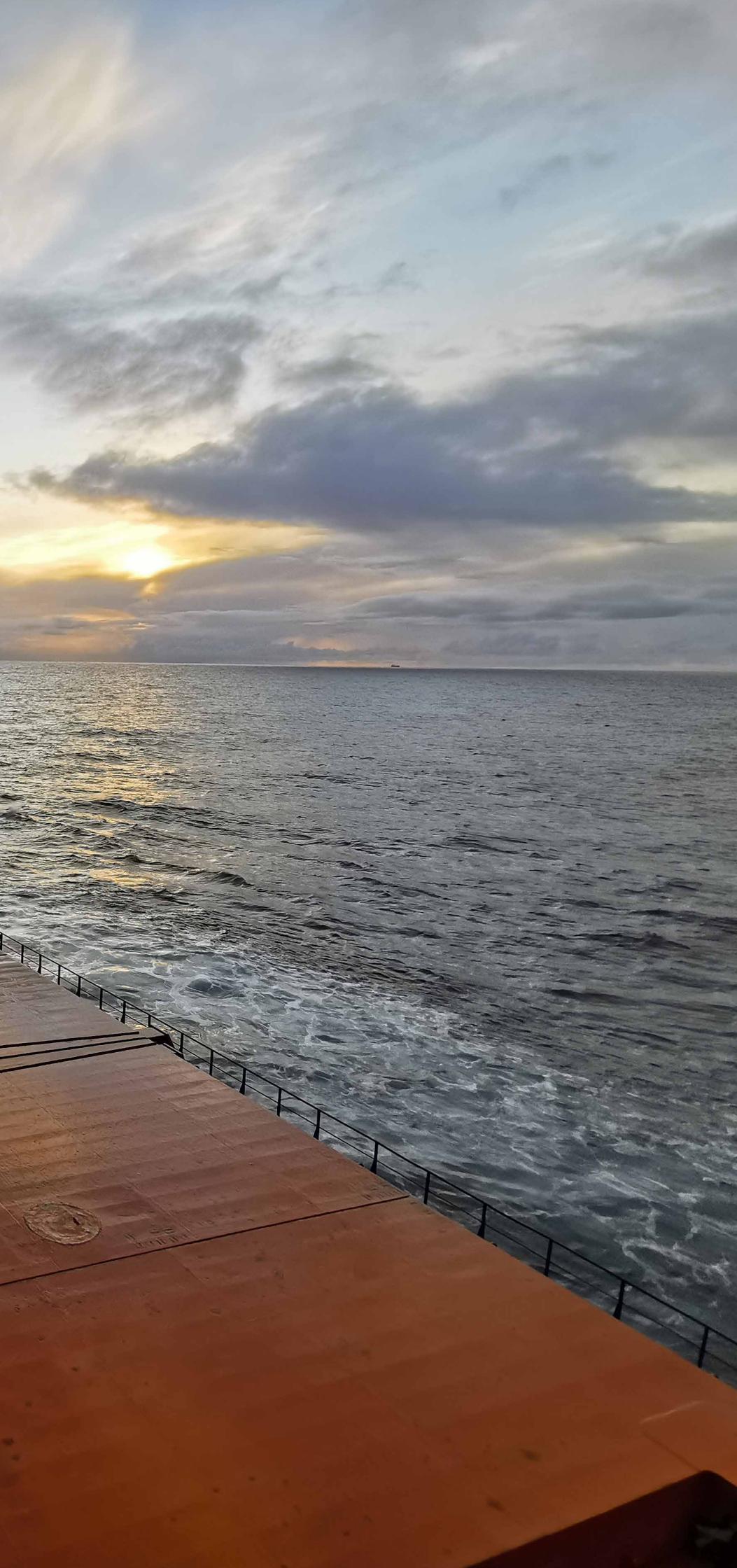


Precious Shipping Public Company Limited

VISION & MISSION STATEMENT

To be the most distinguished Shipping Company in the world, providing an exemplary level of services and solutions to facilitate global trade.





CORE VALUES



Integrity



Sustainability



Tradition



Innovation





CONTENTS

BOARD OF DIRECTORS' REPORT	4
Part 1 CORPORATE STRUCTURE & BUSINESS'S OPERATIONS	27
BUSINESS OVERVIEW	28
NATURE OF BUSINESS AND INDUSTRY	34
FLEET LIST	49
CORPORATE STRUCTURE	50
CORPORATE INFORMATION	52
MAJOR SHAREHOLDERS	57
RISK MANAGEMENT	58
SUSTAINABILITY REPORT	68
MANAGEMENT DISCUSSION AND ANALYSIS	106
LEGAL DISPUTIES	120
Part 2 CORPORATE GOVERNANCE	121
ORGANIZATION STRUCTURE	122
CORPORATE GOVERNANCE REPORT	136
AUDIT & CORPORATE GOVERNANCE COMMITTEE'S REPORT	161
THE EXECUTIVE BOARD OF DIRECTORS' REPORT	164
RISK MANAGEMENT COMMITTEE'S REPORT	165
NOMINATION COMMITTEE'S REPORT	166
REMUNERATION COMMITTEE'S REPORT	167
INTERNAL CONTROLS	168
CONNECTED TRANSACTIONS	170
Part 3 FINANCIAL PERFORMANCE	175
FINANCIAL HIGHLIGHTS	176
REPORT ON THE BOARD OF DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS	178
FINANCIAL STATEMENTS	179
ENCLOSURES	
1 INFORMATION ON RELEVANT PERSONS IN THE ORGANISATION	287
2 INFORMATION ON DIRECTORS IN SUBSIDIARIES	311
3 CORPORATE GOVERNANCE POLICY MANUAL	312
4 BUSINESS ETHICS & CODE OF CONDUCT MANUAL	330



BOARD OF DIRECTORS' REPORT



Chaipatr Srivisarvacha

Chairman of the Board of Directors

TO THE SHAREHOLDERS:

The directors are pleased to present the 32nd Annual Report of the Company along with the Audited Financial Statements as on 31 December 2020.

Freight Markets and the Baltic Dry Index (BDI):

- Please watch this beautiful video by BIMCO & ITN (<https://www.bimco.org/ShipsMakeTheWorldGo>) on the role of ships and the 1.7 million seafarers who serve on them.
- The dry bulk market will have the same macro issues of supply/demand balance dominating its narrative. Please see the next section for a comprehensive explanation.
- 2020 was a year of two halves. In the FH we had the mother of all black swans, Covid-19, descend on the unsuspecting dry bulk markets resulting in demand destruction and a global economic recession as bad as the 1929 great depression. The pundits proclaimed that the dry bulk market was condemned to perdition. But just as the pundits were murmuring our last rights, China and its USD 667 billion stimulus plan announced in May, brought the dry bulk market and demand roaring back into life!
- The BDI averaged 685 in FH, and 1,444 in SH (+110%) having started the year at 976 points and ended on 24 December 2020 at 1,366 points (+40%).
- To emphasize the above, in the FH Capes averaged USD 7,186 and, in the SH, averaged USD 18,913 (+163%!) Capes started the year at USD 11,976 on 2 January, dropped to a low of USD 1,992 on 14 May, rose to a high of USD 34,896 on 6 October and ended the year at USD 16,633 on 24 December while net supply grew by 3.73% during 2020!
- 19.9% of Chinese iron ore imports came from Brazil up by 7.4% and 62.5% from Australia up by 5.9% in 2020.
- Brazilian iron ore exports were down 1.2% while Australian exports were up by 3.4%. As longer ton-mile was replaced with shorter ton-mile, it negatively affected the Cape sector in the FH.
- Scrubbers fitted onto 3,000+ ships have 'wasted' minimum USD 6 billion or more that could have been much better spent on real problems like decarbonization.
- Net supply growth of 3.84% exceeded ton-mile demand growth, estimated by Clarksons (Research) at -2.19% and by Clarksons Platou (Analysts) at +0.5%, during 2020.
- India's rice exports rose by 45.9% from a year ago to 14.4 MMT in 2020.



Mr. Khalid Moinuddin Hashim

Managing Director

- China's hog population is surging after eradication of African Swine Fever requiring larger imports of Soybeans and corn.
- American consumers have paid down debt dramatically during Covid-19 as compared to the GFC so could be on a spending spree once vaccines become freely available. Consumer spending accounts for 70% of USA GDP!
- Federal Reserve officials are predicting that 2021 would be 'impressive!'
- The port of LA reported a 27.3% increase in imports in October 2020 compared to October 2019, being the highest-ever in its 114-year history!
- China's imports and exports rose 13.2% and 9.9% in September 2020 compared to September 2019.
- China's shipments to the USA increased by 46% in November 2020 compared with November 2019.
- USA has shipped 27.3 MMT Soybeans in 2020 to China.
- USA had shipped 1.9 MMT of wheat in 2020 to China.
- China imported 8.5 MMT of wheat up 58% in 2020 compared to 2019.
- China imported 11.3 MMT of corn up 49% in 2020 compared to 2019.
- China imported 1,170 MMT of iron ore up 9.3% in 2020 compared to 2019.
- China imported 304.1 MMT of coal up 1.5% in 2020 compared to 2019.
- China imported 100.3 MMT of Soybean up 13.3% in 2020 compared to 2019.
- China produced 1,053 MMT of Steel up 5.7% in 2020 compared to 2019.
- China exported 53.7 MMT of Steel down 16.5% in 2020 compared to 2019.
- China imported 20.23 MMT of Steel up 64% in 2020 compared to 2019.
- China's PMI index was 51.9 during 2020 due to stimulus measures from the Chinese government.
- China's GDP growth was 2.3%, the only major economy to have grown in 2020. The Chinese government have certainly stimulated economic activity and increased demand for dry bulk commodities. The IMF expects 8.1% GDP growth for China for 2021.
- The EU has agreed to a USD 2.2 trillion Covid-19 stimulus package!



- Government and Central Banks pumped more than USD 17.9 trillion of monetary/fiscal stimulus which should translate into strong ton-mile demand growth in 2021/2022.
- La Nina has been pronounced and may lead to supply chain disruption in FH 2021.
- UK GDP fell a staggering 11.4% in 2020.
- Japan's GDP contracted by 5.4% in 2020.
- India's GDP shrank by 12.2% in 2020.
- Singapore's GDP shrank by 6.7% in 2020.
- In Jan 2021, IMF calculated world GDP shrank by 3.5% in 2020. IMF revised 2021 world GDP growth to +5.5% and +4.2% for 2022. The latest Jan 2021 IMF forecast for 2021 GDP growth rates was Australia +3.5%, Canada +3.6%, China +8.1%, France +5.5%, Germany +3.5%, India +11.5%, Indonesia +4.8%, Italy +3.0%, Japan +3.1%, Netherlands +3.0%, Saudi Arabia +2.6%, South Korea +3.1%, Spain +5.9%, Thailand +2.7%, United Kingdom +4.5% and United States +5.1%. There were no changes to forecast for 2021 GDP growth rates for Denmark +3.5%, Greece +4.1%, New Zealand +4.4%, Norway +3.6%, Sweden +3.5%, Switzerland +3.6%, Taiwan +3.2% and United Arab Emirates +1.3% from the last reported outlook in October 2020.
- Covid-19 continues to pose a threat to individual countries as well as to the world economy. If this threat dissipates by the FH of 2021, which appears a distinct possibility thanks to more than three vaccines crossing the finish line before the end of 2020, then shipping would be back to normal by the SH of 2021.
- Capital markets remained frozen in 2020. We hope for the reopening of debt/equity capital markets during 2021, especially now that we have vaccines up and running.
- The Regional Comprehensive Economic Partnership (RCEP), a free trade pact signed in November by 15 major economies (combined GDP of USD 26 trillion), including China, Japan, South Korea, Australia, New Zealand and 10 Southeast Asian countries will spur regional trade and reduce anti-globalization risks.
- President-elect, Joe Biden, has pledged to spend \$2 trillion on roads, bridges, and electric-car charging points.
- Brexit is finally done. Another uncertainty holding back markets has been removed!
- The EU-China pact was signed in November allowing access to EU investments into China.
- The current orderbook to fleet ratio (end 2020) is at 6.07% (for the geared sector 4.39% and for the gearless sector 6.99%) or the lowest quarterly reading for over 20 years!
- Almost 4 times as much DWT was delivered (48.66 MDWT) in 2020 than was ordered (13.87 MDWT). This has happened twice in the last decade in 2012 and 2016. On both occasions the BDI increased in the subsequent year by 31% in 2013 and 70% in 2017.
- Recycling has gone from 8.23 MDWT in 2019 to 15.1 MDWT (+83.5%) in 2020 despite the Covid-19 lockdown disrupting one quarter of recycling.
- Covid-19 induced congestion delays, deviations for crew changes adding to ton-miles, and delays due to 14-day quarantine of ships have all tightened supply of ships.
- Owners continue to reduce the speed of their ships further tightening supply.
- PSL's exposure to the smaller geared segments means that it will be exposed to lower growth in net supply of 0.84% in 2021.
- Net supply growth in 2020 of 3.84% has exceeded ton-mile demand growth of -2.19% to +0.5% (differing estimates from Clarksons Research and Clarksons Platou Analysts). The reverse is expected for 2021



and 2022 with expectations that ton-mile demand will handsomely exceed net supply growth in each of these two years.

- Ships 20 years or older, comprising about 56.2 MDWT or 6.2% of the existing fleet (31.71 MDWT of geared ships or 9.85% and 24.48 MDWT of the gearless fleet or 4.18%) at the end of 2020 would be ideal candidates for recycling as they would have to invest in ballast water treatment systems, IMO2020, expensive special surveys, and possibly face regulatory-led recycling after 2023.
- Another way to look at market prospects would be to compare the current forward orderbook of 55.06 MDWT (till end of 2023) as a percentage (6.07%) of the existing fleet at the end of 2020 and see when it was as low as this number, that would have been in the mid 1980's!
- Clarksons data shows a net fleet growth rate of 3.84% in 2020 (873.43 MDWT to 906.99 MDWT.) Our read of the growth in supply by end of 2021 and 2022 of 1.84% and 0.22% (906.99 MDWT to 923.66 MDWT by end 2021 and then to 925.73 MDWT by end 2022), assumes recycling of 16 MDWT/year and slippage of 15% per year in 2021 and 2022.
- If our reading of net supply growth at 1.84% pans out, then 2021 should be a good year considering the world GDP growth rate of 5.5% indicated by the IMF.
- If the supply side gets a dividend by the recycling of the very old ships, slow steaming by the rest of the owners who are using LSFO and forced down time in dry docks for those owners passing special surveys on 20+ year older ships, then the market would further benefit from this tightening of available ships.

Is it different this time, really?

Signs Of A Recovery – This time *it is* different!

Capes TCE (Year)	2009*	2016**	2020**	2021 (as of 27 Jan)**
Start	\$8,997 (2 Jan)	\$4,811 (4 Jan)	\$11,976 (2 Jan)	\$16,656 (4Jan)
Low	\$8,997 (2 Jan)	\$1,985 (17 Mar)	\$1,992 (14 May)	\$16,656 (4 Jan)
High	\$93,197 (3 Jun)	\$19,515 (17 Nov)	\$34,896 (6 Oct)	\$26,489 (13 Jan)
End	\$37,191 (24 Dec)	\$10,078 (23 Dec)	\$16,409 (23 Dec)	\$17,790 (27 Jan)
Demand (BillionTonnemiles)	-3.36%	+2.10%	-2.19% to +0.5% [^]	+4.36% (+6.7% DNB)
Chinese Stimulus	USD 578 bn	-	USD 667 bn	-
Orderbook / Fleet ratio	+80.49%	+17.99%	+6.07%	-
Net Supply Growth	+9.23%	+2.40%	+3.84%	+1.7% (+1.5% DNB)

- **Recycling:** 2019 = 8.23 MDWT, 2020 = 15.10 MDWT (+83.5%).
- **Old Age Profile** 20+ years of age end of 2020 = **56.23 MDWT / 6.20%** of existing fleet.

Note: * 2009 basis the Baltic 172K Capesize Index (4 Routes),

** 2016, 2020 & 2021 basis the Baltic 180K Capesize Index (5 Routes)

[^]Clarksonsexplanationfor the varyingestimates It is worth making clear that the dry bulk trade forecasts on ShippingIntelligenceNetwork(derivedfrom the Dry Bulk Trade Outlook)are producedby ClarksonsResearch,an independentpart of the ClarksonsGroup, whilethe analyst's report is producedby the dry cargo analystsw ithinthe broking department at ClarksonsPlatou. While we generally have a well aligned view of the markets, it is not uncommon – particularly in such a dramatic and volatile year as 2020 – for our forecast to show some differences. It is worth pointing out that tracking every single tonne of dry bulk trade, and its exact trade route, is not possible, and so any tonne-mile trade estimate published by either ClarksonsResearch or the ClarksonsPlatou analysts represent estimates based on a selection of trade flows and assumptions and the methodology used may not be the same. Both estimates do however show a clear tonne-mile bonus compared to the estimated growth rate of dry bulk trade in tons last year. We are also currently working on the January edition of the DBTO – the first since full-year data became available for some trade flows, which may well lead to some upwards revision to our trade position for full year 2020. It will likely also be a few months until complete full year 2020 data is available for all countries and commodities, so there may well be further small changes to estimates published from both ourselves and the dry cargo analysts

Precious Shipping PCL

Source: Clarksons



To better understand the above slide, please read the commentary that follows:

- We have selected the years 2009 (immediately following the GFC), 2016 (worst year ever in shipping), and 2020 (impacted by the Mother of all Black Swans, Covid-19).
- The orderbook to existing fleet ratio in 2009 was an astronomical 81% and explains why the industry was in a recession for 12 years thereafter (2009 to 2020) just trying to absorb this excessive supply.
- China enacted a steel-intensive stimulus plan of USD 578 billion immediately following the GFC resulting in the BDI recovering from 663 points on 5 December 2008 to an intermediate high of 4,291 points on 3 June 2009 and a final high of 4,661 on 29 November 2009.
- 2016 was a classic year of supply exceeding demand (2.4% versus 2.1%) while still struggling with the excess supply created after the GFC. 2016 also had a high order book to fleet ratio of 18% and was not blessed with any stimulus from the Chinese government making it the worst year ever for dry bulk shipping.
- In 2020 demand dropped in FH but grew in SH for an estimate of -2.19% (Clarksons research) to +0.50% (Clarksons Platou analysts) ton-mile demand growth for the year. Cape time charter rates went from an average of USD 7,186 in the FH to an average of USD 18,913 in the SH (+163%) despite the net Cape fleet growth of 3.73% during the year, confirming supply/demand balance is at hand!
- Why will 2021 be different? The new ship orderbook to existing fleet ratio (6.07%) is the lowest in 20+ years. This means that even if there is minimal scrapping, new ship supply will be insignificant and allow owners to make money over the next few years as demand is expected to continue to expand.
- Almost 4 times as much DWT was delivered (48.66 MDWT) than was ordered (13.87 MDWT) in 2020. This has happened twice in the last decade in 2012 and 2016. On both occasions the BDI increased in the subsequent year by 31% in 2013 and 70% in 2017.
- Ships that are +20 years old are 6.2% of the existing fleet, higher than the orderbook to fleet ratio of 6.07% at the end of 2020.
- 2020 new ship orderbook has been restrained due to the 12-year long recession; banks not lending to shipowners; capital markets remaining frozen; 5-year-old Ultras selling at USD 16/18m versus brand new Ultras marketed at USD 26/27m, a no brainer for buying secondhand ships; and the massive uncertainty surrounding new regulations on GHG curtailing new ship orders.
- Capes started the year at USD 16,656 on 4 January and had reached a peak of 26,489 on 13 January and finally closing at 15,675 on 29 January 2021. This has been the highest January in over a decade. Dare we say, a portend of better times to come?
- Cargo volume by 2050 will be about 3.5 times 2008 volumes, requiring 3.5 times more ships, yet IMO has mandated GHG must be cut by 50% compared to that in 2008!
- Any ship built with an Internal Combustion engine after 2025 would, therefore, have a shortened economical life of just 10 to 15 years before being replaced by zero GHG emitting vessels for future regulatory compliance.
- New regulations, under IMO formulation, may oblige owners of 20-year-old, gas guzzling ships to scrap them reducing the supply side even further after 2023.
- China enacted a USD 667 billion stimulus plan in end May 2020, almost 16% larger than what it did after the GFC, to combat Covid-19 which should support the dry bulk market in 2021 and beyond.
- The record monetary and fiscal stimulus of \$ 17.9 trillion by the governments around the world pledged during 2020/2021 will push demand higher in 2021/2022.
- 2021 has demand growth rate of 4.36% (Clarksons) to 6.7% (asper DNB Markets) versus a net fleet growth rate of 1.7% (Clarksons) to 1.5% (DNB Markets). This will result in strong time charter rates and 2021 will be the start of strong earnings for dry bulk ships.



Notable events at PSL During 2020:

The arbitration with Sainty finally came to an amicable end. The result of this settlement was as follows:

1. We received net cash payment of USD 40.5 million on 29th July 2020.
2. Against the above sum, USD 67.90 million was shown as an 'advance to ship builders' on the asset side of our balance sheet.
3. That 'advance to ship builders' were removed and replaced by USD 40.5 million in the cash portion of our balance sheet.
4. At the same time, we took a non-cash loss of USD 27.4 million in our P&L account.
5. This non-cash loss reduced our Equity by an equivalent amount of USD 27.4 million.
6. We did the above to get much needed cash, into PSL, as soon as possible.
7. Savings of additional legal costs of about USD 3 million per annum and management time.
8. Removal of this uncertainty has strengthened our perception.

On 19th May and 30th July 2020, we successfully amended both our bonds: PSL206A & PSL211A.

1. PSL206A was partly redeemed by Baht 392 million on 9th June 2020, Baht 627.2 million on 22nd October 2020 and Baht 282.24 million on 5th January 2021. A further Baht 329.28 million will be redeemed on 12th March 2021. The outstanding after this redemption payment will be Baht 329.28 million with final maturity on 9th December 2021.
2. PSL211A was partly redeemed by Baht 359 million on 22nd October 2020, and after another partial redemption of Baht 359 million on 16th November 2020, the outstanding is Baht 2,872 million with final maturity on 22nd July 2022.

Our intention is to continue to redeem the balance outstanding amounts on both these bonds before their respective maturity dates.

We took steps to reduce our overall cost of capital through an innovative transaction with one of our key customers. An out of the box solution and a historic first for PSL!

1. PSL managed to get prepayment of 1-year worth of charter hire on 5 ships on long-term period charter on 1st October 2020.
2. The gross advance of hire equates to USD 26.55 million.
3. PSL was able to accomplish this due to an extremely close relationship with the client.
4. This is a historic first within the shipping industry and has never been done before!
5. Considering the state of capital markets, banks unwillingness to lend and the global pandemic-hit economy, this was the equivalent of pulling a rabbit out of a hat!
6. PSL prepaid one year of outstanding principal on these ships to their respective mortgagee banks amounting to USD 4.85 million.
7. A large portion (USD 19.71 million equivalent to Baht 627.2 million) was used to partly redeem our bond PSL206A (see above).
8. The remaining proceeds was used for general corporate purposes.

FINANCIAL HIGHLIGHTS (THAI BAHT TERMS) AND REVIEW OF THE YEAR:

In terms of operations, during the year under review, the Total Revenues of the Company were Baht 3,751.06 million (2019: Baht 4,183.03 million) and the Company incurred a Net Loss of Baht 1,294.85 million, including a one-time loss of Baht 868.72 million in relation to the settlement agreement with Sainty Shipyard.



The Net Loss before accounting for the one-time loss is Baht 426.13 million (2019: Net Loss of Baht 228.49 million). The Shareholders' Equity of the Company is Baht 10,134.29 million (2019: Baht 11,559.05 million) and the Total Assets of the Company have decreased during the year to Baht 21,396.85 million (2019: Baht 25,060.55 million). The decrease in Total Assets is mainly from the settlement of cross currency swaps, the settlement of advances for vessel constructions with Saintry Shipyard and the depreciation on Vessels. The Company operated 36 vessels in both 2019 and 2020.

During the year, the Company incurred Baht 1,275.67 million (2019: Net Loss of Baht 219.74 million) as the Net Loss before Exchange Loss of Baht 14.74 million (2019: Baht 6.04 million) and Income Tax of Baht 4.44 million (2019: Baht 2.71 million). The Covid-19 pandemic had an adverse effect on earnings particularly between February and May 2020, however freight rates recovered after the harsh Covid-19 related lockdowns in various parts of the world came to an end. In addition, an infrastructure centric stimulus package by China buoyed freight rates on the back of strong demand for dry-bulk commodities. The Company's vessels achieved an average time charter equivalent earnings of USD 8,332 per day per vessel in 2020 as compared to USD 9,622 per day per vessel in 2019. The Net Vessel Operating Income (net of voyage disbursements and bunker consumption) in terms was 12% lower compared to the previous year. The average vessel running cost per day per vessel (Average Opex per Day) decreased from USD 4,778 in the previous year to USD 4,705 in 2020. Absolute vessel running expenses (Opex) in Thai Baht terms, decreased by about 1%. The average technical downtime was 7.63 days per vessel (average vessel age of 9.3 years in 2020), as 14 vessels underwent for dry-docking and special survey during the year.

We conducted an "in-house" exercise again this year to determine Total Return to Shareholders, which was calculated for the 27 years that we have been operating as a listed entity. Based on the closing share price as on Friday the 16 September 2020 of Baht 4.32 per share (we started trading on the SET on the 16 September 1993) and assuming you had subscribed at the IPO, then, at the end of 27 years, you would have 8.23 times your initial investment. This return does not assume any re-investment of the dividends into shares or any interest on the dividends received.

To keep things in perspective with regards to PSL, we would like to highlight the annual net profit/loss over the past few years.

Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Av. BDI	6,390	2,617	2,758	1,549	920	1,206	1,105	719	673	1,145	1,353	1,353	1,066
Net Profit (loss) \$m	148.1	88.1	35.5	23.6	4.5	17.5	(2.5)	(69.41)	(75.61)	(3.76)	14.1	(7.25)	(40.80)
Av. No. of Ships	44.12	32.79	21.39	21.91	30.44	38.93	41.66	45.46	40.29	36.02	36	36	36
Profit (loss) / Ship \$m	3.36	2.69	1.66	1.08	0.15	0.45	(0.06)	(1.53)	(1.88)	(0.10)	0.39	(0.20)	(1.13)

During the abysmally low market period of 2015 and 2016, we managed to keep costs under tight control; raised about USD 65 million from our shareholders via a rights offering in early 2015; raised USD 100 million from a 5 year unsecured bond in January 2016; raised USD 55 million from a 3.5 year unsecured bond in December 2016; pre-paid a lot of our secured loans coming due in 2018 and 2019; and sold our older and inefficient ships to raise further cash (15 ships recycled in 2015 - 2016 and 2 older ships sold in 2016 - 2017 for further trading). In 2018, we fully prepaid one loan facility, thereby releasing 3 vessels from their mortgages. In 2019, we fully prepaid another loan facility and released 2 more vessels from their mortgages. To mitigate the deleterious impact of Covid-19 in 2020, we extended USD 124 million of indebtedness on our two outstanding bonds by 1.5 years, received USD 40.5 million through a settlement agreement with Saintry Shipyard and received ~USD 26.55 million of gross proceeds through a 12-month advance charter-hire agreement with a customer.

Our Fleet: At the end of 2020, our fleet comprised of 36 ships on the water (8 Ultras, 9 Supras and 19 Handy sizes) with an aggregate capacity of 1,585,805 DWT. This worked out to an average 44,050 DWT per ship, and an average age of about 9.3 years.

In a highly capital-intensive business characterized by high leverage and unpredictable and volatile cycles, the timing of the purchase of ships is possibly the single most important decision that must be made.



The average Time Charter Equivalent (TCE) earnings of our Fleet in 2020 were USD 8,332 per day per ship. Our average daily Operating Expenses (Opex) were higher than our target of USD 4,650 per day per ship reaching a figure of USD 4,705 per day per ship. This was mainly due to the extraordinary circumstances surrounding crew changes being hampered by nonavailability of flights; Covid-19 tests pre/post flights; 14-day quarantine impositions in expensive hotels; chartered flights costing an arm and a leg; deviating ships at tremendous cost, where practical, to complete crew changes.

Market Segmentation/Benchmarking: In 2020, the Baltic Handy Size Index (BHSI) averaged 445 points, equivalent to a Time Charter (TC) rate of USD 8,003 per day. In comparison, our Handies earned USD 8,214 per day, outperforming the BHSI TC rate by 2.64%. Further, the Baltic Supramax Index (BSI) averaged 744 points, equivalent to TC rate of USD 8,189 per day. In comparison, our Supras/Ultras earned USD 8,464 and outperformed the BSI TC rate by 3.36%. Our target is to outperform both the indices.

Long Term versus short term Charters: The long-term charters, over 1 year, already booked as of 1st January 2021 are shown in the chart below. As can be seen, our forward four-year rolling book is currently at the 15% level with a visible revenue stream of USD 137.5 million.

Year	2021	2022	2023	2024	2025
Total Available Days	13,140	13,140	13,140	13,176	13,140
Fixed T/C Days	2,190	1,992	1,825	1,830	1,825
%age Fixed T/C Days	17%	15%	14%	14%	14%
Av. T/C Rate/Day in USD	13,577	14,062	14,550	14,550	14,550
Contract value in million USD	29.7	28.0	26.6	26.6	26.6

Ship recycling has progressed with 15.1 MDWT of ships being recycled during 2020 (despite the lockdowns experienced in the Indian subcontinent between the 3rd week of March and the end of May) in the dry bulk fleet as compared to 8.23 MDWT in 2019 (+83.5%.) The existing age profile at the end of 2020 of 56.2 MDWT (31.71 MDWT in the geared segment and 24.48 MDWT in the gearless segment) or 6.2% (9.85% in the geared segment and 4.18% in the gearless segment) of the world fleet being 20 years or older, together with low levels of the order book to fleet ratio of 6.07% (order book up to end 2023 compared to net supply end of 2020), should result in the world dry bulk fleet growing at a slower pace.

THE INDUSTRY OUTLOOK:

A truncated supply of new ships is expected for the next few years. The fleet stood at 873.43 MDWT at the start of 2020 and by the end of the year had grown to 906.99 MDWT. During the year, 15.1 MDWT was recycled, and 48.66 MDWT was delivered, thus making net fleet growth of 3.84%. As of 31 December 2020, the existing orderbook stood at 55.06 MDWT (deliveries up to end of 2023), or 6.07% of the world fleet at the start of 2021. Specifically, in the geared segment, net fleet growth was 2.69% in 2020 in the Handy/Supra/Ultra segment and the existing orderbook for the geared fleet stood at 14.15 MDWT (deliveries up to end of 2023), or 4.39% of the geared world fleet at the start of 2021. This will help reduce the pressure from the Supply side of the equation.

While the supply side looks appealing on the surface, it does not factor in upcoming regulatory impacts or the current age profile of the fleet. At the start of 2021, 6.19% (56.2 MDWT) of the world dry bulk fleet (9.85% or 31.71 MDWT of the geared dry bulk fleet) was over the age of 20, and 10.65% (96.62 MDWT) of the world dry bulk fleet (14.75% or 47.49 MDWT of the geared dry bulk fleet) will be over 20 by the end of 2023 if none of these ships have been recycled by then. The first conclusion to draw from this is that the current orderbook is, at best, replacement capacity and not additional capacity. Secondly, vessels over the age of 20 were designed, built, and delivered at a time when the average price of oil was \$19.7/barrel with a low of \$10/barrel during the peak of the Asian Crisis during 1998/2000, hence were designed for power and not for fuel economy. Ships that are 20 years old or older will find it difficult to compete against younger more fuel-efficient vessels. It is our opinion that going into 2021, recycling should pick up, and new orders should slow as new



regulations are promulgated. Ships 20 years or older, comprising 56.2 MDWT or 6.19% of the existing fleet (31.71 MDWT of geared ships or 9.85% and 24.48 MDWT of the gearless fleet or 4.18%) at the end of 2020 would be ideal candidates for recycling as they would have to invest in ballast water treatment systems, IMO 2020, expensive special surveys, and face regulatory-led recycling after 2023.

The Cape sector (90,000+ DWT: 2154 ships of 390.63 MDWT at the end of 2020): 135 ships of 27.6 MDWT or 7.06% of the existing DWT are scheduled for delivery up to end of 2023. In this sector, 113 ships of 18.96 MDWT or 4.85% will be over 20 years of age by end of 2023 and some or all of them are likely to be recycled during 2021 to 2023.

The Panamax sector (70 – 90,000 DWT: 2451 ships of 194.5 MDWT at the end of 2020): 161 ships of 13.31 MDWT or 6.84% of the existing DWT are scheduled for delivery up to end of 2023. In this sector, 404 ships of 30.17 MDWT or 15.51% will be over 20 years of age by end of 2023 and some or all of them are likely to be recycled during 2021 to 2023.

The Supra/Ultramax sector (40 – 70,000 DWT: 3777 ships of 212.23 MDWT at the end of 2020): 180 ships of 10.52 MDWT or 4.96% of the existing DWT are scheduled for delivery up to end of 2023. In this sector, 578 ships of 28.83 MDWT or 13.58% will be over 20 years of age by end of 2023 and some or all of them are likely to be recycled during 2021 to 2023.

The Handysize sector (10 – 40,000 DWT: 4029 ships of 109.63 MDWT at the end of 2020): 137 ships of 3.64 MDWT or 3.32% of the existing DWT are scheduled for delivery up to end of 2024. In this sector, 758 ships of 18.66 MDWT or 17.02% will be over 20 years of age by end of 2023 and some or all of them are likely to be recycled during 2021 to 2023.

When reading the above numbers please keep in mind that Slippage was 11.79% and recycling accounted for 15.1 MDWT in 2020. Slippage has averaged 22.8% over the last 5 years and recycling accounted for 14.7 MDWT annually over the last 5 years and both slippage and recycling fluctuate inversely with the BDI and availability of finance.

On a net basis, the global fleet increased by 3.84% in 2020. According to Clarksons, the fleet is forecast to grow at 1.7% while ton-mile demand (for dry bulk seaborne trade) will grow at 4.36% in 2021. This gap between expected demand growth and expected supply growth in 2021 should make for an increasingly strong but volatile market. As supply and demand balance has either been reached or is very close, the market would be characterized by extreme volatility as any small change in demand or small change in supply would have a disproportionate impact on the BDI.

Recycling of ships: The freight market is the prime mover that drives ships to the recycling yards. The lower the freight market the greater the number of ships ending up at the recycling yards. Deliveries in 2020 were muted when compared to average deliveries for the decade, with 48.66 MDWT of new capacity delivered.

Regulatory impacts should see many more ships heading for the recycling yard in 2023 and beyond. IMO 2020 has resulted in more expensive but 'cleaner' LSFO being burnt by ships from 1st January 2020. As a result, the level of pollutants reaching the air that we breathe, as well as the 'acid' rain that results from such emissions, has been reduced.

The macro picture:

USA: President-elect Joe Biden will aim to ease the domestic woes plaguing the world's largest economy. The economy is recovering after being severely affected by the Covid-19 pandemic in 2020. Real GDP is anticipated to contract by 3.7% in 2020, before rising by 3.2% in 2021 and 3.5% in 2022. The unemployment rate is expected to gradually decline but will remain elevated relative to pre-pandemic levels due to the ongoing rise in Covid-19 cases. However, the prolonged period of joblessness faced by many will continue to put downward pressure on demand and contribute towards rising defaults going forward. The rollout of the vaccine will greatly ease the strain felt by small businesses, households, and the service sector.



China: Following the steepest quarterly dive, and subsequent surge, on record in the first and second quarters of 2020 respectively, with stabilization in the third quarter, activity is projected to return to its past trajectory, with growth of about 8% in 2021 and 4.9% in 2022. Investment, in particular debt- and stimulus-fueled infrastructure investment, has boosted growth in 2020. Real estate investment has also remained strong. Exports have boomed on the back of pent-up demand for masks and other Covid-19-related materials and equipment as well as teleworking-related goods. Consumption is still to recover from the hit caused by the outbreak. Monetary stimulus, which was needed during the outbreak, is now being withdrawn as the recovery is gaining momentum. Shadow banking has also picked up following a few years of decline. Increasing corporate defaults have sharpened risk pricing. Fiscal policy will remain supportive, with several tax cuts and extensions of social benefits promoting consumption amid weak consumer confidence.

EU: The EU trading bloc started 2020 with a great deal of uncertainty regarding the outcome of Brexit negotiations, only to get severely affected by the Covid-19 pandemic in Q1 2020. The OECD projects the economy to contract a full 7.5% in 2020, and 2 full years before the economy reaches its pre-pandemic level of output. The EU is one of the first major economies to begin a phased approach to vaccinating its population. This will improve business conditions; help ease uncertainty and boost consumption that has been subdued due to the pandemic. To avoid a premature tightening that could derail the recovery, national fiscal policies should also remain supportive over the coming two years, taking advantage of very low interest rates and sizeable financing under the EU recovery plan. However, as the pandemic will likely have a durable negative impact on some sectors, the composition of fiscal measures needs to shift from an emphasis on income support to the promotion of labour and capital reallocation.

Japan: The Covid-19 pandemic hit the Japanese economy hard, causing a 5.25% decline in real GDP. While the economy is recovering, growth remains sluggish, and the economy continues to remain at the mercy of the coronavirus until a vaccine can be distributed widely. As restrictions are lifted, consumption is expected to recover, supported by government subsidies and incentives. In addition, as key trading partners see their economic prospects improve, export growth will continue to strengthen. The Japanese government acted appropriately to sustain the economy with strong fiscal stimulus. However, without any action beyond the measures currently in place, the recovery may slow. A resilient and sustainable economic expansion will require further policy support and structural reforms.

India: India experienced one of the most severe lockdowns globally, forcing millions to walk thousands of miles back to their homes and experienced the most severe contraction in GDP among the G20 countries. While agriculture has benefited from favorable weather conditions, manufacturing and services are penalized by containment measures and uncertainty. Significant social hardship persists and the fall in the unemployment rate must be seen against the background of declining labor force participation. Covid-19 is exacerbating pre-existing vulnerabilities related to poverty, high informality, environmental degradation, and lack of employment opportunities. To increase resilience, the government has responded with three stimulus packages, but additional fiscal measures are needed to mitigate the damage, together with a credible medium-term consolidation plan.

The Annual PSL Maritime Day Run:

The International Maritime Organization (IMO) celebrates World Maritime day to focus its attention on the importance of shipping safety and the marine environment. The Theme for 2020 was “Sustainable Shipping for a Sustainable Planet”. It provided an opportunity for leaders from various sectors, including shipping, to reflect on the work done and address urgent steps that need to be taken towards a sustainable future. This has also provided an opportunity to raise awareness of the United Nations Sustainable Development Goals (SDGs) and showcase the work that the International Maritime Organization and its Member States undertook to achieve their targets. PSL strongly believes in sharing these ideals and its own values, as it provides guidance for organizational decision-making and a kind of ethical compass for action. For many years in the past, PSL embraced this opportunity and organized “The Annual PSL Maritime Day Run”. The Annual PSL Maritime Day Run was always of significance, attracting a sizeable number of participants from within the organization as



well as students from the Merchant Marine Training Center. Besides raising awareness on topics related to the Shipping industry, PSL used this opportunity to raise awareness on health-related issues and promote fitness. However, during recent years, we were unable to organize this run due to some procedural constraints and in 2020 due to Covid-19. It is our intention to hold this run again after such events are permitted by the authorities and the situation returns to normalcy.

Maritime Training Center:

As previously reported, the Company set up a full-fledged Maritime Training Center at its Head Office in Bangkok in March 2008. The PSL Training Center includes a state-of-the-art Bridge Navigation Simulator for training of maritime personnel. Vessel-type specific Simulator recreates the actual maneuvering characteristics of the ship and its bridge controls as it enters a specific major port and provides ideal conditions in which Officers get hands-on experience for effective bridge teamwork and competence in ship-handling and navigation. This is a significant step taken to train and equip our Officers and Crew to take better care of themselves and their ships, all with a view to ensuring safety of the crew, cargo, and the ship by preventing accidents, thus helping to preserve the environment. In the current scenario of a worldwide shortage of trained personnel, and the rapid promotions that is a natural result of such a shortage, this is a major step to provide specialized training that would otherwise have been acquired 'on the job'. In February 2020, the Bridge Navigation Simulator was upgraded to the latest design. This involved a total renewal of all projectors, panels, consoles, and the software updated as per the requirements of our fleet.

The International Convention on Standards of Training, Certification and Watch-keeping for Seafarers 1978, which establishes the basic requirements for seafarers was revised in 1995 and again in June 2010 in a conference in Manila, known as the Manila amendments, brought about more stringent requirements for global standards of competency for seafarers. The Manila amendments have entered into force on 1 January 2017. The PSL training and fleet department had been preparing in advance so that, by the date of enforcement, all vessels had seafarers with the required training and certificates on board our ships.

Maritime Resource Management (MRM): MRM is a training program for ship's officers, engineers, pilots, and shore-based personnel. The aim is to increase knowledge about human capabilities and limitations and to reinforce positive attitudes towards safety and teamwork. MRM is generally accepted to be one of the most efficient means of improving crew cooperation and minimizing the risk of accidents caused by human errors as well as failures in effective teamwork and resource management. The MRM course is authorized and licensed by The Swedish Club, a member of the International Group of P&I Clubs, and one of the few insurers providing Hull as well as P&I insurance covers. Apart from the MRM courses, the PSL Training Center has classrooms, Video-Based Training (VBT) and Computer based training (CBT) for the ship staff. Courses include MRM, Bridge Team Management (BTM), Bridge Team Competency (BTC), Officer Of the Watch (OOW), Chief Mate Course (CMC), Command Course (Command), Shipboard Safety Course (SSC), Maritime Professional Briefing (MPB), Maritime English training (divided into 5 course levels) programs for safety and efficient ship operations of deck and engine departments. The Training Center also conducts lectures on VTS (Vessel Traffic Separation) & SMCP (Standard Marine Communication Phrases) within the BTM and MRM courses, with the aim of developing our officers' communication skills in communicating with a VTS officer using standard maritime phrases in various simulations. The courses are upgraded regularly and provide a solid foundation to the Company's training activities and enable our Officers and Engineers to keep abreast of the latest developments in ship operations.

To meet the needs of trained engineers to serve on vessels fitted with new generation Main Engines from MAN Diesel & Turbo and Wartsila, the PSL Training Center liaises very closely with the Technical Department and the engine manufacturers to continuously upgrade the training courses which were first introduced even before the vessels were delivered. Other training courses which the engineers go through before joining the ships are "Engine Room Management and Competency Enhancement" - "EMC" for Senior Engineers, "Engineer on Watch" - "EOW" for Junior Engineers, courses on "stern tube sealing systems" and "ships' cargo gears with special focus on hydraulics", and "Shipboard Safety." The PSL Training Center also augments classroom theoretical courses with practical training, wherever possible. Considering the fact that the new vessels acquired



are fitted with more fuel-efficient modern engines using advanced electronic controls and technology, the Company's senior engineers, Electrical Officers and shore-based Technical Superintendents are put through the engine-maker's specific training courses designed to better understand the operation and for effective trouble-shooting. Junior engineers are in turn trained at the Company's Training Center and by trickle-down methods on board ships. New courses are also being introduced to prepare the ships' staff for the challenges expected in the coming years on account of the low Sulphur cap, carbon dioxide emissions and ballast water treatment regulations. To equip the officers with knowledge of new developments, the company has taken the step of organizing specialized courses conducted by experienced and proficient guest teachers.

The use of "Electronic Chart Display and Information System" (ECDIS) has become mandatory for new ships built from July 2013. All the vessels in the fleet are equipped with ECDIS with the onboard software updated to the latest version. Officers are required to complete specialized ECDIS I generic training as part of their competency certificates.

PSL is committed to ensure that navigating officers are fully conversant with ECDIS equipment prior joining the vessel. Officers are given generic ECDIS training at approved institutes. Realizing the fact that certification alone does not make an officer fully familiar and confident to use ECDIS, PSL Training Centre has equipped itself and developed ECDIS training/familiarization courses. After attending the approved ECDIS generic training course, officers are required to undergo further ECDIS familiarization course at our in-house facility.

The training department also keeps abreast of imparting awareness to Officers on the risks due to increased incidents of the liquefaction of cargoes, such as iron ore fines, coal, manganese ore fines, and nickel ore. More than a hundred seafarers have lost their lives over the past eight years on vessels which have capsized due to the liquefaction of such cargoes. The latest cargo entry in the list of solid bulk cargoes susceptible to liquefaction that can cause catastrophic results is "bauxite". When subjected to sufficient dynamic loading, very wet fine-grained bauxites go through a process of slumping and dynamic separation, with the upward expulsion of water/slurry. This may result in free surface effect of liquid sloshing about which could significantly affect the vessel's stability, leading to the risk of the ship capsizing. In response, the IMO's Sub-Committee on Carriage of Cargoes and Containers issued new guidance on the carriage of bauxite, requesting adequate safety precautions to be taken when carrying this cargo.

During 2020 with the Covid-19 pandemic in full flow, courses were conducted online and with minimal interruptions. A total of 626 sea going officers and crew members attended a total of 14 courses that were conducted during the year, which is a testament to the company's commitment towards training our crew members and the high premium that we place on the same.

There are already conceptual designs on small crafts that try to eliminate or minimize the human effort onboard ships. Some experts in automation visualize that in the next twenty years or so, ships may be totally un-manned with automated equipment using sensors, smart digital systems, and other technologies, which can be monitored and controlled from shore-based stations, completely removing the element of "Human Error" on board. Although the concept of such Autonomous vessels appeared unrealistic initially, bold steps were made in this direction in 2017, both in the industry and by regulators. In May 2017, Yara and Kongsberg, introduced the concept of the autonomous, zero emission 120 TEU container vessel Yara Birkeland. The vessel was delivered to her owners in November 2020 and is currently being tested before being placed in service. In October of 2017 Rolls-Royce partnered with Google and introduced Augmented Reality software as part of their remote operation solutions for autonomous vessels. Simultaneously with these developments in autonomous shipping, IMO's Maritime Safety Committee agreed to map out a new international legal framework for the safe operation of autonomous ships, as operating a completely unmanned vessel brings a host of legal issues into focus. Stakeholders in shipping need to keep abreast of these developments to ensure the most beneficial application of the technology. Stakeholders would do well to keep in mind that while there is little doubt that most accidents occur primarily because of human error, the number of such accidents that are prevented solely because of human intervention cannot be downplayed.



THE ISSUES FACING OUR INDUSTRY:

Operating expenses for year 2020 were USD 4,705 per day per vessel and were lower than our 2019 figure of USD 4,778. This was to a large extent on account of reduced crewing expenses during the first three quarters of 2020 when practically no crew change was possible because of Covid-19 related travel restrictions imposed by most countries. By Q4 of 2020, few countries began to permit crew travel albeit with several restrictions in place including the requirement to have crew members placed in quarantine on arrival in their home countries. Therefore, expenses for crew change increased disproportionately over the last quarter. These increased expenses for crewing are likely to continue into 2021 and until the situation worldwide returns to the pre Covid-19 levels. Expenses incurred on account of superintendents travelling the world over for vessel inspections were lower in 2020, again due to travel restrictions. Most of the other expense heads were maintained without any significant changes. Further, greater emphasis is continually being placed on the standards of training for the senior personnel required to operate our technologically advanced modern fleet. Insurance costs were under control, because of our favorable claims record and because of our long-standing and mutually beneficial relationship with the insurers and brokers.

International Maritime Organization (IMO) conventions are constantly updated to match demands for enhanced steps to protect the environment. 'IMO 2020' as the regulation on the global cap on sulphur levels is referred to colloquially, entered into force on 1 January 2020. The regulation mandated that sulphur levels in fuel oils consumed by ships outside emission control areas not to exceed 0.5% by mass (referred to as Very Low Sulphur Fuel Oil or VLSFO). While there were concerns initially in the industry regarding world-wide availability of VLSFO, the oil industry stood up to the challenge and ensured that the product was made available all over the world. There remain some concerns regarding the quality of VLSFO being supplied at several ports and suitability for use on ship's equipment that were designed primarily for use with fuels with higher sulphur levels which contributed towards lubricity as well as optimum viscosity.

The alternative to VLSFO was installing Exhaust Gas Cleaning Systems - also referred to as exhaust gas scrubbers or simply scrubbers - in which case vessels could continue using high sulphur fuel oils (HSFO; Sulphur content of up to 3.5%) and the scrubbers would then be expected to wash down and 'scrub' the exhaust gases to reduce the sulphur content to below 0.5% levels. The inherent drawback with such a system was that the wash water which would have to be discharged at sea would contain all the additional sulphur in the form of sulphuric and sulphurous acids; thereby polluting the seas instead! Several countries the world over have already banned discharging of wash water in their territorial waters; thereby requiring owners going with the scrubber option to carry on board adequate reserves of VLSFO in addition to HSFO. In addition to the high costs involved in purchasing scrubber units, a downtime of about two to three months for installing the equipment, there remain technical challenges in designing fail-safe scrubbing systems; a fact that became evident when several scrubber units installed on vessels failed in service; some within a few months after installation requiring expensive repairs, towage to nearest port on account of the main engine breaking down because of scrubber failure etc.

Ships need to take ballast - basically sea water - in dedicated ballast tanks on board, so that the ship remains stable when there is no cargo on board and so that the ship's propeller is kept well submerged in the water. Administrations of most countries in the world insist on stringent ballast water management practices on board ships so that potentially invasive aquatic life forms from one part of the world do not get deposited in their waters, thereby affecting the local eco-system. Hence the need for regulations that require ships to treat the ballast water taken in the ballast tanks by means of approved Ballast Water Treatment Systems (BWTS) which need to be installed on board. The IMO Ballast Water Management Convention entered into force on 8 September 2017, 12 months after ratification by 30 States, representing 35% of world merchant shipping tonnage. All vessels are required to carry a Ballast Water Management certificate. New vessels built (date of keel laying) after the above date are required to be fitted with IMO approved ballast treatment plants and existing vessels are required to retrofit such plants in a phased manner along with surveys associated with first renewal of IOPP (International Oil Pollution Prevention) certificate after 8 September 2019. There are a few IMO approved treatment plants presently in the market have not yet met the more stringent USCG approval requirements. There is also a separate schedule provided by the USCG for installation of BWTS defined mainly



by the number of USCG approved BWTS that were available in the market. USCG as well as IMO approved BWTS have already been fitted on 28 vessels in PSL's fleet. The remaining 8 vessels, which currently are required to exchange the ballast water taken at ports with ballast taken at over 200 nautical miles from any coast so that they may be permitted to discharge the ballast water at the next port, will also be fitted with such approved BWTS before the IMO/USCG compliance dates.

As a result of initiatives from the International Labor Organization (ILO), working and living conditions of crewmembers on board are receiving increased importance. To formalize this and ensure uniform compliance, ILO has adopted the Maritime Labour Convention 2006 (MLC 2006). A Maritime Labour Certificate (MLC) and a Declaration of Maritime Labour Compliance (DMLC) is required on board to ensure compliance with the Convention for all ships above 500 tons in international trade. These certificates are to be obtained from the Flag state and their recognized organizations after verification and surveys on board each vessel. The MLC 2006 has attained the required number of member state ratifications in August 2012. All ships were required to meet the compliance requirement and have valid certificate for compliance with MLC 2006 before 20 August 2013. In April 2014, the ILO agreed to make several amendments to the MLC to implement the principles agreed back in 2009 by the joint IMO/ILO financial security working group. These amendments have entered into force on 18 January 2017. Thailand ratified MLC 2006 on 7 June 2016 and as a result MLC 2006 entered into force for Thai flagged vessels from 7 June 2017. The Statement of Compliance (SOC) with MLC 2006 which was being issued till date on our Thai flagged vessels has now been replaced with a Marine Labour Certificate. This is a welcome development and facilitates smooth trading of Thai flagged vessels worldwide, as it eliminates the risk of the SOC not being acceptable in some countries. Singapore had ratified MLC 2006 earlier. Hence the Company's vessels that are registered in Singapore have already been compliant all along. Ships that are subject to MLC 2006 are now required to display certificates issued by an insurer or other financial security provider confirming that insurance or other financial security is in place for the cost and expense of crew repatriation, as well as up to four months contractually entitled arrears of wages and entitlements in case a vessel is abandoned (Regulation 2.5). A further certificate will be required for liabilities for contractual claims arising from seafarer personal injury, disability, or death (Regulation 4.2). P+I Clubs of the respective vessels have provided such certificates for all ships in our fleet.

Focus on the environment is becoming even more important. It is no longer just fashionable to say we are "Going Green"; organizations world-over are being pushed by their stakeholders to become more environment-conscious, guided by compliance with the newer regulations. IMO, along with the ICS, is playing a pro-active role to put in place regulations which will apply to shipping globally. One of these is the mandatory reporting of CO2 emissions (measured in grammes/tonne-mile) on voyages, like the European Union MRV rules (Monitoring, Reporting, Verification of CO2 emissions), which has been implemented from January 2018 for all vessels operating in the EU region. IMO also requires all vessels to implement a fuel consumption data collection system (DCS) from January 2019. This requires vessels to report annual fuel oil consumption worldwide to IMO through the flag administration. The regulation also requires the existing SEEMP plans to be updated and certified by the flag authority or a RO. In April 2018, the IMO adopted a resolution on the strategy of a 50% reduction of total GHG emissions by 2050, as compared to the levels of the year 2008. These regulations will in turn phase out older, less efficient vessels. We have taken the initiative to prepare in advance for these regulations by monitoring and collecting CO2 emissions data on all vessels in the fleet. The company arranged for all vessels to report such fuel consumption data to a RO approved by the flag, from 1st January 2019 onwards. The vessels are always operated with clean hulls (by using efficient anti fouling paints and also by hull cleaning when necessary) as this increases efficiency (thereby reducing carbon emission). The new acquisitions for the fleet have been selected primarily on their 'Eco' operational characteristics. 'Eco' operation will be possible with larger cargo hauls on vessels with very fuel-efficient engines, and through optimized use of waste heat from the engines (even the exhaust gases from the auxiliary engines are diverted through the boiler to use the available heat). These new Ultramax vessels with larger cargo carrying capacity operate with substantially lower CO2 emissions. There are specific IMO Conventions, and regulations mandated by individual countries, to control the emission of Nitrogen oxides, Halons and CFCs from ships. These regulations are expected to become more stringent in the coming years. Certain states in the USA are likely to require ships calling their ports to use shore power which is greener than the power generated on board ships. 'Bonnet' technology is another



concept, presently available only in certain ports, which can receive the exhaust gas from ships for treatment before discharging into the atmosphere.

To formalize the Company's commitment towards preserving and conserving environment and to reduce carbon footprint, the Company completed the transition audit for ISO 14001 on 30 August 2017 and received the new ISO 14001:2015 certification from Class NK of Japan. Prior to this transition, the Company was holding the ISO 14001:2004 certification which was issued on 18 December 2009. The ISO 14001:2015 provides a framework for a holistic and strategic approach to the Company's environmental policy, plans and actions and will demonstrate that the Company is an environmentally responsible organization. PSL vessels have implemented the SEEMP as required by MARPOL Annex VI regulations from January 2013. Vessels have also fully implemented the more stringent garbage disposal regulations required by MARPOL Annex V which came into force from January 2013.

With effect from 31 December 2020, EU Regulation on Ship Recycling are applicable to foreign ships in EU waters. Ships are required to comply by having an 'Inventory of Hazardous Materials (IHM)' certificate issued by a Recognized Organization. The certificate basically lists both the quantity as well as all the locations on board vessels where materials considered to be potentially harmful to humans and the environment are present. Although both time consuming as well as expensive, the company prepared for compliance with the regulation well in advance. The company's senior technical superintendents were trained by Classification Societies to acquire the necessary competencies to complete the procedures to obtain IHM compliance for all vessels. All PSL's vessels are in full compliance and were certified well before the EU deadline of 31 December 2020.

The Safety of Life at Sea (SOLAS) convention may have amendments in the future. This is driven by one of the worst maritime disasters in US history - the loss of the US-flagged ro-ro vessel *El Faro* and its 33 crew, which sank in the Bahamas in October 2015 while trying to navigate through Hurricane Joaquin. The detailed USCG investigation report, published in September 2017, highlighted several errors, mainly by the Master, and includes 36 recommendations on safety and seeks several amendments in the SOLAS convention.

With the melting of the polar ice cap due to global warming, and the consequent increase in navigability through the northern route, on 1 January 2017, the IMO has adopted the Polar Code and related amendments in 2014 - 2015 to make it mandatory under both SOLAS and the International Convention for the Prevention of Pollution from Ships (MARPOL). The code's focus is on the safety of ships, seafarers and passengers who are on board in the harsh polar environment and the regulations to prevent discharge of Oil, Noxious liquid substances in bulk, Sewage and Garbage. IMO's sub-committee on Pollution prevention and response agreed in principle in 2020 to draft amendments requiring vessels navigating through Arctic waters to not carry any grade of Heavy Fuel oil. The regulation is expected to enter into force on 1 July 2024.

Fuel Saving Devices:

The shipping industry is concerned with reducing fuel consumption and carbon emissions. Technological advancement and design modification are being used extensively to address these concerns. At PSL, the management understood its business implications, evaluated the efficiency of potential designs, and took a leap forward. As part of the strategy, it was decided to retrofit some of the vessels with Hydrodynamic Energy Saving Devices (ESDs), such as **THE MEWIS DUCT – A fin system which provides a pre-swirl to the ship wake which reduces losses in the propeller stream, PRE-SHROUDED VANES – A device which reduces the rotational energy loss of the propeller slipstream by generating pre-swirl flow for energy-saving and HUB VORTEX ABSORBED FINS – A set of fins fitted on the cap of a propeller to reduce energy losses by propeller hub vortex.** Analysis indicates energy savings in the range of 3 to 6 %. Older vessel's, which were considered less-fuel efficient were replaced with 'Eco' vessels between the years 2013 and 2017. The "Eco" vessels have offered more economical machinery, very efficient electronically controlled engines, lower lightship, better hull-form, and optimized use of waste heat from the engines. PSL is committed to further reducing its carbon footprint and is monitoring the progress being made on the following fronts.



Air lubrication systems uses “Bubble technology” to decrease the resistance between the ship’s hull and the water by supplying air to the ship’s underside creating a carpet of microbubbles that coat the entire flat bottom of the vessel. The technology works in all maritime conditions, is not weather dependent, and does not constrain or negatively impact the normal operational profile of the vessel. With the optimum ship hull design, the air lubrication system is expected to achieve between a 10 to 15% reduction of CO₂ emissions, along with significant fuel savings. Air lubrication is an EEDI-approved technology and for some sectors of the merchant fleet struggling to achieve the requisite efficiency score, it could offer a potential solution.

Nanotechnology fuel treatment uses a multi-functional fuel additive that contains a molecular catalyst that ensures maximum fuel efficiency. The additive can also reduce engine wear, meaning the time between maintenance can be extended: particles work on existing carbon build-up within the engine to effectively blast away residue. NanOx™ from Martek Marine is one of the most exciting nanotechnology fuel treatments to hit the market. Nanoclusters improve viscosity by more than 30% for an improved fuel/air mix, boosting engine power by more than 10%. Enhanced fuel atomization in the tank & injectors offers over 7% fuel savings and micro-explosions in the cylinders enable more complete combustion, lowering emissions by 25% and enabling savings on CO₂ too. Nano-catalysts remove carbon deposits and prevent future build-up, diminishing engine wear to reduce maintenance and spares costs.

New Bulbous bow designs reduce wave-making resistance by producing its own wave system that is out of phase with the bow wave from the hull, creating a reduction in resistance made by the waves. Volume, vertical extension of the center of volume, longitudinal extension, and shape, are all elements considered in the design. The characteristics of the bow must be carefully balanced with the shape of the entrance and the transition towards the forward shoulder and bilge. Bulbs are most effective at a specific speed-length ratio and draft. Changes in speed and draft significantly change the wave created, meaning that reductions in draft or speed can lead to increases in resistance and this being the case, compromises in the bulb design are often needed to provide good performance over the expected range of operating drafts and speeds.

Onboard DC Grid A power distribution system introduced by ABB helps vessels reduce their fuel consumption, cut noise, and trim their environmental impact, by matching the power that the engine needs. By ensuring the engine runs at varying speeds for ultimate fuel efficiency at each load level, fuel consumption can be dramatically reduced. Recent tests using DC Grid power distribution on a platform supply vessel showed reduced fuel consumption of up to 27%, in addition to 30% engine room noise reduction, leading to improved working conditions aboard the vessel.

Low Loss Hybrid Energy System (LLH) by Wartsila is an innovative technology that utilizes different power sources in combination with energy storage devices to operate the prime movers closest to their optimum performance. A key feature of the system is its ability to reduce transient engine loads that cause increased fuel consumption and added emissions. By increasing the power redundancy, the system allows the engine to operate closer to its optimum design point where it has the highest efficiency and least emissions. Reduced maintenance and increased system performance through rapid response from the energy storage system are also among the benefits offered. The overall hybrid control system is the key element in the total control and stability of the ship’s electrical system and the energy flows. In addition to annual fuel savings of up to 15%, depending on the type and configuration of the engine and mission profile, the LLH ensures a substantial reduction in exhaust gas emissions.

Fuel Oil Emulsion (FOE) technology (FOE) allows blended fuels to burn more completely than unmodified fuels and so uses less fuel, lowers emissions, and the engines run cooler and so would require less maintenance. This would reduce the use of fuel and the level of emissions giving a significant financial saving.

PSL is committed to further reducing its carbon footprint by continuing to upgrade systems on existing vessels, analyze its operating profiles by considering shorter ballast passages, larger cargo hauls and slow steaming.



Getting to Zero Coalition:

The Getting to Zero Coalition is a partnership between the Global Maritime Forum, the Friends of Ocean Action, and the World Economic Forum. It builds on the Call to Action in Support of Decarbonization launched in October 2018 and signed by more than 70 leaders from across the maritime industry, financial institutions, and other stakeholders, as well as on the Poseidon Principles – a global framework for climate-aligned ship financing – launched on 18 June 2019. PSL is a member of the Getting to Zero Coalition and will help design the GHG reduced future of the maritime transportation industry. A key starting point to reach this goal is to have commercially viable zero-emission vessels (ZEVs) operating along deep-sea trade routes by 2030. This will require both developing vessels as well as the future fuel supply chain, which can only be done through close collaboration and deliberate collective action between the maritime industry, the energy sector, the financial sector, Governments and IGOs. Research presented at the working session shows that the short term-ambition – adopted by members states of the IMO in April 2018 – of reducing international shipping’s emissions per transport work by at least 40% by 2030, will not be enough to prevent shipping’s adverse impact on the climate. This revealed the need to develop policies, demand drivers and funding mechanisms to motivate and de-risk first-mover investments; adopt policy instruments and market-based measures to close the competitiveness gap between conventional and zero-emission fuels and associated infrastructure; explore and narrow down technologies, fuel options and transition pathways; identify and grasp global opportunities for green energy projects that can propel maritime shipping’s decarbonization and contribute to sustainable and inclusive growth in developing economies – while making sure no countries are left behind. Coalition members are now prepared to move ahead of regulators to develop the technologies and business models needed to meet decarbonization targets. The maritime industry’s first movers stand steadfast to take the steps needed to develop, test, and scale the technologies required to decarbonize international shipping. The sector focuses on how to eliminate emissions and is leaning its efforts into the advance of fuel and technology offerings that avoid emissions altogether. New marine fuels, derived from abundant untapped renewable resources, could bring substantial development gains, but will require significant changes to ships, ports, and operations.

Future Fuels:

Biofuels could play a valuable role in reducing CO₂ emissions from the marine sector over the next few years. From a technological perspective they are the easiest to adopt, as they can be blended with existing marine fuels and utilized by existing vessels. Biofuels would also not require significant delivery infrastructure investment. However, Biofuels are likely to be the preferred fuel for the aviation and road sectors, given the high energy density relative to alternative clean fuels and therefore there simply may not be adequate volumes available to the marine sector over the long-term. That said, Biofuel blends are likely to gain traction in the coming years, as this is the easiest short-term solution to reducing carbon emissions in the marine sector.

Hydrogen as a fuel is attractive because it emits no carbon or other pollutants when used. Existing hydrogen manufactures can produce ‘blue’ or low-carbon hydrogen by capturing and storing the carbon emitted during the production process. However, research is underway to develop energy-efficient processes for producing ‘green’ hydrogen from water via thermochemical processes using renewable energy. Another potential approach to produce carbon-neutral fuels involves chemically processing green hydrogen together with carbon or nitrogen to produce gaseous or liquid fuel. The energy density of hydrogen gas is relatively low, and it would need to be liquefied and stored under pressure to be viable as fuel, creating a transportation and storage challenge. A unit of cooled liquid hydrogen has less than half the energy of diesel and requires more than double the space to store it. Furthermore, significant infrastructure investments will be necessary to store and transport the cryogenic liquid which has a -253°C boiling point. Given these limitations, Hydrogen is unlikely to gain the kind of traction that we have seen with Ammonia.

Ammonia: While it could be several years before it is adopted at scale, Ammonia does enjoy the privilege of having the largest share of zero-emission vessel prototype projects worldwide. Its molecular makeup (NH₃) allows for a carbon and sulphur-free combustion. Today, most commercially available Ammonia is derived from fossil fuels, which makes its green credentials less than pristine. That will change once Ammonia is produced at



scale through a renewable energy powered electrolysis process, a development that is expected to take place in the latter half of this decade. Early adopters of Ammonia as a fuel are likely to be, Niche vessels operating in regions with strict emission controls and on fixed routes, Ammonia Tankers and LPG Tankers capable of transporting Ammonia. This will likely be followed by energy guzzlers such as large Cruise and Container carriers on routes where Ammonia as fuel is easily available. Bulk carriers, which consume about 5% of total marine fuel consumed globally will unlikely be early adopters because of their varied trade routes. The key to the adoption of Ammonia-powered vessels would be the establishment of safety and training standards which could take several years given the more complex nature of the fuel.

Methanol is a safe, cost-effective, and globally available marine fuel with global production of 110 MMT. The main feedstock in production is natural gas. However, it could be 100% renewable, as it can be produced from a variety of renewable feed-stocks or as an electro-fuel. Methanol fuel produces no sulphur emissions, very low levels of nitrogen oxide emissions, and is biodegradable. It can also be blended into existing fossil fuels. Current dual fuel Methanol engines have performed well, and upcoming technologies will further improve on this performance. Like existing marine fuels such as heavy fuel oil (HFO), Methanol is liquid at ambient temperature and therefore relatively easy to store and distribute.

Liquefied natural gas (LNG) is the other choice open to maritime operators being both a proven and commercially available solution. At present, there are around 120 ships already operating on dual-fuel gas engines. LNG is mostly comprised of Methane, a highly potent GHG and far more harmful to the environment than CO₂. Methane traps 86 times more heat in the atmosphere than the same amount of CO₂ over a 20-year period. LNG fell in stature after many members of the scientific community began to publish studies that examined the “well-to-wake” emissions of methane, referred to as ‘Methane slip’. Methane slip takes place mainly during flaring (burn off at the point of production), but also at the point of consumption.

Liquefied petroleum gas (LPG) is a combination of Propane (C₃H₈) and Butane (C₄H₁₀). The fuel is readily available globally and is lauded as a clean, energy-efficient, and portable fuel with an affordable price tag. It is currently sourced mainly from natural gas and oil production activities. However, in the wake of new technologies and techniques, LPG can also be produced from renewable sources. There are more than 1,000 LPG storage facilities around the world that can be used for LPG bunkering, and more than 700 small size LPG carriers, that can be used for ship-to-ship bunkering. LPG is at least as attractive an energy source as LNG, with shorter payback periods, lower investment costs, and lower sensitivity to fuel price scenarios. So far, LPG as a marine fuel has only been tried on LPG carriers. It is unlikely that owners in sectors other than LPG will adopt the fuel widely, given the increased capital cost and complexity relative to ships burning existing fuels.

Carbon Capture and Storage – A complex method, that involves trapping carbon dioxide emissions at its source of production or directly from the air and transporting it to a storage location usually in coal seams, aquifers, depleted oil and gas reservoirs, and other spaces deep under the surface of the Earth. Commercial viability is a major challenge at the present time. Several oil majors as well as Shipping companies are researching solutions to lower costs. If they are successful in doing so, this technology has the potential to become dominant as it would imply that existing fuels can continue to be used.

Electrification Semi-Electric and Electric vessels are gaining momentum, energy storage in batteries and optimized power control can provide significant reductions in fuel consumption, maintenance, and emissions. While improved battery technology has helped the new generation of electric European ventures get afloat, Electric and hybrid ships need more efficient and lighter batteries for a breakthrough. Energy density has increased considerably over the last 30 years, however, it is not yet enough to supply large ships with energy for long distances. The development of charging infrastructure and technologies for faster charging of the batteries are also crucial and hence ocean-going vessels are unlikely to become completely electrified in the near future.

Global Warming and Green House Gases (GHG):

Shipping may be the cleanest, environmentally friendly, and most fuel-efficient mode of transportation, but a major source of carbon dioxide and GHGs. When it comes to decarbonization, the maritime sector must play an even larger role in addressing climate change as the sector is a key stakeholder when it comes to both the causes and solutions related to the issue.



Awareness of the detrimental effects of Global Warming, GHGs, and Sulphur dioxide pollution has become widespread and focus on the environment has come under the spotlight. Organizations world-over have become more conscious about the environment than ever before, and shipping is no exception.

According to a Bloomberg article in The Washington Post on 1 Sep 2020, the shipping industry has grown by an average of 5% per year over the last three decades and 90,000 marine vessels carry over 90% of the world trade across the oceans. The Worlds shipping fleet contributes to more than 3% of the anthropogenic CO₂ produced globally and burns about 5 million barrels of fossil fuel per day. Besides CO₂, ships also release a handful of other global warming pollutants like Black Carbon (BC) and Nitrous Oxide (N₂O), which exacerbate global climate change and ocean acidification. These pollutants contribute to global climate change either directly, by acting as agents that trap heat in the atmosphere, or indirectly by aiding in the creation of additional greenhouse gases.

In August 2020, the IMO released the long-awaited “Fourth IMO Greenhouse Gas Study”.

On a positive note, through the years 2008 to 2018, the carbon intensity of international shipping improved roughly by 30%, and the total GHG emissions from shipping dropped by 7%, despite a 40% growth in maritime trade. However, during the years 2012 to 2018, the total GHG emissions from maritime shipping rose from 977 MMT to 1,076 MMT, while short-lived climate pollutants like black carbon and methane emissions rose by 12% and 150% respectively.

The year 2020, has seen an unprecedented decline in global emissions by 7%, which was a result of temporary behavioral changes in response to the massive economic disruption caused by the coronavirus pandemic and measures taken to contain it. Carbon intensity in shipping also improved by 11% in the year 2020, relative to 2018.

Shipping carries around 90% of all cargoes in the world by volume and is responsible for about 2-3% of GHG. Livestock, on the other hand, is responsible for 9.9% of GHG according to the United States Environmental Protection Agency. And yet, here we are, grappling with Zero Emission Vessels, whilst no one is talking about shutting down or curtailing the emissions from the livestock business. Strange world we live in!

To formalize PSL’s commitment towards preserving and conserving the environment and reducing our carbon footprint, we are ISO 14001: 2015 certified. In 2008, International shipping attributed to 916 MMT of CO₂ emissions, roughly contributing to 2.85% of the global CO₂ emissions, which was estimated at 32,822 MMT.

The IMO has used 2008 as a Baseline to plan and develop a roadmap for the comprehensive strategy on reducing GHGs from ships. Likewise, PSL has used 2008 as its baseline to monitor the average decline of CO₂ emissions over its entire fleet. CO₂ emissions were estimated at 554,145 tonnes in 2008, and 477,061 tonnes in 2020, a 13.9% (77,084 tonnes) reduction in CO₂ emissions.

A clear understanding of established goals and targets over the years has led to a steady decline in the overall CO₂ emissions and an improvement of the ship’s operational carbon intensity.

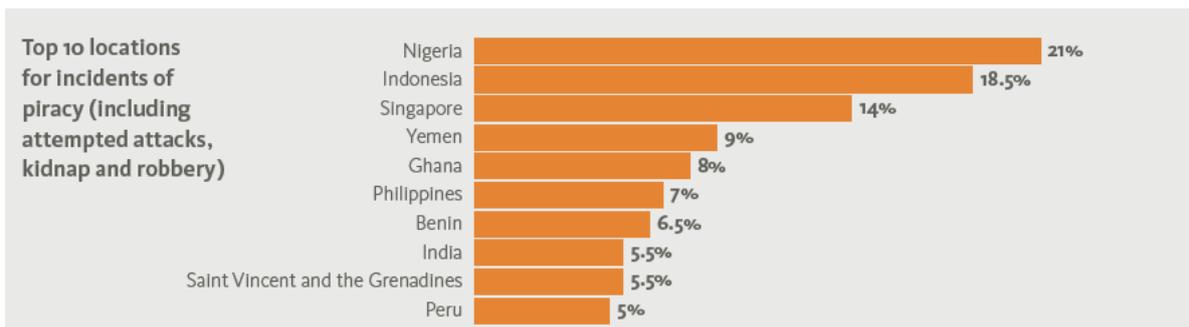
Vessel types	Y2014			Y2019			Y2020		
	No of Vessels	CO ₂ Emissions in tonnes	Carbon intensity - Grams CO ₂ per Tonne - Nautical Mile	No of Vessels	CO ₂ Emissions in tonnes	Carbon intensity - Grams CO ₂ per Tonne - Nautical Mile	No of Vessels	CO ₂ Emissions in tonnes	Carbon intensity - Grams CO ₂ per Tonne - Nautical Mile
Cement	3	16388	40.380	4	40614	28.607	4	38158	27.584
Handysize	13	168072	12.725	15	208807	11.939	15	184789	11.388
Supramax	9	148789	10.636	9	146847	9.783	9	135837	9.524
Ultramax (Eco)	2	14112	8.267	8	129815	7.167	8	118277	7.338
Log	11	103918	14.224	0	0	0.000	0	0	0.000
Bulk	6	57612	20.003	0	0	0.000	0	0	0.000
Whole Fleet	44	508891	12.884	36	526083	10.111	36	477061	9.941



Since 2014, the Company has been maintaining and evaluating emission records for the entire fleet, a credible baseline to evaluate progress. Over the years, the older vessels were phased out and additional fuel efficient “ECO” vessels were acquired. In the year 2014, the average carbon intensity per transport work was estimated at 12.884 Grams CO₂ per Tonne – Nautical Mile, and in the year 2020, it was estimated at 9.941 Grams CO₂ per Tonne – Nautical Mile. Using the year 2014 as a baseline, we have seen a 22.84% decline in the average carbon intensity over the entire fleet, a reduction of 2.943 grams CO₂ per Tonne – Nautical Mile for the year 2020. A comparison between the years 2019 and 2020 for the same fleet of vessels, indicates a decline in CO₂ emissions by 49,022 tonnes (9.32%) and a 1.68% decline in the average carbon intensity, a reduction of 0.17 grams CO₂ per Tonne – Nautical Mile.

The Scourge of Piracy continues to be a serious concern to all the stake holders in the shipping industry; especially ship owners, the crewmembers on board and their families. To help visualize, imagine being marooned on a small island from where there is no possibility of running away or escaping, no protection available from any kind of law enforcement agencies, absolutely nothing to defend oneself with and being attacked by a group of thugs, trained, and armed with military grade firearms!

2020 witnessed an increase in the number of incidents of piracy and armed robbery the world over. The International Maritime Bureau (IMB) reports that in 2020 the number of incidents increased to 195 up from 162 in 2019. The Gulf of Guinea (GOG) is undisputedly the most dangerous stretch of water in the world. During 2020 a total of 135 seafarers, equating to around 95% of total kidnappings worldwide, were from ships trading in the GOG region. The chart which is a citation from IMB’s report for the year 2020 gives one an idea of the country-wise percentages of incidents reported during the year.



On a region-wise basis, of the 195 incidents that were reported globally, 88 were in West African waters, 62 in S.E. Asia, 30 in South and Central America, 10 in the Indian sub-continent, 4 in east Asia and 1 case elsewhere in the world. There were no incidents in the Gulf of Aden and Somalia. Nevertheless, all our ships sail at least 250 NM away from the Somali coast, strictly follow BMP5 guidelines, have armed guards while transiting the Gulf of Aden, as these areas are still denoted as High-Risk Areas. The IMB reports that Somali pirates continue to have the capacity to attack ships. The presence of international Navies and their patrolling the high-risk areas, and the use of armed security guards on board, have also succeeded in making piracy for the Somalis less lucrative.

All our vessels trading in the region observe all the BMP guidelines to deter piracy along with armed escort vessels arranged by the company as necessary and where possible.

PSL has taken an active role in reporting to the IFC (Information Fusion Centre), a centre for monitoring the movement of all vessels in South East Asian waters. The IFC is based in the Singapore Naval Base and relays information to all regional Marine Coastguard units and has been effective in tackling piracy in the region.

Cybersecurity:

As modern and technologically advanced newer ships become increasingly connected and software-dependent on their day-to-day systems, cyber security continues to be a key area requiring increased attention to control operational and safety risks on these ships, while remaining a major issue to be tackled by shipping



companies during their board meetings worldwide. We continue assessing this threat to increase our overall security posture and to nurture a secure environment within which the organization can work and minimize the risk of any security breach.

Cyber risk is seen as an area where the threads in the global risk environment come together and the scale and sophistication of risks keeps growing. This is also fueled in part by geopolitical trends - more state sponsored attacks could add to those cyber-attacks that are financially motivated. Cyber exposure is growing in companies due to the rapid increase of interconnected devices, due to emerging technologies use onboard ships, and the use of artificial Intelligence. The prime focus of our industry will now be our ability to respond to these ever-increasing Cyber-attacks.

The IMO resolution MSC.428(98) on Maritime Cyber Risk Management in SMS has already come into effect from 1st of January 2021. The Resolution states that an approved SMS should consider cyber risk management in accordance with the objectives and functional requirements of the ISM Code. It encourages administrations to ensure that proper risk assessments and measures to protect ships from cyber incidents are included in the SMS. It also requires that these measures be implemented no later than the first annual verification of the company's DOC after 1st January 2021. We have already completed this on all our vessels.

Though we have not had any cybercrime incidents till date, at PSL we constantly review and maintain our findings that:

- Our present systems incorporated in Office environment and onboard ships are “robust” enough with the understanding that both IT and OT systems may be involved in cyber security incidents.
- During 2020, we have undergone a Vulnerability Assessment and Penetration Testing in the office IT infrastructure by Nettitude, a subsidiary of Lloyds Register and a member of CREST which is recognised globally as the cyber assurance body for the technical security industry. A vulnerability assessment was also done on a sample vessel in the fleet. Based on the gap analysis report, we have acted and completed all the recommended measures both in the office and on board our ships, to increase our cybersecurity posture.
- Additionally, the integrity and vulnerability of our financial and accounting related database is audited by EY once a year.
- In 2020, we have upgraded the Firewall version in Office.
- Although most ships are now connected to the internet, only permitted whitelisted websites can be accessed, minimizing the risk of malware and phishing. The OT systems in machinery spaces and the vital navigation equipment are segregated and not connected to the internet. That minimizes, if not eliminates, the risk due to Cyber-attacks onboard ships.
- AIS, ECDIS and Vessel Data Recorders (VDR) etc. are part of the Integrated Bridge System (IBS). Our system setup on-board ensures that these equipment are not directly connected to the internet at any time and hence, no data from these equipment is available or transmitted directly online.

Nevertheless, to reduce vulnerability to both cyber accidents and cyber-attacks, and to ensure safe and efficient operations of our fleet:

- at all levels of the company, from senior management ashore to the crew on-board, are involved in the safety and security culture onboard each vessel;
- in company policies, by considering how to align cyber risks with the existing security and safety risk management requirements contained in the ISPS and ISM Codes; and
- in relevant onboard procedures, by including new related requirements in in-house training programs, day to day operations of the vessel and maintenance of critical cyber systems, if any, that may exist onboard.



Digitalization: During 2020, due to the Covid-19 pandemic, most employees had to work remotely from home for several months. The transition from working in office to working remotely was very smooth and achieved in a very short time. This was possible because the Management at PSL has always been fully committed to support digitalization and we had been regularly going through the process of identifying and transforming the working procedures at PSL, which we are committed to continue. At PSL continuous training is the key to keep staff and seafarers up to speed with new technology which we take very seriously. Although our dedicated Training Center had to go into remote-operation mode during most part of 2020, the training of our crew was not affected as all of it was quickly moved to online platforms and the response from both the trainers and crew have been very positive.

JOINT VENTURES:

International Seaports (Haldia) Pvt Ltd: This is now our only investment in Ports in the Haldia Dock Complex (about 22.4% of the total capital) under our port projects investments. This JV continues to operate very well, and we have to-date received total dividends of USD 4.55 million, which works out to about 223% of our original Investment made in years 2002-2003.

IN CONCLUSION:

Demand: The environment for 2020 is going to be characterized by volatility. Downside risks for 2020 will include, amongst others, Geopolitical tensions; China importing lower quantities of Coal and Iron Ore; Protectionism increasing; Vessel supply not being absorbed fast enough; and excess Shipyard capacity holding the promise of more ships to come. But it is not all gloom and doom. The upside potential for 2020 consists of, amongst others, the fiscal and monetary stimulus of \$ 17.9 trillion will steer World GDP growth to 5.5% as per the IMF; the 'One-Belt-One-Road' that China continues to invest in linking some 65 countries from Asia/China to Europe; China importing more high-grade Iron Ore as they combat pollution and shift to higher grades of Steel production requiring better quality imported Iron Ore; China importing more Coal to reduce pollution, to reduce the terrifyingly high annual death toll at Coal mines invariably accompanied by protests from the relatives of those that have perished; Slower ordering at shipyards due to challenging markets, lack of traditional finance sources and regulatory changes that could make such 'new ships' obsolete well before their retirement age; Higher slippage rates due to challenging markets; Higher recycling rates due to challenging markets and regulatory pressure; The US economy outperforming expectations; Low oil prices leading to greater World economic growth rates; and weaker currencies in the Euro zone and Japan helping them to export their economies out of trouble. Most importantly, with geopolitical tensions receding with the US under Biden; Reduction in the trade war rhetoric between US and China; Brexit uncertainty disappearing; the Federal Reserve providing liquidity as needed; and the Chinese government adding as much stimulus as needed to keep their economy chugging along at a brisk pace; should all assist the demand side by removing the overhang of uncertainty that has crippled decision-making recently.

Supply: Under the current conditions, approximately 12.77% (111.24 MDWT) of the existing world fleet would be over 20 years of age between 2020-2023 if no ships are recycled till the end of 2023. These ships would come under tremendous financial pressure due to the upcoming expensive regulatory requirements. Depending on how challenging the freight markets turn out to be and the increasing regulatory pressure on older ships in the period 2021 to 2023 many of these ships would be forced to take the decision to head to the recycling yards in Asia.

With respect to the approximately 6.2% of new ships (56.23 MDWT) scheduled to be delivered to the end of 2023, the lack of funding coupled with delays in deliveries at shipyards would subject them to a degree of slippage (it was 11.8% in 2020), that would help slow down their arrivals into the freight market.



Financing: The Covid-19 pandemic created havoc in financial markets during the first half of 2020. Debt capital markets in Thailand and elsewhere were shut for businesses that were deemed to have been impacted by the pandemic. Banks around the world nervously watched as many of their customers suffered the risk of capitulation, from the onslaught wreaked upon businesses by this 100-nanometer virus. Banks focused on trying to survive themselves, rather than grow business by granting new loans. The number of ship financiers in Singapore dwindled further as banks closed their offices, to cut losses suffered mainly in the commodity and offshore sectors.

Covid-19 did not impact the conversation that the industry was having on decarbonization. If anything, there was an acceleration in the progress that the industry was making to address the vexatious issue of pollution. There was a raft of zero carbon vessel prototype projects announcements in 2020 and we expect more to come in 2021. The upside of this is that it has ground the new building orderbook to a screeching halt. A trend that we do not expect will reverse itself in 2021 or even 2022, as new vessel designs on offer by shipyards simply do not meet the International Maritime Organization's target to reduce emissions per unit of transport work by 40% in 2030 compared to the levels in 2008.

In 2019, several leading commercial banks active in Ship Finance launched the Poseidon Principles by which they committed to integrating climate considerations into their ship lending decisions. Around USD 1 Billion of Poseidon Principle linked loans were signed in 2020. This was the year that we also signed our first "green loan" with BNP Paribas to finance/refinance the aggregate cost of our ballast water treatment systems. We expect the trend of increased focus on environmental, social, and corporate governance (ESG) by the financial community to accelerate in the future.

According to Marine Money, the Shipping Industry (excluding offshore) as a whole, raised USD 9.82 Billion from capital markets in 2020 compared to USD 6.7 Billion in 2019. USD 7.86 Billion came in from Bonds and USD 1.96 billion from Public Equity. A sizeable USD 1,062 million of public equity was raised through primary offerings (IPOs), the highest figure since 2014. This compares to just USD 15 Million raised through primary offerings last year. Capital market activity was relatively muted in the first half of 2020 but recovered in the second half as economies reopened and freights rate recovered. The container shipping sector had a strong rebound in rates, and as one would expect, capital followed. The container sector was therefore the biggest issuer of debt in 2020 with over USD 3.6 Billion. In contrast, financial market participants were somewhat more circumspect about the rebound in the dry-bulk sector and so a lowly USD 227 million of debt was issued by dry-bulk companies.

Concluding Remark:

Considering all the above, we are taking advantage of the opportunities that are present in the market. We hope to deliver to all our stakeholders the promise of this potential. This will in no small measure be due to the very dedicated and hardworking professionals that make up the office, as well as the floating staff at PSL.

**For and on behalf of the Board of Directors of
Precious Shipping Public Company Limited**

Chaipatr Srivisarvacha

Chairman of the Board of Directors

Khalid Moinuddin Hashim

Managing Director

19 February 2021

CORPORATE STRUCTURE & BUSINESS OPERATIONS





BUSINESS OVERVIEW

Precious Shipping Public Company Limited (PSL or the Company), established in 1989 and listed on the Stock Exchange of Thailand in 1993, owns and operates dry bulk ships on a tramp shipping basis. The corporate structure of PSL, similar to other global shipping companies, has separate subsidiaries owning each vessel (sometimes 2 or 3 vessels).

As of 31 December 2020, PSL operates 36 dry bulk ships including 4 cement carriers (the “Fleet”), amounting to 1,585,805 DWT in aggregate. The Fleet comprises 20 ships that are registered under the Thai flag and 16 ships that are registered under the Singapore flag. 8 ships are in the Ultramax sector, 9 ships are in the Supramax sector and the balance 19 ships (including 4 cement carriers) are in the Handy Size sector of the dry bulk market.

PSL is one of the world’s largest pure dry cargo ship-owning companies operating in the Geared (10,000 to 69,000 DWT) sector of the tramp freight market. The Geared sector consists of 2 sub-sectors which are 1) Handy Size sector, ships with 10,000 - 39,999 DWT, and 2) Supramax/ Ultramax sector, ships with 40,000 - 69,999 DWT. Historically, the Company operated mainly in the Handy Size sector. However, the Company’s strategy has been to expand its fleet by acquiring larger, younger, modern and fuel-efficient vessels, as explained hereunder in “Nature of Business and Industry” of this Annual Report.

PSL’s Fleet is technically managed by Great Circle Shipping Agency Ltd, Bangkok, a wholly owned subsidiary of PSL that is ISO 9001 and ISO 14001 certified, which makes it one of the very few dry bulk ship management Companies which is compliant with an Environment Management System certification.

- **Vision & Mission Statement:**

To be the most distinguished Shipping Company in the world, providing an exemplary level of services and solutions to facilitate global trade

- **Core Values:**

Integrity, Sustainability, Tradition and Innovation

- **Ongoing Commitments:**

- >> **Focus on people, operations, and technology**

PSL recognizes the importance of human capital in the growth and success of its business. Therefore, we strive to amplify the competence and skills of our employees by conducting a range of in-house training and development programs for employees across the organization.

PSL is committed to continuous advancement and automation of its operations to ensure the highest level of operational efficiency. Further, we are committed to implementing latest technologies to improve operational efficiencies and reduce our environmental impact.

- >> **Concern for society**

Community development is in our DNA. We have been making significant donations to schools, scholarships for students of the Merchant Marine Training Centre and various such activities since 1995.

- >> **Concern for the environment**

We take our obligation to reduce the environmental impact of our business very seriously. We have measurably reduced emissions by replacing our fleet of older vessels with modern fuel efficient vessels. In addition, we undertake a number of fuel saving measures such as installing



mewis ducts on ships, actively cleaning of the external underwater hull and propeller so that frictional losses are kept to a minimum; usage of efficient hull coatings (anti-fouling paints), avoiding wastage of electric power on board and implementation of active weather routing on voyages to increase efficiency. We are committed to burning only low sulphur fuel while avoiding equipment such as scrubbers which cause water pollution.

PSL's Changes and Important Developments during the past 3 years (between 2018 and 2020)

2018

- **Reporting on the results of the Exercise of PSL-W1**

On 18 June 2018, the Company notified the Stock Exchange of Thailand ("SET") on the results of the Exercise of PSL-W1 as follows:

Name of Warrants	Warrant of PRECIOUS SHIPPING PUBLIC COMPANY LIMITED No. 1(PSL-W1)
Number of issued Warrants	51,975,666 units
Number of exercised Warrants	10,965 units
Number of final unexercised Warrants	51,964,701 units
Warrant Issue Date	16 June 2015
Exercise Price	Baht 17.50 per share
Conversion Ratio	1 unit of Warrant to 1 ordinary share
Term of Warrant	Not exceeding 3 years from the Warrant Issue Date.
Exercise Period	The last business day of every calendar quarter (March, June, September, December) of the year after the 2 nd anniversary from the Warrant Issue Date until the Last Exercise Date.
The first and the last Exercise Dates	30 June 2017 and 15 June 2018 respectively.

- **Amendment of credit facility from Export-Import Bank of Thailand**

On 3 July 2018, the Company and Precious Forests Ltd., the Company's subsidiary (the "Subsidiary"), have executed the Amendment Agreement to the Facility Agreement of up to US\$18 million, as a reimbursement of part of the contract price of one 63,345 DWT Ultramax Dry Bulk Vessel, i.e., M.V. Sunisa Naree, delivered from Taizhou Sanfu Ship Engineering Co. Ltd. to the Subsidiary in 2016, with Export-Import Bank of Thailand ("EXIM"), mainly to extend the availability period up to 28 December 2018 (from 30 June 2018).

2019

- **Resignation of Director and Change in Management and Executive Board**

On 5 April 2019, the Company notified the SET that the Company has received the resignation of Mr. Jaipal Mansukhani from the position of Director of the Company with effect from 5 April 2019. Accordingly, Mr. Jaipal Mansukhani has ceased to be a member of the Board of Directors of the Company and consequently as a member of the Executive Board of Directors of the Company ("Executive Board") from 5 April 2019. Further, Mr. Khushroo Wadia, who is Director (Finance) and has served as Executive



Director on the Executive Board of the Company has also resigned from the Executive Board of the Company and accordingly will cease to play an active role in the management of the Company and all of its subsidiaries with effect from 5 April 2019. However, it may be noted that Mr. Khushroo will continue to remain on the Board of Directors of the Company, albeit now without any executive management role.

Mr. Gautam Khurana, Chief Financial Officer of the Company, has replaced Mr. Khushroo Wadia as Director (Finance) with effect from 5 April 2019. The Board of Directors of the Company has also appointed Mr. Gautam Khurana as Executive Director on the Executive Board and Mr. Kodakaraveetil Murali Menon, Director (Technical) of the Company, as Executive Director on the Executive Board. Following the aforementioned appointments, the Executive Board shall comprise of Mr. Khalid Hashim, Mr. Gautam Khurana, and Mr. Kodakaraveetil Murali Menon.

- **Registration of the reduction of the registered capital of the Company by way of cancellation of the unissued shares and the consequent amendment to Clause 4 of the Company's Memorandum of Association.**

On 17 April 2019, the Company notified the SET that the resolutions of the Annual General Meeting of Shareholders No. 1/2019 held on 4 April 2019, which approved the reduction of the registered capital of the Company in the amount of Baht 51,965,068, from Baht 1,611,256,930 to Baht 1,559,291,862 by way of cancellation of 51,965,068 unissued shares at Baht 1 par value per share. The Company have completed registration of the reduction of the registered capital of the Company and the consequent amendment to Clause 4 of the Memorandum of Association of the Company in accordance with the aforementioned resolutions, with the Department of Business Development, the Ministry of Commerce on 9 April 2019.

- **A connected transaction**

On 18 November 2019, the Company notified the SET that the Meeting of the Board of Directors of the Company No. 5/2019 held on Monday, 18th November 2019 has approved a connected transaction, being the purchase of one condominium unit at Prestige Towers Condominiums by Great Circle Shipping Agency Limited, a wholly owned Thai subsidiary of the Company from Mr. Khalid Moinuddin Hashim, Managing Director and Director of the Company, and Director of the Subsidiary and Mrs. Vijayalakshmi Hashim, spouse of Mr. Hashim.

- **Dissolution of the Company's subsidiaries**

On 26 November 2019, the Company notified the SET that the following 7 wholly owned Thai subsidiaries of the Company have completed their liquidation processes due to absence of any operations, since these subsidiaries did not own any vessels.

1. Precious Rivers Limited
2. Precious Seas Limited
3. Precious Stars Limited
4. Precious Cliffs Limited
5. Precious Hills Limited
6. Precious Mountains Limited
7. Precious Cities Limited

- **New credit facility of USD 28 million from Export-Import Bank of Thailand**

On 16 December 2019, the Company notified the SET that on 13 December 2019, the Company and certain Thai subsidiaries of the Company have executed a USD 28 million term loan facility with Export-Import Bank of Thailand. The purpose of the Loan Facility is for (i) redemption of any of the debentures issued by the Company, (ii) repayment/prepayment of any loan of the Company and/or its subsidiaries from financial institutions, and/or (iii) acquisition of vessels.



2020

- **Amendment to the Company's registered address**

On 30 January 2020, the Company notified the SET that on 30th January 2020, the Company registered the amendment of the Company's registered office address with the Ministry of Commerce in its official documents as follows:

Old registered office address: No. 8 Cathay House, 7th Floor, North Sathorn Road, Silom, Bangrak, Bangkok 10500.

New registered office address as amended: No. 8, North Sathorn Road, G, 7th, 8th and 9th floors, Silom, Bangrak, Bangkok 10500.

- **Amendments to the Secured Loan Agreement from BNP Paribas**

On 16 April 2020, the Company notified the SET that on 15 April, 2020, the Company along with its Singaporean subsidiaries, Precious Skies Pte. Ltd. and Precious Tides Pte. Ltd., as Joint Borrowers, have executed a first amendment and restatement deed ("Deed") in relation to the Loan Agreement of up to USD 42 million (disclosure made to the SET on 30 December 2014) which originally was for financing two 64,000 DWT Ultramax Dry Bulk Vessels (i.e. M.V. Savitree Naree and M.V. Savita Naree). The aforesaid Deed is mainly to upsize the original Loan by an additional loan amount of up to USD 10.6 million ("Upsize Loan").

- **Resolutions of the Debenture Holders' Meeting No. 1/2020 of PSL206A**

On 19 May 2020, the Company notified the SET of the resolutions of the Debenture Holders' Meeting No. 1/2020 of "Debentures of Precious Shipping Public Company Limited No. 2/2559 Due B.E. 2563" ("PSL206A") which was held on 19 May 2020 at 2.00 p.m. at the office of Christiani & Nielsen (Thai) Public Company Limited located at 727 Lasalle Road, South Bangna Sub-District, Bangna District, Bangkok 10260 as summarized below:

1. Approved the extension of PSL206A's maturity date by 1 year and 6 months and revision of the redemption date from 9 June 2020 to 9 December 2021 and approved the amendment of Terms and Conditions, debentures' certificate and name of the debentures to be in line with the amendment of the maturity date.
2. Approved the amendment of the interest rate of the debenture to be 6.5 percent per annum by calculating the new rate from (and including) 9 June 2020 in accordance with the Terms and Conditions, including the amendment of Clause 2.1 and related content of the Terms and Conditions and debentures' certificate to be in line with the amendment of the debentures' interest rate.
3. Approved the amendment of Clause 11 of the Terms and Conditions regarding the redemption and repurchase of debentures by adding Clause 11.5 Redemption of Debentures before the due date by the debentures' issuer and approved the amendment of the name of debentures and debentures' certificate to "Debentures of Precious Shipping Public Company Limited no. 2/2559 Due B.E.2564 with the Issuer's Right to Early Redemption" to be in line with the above matter.
4. Approved the payment of the principle at 20 percent of the total outstanding amount of debentures with interest on 9 June 2020.

- **New credit facility of USD 10.10 million from Export-Import Bank of Thailand**

On 28 May 2020, the Company and certain subsidiaries of the Company have executed a USD 10,100,000 term loan facility ("Loan Facility") with Export-Import Bank of Thailand. The purpose of the Loan Facility is for partial redemption of the Debentures of Precious Shipping Public Company Limited No. 2/2016 due 2021 as extended) (PSL206A).

- **Appointment of two new Directors**

The Annual General Meeting of Shareholders of the Company No. 1/2020 held on Wednesday, 8 July 2020 at 10:30 hours by electronic means ("E-AGM") which was broadcast from the Company's office located at No. 8 North Sathorn Road, Silom, Bangrak, Bangkok 10500 approved the appointment of Ms. Pensri Suteerasarn as a new Independent Director and Ms. Sirasa Supawasin as another Director.



- **Appointment of the new Chairman of the Board of Directors and the new Chairperson of the Nomination Committee**

With reference to the retirement of Mr. Thira Wipuchanin at the Annual General Meeting of Shareholders of the Company No. 1/2020, the Board approved the following appointments by the resolutions of the Meeting of the Board of Directors of the Company No. 6/2020 held on Wednesday, 8 July 2020 at 12.00 hours at the Registered Office of the Company.

- Mr. Chaipatr Srivisarnvacha, Independent Director, as the new Chairman of the Board of Directors of the Company with effect from 8 July 2020.
- Ms. Pensri Suteerasam, Independent Director, as the new Chairperson of the Nomination Committee for a 2-year term with effect from 8 July 2020 in replacement of Mr. Chaipatr Srivisarnvacha who is now appointed as the Chairman of the Board of Directors of the Company.

- **Execution of the Settlement Agreement between the Company and Sainty Marine Corporation Ltd. (currently known as Jiangsu Guoxin Corporation Ltd.) (“Sainty”)**

On 10 July 2020, the Company and Sainty executed an amicable settlement agreement in order to fully and finally settle any and all of their disputes and claims in relation to the eleven shipbuilding contracts for eleven 64,000 DWT bulk carrier vessels bearing hull nos. SAM13009B (M.V. Issara Naree), SAM13010B (M.V. Inthira Naree), SAM14017B, SAM14018B, SAM14019B, SAM14020B, SAM14021B, SAM14022B, SAM14023B, SAM14027B, SAM14028B which were under the arbitration and court proceedings in London.

- **Resolutions of the Debenture Holders’ Meeting No. 1/2020 of PSL211A**

On 30 July 2020, the Company notified the SET of the resolutions of the Debenture Holders’ Meeting No. 1/2020 of “Debentures of Precious Shipping Public Company Limited No. 1/2559 Due B.E. 2564” (“PSL211A”) which was held on 30 July 2020 at 10.30 a.m. at Bussarakam ballroom and Pailin room, the Avani Atrium Hotel, No. 1880 New Petchburi Road, Bangkapi, Huay Kwang, Bangkok, Thailand 10310 as summarized below:

1. Approved the extension of PSL211A’s maturity date by 1 year and 6 months and revision of the redemption date from 22 January 2021 to 22 July 2022 and approved the amendment of Terms and Conditions, debentures’ certificate and name of the debentures to be in line with the amendment of the maturity date.
2. Approved the amendment of the interest rate of the debenture to be 6.75 percent per annum by calculating the new rate from (and including) 22 January 2021 in accordance with the Terms and Conditions, including the amendment of Clause 2.1 and related content of the Terms and Conditions and debentures’ certificate to be in line with the amendment of the debentures’ interest rate.
3. Approved the amendment of Clause 11 of the Terms and Conditions regarding the redemption and repurchase of debentures by adding Clause 11.5 Redemption of Debentures before the due date by the debentures’ issuer and approved the amendment of the name of debentures and debentures’ certificate to “Debentures of Precious Shipping Public Company Limited no. 1/2559 Due B.E.2565 with the Issuer’s Right to Early Redemption” to be in line with the above matter.
4. Approved the payment of the principle at 20 percent of the total outstanding amount of debentures (either in single or multiple payments) on or before 22 January 2021 and such payment is not required to be made on any interest payment date.

- **Reporting on 2nd partial early redemption of the PSL206A Debentures**

On 18 September 2020, the Company notified the SET that the Company has exercised the right to redeem 40% of the outstanding principle of the PSL206A Debentures, which is equivalent to THB 627.20 million. The payment of this partial early redemption will be made along with the accrued interest to the Debenture holders on 22 October 2020.



- **Reporting on 1st partial early redemption of the PSL211A Debentures**

On 21 September 2020, the Company notified the SET that the Company has exercised the right to redeem 10% of the total principal amount of the PSL211A Debentures, which is equivalent to THB 359 million. The payment of this partial early redemption will be made along with the accrued interest to the Debenture holders on 22 October 2020.

- **Reporting on 2nd partial early redemption of the PSL211A Debentures**

On 14 October 2020, the Company notified the SET that the Company has exercised the right to early redeem another 10% of the total principal amount of the Debentures (THB 3,590 million), which is equivalent to THB 359 million. The payment of this 2nd partial early redemption will be made along with the accrued interest to the Debenture holders on 16 November 2020. After this 2nd partial early redemption, the outstanding principal of the PSL211A Debentures will be THB 2,872 million.

- **Receipt of lump sum charter hire from Ultratech Cement Ltd., India**

With reference to the 5 long term charters made between 5 of the Company's subsidiaries in Singapore, viz. (i) ABC ONE Pte. Ltd., (ii) ABC TWO Pte. Ltd., (iii) ABC THREE Pte. Ltd., (iv) ABC FOUR Pte. Ltd. and (v) Precious Comforts Pte. Ltd., as the Owners, and Ultratech Cement Ltd., India, as the Charterers, in respect of 4 cement carriers (M.V. Danaya Naree, M.V. Apinya Naree, M.V. Boonya Naree and M.V. Chanya Naree) and 1 Supramax dry bulk vessel (M.V. Apiradee Naree), respectively (collectively as "Vessels"), on 16 October 2020, the Company notified the SET that around the end of August 2020, each of the Owners executed a supplemental agreement with the Charterers, to amend the payment terms under each of the charters, whereby the Charterers agreed to pay the daily charter hire for a period of one year (1st October 2020 – 30th September 2021) in advance on or before 1st October 2020 in exchange for a discount from the Owners of 5%. On 1st October 2020, the Owners received the aggregate net lump sum charter hire for all 5 Vessels in the amount of USD 25.23 million from the Charterers.

- **Change in Management and Executive Board**

On 16 November 2020, the Company notified the SET that Mr. Kodakaraveettil Murali Menon, who is Director (Technical) and Executive Director on the Executive Board of Directors ("Executive Board") of the Company and has been with the Company for over 32 years plans to retire from the Company in all capacities at the end of 2020. As such, the Board of Directors of the Company has appointed Mr. Prashant Mahalingam who currently is Vice President (Technical) and has been employed by the Company since 1993, as Mr. Menon's replacement as Director (Technical) and as Executive Director on the Executive Board with effect from 1st January 2021. Following the aforementioned appointment with effect from 1st January 2021, the Executive Board shall comprise of Mr. Khalid Hashim, Mr. Gautam Khurana, and Mr. Prashant Mahalingam.

- **New Loan Agreement of USD 6 million with SinoPac Capital International (HK) Limited, Hong Kong**

On 18 November 2020, the Company notified the Stock Exchange of Thailand that on 17 November 2020, the Company's Singaporean subsidiary, Precious Visions Pte. Ltd., (the "Subsidiary") as the Borrower and the Company as the Guarantor have executed a USD 6 million Senior Secured Amortizing Term Loan Agreement with SinoPac Capital International (HK) Limited to refinance the Supramax Dry Bulk Vessel (M.V. Chayanee Naree).

- **Reporting on 3rd partial early redemption of the PSL206A Debentures**

On 27 November 2020, the Company notified the SET that the Company has exercised the right to early redeem another 30% of the outstanding principal amount of the PSL206A Debentures (THB 940.80 million), which is equivalent to THB 282.24 million. The payment of this 3rd partial early redemption will be made along with the accrued interest to the Debenture holders on 5 January 2021. After this 3rd partial early redemption, the outstanding principal of the PSL206A Debentures will be THB 658.56 million.



NATURE OF BUSINESS AND INDUSTRY

1. Revenue Structure

PSL Ships are employed principally under a Time Charter or Voyage Charter Contract:

1.1 Time Charter: Under this charter, the Charterer pays Charter Hire to PSL to operate the vessel for an agreed time period. The Charterer bears all voyage costs, including the cost of bunker fuels. It may be noted in this case that PSL (or the Shipowning Company) is not the Lessor of the ship, but rather a service-provider, since PSL retains full control with physical and legal possession of the ship.

1.2 Voyage Charter: Under this charter, the Charterer pays Freight to PSL to transport a particular cargo between two or more designated ports (usually paid on a dollar per ton basis). In this case, PSL bears all the voyage costs, including the cost of bunker fuels.

Revenue structure from the operation of PSL for the last 3 years

Revenues	2018		2019		2020	
	Amount (Baht Million)	% of Total Revenue	Amount (Baht Million)	% of Total Revenue	Amount (Baht Million)	% of Total Revenue
Time Charter Income	4,085.56	82.20	3,334.21	79.71	2,874.43	76.63
Voyage Charter Income	843.55	16.97	810.07	19.36	851.87	22.71
Total Vessel Operating Income	4,929.11	99.17	4,144.28	99.07	3,726.30	99.34
Other income	41.01	0.83	38.75	0.93	24.76	0.66
Total Revenues	4,970.12	100.00	4,183.03	100.00	3,751.06	100.00

2. Nature of business

PSL operates its fleet on a tramp-shipping basis, which is to say that the vessels do not have a predetermined schedule of the ports that they call. Principal cargoes handled by PSL are cement, agricultural products, steel, fertilizers, ore and concentrates, coal, logs and other items. Geographically, PSL estimates its business to be divided evenly across five regions: i) North America ii) Europe, iii) Latin and South America - Africa, iv) Indian sub-continent - Middle East, and v) South East & Far East Asia. PSL operates the majority of its ships in ports that have restricted draft and limited infrastructure (PSL ships have equipment for self-loading & unloading) where larger ships cannot operate. This distinction provides a competitive advantage and allows PSL to enjoy stable charter rates compared to other operators. PSL's geared ships are therefore preferred over larger, gearless ships, despite the latter's economies of scale.

Each ship sails across the globe, depending on the requirements of PSL's charterers. The Fleet is hired on both, time charters as well as voyage charters, with a typical duration of 1 - 3 months. The mix between the two types of business had historically been equal, until the year 2004 when this changed to an extent that almost all the ships were on time charters. In 2005 and 2006, the proportion of voyage charters increased marginally as compared to the year 2004. However, during the years 2007 - 2010, the equation changed again and about 99% of vessel employment were time charters and only about 1% was voyage charters, except during year 2009 where the proportion of voyage charters was marginally higher at 6%. However, during the years 2011 - 2020, the proportion of voyage/time charters changed with an increase in percentage of voyage charters to around 6% to 17% from 0.5% in 2010.

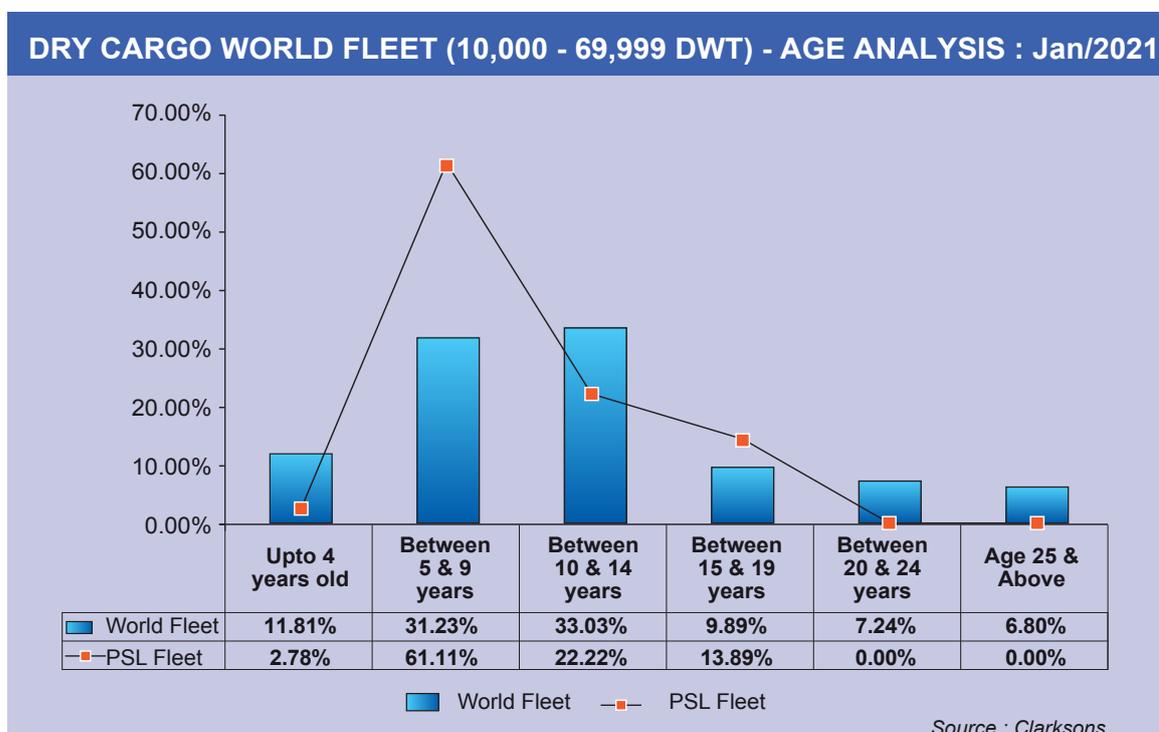
The diversified nature of its operations (global dry bulk shipping in the geared sectors carrying 'essential' basic commodities) allows PSL to minimize the impact of risks in terms of regions or commodities covered as well as economic cycles.



2.1 Fleet Age

PSL's fleet, with present average age of about 9 years, is younger than the world's fleet average age of about 11 years.

An age wise analysis as on 1 January 2021 of PSL's fleet vis-a-vis the World Fleet (10,000 - 69,999 DWT) is given in the following graph.



2.2 Business Operations

PSL's revenues are well diversified in terms of its business mix, as can be seen from the following tables:

i Commodities/Cargoes Carried

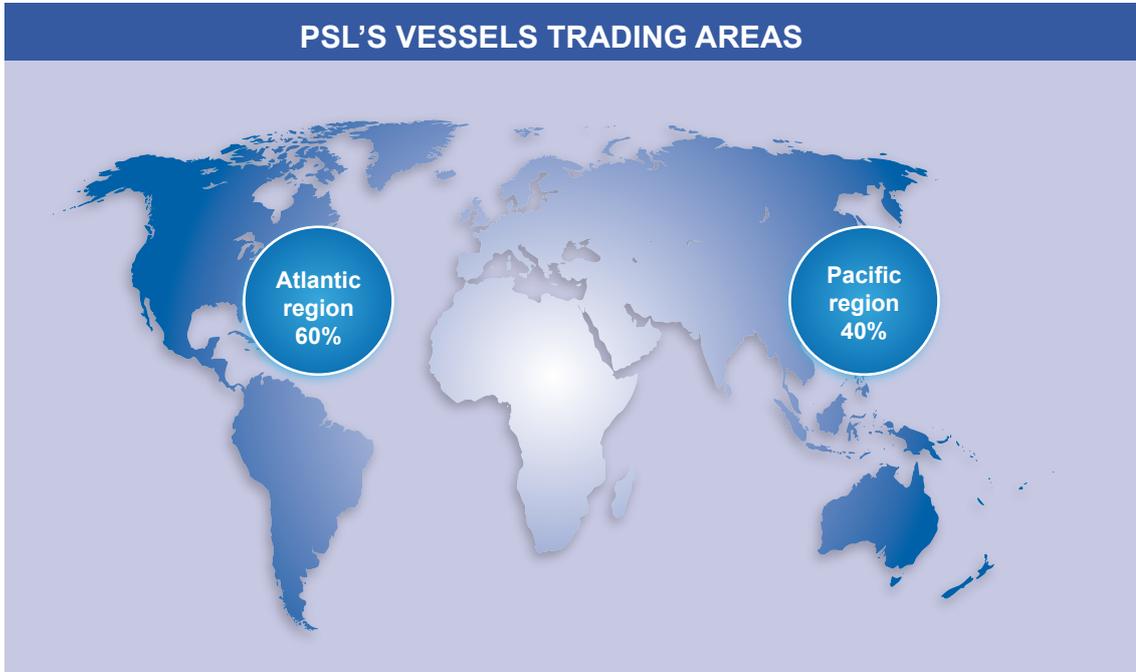
Commodity	(Number of Voyages and % of Total Voyages)					
	2018		2019		2020	
Cement	116	30.13%	130	32.66%	114	29.77%
Agricultural Commodities	63	16.36%	63	15.83%	71	18.54%
Steel	40	10.39%	50	12.56%	43	11.23%
Fertilisers	28	7.27%	28	7.04%	34	8.88%
Specialised Ores	45	11.69%	43	10.80%	50	13.05%
Coal	37	9.61%	33	8.29%	36	9.40%
Forest Products/Logs	11	2.86%	13	3.27%	4	1.04%
Others	45	11.69%	38	9.55%	31	8.09%
Total	385	100.00%	398	100.00%	383	100.00%



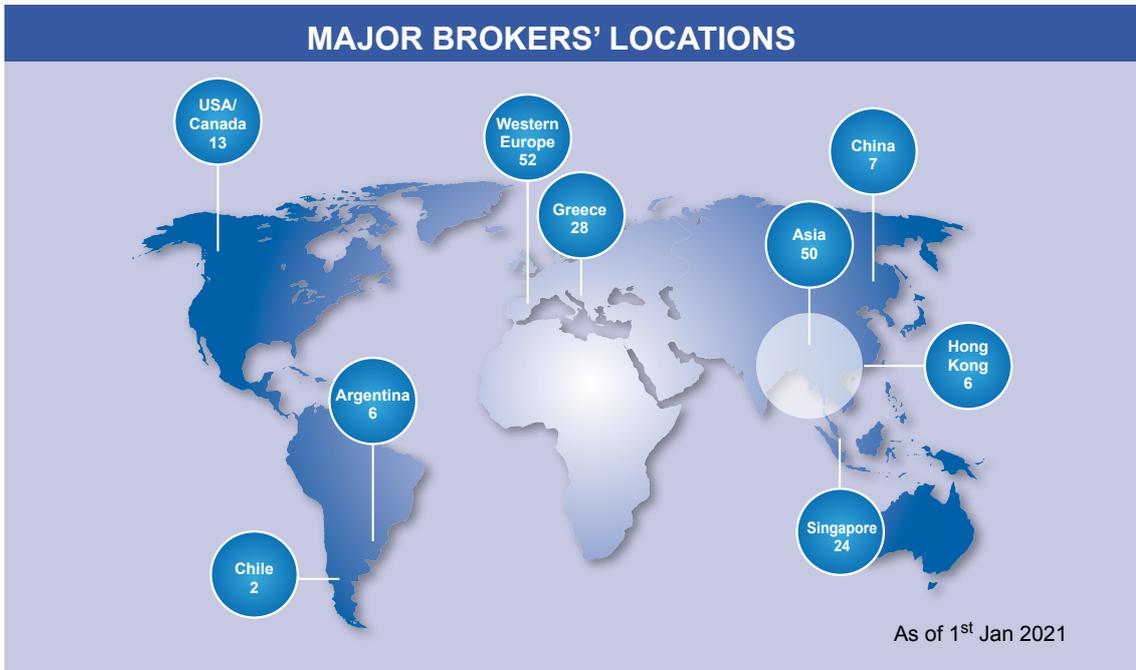
ii Voyage Charters v/s Time Charters

Charter	(Number of Voyages and % of Total Voyages)					
	2018		2019		2020	
Voyage Charters	34	8.83%	32	8.04%	34	8.88%
Time Charters	351	91.17%	366	91.96%	349	91.12%

iii Vessel Trading Areas



iv Marketing network and major broker locations

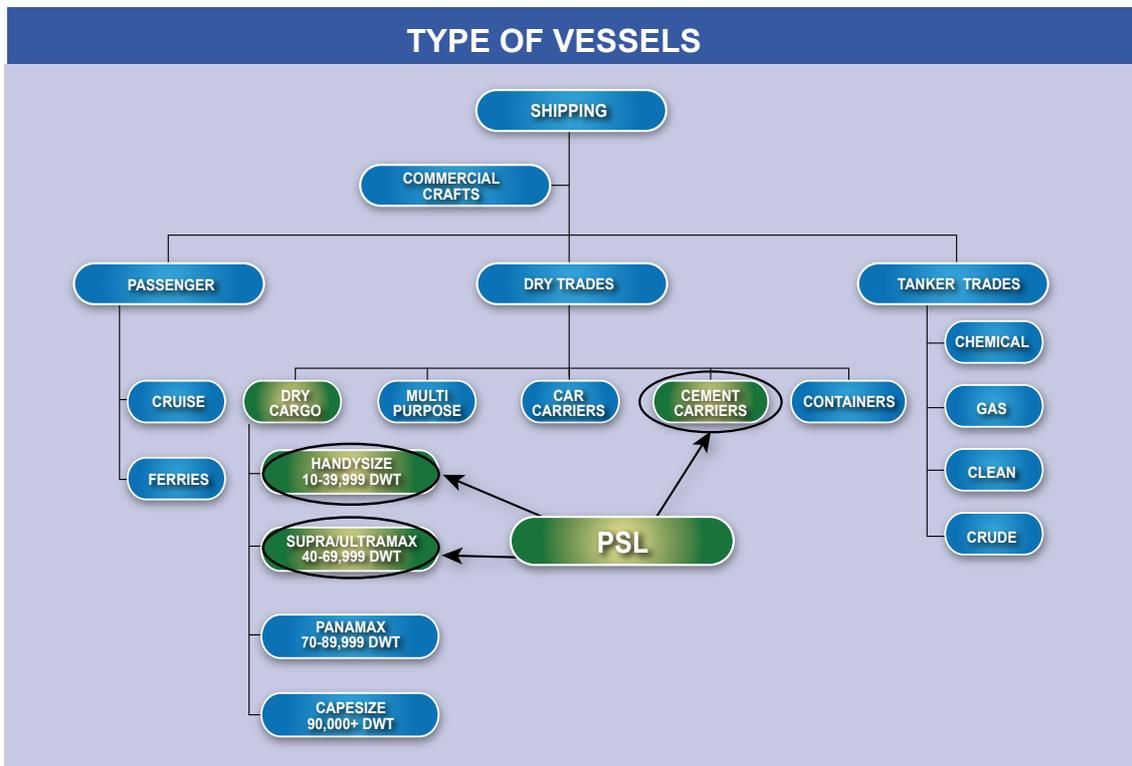


From the above graphs, it can be observed that PSL enjoys a wide coverage with its top class world-wide marketing network. The extensive use of the internet has allowed this coverage to be obtained in an extremely cost effective manner.



3. INDUSTRY STRUCTURE

Broadly, the Shipping Industry is classified as under:



3.1 Dry Bulk Market

Dry Bulk Commodities are divided into 2 categories, viz. Major Bulk and Minor Bulk. Major Bulk commodities are iron ore, coal, and certain grains. Minor Bulk commodities are agricultural commodities, cement, steel, fertilisers, specialized ores, forest products, etc.

PSL’s fleet is in the geared ships sector. Demand for this sector is fragmented because of the broad cargo base and multitude of ports serviced by this market segment. As a result, earnings are also less volatile compared to earnings of gearless vessels.

The vessel supply picture is also very fragmented. As of 31 December 2020, there were 7,806 ships with DWT of between 10,000 and 69,999. The largest shipowner in this sub-group has a fleet of only about 123 ships or about 2% market share of capacity in DWT terms. The majority of the owners are private companies with a small number of vessels.

Historically, the Shipping Industry has been a very cyclical industry with two to three years of declining charter rates needed to stabilise supply and demand before freight rates begin to increase. For instance, it took three years for demand to recover following the “down cycle” triggered by the “Asian Financial Crisis” in 1997. With the gradual increase in economic growth in all regions of the world, dry bulk commodity demand improved in 2000 and the improvement continued till the first half of 2001. Also helping the bullish freight rates were increased scrap prices, which incentivized the demolition of older vessels. Thereafter, since the end of 2001, the market witnessed a downturn due to various factors which were of a rather limited duration. The market then witnessed an unprecedented upward trend starting in the third/fourth quarter of 2003, and remained firm throughout 2004 till the first half of 2005, after which the market again experienced a small downturn which experts attributed to an upsurge in supply of vessels, coupled with a decline in scrapping of older vessels. However, contrary to expectations and conventional wisdom, the market turned north from the end of the second quarter of 2006. During 2007, the market

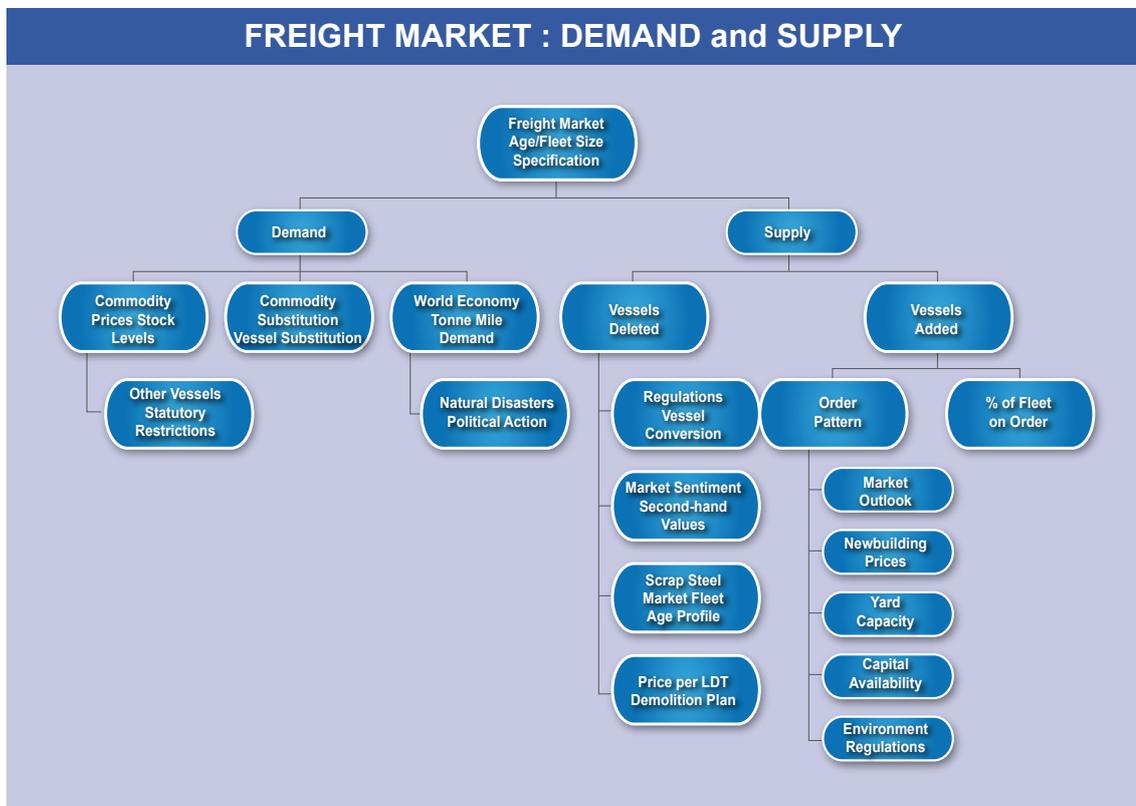


continued heading north and reached a peak indicated by the Baltic Dry Index (BDI - as described in 2.3 hereunder) touching 11,039 points on 13 November 2007, before starting to drift lower till the end of January 2008. The market then again headed north till it reached its highest level ever, with the BDI reaching 11,793 points on 20 May 2008, after which, with the onset of the Global Financial Crisis (GFC) and the threat of sustained global recessionary conditions, it fell consistently, reaching 663 points on 5 December 2008, and was at 774 points at the end of the year 2008. As the net annual increase in supply of vessels was very high during 2009 - 2012, the dry bulk market had to face a protracted period of low BDI from 2011 to 2016. The BDI hit the lowest level in its history at 290 points on 10 February 2016 and the average BDI for the year 2016 was at 673 points which was the lowest average BDI in dry bulk history.

Since 2016, the BDI has been on a gradual uptrend as supply pressures eased due to a decline in the new vessel orderbook. In the first half of 2019, an accident at a Vale mine in Brazil, adverse weather conditions in Australia and African swine fever in China had a debilitating impact on freight rates. Fortunately, the recovery in the second half was very strong, with the BDI touching a ten year high in September 2019. This was followed by the mother of all black swan events, the Covid-19 Pandemic, which annihilated ship earnings between February and May of 2020. From June 2020 onwards, however, there was a gradual resumption in demand as economies around the world reopened. In addition, China's USD 667 Billion steel intensive stimulus package accentuated demand for commodities. Recovering demand and tightening vessel supply have kept freight rates buoyant in late 2020 and early 2021.

3.2 Demand - Supply

While the composition and the age of a company's fleet do have an effect on its earnings and expenses, the following table illustrates the various external factors governing demand and supply which drive the Shipping Industry and create the business cycle.





3.3 Shipping Market Index

The BDI is the leading indicator of spot dry bulk cargo market rates, calculated by the London-based Baltic Exchange. A description of the BDI and its computation method is provided hereunder.

The Baltic Dry Index

The BDI is the successor to the Baltic Freight Index (BFI) and came into operation on 1 November 1999. From 1 July 2009 to 28 February 2018, the BDI was a composite average of Capesize, Panamax, Supramax and Handysize vessel time charter rates (TC).

In January 2018, the Baltic Exchange announced that it will be implementing changes to the Baltic Dry Index (BDI). From 1 March 2018, the BDI was re-weighted to the following ratios of time charter assessments: 40% Capesize, 30% Panamax and 30% Supramax. Handysize were no longer included in computing the BDI. A multiplier of 0.1 was applied.

The BDI is computed by applying the following revised formula.

$((\text{Average Capesize TC} \times 40\%) + (\text{Average Panamax TC} \times 30\%) + (\text{Average Supramax TC} \times 30\%)) \times 0.1$.

Baltic Supramax Index (BSI)

BSI for Tess 58 design has been published commencing on 3 April 2017, and the transition from BSI Tess 52 design to BSI Tess 58 design was completed as of 31 December 2018, when the Baltic Exchange stopped publishing BSI for Tess 52.

Since 1 January 2019, the Baltic Supramax Index is based on the following type of vessel as described below:

Standard "Tess 58" type vessel with grabs as follows:

- 58,328 DWT self trimming single deck bulk carrier on 12.80 m draught, non - scrubber fitted.
- 189.99 m length, 32.26 m breadth, 5 hatches, 72,360 cubic metres space for loading cargo.
- Speed of 14 knots loaded with cargo on a consumption of 33mt of fuel oil per day at sea, speed of 14 knots without any cargo on a consumption of 32mt of fuel oil per day at sea.
- Speed of 12 knots loaded with cargo on a consumption of 24mt of fuel oil per day at sea, speed of 12.5 knots without any cargo on a consumption of 23mt of fuel oil per day at sea.
- 4 Cranes, each of 30mt lifting capacity with 12 cubic metre grabs for loading and or discharging cargoes.
- Maximum age of Vessel - 15 years.

Route definitions

Route 1B: Delivery of the ship within Canakkale range for one trip time charter via Mediterranean or Black Sea. Duration of the time charter about 40/50 days. Redelivery of the ship within China/South Korea range. Weighting applied: 5 percent.

Route 1C: Delivery of the ship within US Gulf range for one trip time charter. Duration of the time charter about 50/55 days. Redelivery of the ship within China/South Japan range. Weighting applied: 5 percent.

Route 2: Delivery of the ship within North China range for one trip time charter. Duration of the time charter about 35/40 days. Redelivery of the ship within one Australian or Pacific round voyage range. Weighting applied: 20 percent.

Route 3: Delivery of the ship within North China range for one trip time charter. Duration of the time charter about 55/65 days. Redelivery of the ship within West Africa range. Weighting applied: 15 percent.



- Route 4A:** Delivery of the ship within US Gulf range for one trip time charter. Duration of the time charter about 25/30 days. Redelivery of the ship within Skaw/Passero range. Weighting applied: 7.5 percent.
- Route 4B:** Delivery of the ship within Skaw/Passero range for one trip time charter. Duration of the time charter about 25/30 days. Redelivery of the ship within US Gulf range. Weighting applied: 10 percent.
- Route 5:** Delivery of the ship within West Africa range for one single time charter via East Coast South America. Duration of the time charter about 60/65 days. Redelivery of the ship within North China. Weightage applied: 5 percent.
- Route 8:** Delivery of the ship within South China range for one trip time charter via Indonesia. Duration of the time charter about 20/25 days. Redelivery of the ship within East Coast India range. Weighting applied: 15 percent.
- Route 9:** Delivery of the ship within West Africa range for one trip time charter via East Coast South America. Duration of the time charter about 45/50 days. Redelivery of the ship within Skaw/Passero range. Weighting applied: 7.5 percent.
- Route 10:** Delivery of the ship within South China range for one trip time charter via Indonesia. Duration of the time charter about 20/25 days. Redelivery of the ship within South China range. Weighting applied: 10 percent.

In all the above, it is assumed that 5% total commission on the Gross Time Charter Hire would be payable and business is done within 5/10 days in advance of the ship being free of her last cargo.

Baltic Handysize Index (BHSI)

BHSI for Tess 28 design has been published commencing in 2007, and the transition from BHSI Tess 28 design to BHSI Tess 38 design was completed as of 31 December 2019.

Since 2 January 2020, the Baltic Handysize Index is based on the following type of vessel as described below:

- 38,200 DWT self trimming single deck geared bulk carrier on 10.538 m draught, non - scrubber fitted.
- 180 m length, 29.8 m breadth. 5 holds and 5 hatches. 47,125 cubic metres space for loading cargo.
- Speed of 14 knots loaded with cargo on a consumption of 26mt of fuel oil per day at sea, speed of 14 knots without any cargo on a consumption of 24mt of fuel oil per day at sea.
- Speed of 12 knots loaded with cargo on a consumption of 18mt of fuel oil per day at sea, speed of 12 knots without any cargo on a consumption of 17mt of fuel oil per day at sea.
- 4 Cranes each of 30mt capacity for loading and or discharging cargoes.
- Maximum age of Vessel - 15 years.

Route definitions

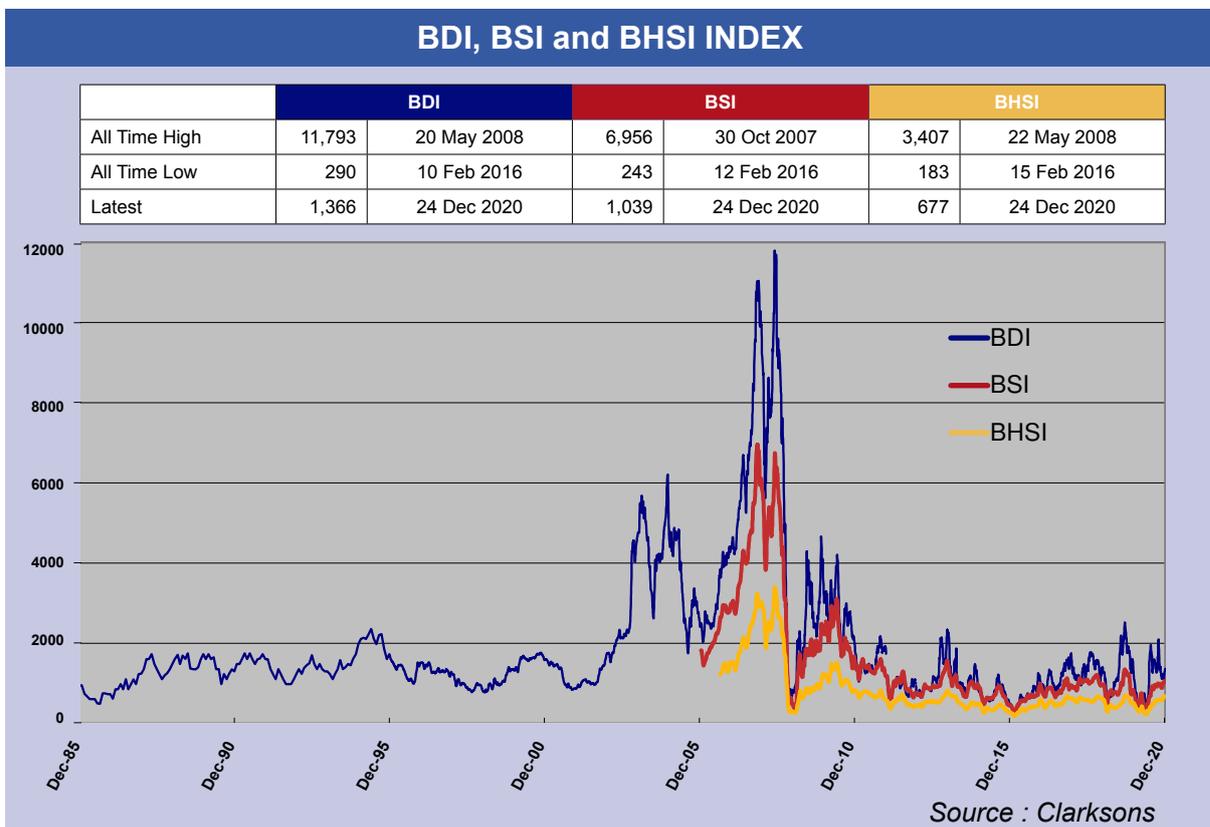
- Route 1:** Delivery of the ship within Skaw/Passero range for one trip time charter. Duration of the time charter about 35/45 days. Redelivery of the ship within Recalada/Rio de Janeiro range. Weighting applied: 12.5 percent.
- Route 2:** Delivery of the ship within Skaw/Passero range for one trip time charter. Duration of the time charter about 35/45 days. Redelivery of the ship within Boston/Galveston range. Weighting applied: 12.5 percent.
- Route 3:** Delivery of the ship within Recalada/Rio de Janeiro range for one trip time charter. Duration of the time charter about 35/45 days. Redelivery of the ship within Skaw/Passero range. Weighting applied: 12.5 percent.



- Route 4:** Delivery of the ship within US Gulf for one trip time charter. Duration of the time charter about 35/45 days via US Gulf or North Coast South America. Redelivery of the ship within Skaw/Passero range. Weighting applied: 12.5 percent.
- Route 5:** Delivery of the ship within South East Asia for one trip time charter . Duration of the time charter about 30/45 days. Redelivery of the ship within Singapore/Japan range including China. Weighting applied: 20 percent.
- Route 6:** Delivery of the ship within North China/South Korea/Japan range for one trip time charter Duration of the time charter about 40/45 days. Redelivery of the ship within North China/South Korea/Japan range. Weighting applied: 20 percent.
- Route 7:** Delivery of the ship within North China/South Korea/Japan range for one trip time charter Duration of the time charter about 25/30 days. Redelivery of the ship within South East Asia range. Weighting applied: 10 percent.

In all the above, it is assumed that 5% total commission on the Gross Time Charter Hire would be payable and business is done within 5/10 days in advance of the ship being free of her last cargo.

The following graph shows the movement of the BDI, BSI and BHSI from starting to the end of 2020.



3.4 Maritime Laws and Regulations

Maritime laws and regulations are very complex and rigid. Due to PSL's strict observance of all maritime laws and regulations, coupled with excellent maintenance of its vessels, increasingly stringent regulatory environments actually play to PSL's strengths. For example, PSL's vessels frequently sail into countries, where authorities monitor compliance diligently, like Australia, U.S., Canada and the European Union, without the fear of detentions and associated delays.



The following major laws and regulations govern the International Shipping Industry:

1. Flag State

Each ship is registered under a Flag State, which is the nation where the ship is registered and which holds legal jurisdiction as regards operation of the ship. The Flag State issues a Certificate of Registry, which is one of the essential documents that every ship has to possess before she can operate and sail from or to any port. This certificate generally contains details of the ship, flag and owner. As of 30 December 2020, PSL maintains its Fleet registered under Thai flag (20 ships) and under Singapore flag (16 ships).

2. International Maritime Organization

The International Maritime Organization (IMO) is a United Nations body, which regulates the International Shipping Industry for safety of life, property and the environment.

IMO has adopted numerous conventions, of which the most important are: Safety of Life at Sea (SOLAS), Maritime Regulations for Prevention of Pollution (MARPOL), Standards for Training Certification and Watch-keeping (STCW) & Maritime Labour Convention (MLC); these are the four pillars of the International Maritime Industries regulatory framework.

IMO Conventions are constantly being reviewed and updated to keep them in line with changing trends. Flag States are members of the IMO and are committed to abide by these conventions and regulations. Under MARPOL requirements, major changes with regard to reducing air pollution came into force from 1 January 2013. New ships built after this date are required to have an Energy Efficiency Design Index (EEDI) determined at the construction stage. The IMO has set a limiting value for EEDI which cannot be exceeded; IMO has also issued detailed guidelines for improving the EEDI in subsequent years. All ships are also required to have a Ship Energy Efficiency Management Plan (SEEMP) from 1 January 2013. As a further improvement to the SEEMP, mandatory fuel oil consumption data collection and reporting have been adopted by IMO in 2016. This has entered into force on 1 March 2018, and collection of fuel consumption data has commenced from 1 January 2019. Methodology is to be included in the Ship Energy Efficiency Management Plan (SEEMP).

- Upon verification of the submitted data, the Administrations will issue to the ships a Statement of Compliance related to fuel oil consumption.
- Finally, the Administrations will submit aggregate data to the IMO, which will maintain an anonymized IMO Ship Fuel Oil Consumption Database.

Engine exhaust emission standards are also controlled by the MARPOL regulations. Caribbean Emission Control Area (ECA) became mandatory from 1 January 2014. The emission standards applicable will be the same as those for the North American, North Sea and Baltic ECA, i.e. vessels were allowed to use only Low Sulphur Fuel Oil (LSFO) with maximum 1% sulphur content during the first phase from January 2014 until January 2015. The second phase began in January 2015, when vessels in all ECAs must use fuel with a maximum sulphur content of 0.1%.

The third phase which stipulates a global cap of 0.5% on the sulphur content of marine fuel came into force on 1 January 2020. This was initially expected to be even more challenging for some time due to the uncertainty regarding the availability and cost of compliant fuel. The transition however was relatively smooth and now after a whole year of the regulation entering into force there seems to be no problems with availability of the new grade of compliant fuel with sulphur content below 0.5% by mass. Ship owners had the option of installing an exhaust gas scrubber unit, in which case fuel with a higher sulphur content (HSFO) (3.5%) could be used. The scrubber would then 'wash down' and reduce the sulphur levels in the exhaust to below 0.5% levels (VLSFO). Installing of scrubber unit on vessels, however presented several challenges both technical as well as financial. There were several design flaws that became apparent during the past year with most of the commercially available scrubbers, which frequently led to breakdowns at sea. There were a few cases where the ships were totally left immobilized/incapacitated due to extensive damages to the scrubber units themselves and in certain cases also to the main propulsion machinery. In addition, several countries have banned the discharge



of wash water from Open Loop Scrubbers in their coastal waters and it is possible that these restrictions may spread globally. With the price differential between HSFO and VLSFO progressively decreasing, PSL's decision not to install scrubbers on our vessels and to consume compliant fuel only (VLSFO) on our vessels instead has proven to be a correct one.

3. Classification Societies

Marine insurance policies are subject to a classification clause. Each ship is required to be registered or classed with a world-wide, experienced, and reputable organization, called a Classification Society. The International Association of Classification Societies (IACS) was established in 1968 and has leading Societies as members. The Classification Societies ensure that standards for construction, operation and maintenance of the ships are complied with and are also usually empowered by Flag States to ensure compliance with IMO conventions.

4. Carriage of Goods by Sea Act

The Carriage of Goods by Sea Act (COGSA) was introduced in 1924 in Brussels, after many shipping conferences were held among various European nations interested in shipping transportation. Subsequently, similar legislation was also introduced in the United States of America. This law covers the international transportation of merchandise by sea and has been amended many times since. The most recent amendment was made in 1992.

5. International Safety Management Code (ISM Code)

This code is for the safe operation of ships and prevention of pollution at sea and came into force on 1 July 1998. The ISM Code, which is a part of the IMO SOLAS Convention, applies to all vessels engaged in international trade. For compliance with the ISM code, two levels of certification are required: the manager/operator (defined as the "Company" in the code) will have a Document of Compliance 'DOC', and each and every vessel will have a Safety Management Certificate 'SMC'. This code ensures that not only the ship but also the company managing the ship from ashore are subject to certification.

6. International Ship and Port Facility Security Code (ISPS Code)

This code was developed by the IMO in the aftermath of the 9/11 attacks in New York and Washington D.C. The ISPS Code came into force in July 2004. It establishes mandatory measures aimed at improving the security of ships and port facilities to better protect them from all sorts of threats.

7. International Labour Organization (ILO)

The International Labour Organisation (ILO) has adopted the Maritime Labour Convention 2006 (MLC 2006). The MLC convention is referred to as the "fourth pillar" of the maritime regulations, the others being SOLAS, MARPOL & STCW.

The MLC 2006 achieved the required ratification criteria in August 2012, and entered into force on 20 August 2013.

The Appendices to the MLC 2006 Convention contain two key model documents: a Maritime Labour Certificate and a Declaration of Maritime Labour Compliance. These certificates would be issued by the Flag State to a ship that flies its flag, once the State (or a recognized organization that has been authorized to carry out the inspections) has verified that the labour conditions on the ship comply with national laws and regulations implementing the Convention.

The MLC 2006 addresses the following in respect of conditions on board the ship:

Title 1: Minimum requirements for seafarers to work on a ship.

Title 2: Conditions of employment.

Title 3: Accommodation, recreational facilities, food and catering.

Title 4: Health protection, medical care, welfare and social security protection.

Title 5: Compliance and enforcement - on board complaint procedures.



Thailand had ratified the Maritime Labour Convention on 7 June 2016. It entered into force from 7 June 2017. All our Thai flag vessels are fully compliant.

Singapore had already ratified the MLC earlier. Hence the Company's vessels flying the Singapore flag vessels are fully compliant with the MLC requirements.

In April 2014, the International Labour Organization (ILO) agreed several amendments to the MLC to implement the principles agreed back in 2009 by the joint IMO/ILO financial security working group. These amendments entered into force on 18 January 2017. Ships that are subject to the MLC, after this date, are required to display certificates issued by an insurer or other financial security provider confirming that insurance or other financial security is in place for the cost and expense of crew repatriation, as well as up to four months contractually entitled arrears of wages and entitlements following abandonment. A further certificate will be required for liabilities for contractual claims arising from seafarer personal injury, disability or death. P+I Clubs of the respective vessels have provided such certificates for all ships in our fleet. We have obtained these respective certificates for the individual ships from their respective P+I Clubs.

8. International Health Organization (IHO)

Ships have to maintain a valid Ship Sanitation Exemption/Control Certificate. Previously, ships were required to comply with a De-rat/Exemption Certificate which was primarily to curb the spread of Plague due to the possible presence of rats on board. The new International Health Regulation (IHR) 2005 and Ship Sanitation Certificate replaced the De-rat/Exemption Certificate. The IHR 2005 is concerned with spread of diseases that encompass both infection and contamination. Potentially, a number of infectious diseases or kinds of contamination could be spread by ships. Accordingly, the IHR 2005 provides for ships engaged in international voyages to be issued with a Ship Sanitation Control Exemption Certificate where the public health authorities have inspected the ship and found no evidence of infection or contamination, or of vectors or reservoirs of infection and contamination or of microbiological, chemical and other risks to human health, or signs of inadequate sanitary measures or Ship Sanitation Control Certificates where the public health authorities are satisfied that procedures necessary to rid the ship of infection, contamination and/or their vectors/reservoirs have been effectively carried out.

9. International Convention on the Control of Harmful Anti-fouling Systems (AFS) for Ships

A new IMO convention will prohibit the use of harmful organotin compounds in anti-fouling paints used on ships and will establish a mechanism to prevent the potential future use of other harmful substances in anti-fouling systems. Ships have to carry a certificate to demonstrate compliance with AFS.

10. International Convention on Standards of Training, Certification and Watch-keeping (STCW) for Seafarers, 1978, as amended

The 1978 STCW Convention was the first to establish basic requirements on training, certification and watch-keeping for seafarers on an international level. Previously, the standards of training, certification and watch-keeping of officers and ratings were established by individual governments, usually without reference to practices in other countries. As a result, standards and procedures varied widely, even though shipping is the most international of all industries. The Convention prescribes minimum standards related to training, certification and watch-keeping for seafarers which countries are obliged to meet or exceed. In 1995, a major revision was carried out in order to bring about more stringent requirements to the standards.

Another major revision to the STCW Code has been adopted at a Diplomatic Conference in Manila in June 2010, thereby ensuring that the necessary global standards will be in place to train and certify seafarers to operate technologically advanced ships for some time to come. The amendments, known as "The Manila amendments to the STCW Convention and Code" entered into force on 1 January 2012, under the tacit acceptance procedure and were aimed at bringing the Convention and Code up to date



with developments since they were initially adopted in 1978 and further revised in 1995; and to enable them to address issues that are anticipated to emerge in the foreseeable future. Amongst the amendments adopted, there are a number of important changes to each chapter of the Convention and Code. The five-year transitional period ended on 1 January 2017 and the Manila Amendments will henceforth be fully implemented.

11. International Convention for the Control and Management of Ships' Ballast Water and Sediments, 2004

Ships take in large volume of ballast water after discharging cargo to maintain stability. This ballast water containing species from one region is discharged in another region where the ships load a cargo. The problem of invasive species has increased due to the expanded trade and traffic volume over the last few decades. The effects in many areas of the world have been devastating. Quantitative data show that the rate of bio-invasions is continuing to increase at an alarming rate, in many cases exponentially, and new areas are being invaded all the time. At present, the regulations require vessels to exchange ballast water at open sea before discharging into a different port. New regulations require ships to treat the ballast water taken into its tanks with the help of an approved Ballast Water Treatment System (BWTS) which needs to be installed on board. The Ballast Water Management Convention entered into force on 8 September 2017, 12 months after ratification by 30 States, representing 35% of world merchant shipping tonnage. All vessels are required to carry a Ballast Water Management certificate. All new vessels' keel laid from this date are required to be fitted with IMO approved ballast treatment plants. All existing vessels are required to retrofit such plants in a phased manner along with surveys associated with first renewal of International Oil Pollution Prevention (IOPP) certificate after 8 September 2019. All IMO approved treatment plants presently in the market have not yet met the stringent US Coast Guard (USCG) approval requirements. There is a separate USCG schedule for BWTS installation, defined mainly by the number of USCG approved BWTS that were available in the market. As of end December 2020, 28 of PSL's fleet of 36 vessels have been installed with BWTS that are approved by both the IMO as well as the USCG. The remaining vessels will also be fitted with USCG approved BWTS as per the respective IMO/USCG compliance dates over the next couple of years.

12. Maritime Cyber Risk Management

Cyber security threats in present times have increased in variety, frequency and sophistication - from a Trojan USB stick that introduces malware aimed at acquiring sensitive commercial information or an email with detailed vessel itineraries sent to a large group of unknown people or the full-scale subverting of a company's IT system or the potential compromising of Automatic Identification System (AIS) and Electronic Chart Display and Information System (ECDIS) systems on board ships. The number of potential risk scenarios is significant and keeps growing. Fraudsters employ whatever hacking technology works, often tailored to specific targets of opportunity. Ships nowadays regularly use Global Navigation Satellite System (GNSS) and ECDIS combined with Automatic Information System (AIS) transponders. An attack on Global Positioning Satellites (GPS) systems could threaten a vessel not knowing their precise location at sea or while maneuvering in port.

Ships are increasingly using systems that rely on digitalisation, integration, and automation, which call for cyber risk management on board. As technology continues to develop, information technology (IT) and operational technology (OT) onboard ships are being networked together – and more frequently connected to the internet. This brings the greater risk of unauthorised access or malicious attacks to ships' systems and networks. Risks may also occur from personnel accessing systems on board, for example by introducing malware via removable media.

In the first quarter of 2020, PSL completed a full audit of our IT network based on BIMCO Cyber Security Guidelines, conducted by Lloyds Register, and based on the findings of this gap analysis of PSL's cyber security posture, we have taken action to eliminate all the weak points. Similarly, we also underwent



a graybox penetration test done by ethical hacker and based on the findings, have fully implemented all the recommended measures.

In compliance with IMO resolution MSC 428 (98), which encourages national administrations to ensure that cyber risks are appropriately addressed in safety management systems (SMS) no later than the first annual verification of the company's Document of Compliance after 1 January 2021, we have produced a "Cybersecurity Management Manual" which has now been incorporated into the company's SMS.

13. International Code for Ships Operating in Polar Waters (Polar Code)

IMO has adopted the Polar Code and related amendments in 2014 - 2015 to make it mandatory under both the International Convention for the Safety of Life at Sea (SOLAS) and the International Convention for the Prevention of Pollution from Ships (MARPOL). The Polar Code entered into force on 1 January 2017. This marks a historic milestone in the IMO's work to protect ships and people aboard them, both seafarers and passengers, in the harsh environment of the waters surrounding the two poles. By the amendment to the code, additional more stringent regulations to prevent discharge of Oil, Noxious liquid substances in bulk, Sewage and Garbage will be imposed in order to protect the environment. However, as our vessels do not trade in the Polar region, the code does not apply to us.

14. International Convention on Civil Liability for Bunker Oil Pollution Damage, (CLC 2001)

The Convention was adopted to ensure that adequate, prompt, and effective compensation is available to persons who suffer damage caused by spills of oil, when carried as fuel in ships' bunkers. The Convention applies to damage caused on the territory, including the territorial sea, and in exclusive economic zones of State Parties.

15. The Nairobi International Convention on the removal of Wrecks, 2007 (the "Wrecks Convention")

The convention entered into force on 14 April 2015. The convention requires the registered owner of any seagoing vessel of 300 GT and over to maintain insurance or other financial security to cover the costs of locating, marking and removing of wrecks. Any seagoing vessel of 300 GT and over is required to carry a certificate issued by a state party to the convention attesting that the necessary insurance is in place.

16. Various Regional and Local Regulations around the world

Shipping is regulated by various regional regulations and acts like:

- US Environmental Protection Act (EPA)
- US National Pollutant Discharge Elimination System (NPDES) is a system under the US Environmental Protection Rules (Clean Water Act) to minimize pollution within US territorial waters (3 nm). For ships greater than 79 feet in length, all the requirements are laid out in a document called the Vessel General Permit (VGP). These requirements are additional to international environmental rules such as MARPOL. The VGP establishes technology-based effluent limits for all vessels and for 26 specific discharges incidental to the normal operation of a vessel. In addition to these discharge and vessel specific requirements, extensive requirements are included for inspections, monitoring, reporting and record-keeping. The VGP requires a detailed review of environmental protection systems, crew training and record-keeping. The rules have been in force since the beginning of 2009. VGP requirements of the Environment Protection Agency (EPA) have become more stringent since January 2014.
- Since the year 2009 bulk cargo vessels (Non-tank vessels) were required to have in place a Non-tank vessel response plan (NTVRP) as per the US Code of Federal Regulations. The scope and requirements for US NTVRP is becoming larger and more vessel-specific from January 2014. Contracts and funding agreements are required with Salvage and Marine Fire Fighting companies as well as oil spill response organizations.



- As per California Air Resources Board (CARB), vessels are to comply with stringent fuel regulations within 24 nautical miles of the California State coast. Beginning 1 January 2014, the maximum permitted sulphur content in fuels used on board is 0.1%, for both marine gas oil and marine diesel oil.
- US EPA has made it mandatory from 1 July, 2012, for all vessels to have in place control measures and records against bio-fouling activity while in US waters.
- New Zealand has introduced strict regulations against bio-fouling in May 2018 under which ships calling at ports in New Zealand are expected to have the under water hull and appendages cleaned not over 30 days before calling in New Zealand.
- As per European Union directives, fuel burnt in ports within EU territory continues to be capped at 0.1% sulphur content.
- Black sea ports Bulgaria, Georgia, Romania, Russian Federation, Ukraine & Turkey are members of “The Commission on the Protection of the Black Sea Against Pollution”. Ships calling at these ports are subject to controls more stringent than MARPOL regulations and US requirements. Discharge of ballast water, sewage, grey water from wash rooms and even deck wash water are subject to scrutiny by the authorities.
- China requires ships to use Low Sulphur Fuel (LSFO) in certain coastal regions of China in a phased manner beginning 1 January 2016, as detailed below:
 - Effective 1 January 2016, Ships calling the eleven core ports of Shenzhen, Guangzhou, Zhujiang, Shanghai, Ningbo, Zhoushan, Suzhou, Nantong, Tianjin, Qinhuangdao and Tangshan/Huanghua were part of a voluntary scheme for ships to use LSFO containing max 0.5% sulphur while at berth.
 - Effective 1 January 2017, use of LSFO containing max 0.5% Sulphur has become mandatory in the above eleven core ports.
 - Effective 1 January 2018, at-berth fuel switching requirement was extended to all ports in the three Chinese port regions, namely the Pearl River Delta (PRD), the Yangtze River Delta (YRD) and the Bohai Bay.
 - Effective 1 January 2019, the clean fuel requirement has been further extended to cover all ships operating anywhere within the emission control zones (ECZs) in the three port regions. These ECZs cover the territorial waters (12 nautical miles off the coastline) of the PRD and YRD, as well as the Bohai Bay.
 - Effective 1 January 2020, use of LSFO or other compliant fuels containing no more than 0.5% of sulphur became mandatory for vessels operating world over, unless the vessels are fitted with scrubbers capable of extracting sulphur content from the exhaust gas emissions.
 - Effective 1 January 2019 as per the requirements of the IMO Data Collection System (DCS) all vessels are to report fuel oil consumption globally to the Flag state or Recognised Organisation. Data collected till 31 December 2019 was reviewed and submitted to the data collection center at the IMO. A Statement of Compliance was issued around end May 2020.
 - PSL vessels Data Collection and reporting is being reviewed from 1 January 2019 onwards by the Recognised Organisation.
- New regulations applicable at European Union (EU) ports:
 - 1) With effect from 31 August 2017, all vessels calling EU ports should have an approved vessel specific CO₂ Monitoring, Reporting & Verification Plan (MRV)
 - Plans are to be submitted to competent authority before 31 August 2017
 - Monitoring of ship’s CO₂ emissions is to be carried out from the year 2018
 - Measured reports are to be submitted for year 2018 by 30 April 2019
 - Document of Compliance is to be available on board by 30 June 2019
 All PSL ships which called at EU ports have submitted data as per the EU MRV and received the Documents of Compliance from a Recognised Organisation, Bureau Veritas.



- 2) With effect from 31 December 2020, EU Regulation on Ship Recycling will be applicable to foreign ships in EU waters. Ships are to comply with Inventory of Hazardous Material (IHM). PSL has obtained the IHM Statement of Compliance for all the vessels in the fleet.

17. Port State Control Inspections

Ships calling at ports in countries other than where the ship is registered are subject to inspections under Port State Control memoranda of understanding of various regions or under the authority of the local government. These inspections are targeted to verify their compliance with international rules on safety, pollution prevention and seafarers' living and working conditions. Any serious deficiency identified by the inspectors may result in detention of the vessel from sailing out until the deficiency is rectified to their satisfaction. The Port state control regime is receptive to complaints from crew members as well as any whistle blowers who disclose wrong doings or illegal activity carried out by the vessel.



FLEET LIST

As on 31 December 2020

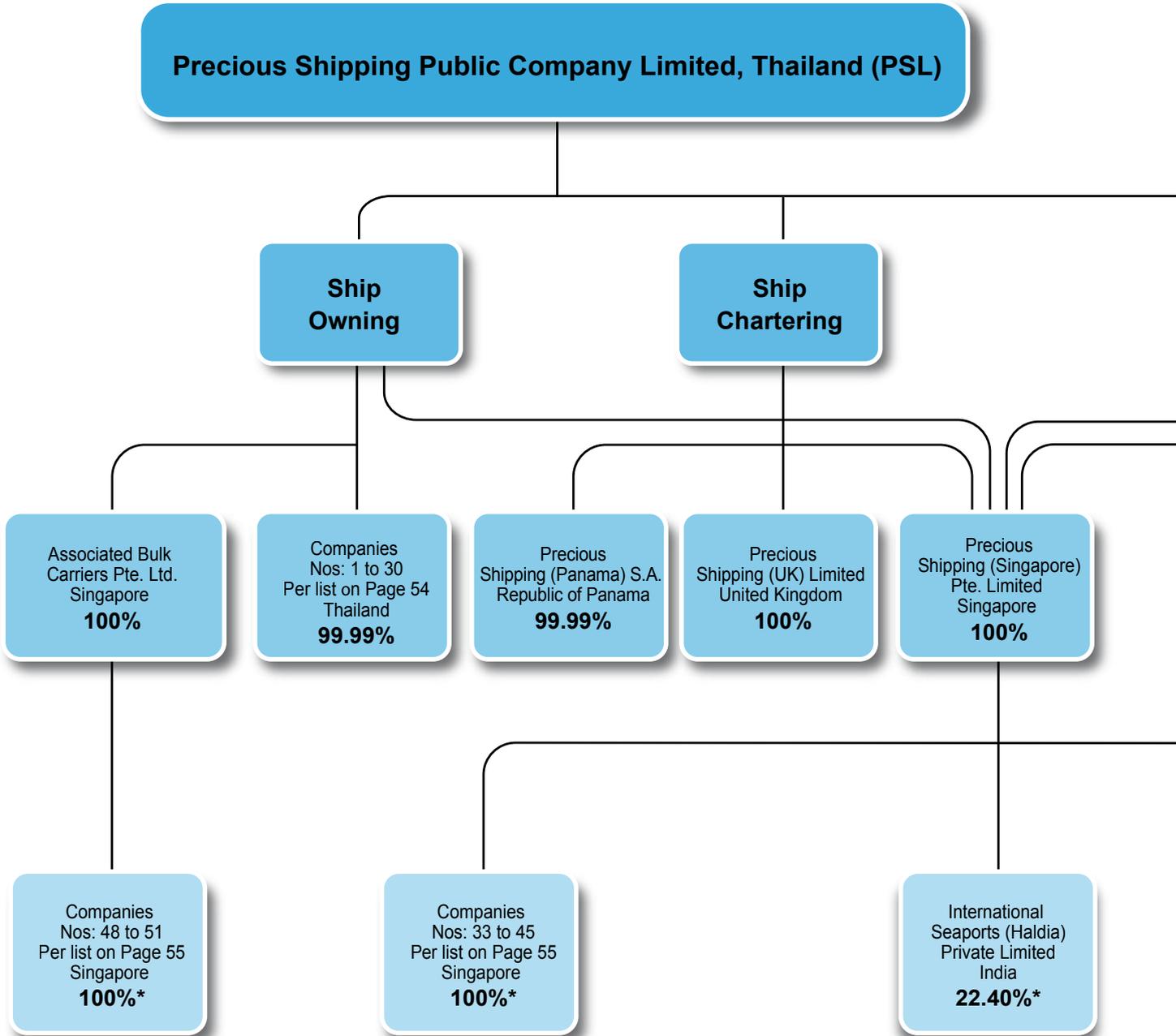
No.	Vessel Name	Flag	Year Built	Dead Weight Tonnes (DWT)	*Net Book Value (Million US\$)	**Insured Value (Million US\$)	
1	Rattana Naree	Thai	2002	28,442	7.25	6.70	
2	Rojarek Naree	Thai	2005	29,870	11.39	11.00	
3	Nalinee Naree	Thai	2005	31,699	12.71	12.50	
4	Chamchuri Naree	Thai	2005	33,733	11.86	11.30	
5	Charana Naree	Thai	2005	33,720	11.86	11.00	
6	Mookda Naree	Thai	2009	30,162	12.40	12.00	
7	Mayuree Naree	Thai	2008	30,193	12.16	11.00	
8	Mallika Naree	Thai	2008	30,195	11.27	10.60	
9	Lanna Naree	Thai	2012	33,843	14.47	14.00	
10	Latika Naree	Thai	2012	33,869	14.34	14.00	
11	Ananya Naree	Singapore	2011	33,857	21.09	21.00	
12	Benjamas Naree	Singapore	2012	33,780	21.56	21.00	
13	Chintana Naree	Singapore	2013	33,945	18.14	18.00	
14	Vipha Naree	Singapore	2015	38,851	18.79	18.50	
15	Viyada Naree	Singapore	2016	38,716	19.51	19.00	
Handysize 15 Vessels				Total	494,875	218.80	211.60
				Average	32,992	14.59	14.11
16	Kanchana Naree	Thai	2011	56,920	19.40	19.20	
17	Kirana Naree	Thai	2011	56,823	19.48	19.40	
18	Warisa Naree	Thai	2010	53,839	11.07	10.80	
19	Wariya Naree	Thai	2011	53,833	11.16	10.80	
20	Wikanda Naree	Thai	2013	53,857	13.37	13.00	
21	Apiradee Naree	Singapore	2012	56,512	20.30	20.00	
22	Baranee Naree	Singapore	2012	56,441	20.20	20.00	
23	Chayanee Naree	Singapore	2012	56,548	20.61	20.00	
24	Daranee Naree	Singapore	2012	56,588	20.44	20.00	
Supramax 9 Vessels				Total	501,361	156.03	153.20
				Average	55,707	17.34	17.02
25	Inthira Naree	Thai	2014	63,468	22.47	22.20	
26	Issara Naree	Thai	2014	63,516	22.53	22.20	
27	Sarita Naree	Thai	2015	62,964	22.44	22.30	
28	Sarika Naree	Thai	2015	63,023	22.39	22.20	
29	Savitree Naree	Singapore	2016	63,016	22.01	21.80	
30	Savita Naree	Singapore	2016	62,970	22.52	22.30	
31	Sunisa Naree	Thai	2016	63,007	22.65	22.50	
32	Sarochoa Naree	Singapore	2017	63,047	23.97	23.70	
Ultramax 8 Vessels				Total	505,011	180.98	179.20
				Average	63,126	22.62	22.40
33	Apinya Naree	Singapore	2014	21,136	19.25	26.00	
34	Boonya Naree	Singapore	2014	21,159	19.81	26.00	
35	Chanya Naree	Singapore	2014	21,114	19.59	26.00	
36	Danaya Naree	Singapore	2015	21,149	20.31	28.00	
Cement Carriers 4 Vessels				Total	84,558	78.96	106.00
				Average	21,140	19.74	26.50
36 Vessels				Total	1,585,805	634.77	650.00
				Average	44,050	17.63	18.06

Remarks * Net Book Value is as per US Dollars (functional currency) financial statements as on 31 December 2020.

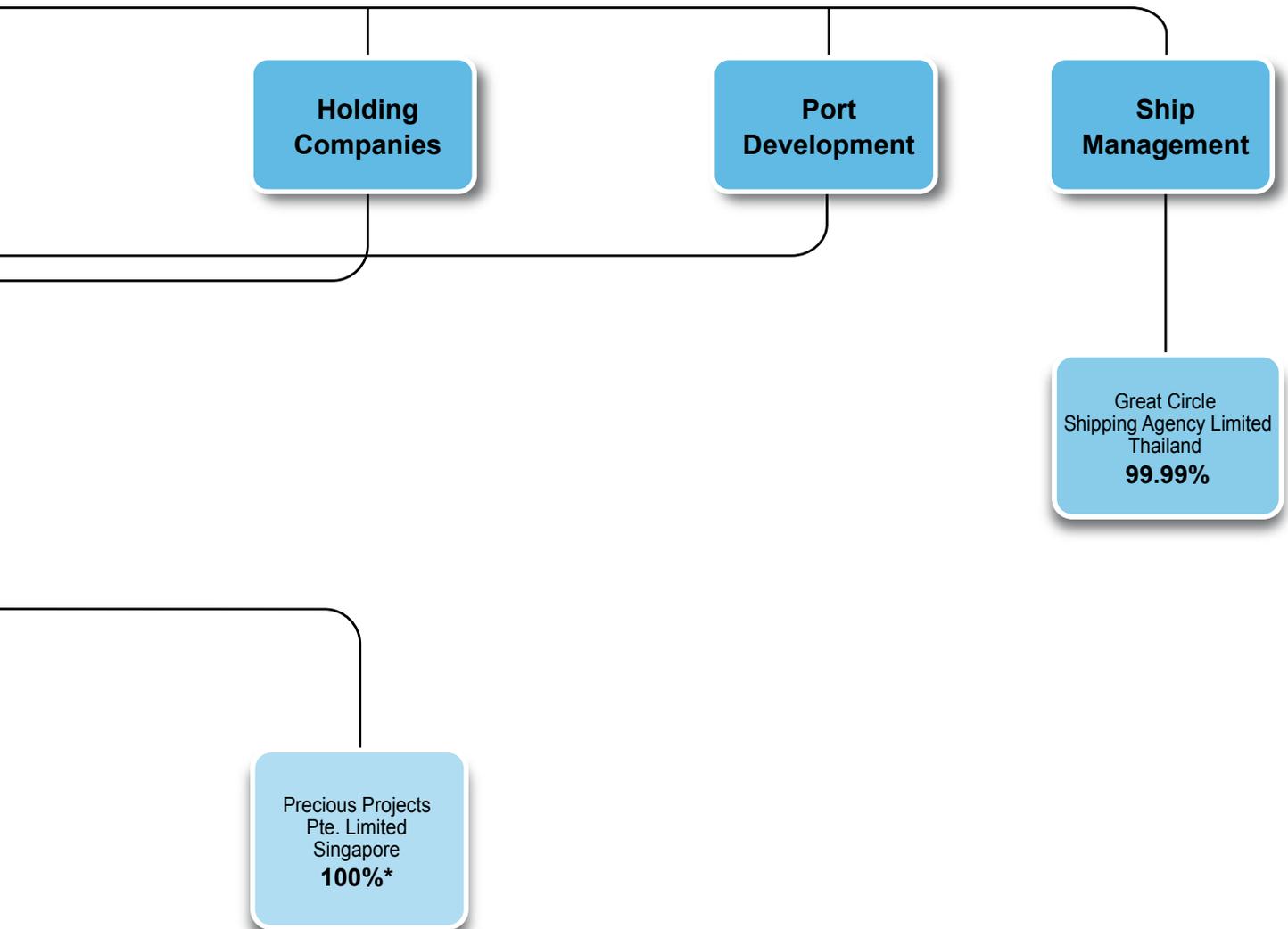
** Insured Value means agreed value to be received from the insurer in case of total loss of the Vessel.



CORPORATE STRUCTURE



* Represents indirect ownership of PSL



Legend

Name of Company.
Country of Incorporation.
Percentage of
Ownership.



CORPORATE INFORMATION

(As of 31 December 2020)

Name of Company	Precious Shipping Public Company Limited
SET Symbol	PSL
Business	Shipowner and Holding Company
Registration No.	0107537000629
Date of establishment	1 December 1989
Date of conversion to public limited company	18 February 1994
Date of listing on the SET	16 September 1993
Registered address	8 North Sathorn Road, G, 7 th , 8 th , 9 th Floors, Silom, Bangrak, Bangkok 10500 Thailand
Contact details	Telephone: 66-2 696-8800 Facsimile: 66-2 236-7654 E-mail: ir@preciousshipping.com Home page: http://www.preciousshipping.com
Latest Company Rating	BB+ by TRIS Rating Co., Ltd., announced on 29 December 2020
Ordinary Shares	
Authorized share capital	Baht 1,559,291,862 (1,559,291,862 shares of Baht 1 each)
Issued and fully paid-up share capital	Baht 1,559,291,862 (1,559,291,862 shares of Baht 1 each)
Debentures of Precious Shipping Public Company Limited No. 1/2016 Due 2022 with the issuer's right to early redemption	
ThaiBMA Symbol	PSL211A
Issue Size	Baht 3,590 million
Outstanding Size	Baht 2,872 million
Type of Debentures	Unsubordinated and Unsecured Debentures
Issue Date	22 January 2016
Offering to	Public offering
Initial Par Value	1,000 Baht per unit
Current Par Value	800 Baht per unit
Tenor	6.5 years
Maturity Date	22 July 2022
Interest Rate (Coupon)	5.25% per annum (22 January 2016 – 21 January 2021) 6.75% per annum (22 January 2021 – 21 July 2022)
Interest Payment	Quarterly
Early Redemption	Call option
Issue Rating	BB by TRIS Rating Co., Ltd., announced on 29 December 2020
Debenture Holder's Representative	Krung Thai Bank Public Co., Ltd.
Registrar	Krung Thai Bank Public Co., Ltd.
Governing law	Thai law
Debentures of Precious Shipping Public Company Limited No. 2/2016 Due 2021 with the issuer's right to early redemption	
ThaiBMA Symbol	PSL206A
Issue Size	Baht 1,960 million
Outstanding Size (as of 5 January 2021)	Baht 658.56 million
Type of Debentures	Unsubordinated and Unsecured Debentures
Issue Date	9 December 2016
Offering to	Private Placement to Institutional Investors and High Net Worth Investors
Initial Par Value	1,000 Baht per unit
Par Value (as of 5 January 2021)	336 Baht per unit
Tenor	5 years
Maturity Date	9 December 2021
Interest Rate (Coupon)	5.00% per annum (9 December 2016 – 8 June 2020) 6.50% per annum (9 June 2020 – 8 December 2021)
Interest Payment	Quarterly
Early Redemption	Call Option
Issue Rating	Unrated
Debenture Holder's Representative	Krung Thai Bank Public Co., Ltd.
Registrar	Krung Thai Bank Public Co., Ltd.
Governing law	Thai law



Share Registrar	<ul style="list-style-type: none"> • THAILAND SECURITIES DEPOSITORY CO., LTD. No. 93, Ratchadaphisek Road, Dindaeng Subdistrict, Dindaeng District, Bangkok 10400 Telephone : 66-2 009-9000 Facsimile : 66-2 009-9991 Call Center : 66-2 009-9999 E-mail : contact.tsd@set.or.th Website : http://www.tsd.co.th
Debenture Registrar & Debenture Holder's Representative	<ul style="list-style-type: none"> • KRUNG THAI BANK PUBLIC COMPANY LIMITED No.10, Sukhumvit Road, Klongtoey Subdistrict, Klongtoey District, Bangkok, 10110 Telephone : 66-2 208-7000, 8000 Facsimile : 66-2 255-9391-3 Website : http://www.ktb.co.th
Main Banks	<ul style="list-style-type: none"> • KRUNG THAI BANK PUBLIC COMPANY LIMITED No.10, Sukhumvit Road, Klongtoey Subdistrict, Klongtoey District, Bangkok, 10110 Telephone : 66-2 208-7000, 8000 Facsimile : 66-2 255-9391-3 Website : http://www.ktb.co.th • KASIKORNBANK PUBLIC COMPANY LIMITED 1 Soi Kasikornthai, Ratburana Road, Bangkok 10140 Telephone : 66-2 888-8800 Facsimile : 66-2 888-8882 Website : http://www.kasikornbank.com • EXPORT-IMPORT BANK OF THAILAND EXIM Building, 1193 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok 10400 Telephone : 66-2 271-3700 Facsimile : 66-2 271-3204 Website : http://www.exim.go.th • TMB BANK PUBLIC COMPANY LIMITED 3000 Phahonyothin Road, Chom Phon Sub-district, Chatuchak District, Bangkok 10900 Telephone: 66-2 299-2349, 66-2 299-2350 Website: https://www.tmbbank.com • BANGKOK BANK PUBLIC COMPANY LIMITED, SINGAPORE BRANCH 180 Cecil Street, Bangkok Bank Building, Singapore 069546 Telephone: 65 6410 0400 Website: https://www.bangkokbank.com/en/International-Banking/Asean/Singapore-Business-Banking
Auditor	<ul style="list-style-type: none"> • EY OFFICE LIMITED 33rd Floor, Lake Rajada Office Complex 193/136-137 Rajadapisek Road, Klongtoey District, Bangkok 10110 (Opposite Benjakitti Park / Near Queen Sirikit National Convention Centre) G.P.O. Box 1047, Bangkok 10501, Thailand Telephone : 66-2 264-9090 Facsimile : 66-2 264-0789 E-mail : EY.Thailand@th.ey.com Website : http://www.ey.com/TH/en/Home
Main Legal Counsel	<ul style="list-style-type: none"> • WATSON, FARLEY & WILLIAMS ASIA PRACTICE LLP 6 Battery Road #28-00 Singapore 049909 Telephone : 65-6532-5335 Facsimile : 65-6532-5454 E-mail : singaporeinfo@wfw.com Website : http://www.wfw.com



NAME AND CATEGORY OF SUBSIDIARIES AND ASSOCIATED COMPANIES IN WHICH THE COMPANY HOLDS MORE THAN 10% OF SHARES SOLD BY THEM

Sr No.	Name of Subsidiaries and Associated Companies	Currency	Registered Capital	Issued and paid-up Share Capital	Percentage of Shareholding	Category of business
1	Precious Metals Limited	Baht	275,000,000	275,000,000	99.99	Shipowner
2	Precious Wishes Limited	Baht	230,000,000	230,000,000	99.99	Shipowner
3	Precious Stones Shipping Limited	Baht	260,000,000	260,000,000	99.99	Shipowner
4	Precious Minerals Limited	Baht	230,000,000	230,000,000	99.99	Shipowner
5	Precious Lands Limited	Baht	306,000,000	306,000,000	99.99	Shipowner
6	Precious Lakes Limited	Baht	184,000,000	184,000,000	99.99	Shipowner
7	Precious Oceans Limited	Baht	175,000,000	175,000,000	99.99	Shipowner
8	Precious Planets Limited	Baht	270,000,000	270,000,000	99.99	Shipowner
9	Precious Diamonds Limited	Baht	205,000,000	205,000,000	99.99	Shipowner
10	Precious Sapphires Limited	Baht	144,000,000	144,000,000	99.99	Shipowner
11	Precious Emeralds Limited	Baht	366,000,000	366,000,000	99.99	Shipowner
12	Precious Rubies Limited	Baht	259,360,000	259,360,000	99.99	Shipowner
13	Precious Opals Limited	Baht	249,360,000	249,360,000	99.99	Shipowner
14	Precious Garnets Limited	Baht	379,000,000	379,000,000	99.99	Shipowner
15	Precious Pearls Limited	Baht	173,000,000	173,000,000	99.99	Shipowner
16	Precious Flowers Limited	Baht	336,000,000	336,000,000	99.99	Shipowner
17	Precious Forests Limited	Baht	286,000,000	286,000,000	99.99	Shipowner
18	Precious Trees Limited	Baht	202,000,000	202,000,000	99.99	Shipowner
19	Precious Ponds Limited	Baht	124,000,000	124,000,000	99.99	Shipowner
20	Precious Ventures Limited	Baht	202,000,000	202,000,000	99.99	Shipowner
21	Precious Capitals Limited	Baht	200,000,000	200,000,000	99.99	Shipowner
22	Precious Jasmines Limited	Baht	147,000,000	147,000,000	99.99	Shipowner
23	Precious Orchids Limited	Baht	217,000,000	217,000,000	99.99	Shipowner
24	Precious Lagoons Limited	Baht	140,000,000	140,000,000	99.99	Shipowner
25	Precious Resorts Limited	Baht	140,000,000	140,000,000	99.99	Shipowner
26	Precious Comets Limited	Baht	141,000,000	141,000,000	99.99	Shipowner
27	Precious Ornaments Limited	Baht	156,000,000	156,000,000	99.99	Shipowner
28	Precious Moons Limited	Baht	1,000,000	1,000,000	99.99	Shipowner
29	Precious Venus Limited	Baht	298,800,000	298,800,000	99.99	Shipowner
30	Precious Neptune Limited	Baht	298,800,000	298,800,000	99.99	Shipowner
31	Great Circle Shipping Agency Limited	Baht	210,000,000	210,000,000	99.99	Technical Manager of Ships
32	Precious Shipping (Singapore) Pte. Limited	SGD	20,000,000	15,000,000	100	Holding company/ Chartering



Sr No.	Name of Subsidiaries and Associated Companies	Currency	Registered Capital	Issued and paid-up Share Capital	Percentage of Shareholding	Category of business
33	Precious Comforts Pte. Ltd.	SGD	50,000	50,000	100*	Shipowner
34	Precious Sparks Pte. Ltd.	SGD	50,000	50,000	100*	Shipowner
35	Precious Visions Pte. Ltd.	SGD	180,000	180,000	100*	Shipowner
36	Precious Bridges Pte. Ltd.	SGD	50,000	50,000	100*	Shipowner
37	Precious Forests Pte. Ltd.	SGD	50,000	50,000	100*	Shipowner
38	Precious Fragrance Pte. Ltd.	SGD	50,000	50,000	100*	Shipowner
39	Precious Thoughts Pte. Ltd.	SGD	50,000	50,000	100*	Shipowner
40	Precious Tides Pte. Ltd.	SGD	50,000	50,000	100*	Shipowner
41	Precious Skies Pte. Ltd.	SGD	50,000	50,000	100*	Shipowner
42	Precious Glories Pte. Ltd.	SGD	50,000	50,000	100*	Shipowner
43	Precious Wisdom Pte. Ltd.	SGD	50,000	50,000	100*	Shipowner
44	Precious Grace Pte. Ltd.	SGD	50,000	50,000	100*	Shipowner
45	Precious Sonnets Pte. Ltd.	SGD	1	1	100*	Shipowner
46	Precious Projects Pte. Limited (under liquidation process)	USD	1	1	100*	Investment Holding Company
47	Associated Bulk Carriers Pte. Ltd.	USD	2	2	100	Holding company
48	ABC ONE Pte. Ltd.	USD	50,000	50,000	100*	Shipowner
49	ABC TWO Pte. Ltd.	USD	50,000	50,000	100*	Shipowner
50	ABC THREE Pte. Ltd.	USD	50,000	50,000	100*	Shipowner
51	ABC FOUR Pte. Ltd.	USD	50,000	50,000	100*	Shipowner
52	Precious Shipping (Panama) S.A.	USD	10,000	10,000	99.99	Shipowner/ Chartering
53	Precious Shipping (UK) Limited	USD	10,000	10,000	100	Chartering
54	International Seaports (Haldia) Private Limited	Indian Rs	445,000,000	440,580,200	22.40*	Berth construction and Development

*(represents indirect ownership of shares)

**REGISTERED OFFICE ADDRESS OF SUBSIDIARY AND ASSOCIATED COMPANIES ARE AS FOLLOWS:**

SUBSIDIARY 1-30	Registered Office is at 8/27-28, 7 th Floor, Cathay House, North Sathorn Road, Silom, Bangrak, Bangkok 10500 Thailand. Tel : 66-2 696-8800 Fax : 66-2 236-7654, 633-8460
SUBSIDIARY 31	Registered Office is at 8/35 Cathay House, North Sathorn Road, Silom, Bangrak, Bangkok 10500 Thailand. Tel : 66-2 696-8900 Fax : 66-2 237-7842, 633-8468
SUBSIDIARY 32-45, 47-51	Registered Office is 20 McCallum Street, #19-01 Tokio Marine Centre, 069046 Republic of Singapore.
SUBSIDIARY 46	Registered Office is at 24 Raffles Place #18-00 Clifford Centre, 048621 Republic of Singapore.
SUBSIDIARY 52	Registered Office is at c/o ADR Building, 13 th Floor, Samuel Lewis Avenue, Republic of Panama.
SUBSIDIARY 53	Registered Office is at 130 Shaftesbury Avenue, 2 nd Floor London W1D 5EU United Kingdom.
ASSOCIATE 54	Registered Office is at 105, Park Street, Flat No. 27 Kohinoor Building, 5 th Floor, Kolkata - 700 016, West Bengal, India.



MAJOR SHAREHOLDERS AND DIVIDEND POLICY STATEMENT

Major Shareholders per share register as on 31st December 2020 and 2019

No.	Name	As on		As on	
		31 st December 2020		31 st December 2019	
		No. of shares	Percentage	No. of shares	Percentage
	Globex Corporation Limited	442,857,535	28.40%	442,857,535	28.40%
	Graintrade Limited	130,086,266	8.34%	130,086,266	8.34%
	Ms. Nishita Shah *	108,054,537	6.93%	108,054,537	6.93%
	Unistretch Limited	11,465,009	0.74%	11,465,009	0.74%
	Eastern Energy Pte Ltd.	555,000	0.04%	555,000	0.04%
1	Total shares owned by and under control of the Shah Family ** / ***	693,018,347	44.45%	693,018,347	44.45%
2	Mr. Khalid Moinuddin Hashim (shares held at Securities Company included) ***	131,526,275	8.44%	131,486,275	8.43%
3	Thai NVDR Limited	87,070,359	5.58%	74,793,059	4.80%
4	Bualuang Infrastructure RMF	20,464,200	1.31%	-	0.00%
5	Krungsri Active SET50 Dividend LTF	20,443,300	1.31%	18,522,500	1.19%
6	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	15,893,293	1.02%	16,019,237	1.03%
7	Value Plus - Dividend Long Term Equity Fund	15,095,300	0.97%	5,972,200	0.38%
8	BANQUE PICTET & CIE SA	14,428,500	0.92%	14,428,500	0.92%
9	Bangkok Life Assurance PLC by BBL Asset Management Co.,Ltd.	10,450,100	0.67%	-	0.00%
10	Bualuang Equity Fund for PVD (BEPVD)	10,400,000	0.67%	-	0.00%
11	Other shareholders (apart from the Top Ten shareholders as mentioned above)	540,502,188	34.66%	605,051,744	38.80%
Grand total		1,559,291,862	100.00%	1,559,291,862	100.00%
		Total : 8,527 shareholders		Total : 6,093 shareholders	

* Ms. Nishita Shah who is the Director of the Company is also the Director and Shareholder of Globex Corporation Limited, Graintrade Limited and Unistretch Limited

** The Shah Family comprises of (i) Ms. Nishita Shah, (ii) Ms. Sameera Shah, (iii) Mr. Ishaan Shah, and (iv) Mrs. Anjali Kirit Shah.

*** No shareholder agreement between the Shareholders Nos. 1 and 2

Dividend Policy Statement

“The Company’s dividend policy approved by the Annual General Meeting of Shareholders No. 1/2004 dated 30th April 2004 is to pay out not less than 25% of Net Profits after taxes and appropriation to any reserves required by law. Upon approval by the Board of Directors, the annual dividend payout is to be presented to the shareholders’ annual general meeting for approval. As regards the interim dividend, however, the Board is authorised to pay it and then report the payout at the next shareholders’ general meeting.”



RISK MANAGEMENT

1. RISK MANAGEMENT POLICY

The Company recognizes the importance of Risk Assessment as a tool to preemptively indicate signals of events that if unchecked, could result in a loss to the Company. The Company has implemented internal control systems and a risk management framework in accordance with the recommendations of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) to ensure that operations are conducted efficiently and within risk parameters acceptable to the Company. The Board of Directors has set the policy and framework of Risk Management by considering the probability and the likely impact of a range of risks that can adversely impact the business. They also particularize a list of preventive and mitigation measures, establish reporting structures and monitoring procedures to pick up on any early warning signs of potentially adverse events.

The Company emphasizes the importance and value of risk management and has taken the following steps to proactively monitor risks at all levels:

- The Board of Directors is responsible for overseeing risk within the Company.
- The Executive Board of Directors is responsible for preparing and reviewing policy and guidelines for risk management and monitoring the management to ensure the efficiency of the Company's risk management system.
- The Risk Management Committee ensures that business risks are identified as well as monitored on an on-going basis and that effective mitigation measures are in place.
- The Audit & Corporate Governance Committee is responsible for reviewing the risk management system of the Company and recommending improvements on a regular basis.
- All executives and staff in each department (being in possession of sound knowledge and skills required for operations), are responsible for assessing and monitoring the respective risks at the operational level. The results of risk assessment for various activities are reported periodically to the Executive Board of Directors and the Board of Directors for their consideration.

2. SIGNIFICANT RISK FACTORS

The Company has classified the various risk factors viz. Operating Risk, Financial Risk and Market Risk. In view of the weakness in the Dry Bulk Shipping Market over much of the last decade, the Company additionally identified and categorized a special risk associated with maintaining and expanding capacity, which has been classified as "**Capacity Replacement and Expansion Risk**". Although the Company has made considerable progress in mitigating this risk since the Year 2013, this has been retained this year also as the Company continues to be exposed to this risk until the Company's stated objectives in this respect are fully achieved as the company might strategically grow or even reduce the fleet in the future, depending on the shipping cycle.

The company is also exposed to ESG Risk – environment, social and governance risks which may affect our relationships with our stakeholders viz. investors, customers, suppliers, media, industry associations, employees, government, and regulatory bodies.

Apart from the above risks which the Company is exposed to, an investor (or shareholder) in the Company's shares is also exposed to additional risks on the investment in the Company's shares. The risks associated with this investment are explained hereunder as "**Investment Risk**".



OPERATING RISK

The Company, as an owner and operator of ocean-going vessels operating world-wide in the tramp trade, without any geographical limitations is exposed to risks of marine disaster, environmental mishaps resulting in substantial claims, cargo/property loss or damage and business interruptions due to accidents or other events caused by mechanical failure, human error, political action in various countries, labor strikes, terrorist actions, cyber-attacks, piracy, adverse weather conditions and other such circumstances and events. These could result in increased costs and/or loss of revenues. However, to cover against most of these risks, which are standard for an international ship owner/operator, insurance covers are available in the international marine insurance market. Accordingly, the Company is adequately covered against such aforesaid circumstances and events.

The operations of the Company depend on extensive and changing environment protection laws and other maritime regulations. Non-compliance of international regulations risks detention of vessels, leading to loss of time, which would lead to loss of revenues or claims from charterers. However, the Company is vigilant on these issues and maintains internationally prescribed safety and technical standards apart from relevant insurance covers.

An important regulation that was put in to force on 1 January 2020, was the IMO 2020 Sulphur cap regulation under which all ocean-going vessels are required to consume low Sulphur fuel oil to power their diesel engines and boilers. As an alternative to burning low Sulphur fuel oil, some Shipowners have installed Scrubbers on board their vessels, enabling them to continue burning the lower grade high Sulphur fuel oil. Scrubbers perform the function of cleaning the main engine exhaust gases but result in the production of toxic wash-water. In most cases, this toxic wash-water is discharged into the sea, effectively transferring pollution from the air into the ocean. Given the harmful impact of this toxic wash-water on marine life, most major trading nations have banned the discharge of this wash-water in their harbors, thereby nullifying much of the economic benefit derived from this equipment. The Company has chosen to implement the IMO 2020 Sulphur regulation by burning compliant low Sulphur fuel oil rather than installing scrubbers. This decision was vindicated in 2020 for three reasons. Firstly, the gap between the price of high Sulphur fuel oil and low Sulphur fuel oil was marginal for most of the year thus largely negating the economic case for installing this equipment. Secondly, there continued to be an increased frequency of breakdowns associated with scrubbers which impacted vessel operations and therefore the earnings of vessels which have installed this equipment. Thirdly, most major trading nations banned the discharge of wash-water from open loop scrubbers, rendering them inoperable much of the time when they reached or were in most ports.

The hull and machinery of every commercial vessel must be classed by a classification society authorized by its country of registry. The classification society certifies, by periodical surveys, that a vessel is maintained as per the required standards and that the vessel complies with the applicable rules and regulations. Based on satisfactory surveys, the classification society issues trading certificates which permit the vessel to operate worldwide. A vessel must undergo annual surveys, drydocking and special surveys. The machinery would be surveyed periodically over a five-year period. Every vessel is also required to be drydocked every 30 to 36 months for inspection of the underwater parts of the vessel. If any vessel does not maintain its class and/or fails any annual survey, drydocking or special survey, the vessel will become uninsurable and unemployable in international waters. Any such failure to comply could have a material adverse impact on our financial condition and results of operations.

The operations of ships and the management of the Company as a public company listed on the Stock Exchange of Thailand requires skilled personnel to be employed as crew to operate its ships and skilled managers to be employed at the corporate level with appropriate knowledge and experience. Sourcing and retaining qualified personnel is crucial for the business operations of the Company. This continues to remain a crucial risk factor. The Company mitigates this risk through the adoption of a fair staffing policy and has thus far been quite successful in sourcing and retaining highly skilled and qualified personnel. The Company continues to take several initiatives including the establishment of a detailed Succession Plan to attract and retain talent, and therefore does not expect any future cause for concern in this regard, although international shipping continues to face a shortage of experienced crew, particularly in the officers' cadre, required on board the ships.



As a publicly listed company, the Company is required to comply with various laws and regulations and the failure to comply with any one or more of such laws and/or regulations could expose the Company to penalties and/or other legal action against the Company and its senior management. The Company remains vigilant on this issue and has taken adequate steps to employ qualified staff and has adopted adequate and effective systems to ensure full compliance with all laws and regulations as may be updated from time to time.

The Company is not directly exposed to any risk of increased costs due to fluctuations in international oil prices. Whenever the fuel costs are on the Company's account (in case of a Voyage Charter), the increase/decrease in oil price is passed on to the Customers since the freight rates are quoted and charged after incorporating the increased/decreased fuel cost which is booked at the time of securing the business. In case the business is done on a Time Charter, the fuel cost is directly on the Customer's account.

In the conduct of its operations, the Company relies on information systems to transmit and store data which includes confidential and valuable information. Covid-19 accelerated the Company's effort to move towards further digitalization and technological advancement while transitioning to remote work. However, remote working by our employees has significantly increased the risk of cyber and phishing attacks. Thus, the Company is exposed to cyber security threats and unauthorized access to the Company's information technology systems. Failure of the IT system could disrupt our operations. In addition, a security breach could result in reputational damage, legal actions, or financial liability. Therefore, the Company strives to implement consistent mitigation policies aiming to avoid any such IT hazards through measures including firewalls, virus, and backup solutions. Further, the Company employs the services of a third-party firm which carries out a comprehensive vulnerability assessment and conducts penetration tests of its IT network to safeguard against cyber threats.

At the outset, the Covid-19 pandemic resulted in significant operational difficulties. Routine crew changes and vessel inspections were virtually impossible due to global travel restrictions. The situation has eased somewhat as certain countries have begun to allow crew changes to take place. That said, the situation is still far from normal and so the Company has been diverting many of its vessels to ports in Thailand to effect crew changes. While some governments have approved vaccinations and have begun deploying them to their populations, it is going to be quite some time before normalcy returns. Accordingly, the economic consequences of Covid-19 may continue to negatively impact our operations and our financial condition.

FINANCIAL RISK

Almost the entire Revenues and Expenses of the Company are denominated in US Dollars. Further, almost all the Fixed Assets of the Company, viz., ships, are US Dollar based assets since they are readily saleable in US Dollars in the International market. The Company's functional currency is determined to be US Dollars. Therefore, the Company is exposed to the risk of realizing a Foreign Exchange loss in respect of its Liabilities in any currency other than US Dollars. The US Dollar equivalent figure of such "Non-USD" denominated debt may increase or decrease with a fluctuation in the respective exchange rate. In recognition of this risk, the Company has attempted to maintain least possible exposure in other currencies and accordingly always maintained US Dollar denominated credit facilities and loans. In cases where financing is in Non-USD denominated debt, the Company enters cross currency swap or option contracts whereby the principal and/or interest of the debt are converted into US Dollars, thereby hedging the Foreign Exchange risk. As on 31 December 2020 the Company has loan facilities and debentures which are denominated in Thai Baht and has converted the exposure into US Dollars through USD/THB Swap or option contracts.

The prolonged weakness in the dry bulk shipping sector, with the Baltic Dry Index (BDI) reaching 290 points in February 2016, the lowest point in its long history, caused huge losses and numerous bankruptcies among ship owners and consequently losses to international shipping banks. During that period, it was extremely difficult to raise new debt from international shipping banks and as such, the Company sought funding through the issuance of Thai Baht Debentures. On 22 January 2016, the Company issued Unsubordinated and Unsecured Debentures No. 1/2016 of Baht 3,590 million due in 2021 with THB fixed interest rate of 5.25% per annum. The entire proceeds were swapped into US Dollars, amounting to USD 99.72 million with USD fixed interest



rate of 5.99% per annum. On 30 July 2020, the bondholders' meeting of PSL211A approved extension of the maturity date by 1.5 years with amended terms and conditions. Thereby the coupon rate was increased from 5.25 percent per annum to 6.75 percent per annum starting from 22 January 2021. Additional details hereof have been provided in the **"Notes To Financial Statements"** section of this Report.

On 9 December 2016, the Company issued Unsubordinated and Unsecured Debentures No. 2/2016 of Baht 1,960 million due in 2020 with THB fixed interest rate of 5.00% per annum. The entire proceeds in the amount of USD 54.90 million were swapped into US Dollars at a USD fixed interest rate of 5.75% per annum on 4 January 2017. On 19 May 2020, the bondholders' meeting of PSL206A approved extension of the maturity date by 1.5 years with amended terms and conditions. Thereby the coupon rate was increased from 5 percent per annum to 6.50 percent per annum starting from 9 June 2020. Additional details hereof have been provided in the **"Notes To Financial Statements"** section of this Report.

Other than these two borrowings and a Thai Baht tranche of one facility from a local Thai bank, all loans and financing facilities of the Company are denominated in US Dollars only.

The Company also maintains almost all its Bank balances in US Dollars, whereby there is no risk of realizing any loss on these balances in US Dollar terms. However, it must be noted that the Company is exposed to an exchange loss in Thai Baht terms on translation of its US Dollar denominated Assets, Liabilities, Income and Expenses, arising out of the Currency translation from US Dollars to Thai Baht in the Thai Baht Financial Statements and on the part of the expenses of the Company which are incurred in Thai Baht.

Several of the Company's debt facilities carry interest at floating rates based on LIBOR (London Inter-Bank offered rate) and as such, the Company is exposed to fluctuations in its interest rates due to changes in the LIBOR. The Company monitors market interest rates regularly and remains vigilant on this issue. Moreover, the Company believes that since its Revenues are not fixed and are somewhat correlated directly to US Dollar interest rates, the floating interest rates are naturally hedged and there is no need to fix interest rates since movement in the interest rates (LIBOR) will be followed by a corresponding movement in freight rates too. Further, by keeping the interest rates floating without fixing the same through an Interest Rate Swap (IRS) provides flexibility to the Company's credit facilities, whereby the Company can prepay whenever required (voluntarily or mandatorily) as is required to be done fairly frequently in shipping loans, without incurring any costs of terminating the IRS transactions which would otherwise be triggered due to the unplanned prepayments. In the Year 2012, to take advantage of the unprecedented very low swap rates in the market, the Company entered into an IRS whereby the Company's interest liability on a part of its Loans on a Loan amount of USD 64.82 million (Outstanding amount as of 31 December 2020: USD 16.73 million) was converted from floating to fixed, but since the Company was of the opinion that the interest rates would not increase appreciably until Year 2014, the fixed rate was only payable by the Company from Year 2015. The Company has also entered into IRS agreements on certain loans aggregating USD 77.45 million during 2014 (Outstanding amount as of 31 December 2020: USD 37.23 million) since these loans were obtained to fund the Cement Carriers, which have been contracted on fixed rates for a long period (more than the period of the loans) and hence the natural hedge as mentioned above is not available and the Company would be exposed to fluctuations in interest rates if the interest rates were not fixed.

The Company's Assets, i.e., ships, have a finite life and as and when the ships reach a certain age, they need to be sold for onward trading or recycling. This leads to a decrease in capacity as happened in the previous years when the Company sold 35 of its 54-ship fleet. If the Company wants to maintain capacity in terms of fleet size, the Company must continuously follow a program of replacement of its older recycled (or sold) vessels. Purchase of ships requires considerable funding, which may be through equity, debt, or both. If the Company is not able to raise the necessary funds required for the purchases of ships to maintain capacity, the Company's capacity will continuously deplete, and as such, the Company is exposed to a funding risk. However, in recognition of this risk, the Company had put in place credit facilities for the newbuilding contracts signed in the Years 2013 and 2014 and on delivery of the ships, the Company's capacity has been restored adequately.



As explained under the caption “**Market Risk**” below, the market values of ships have generally experienced high volatility. For example, there has been a significant decline from historically high levels reached in early 2008 and ship values remain at relatively low levels after reaching a historical low point in the Year 2016. Since declining ship values could breach the loan-to-value covenants in the Company’s credit facilities and loans, resulting in demand by the lenders for prepayment of the outstanding loans and/or providing additional security, this could adversely affect the Company’s liquidity and operational flexibility, thereby impacting its operating results.

Further, ships may also be undervalued due to the failure to recognize the valuation concept of a “willing seller and willing buyer” basis, (because of numerous distress sales in the market) which is a requirement as per the Company’s loan agreements. If the value of the Company’s ships falls below the minimum asset value required to be maintained under its loan agreements, its lenders may demand it to provide alternate security, deposit margin money or may demand prepayment of the relevant facility, as mentioned in the foregoing paragraph. If the Company is unable to pledge additional collateral to offset the decline in ship values, the lenders could accelerate its debt and foreclose on its ships pledged as collateral for the loans. For example, in 2015 - 2016, the Company was required to place additional collateral to offset the decline in the values of ships which were mortgaged to certain lenders, for which the Company placed cash deposits with these lenders as additional security. In 2017 the market values of ships made a recovery and therefore, all cash deposits placed as additional collateral were released back to the Company.

Further, the Company’s current loan agreements include various conditions and covenants that may require the Company to obtain the lender’s consent prior to carrying out certain activities and entering into certain transactions, including incurring additional debt, changing the capital structure, increasing or modifying capital expenditure plans, undertaking any expansion, providing additional guarantees, merging with or acquiring other companies, whether or not there is any failure by the Company to comply with the other terms of such agreements. Any failure to comply with the stipulated loan covenants may result in the Company’s lenders calling upon the Company to repay the relevant facility or a part thereof on demand. If the Company breaches certain covenants, or an event of default occurs, the Company’s lenders may also take possession of the relevant ship(s) which has been provided as security for such loan. During the year 2020 the Company was unable to meet certain financial covenants under certain loan agreements, i.e., the debt to EBITDA and debt service coverage ratios, due to weakness in the dry bulk shipping sector caused by the Covid-19 outbreak. However, the Company has received waivers for testing of the relevant financial covenants for the period up to 31 December 2020 on all the relevant loan facilities. Additional details in respect hereof have been explained for each loan agreement in the “**Management Discussion and Analysis**” section of this Report. The Company expects that it may require extensions of certain waivers in the Year 2021. The Company continues to be in touch with its lenders and is constantly taking proactive steps to prevent or address any breaches which may potentially occur.

The loan agreements may also contain cross-default provisions whereby a default under one agreement could result in a default and acceleration of the Company’s repayment obligations under other agreements, including those of its subsidiaries. If a cross-default were to occur, the Company may not be able to pay its debts or borrow sufficient funds to refinance them. Even if new financing were available, it may not be available on acceptable terms.

The current global economic slowdown caused by the Covid-19 Pandemic could affect our ability to access debt capital markets. Such restricted access to debt capital markets may adversely affect our ability to raise new finance or refinance our existing credit facilities and debentures.

A marked slowdown in economic activity during the initial period of the Covid-19 pandemic resulted in a significant decline of charter hire rates, affecting our revenues and cashflows. While charter hire rates have recovered, we continue to face increased costs for crew change related expenses.



MARKET RISK

The shipping industry and market has been highly cyclical and seasonal, experiencing volatility in profitability, vessel values and freight rates, resulting from changes in the supply of and demand for shipping capacity. Charter hire rates can be extremely volatile leading to large potential variations in financial results and profitability. This has been explained in the section on “**Nature of Business and Industry**” of this Report. The Company had, in the past, marketed all its ships in the spot market and had therefore been exposed to market fluctuations and the cyclical nature of the business. The degree of charter hire rates tends to fluctuate between various asset classes with the largest ships having the highest uncertainty. Having said that, since most of our ships are in the geared sector (Handy, Supramax and Ultramax) of the industry, the Company is immune, to an extent, to such extreme volatility. The Company believes that with all its ships being in the geared sector of the industry, there is a fundamental advantage of diversified demand and hence there is some downside protection against the cyclical nature of the business.

The demand side of the Company's business is generated by the quantity of cargo its vessels are required to transport. The generation of this demand is mainly dependent on world trade and economic growth. Severe depression in growth and trade could reduce the demand for ships. The spurt in demand for dry bulk shipping capacity in the past has largely been driven by the demand from China (supplemented by India and ASEAN) which is importing commodities and raw materials in huge quantities for infrastructure projects and the property sector. The global economy is projected to grow at 5.5 percent in 2021 and the global growth contraction for 2020 is estimated at -3.5 percent. Global economic conditions have been weak in 2020 mainly because of the Covid-19 pandemic. Although, the deployment of efficacious vaccines offer hope for a quick economic recovery, the economic rebound might be uneven across sectors. Therefore, the dry-bulk shipping industry may be adversely affected if businesses continue to curtail spending, due to increased uncertainty. As China is a major source of demand for Dry-bulk cargoes, changes in the economic or political environment of this nation, may materially impact dry bulk demand for cargoes such as iron ore and coal. China tightened credit availability for its property sector in the years 2015-2016 which resulted in a lower dry-bulk commodity import demand and consequently depressed the BDI.

In 2019, vessel demand was adversely affected due to temporary reductions in cargo supply. Brazilian iron ore exports crashed during the first six months of the year, due to an accident at the Vale owned Brumadinho mine. Similarly, weather related disruptions in Australia resulted in a decline of iron ore and coal exports, particularly in March and April.

In 2020, implementation of restrictions or lockdowns by governments across the globe to control the spread of the coronavirus resulted in a significant reduction in demand for vessels or cargo supply. Since its long-term implications are yet uncertain, resultant global economic slowdown caused by the pandemic may continue to negatively impact vessel demand.

The increasing trend of protectionism could lead to a reduction in global trade volumes. Equally, an escalation of international hostilities, particularly between major economies, could result in increased volatility, crimping business spending and thereby affecting demand for shipping. The Company is exposed to the risk of reduced earnings and/or fall in asset values if there is any downturn in the market.

Traditionally, clients in the smaller ships sector did not take ships on long term contracts and preferred to do the majority or all their business only on the spot market. This situation had, of course, changed intermediately between the Years 2004 and 2009, because of the increase in freight market volatility, leading to a change in strategy of the Company as well as that of its clients. Since then, the Company has been fixing a portion of its fleet on longer term charters, keeping the Company insulated somewhat from the volatility of the spot markets and ensuring visibility and stability in its revenue stream. This was a significant change made in 2004 in the Company's strategy of doing business, whereby the Company had deviated from its traditional policy of trading on the spot market with Voyage Charters and/or Time Charters of very short durations. During the Year 2007, the market continued to move significantly higher until it reached a peak in the middle of the Year 2008, after which the industry witnessed a sharp drop in market rates to levels close to all-time lows. There was a recovery in the dry bulk markets in 2009 from the second quarter, which lasted till the end of the second quarter of 2011,



but the situation deteriorated thereafter because of the large supply of new vessels which entered the market between 2009 and 2015. This influx of new vessels coupled with the slowdown in China also contributed to the drop in the BDI in during the Year 2015-2016. In the Company's opinion, given the uncertainty and the extreme volatility in the market, where rates can shoot up or collapse very quickly, it is always prudent to "lock-in" future earnings at reasonable freight rates whenever possible, as a cushion against a sudden and, more particularly, sustained collapse of the freight rates in the spot market. This strategy was vindicated with the Company's earnings outperforming the market in the volatile market circumstances in the past. However, the current market conditions have not recovered to the level that it would be feasible for the Company to fix most of its vessels on long term charters. To this extent, the Company remains exposed to the volatile conditions of the freight markets. The details of the Company's long-term charters which are already booked as of 31 December 2020 have been presented in the "**Management Discussion and Analysis**" section of this Report.

The above strategy of locking in future earnings via long term contracts (Long period Time Charters) at high rates when the markets are performing well exposes the Company to counterparty risk of its customers. In case of a fall in the market and consequent fall in freight rates, the Company's customers (charterers) with whom the Time Charters are signed could default on their obligations, because of which, the Company will not be able to achieve the higher contracted freight rates and would be forced to contract these ships in a depressed market, when rates would be lower. The Company is always conscious of the counterparty risk associated with its Time Charters and accordingly takes steps in analyzing the counterparty risk of its potential charterers, particularly those with whom the Company signs longer Time Charters, and such contracts (charters) are signed only with first class charterers with the highest possible credit rating. It is for this reason that right through the depressed market, the Company did not suffer any losses on account of defaults by the Company's charterers and even during the current weak period, there has been no default on any of the Company's long-term charters.

The Company's ships ply in international waters and are quite evenly distributed all over the world without concentration in any area. As such, the Company is not exposed to a risk of geographical concentration of the Company's market and its customers. Therefore, any major adverse change in the market conditions in any one area of the world due to war, political action, or any other reason should not result in a significant drop in revenues. However, any changes in the economic or political environment of any major trading nations might impact the Company's revenues.

The Company's revenues for its dry-bulk vessel fleet, are generated from a range of customers and therefore the Company is for the most part, not dependent on any single customer for its revenue stream. As such, it can be said that the Company is not exposed to concentration risk for its dry-bulk fleet and so a loss of business from one customer shall not have a significant impact on the Company's business. That said, the risk profile of the Company's four cement carriers is different in that all these vessels are chartered to a single customer, under long term charters which will cover the useful life of these ships. For 2020, the incomes from this one major customer was Baht 765.44 million equivalent to 21% of total net vessel operating income of the Group (2019: Baht 776.66 million equivalent to 21% total net vessel operating income of the Group). To mitigate counterparty risk, the Company conducted due diligence of this customer and ensured that this customer was financially capable to meet its obligations under the long-term charters. The significance of this customer increased during the extremely weak market of the recent past because income from this customer is fixed in nature under long term charters, whereas the rest of the Company's revenues weakened along with the prolonged cyclical decline in the Shipping Market.

CAPACITY REPLACEMENT AND EXPANSION RISK

As explained above, the Company's Assets, i.e., ships, have a finite life and as and when the ships reach a certain age, they need to be sold or recycled. This leads to a decrease in capacity and if the Company wants to maintain capacity in terms of fleet size, the Company must continuously follow a program of replacement of its older recycled or sold vessels. Between the Years 2007- 2010 and then during the Year 2016, the Company sold 35 and 13 of its oldest vessels respectively, thereby reducing its Fleet size substantially. If the Company



wishes to maintain capacity, a replacement of the recycled/sold ships must be undertaken. Replacement of recycled/sold ships could be achieved by purchase of second-hand ships from the open “Sale & Purchase” market. However, due to the boom in the International Shipping market during the Years 2003 - 2007, the values (cost) of second-hand vessels were at unprecedented highs and the Company did not deem it prudent to be buying ships at such inflated values and exposing itself to the risks of an impairment charge on its assets as a result of a fall in the market values of ships in case of a sustained downturn, that appeared to have been triggered in the latter half of the Year 2008. If the ship values had not fallen appreciably or in fact increased, although the Company may have wanted to replace all its recycled/sold ships with younger and bigger ships, the Company may not have been able to buy enough second-hand (or new ships for immediate/early delivery) ships and the inability to buy reasonably priced ships exposed the Company to the risk that the Company would not replace its capacity. However, since the last quarter of the Year 2011 the Company has been able to acquire new/second-hand vessels at reasonable values.

Between the Years 2012 and 2014, the Company signed several newbuilding contracts with three different Chinese Shipyards for deliveries of Cement Carriers and Dry Bulk Vessels. This was to mitigate the risk of depletion of the Company’s fleet, while simultaneously expanding the fleet in terms of deadweight tonnage and significantly decreasing the fleet’s average age, among other benefits. The Company has since completed this program and taken delivery of certain ships, as explained elsewhere in this Annual Report. While the Operating and Market risks associated with these new ships have been discussed above, the Company is exposed to several distinct risks arising out of its Fleet Rejuvenation Plan, as discussed below:

- **Risks associated with disputes against a ship builder:** Disputes with a shipbuilder entrusted with building new vessels, as part of the Company’s capacity expansion plans, may hinder the shipbuilding process and lead to a delay or in a worst case the non-delivery of vessels. The occurrence of such disputes could lead to the Company failing to achieve its expansion targets and could also result in operational losses.
- **Risks associated with disruptive technological advancements in the shipping industry:** The shipping industry, as with all other industries in the present day, is susceptible to the advent of disruptive technological advancements. New technologies are being developed and adopted at the fastest rate in history. Given the pace of rapid technological advancement, the Company is exposed to the risk that a disruptive technology would render the Company’s vessels obsolete in the early stages of its economic life.
- **Risks associated with disruptive regulatory changes:** Various national governments and international regulatory bodies have begun requiring that more stringent environmental regulations be applied to vessels. As a result, there is a risk that soon after the delivery of a newbuild vessel, new regulations may come into force that would render such newbuild vessel obsolete or uncompetitive. The Company has decided to hold-off on ordering any further newbuilding’s until the impact from the wave of regulatory changes currently taking place in the industry, is fully assessed.
- **Risks associated with a Cyclical Industry:** The Company is exposed to the risk that the Shipping Market remains in a cyclical downturn for a sustained period and in such case, the market values of the new ships could drop to levels much lower than cost and if this drop is considered permanent, it may expose the Company to an impairment charge in the Company’s accounts and the lower values may also cause a default under the “Loan-to-Value” covenant required to be maintained in accordance with the Company’s loan facility agreements.

Apart from a fall in the ship values, it may not be possible to charter out these ships at the expected rates which would lead to operating losses (including cash losses) for the Company. These losses or low rates achieved by the Company for a sustained period could lead to the inability of the Company to comply with financial covenants or worse meet payment obligations under its senior secured debt and debenture financing facilities. To mitigate this risk, the Company actively manages its liquidity position and monitors its compliance with all its financial covenants and ensures that it takes all steps necessary to remain in compliance with all its obligations by raising funds as and when required at the best possible terms.



ESG RISK

The company is exposed to ESG risk – environmental, social and governance risks which may impose greater financial or operational risks. It is our firm belief that the incorporation of ESG principles in our corporate or business strategy will create the most value for our company and its shareholders in the long run.

Non-compliance with any environmental laws and regulations or emission standards may result in penalties causing financial loss and damage to the company's reputation. Our commitment to environmental protection has been formalized in our Environmental Policy, which is based on ISO standards along with established internal guidelines that outline our efforts to address environmental issues throughout our business activities. We promote the use of new technologies and innovation to help reduce our environmental impact. For instance, the Company replaced several older and less fuel-efficient vessels between 2013 and 2017 with “eco-vessels” equipped with large cargo hauls and lower fuel consumption because of better hull lines, lower lightship and efficient electronically controlled engines. We are also a member of the Getting to Zero Coalition aiming to explore commercially viable zero emission fuels.

The company is also exposed to social and community risks which may affect our relationships with society and the communities around us. Certain actions or events may expose the Company to risks that may impact the relations of the Company at a community or societal level. Risks includes health and safety of company workers, labor strife, human right violations, and corruption by company officials.

Fostering a culture of safety is integral to the long-term success of our business. The Company invests considerable resources in training crews, developing guidelines, and monitoring compliance to ensure that operations are carried out with utmost safety.

We are committed to maintaining a harmonious relationship with all our stakeholders (workforce, community, governments etc.) and to address any concerns on a timely basis.

We have formalized our commitment to prevent corruption and anti-competitive practices through our Anti-Corruption policy.

The company is subject to various labor, human rights, safety and local laws or regulations. A breach of these laws or regulations can affect the operations of the company. The Company has created policies which serve as a guideline for employees, to ensure that these laws or regulations are not breached.

The company is also exposed to the risk that inadequate governance can adversely impact our operations and undermine investors' confidence. Our corporate governance structures ensure utmost transparency in reporting of operational and financial performance. PSL's business ethics and code of conduct policies are implemented to ensure that business is conducted via ethical governance framework.

The details of mitigation of ESG risks have been explained in the “**Sustainability Report**” section of this Report.

INVESTMENT RISK

If the weakness experienced in the Dry Bulk Shipping Market in the recent past returns, the Company may need to call for additional capital from its Investors. If any Investor is unable to subscribe to an additional capital call, if any, then such investor risks having his/her shareholding in the Company diluted.

Apart from the above risks which the Company is exposed to, an Investor investing in equity shares of the Company is exposed to the risks associated with the equity investment in the Company as a company listed in Thailand, which include the following:



- The value of the stocks listed on the Stock Exchange of Thailand (SET) may fluctuate due to factors affecting the Thai Stock Market without any connection to the performance of the Company. Such factors affecting the Thai Stock Market could include political instability or political disturbances, slowdown in growth of the Thai economy, US Federal Reserve action, Trade Wars, withdrawal of economic stimulus by governments of key export markets, general slowdown in regional, Asian or other developed economies and so on.
- Since the investment in the equity shares is made in Thai Baht currency, the Investor is exposed to the exchange risk associated with the investment due to the fluctuation of the Investor's investment currency as against the Thai Baht whereby the Investor may suffer a loss in the Investor's own investment currency terms if the Thai Baht depreciates against the same when the equity shares are sold and the proceeds thereof are remitted back to the Investor after converting the same into the Investor's investment currency.
- The Investor may suffer a loss on his/her investment in the event one or more Thai laws pertaining to the investment are amended adversely. An example of such an adverse change in law would be imposition of taxes or other duties on the investment or sale of investment in equity shares.
- If the Thai Government introduces exchange controls on investment proceeds or on the repatriation of investment proceeds, the Investor's cost of the investment may increase and/or the Investor may not be able to repatriate the sale proceeds of the investment.
- Further, the Investor is exposed to additional risks like lower standards of Corporate Governance of the companies listed on the SET, insufficient legal checks and balances on company management, high proportion of concentrated shareholding with one individual or one group leading to unduly high control exercised by the individual or group, unavailability of qualified and experienced persons to act as Directors, etc.
- As discussed in Financial Risk above, the Company has sought and obtained waivers for the testing of certain financial covenants under some of its loan agreements. As one of the conditions of giving such waivers, the Company's lenders have required that the Company not pay any dividends until such time as these waivers are in effect. As such, Investors in the Company should be aware that the Company is currently unable to pay dividends and will likely continue to be unable to do so, if the Company requires the aforementioned waivers.



SUSTAINABILITY REPORT

MESSAGE FROM THE BOARD OF DIRECTORS ON SUSTAINABILITY REPORT

To the Shareholders,

We are pleased to present the Company's Sustainability Report in accordance with the Global Reporting Initiative (GRI) Standards and the United Nations' Sustainable Development Goals (SDGs). This report covers the Company's performance on material issues that matter most to stakeholders in the year 2020 and communicates our material analysis on economic, environmental, social, sustainability governance and ethical issues that are relevant to stakeholders and may potentially impact the Company.

The Board of Directors reviews the Vision & Mission Statement and Core Values on an annual basis to ensure alignment with any change in circumstances. In 2020, the Board of Directors conducted a review and resolved to amend the Vision and Mission Statement as well as the Core Values. The Company's Vision and Mission Statement is "to be the most distinguished Shipping Company in the world, providing an exemplary level of services and solutions to facilitate global trade". We believe this can be achieved with an unwavering focus on the Company's Core Values, viz. Integrity, Sustainability, Tradition, and Innovation. These Core Values are integrated in all that we do and are always followed on a day-to-day basis by all in the Company.

The Sustainability Report summarises the Company's interactions with its stakeholders and reflects the Company's continuous search for ways to improve at all levels. We welcome comments, suggestions, and views on this Report, and we assure you that each response is and will be taken very seriously and considered for appropriate action.

On behalf of the Board of Directors of Precious Shipping Public Company Limited, we would like to express our gratitude to all those who have contributed to the success of the Company.

**For and on behalf of the Board of Directors of
Precious Shipping Public Company Limited**

Mr. Chaipatr Srivisarvacha

Chairman of the Board of Directors

Mr. Khalid Moinuddin Hashim

Managing Director

19th February 2021



Overview of Sustainability Report

The Company places the highest priority on delivery of long-term value and sustainable returns to its shareholders. The Report also includes information relating to the performance of the Company and its subsidiaries based in Thailand and elsewhere. The focus of the Report is on the main businesses which have a material impact on the achievement of long-term sustainability. The Company acknowledges that its unique character, with its ships trading all over the world, majority of which are flying the Royal Thai flag, obliges it to act as the country's ambassador to the world, and the Company takes this responsibility very seriously.

The Company presents its performance in terms of its economic, environmental, social, and sustainable impact. Through this approach, the Company strives to create value for stakeholders by complying with all applicable regulations and carrying out its business activities according to its vision and core values. In executing its business strategies and achieving its performance targets, the Company gives the highest regard to transparency, accountability, responsibility, independence, and fairness.

Further information on the Company's Corporate Governance, risk management and mitigation strategies, all of which are part of the Company's sustainability measures, can be found in the relevant chapters under the **Board of Directors' Report, Organization Structure, Corporate Governance Report, Internal Controls and Risk Management** sections of this Annual Report.

This Report has been prepared in accordance with the GRI Standards: Core option. In addition, the Sustainability Report also provides information on the Company's alignment with the UN's Sustainable Development Goals (SDGs).

This Report addresses activities and data that fall within the Company's financial year for the period from 1 January to 31 December 2020.

The scope of the Report

The data and information contained in this Report relates to Precious Shipping Public Company Limited and all its wholly owned subsidiaries.

The boundary and limitations of the Report

Data in this Report has been collected from the Company's operations as listed above and there are no changes with respect to the boundary as compared to our 2019 Report.

The process for defining the content of the Report

We have defined the content of the Report through research with key stakeholder groups to gain their feedback on requirements and preferences. Data is provided and reviewed by Senior Management prior to submission to the Managing Director for approval. The Final Report is approved by the Company's Board of Directors.

Stakeholder Engagements

The Company recognizes the importance of all stakeholder groups whether it is the internal stakeholders such as shareholders, employees and management of the Company and subsidiaries or external stakeholders such as creditors, suppliers, customers, investors, communities, government agencies and other related organizations whom the Company has an ongoing relationship and impact because of its business operations. The Company engages its stakeholder groups in a variety of ways, with the frequency and communication mechanisms based on the most effective means of facilitating dialogue. The Company has also provided channels on its website for any stakeholder to express his/her opinion and contact the Board of Directors in case they wish to do so directly, without going through the Management. The Board has and will continue to treat such information seriously and with utmost confidentiality.



Currently, the Company categorises and prioritises stakeholders into eight groups, which are presented below. All business units are responsible for creating and maintaining good relationships with these groups, communicating, taking their suggestions, and assessing their expectations.

Stakeholders	Stakeholders Expectations	Key Action and Engagements
Shareholders	<ul style="list-style-type: none"> Share in profits by way of dividends Business growth and sustainability Fair and transparent operations Risk Management Equitable treatment Appropriate channels for monitoring the Company's performance and for giving feedback to the Company Easy accessibility to Management of the Company 	<ul style="list-style-type: none"> Creation, preservation, and enhancement of long-term value for our shareholders Disclosing timely, concise, and relevant information Responsive to all inquires Frequent communications through company visit, road shows and meetings Direct channel of communication to Board/ Management open for every Shareholder Shareholder Meetings at least once a year, plus quarterly SET Opportunity Day Meetings (Videos of these Meetings available on the Company's website) Regular newsletters from CEO Annual Report and other reports, such as press releases, etc.
Customers	<ul style="list-style-type: none"> Professional service with fair charter rate On time trouble-free delivery Commitment to agreements 	<ul style="list-style-type: none"> Develop services to respond to diverse needs Provide efficient, reliable, and professional services and solutions to all our customers Provide substantive reply to any query promptly Conduct customer satisfaction survey Follow terms of agreements
Employees	<ul style="list-style-type: none"> Appropriate compensation and welfare Career advancement and succession Competency enhancement Positive and good work environment Security and safety at work 	<ul style="list-style-type: none"> Respecting human rights and diversity Ensuring equal opportunity Ensuring a safe and healthy work environment Providing skill enhancement via sophisticated training Annual review of compensation, welfare and benefits structure to remain competitive with industry standards Open channels for accepting opinions and suggestions Conduct employee satisfaction survey
Creditors	<ul style="list-style-type: none"> Ability to repay debts and punctual payment Fair returns on loans and service fees Commitment to agreements Transparent information sharing 	<ul style="list-style-type: none"> Full compliance with all terms in borrowings including compliance with the objectives of using the borrowed funds, repayment, collateral, and other conditions as may be agreed Regular meetings for information exchange and to maintain good relationship Financial and annual operating reports Promptly respond to any queries
Community & Society	<ul style="list-style-type: none"> Improvement of quality of life Support of community activities Environment protection 	<ul style="list-style-type: none"> Support and get involved with community and society-based activities on a regular basis Arrange meetings with Merchant Marine Training Center for planning and progress of community development projects Put in place and implement appropriate measures to reduce the environmental impact from the Company's operations
Regulators	<ul style="list-style-type: none"> Compliance with relevant laws, rules and regulations Good Corporate Governance and transparency Sufficient and timely information disclosures 	<ul style="list-style-type: none"> Follow guidelines in doing transactions with the State, code of conduct and participate in academic collaboration Periodic internal assessment of regulatory compliance Regular disclosures through SET Regular participation in meetings and activities of related agencies Annual Report and other reports, such as press releases, etc. Complaint handling channels and remedial measures
Suppliers	<ul style="list-style-type: none"> Fairness and equal opportunity in procurement process Fair prices Reputation and credibility Honour payment terms 	<ul style="list-style-type: none"> Ensure that terms and conditions for suppliers are based on industry norms and practices Follow agreed terms and conditions On time payment Complaint handling channels on website



Stakeholders	Stakeholders Expectations	Key Action and Engagements
Prospective Investors	<ul style="list-style-type: none"> Return on investment Business growth and sustainability Fair and transparent operations Risk Management Appropriate channels for monitoring the Company's performance Easy accessibility to Management of the Company 	<ul style="list-style-type: none"> Direct & Open channel of communication to Management Frequent meetings and conference calls/ Q&A sessions Regular disclosures through SET Presentation/Roadshows 10 times in 2020 Annual Report and other reports, such as press releases, etc.

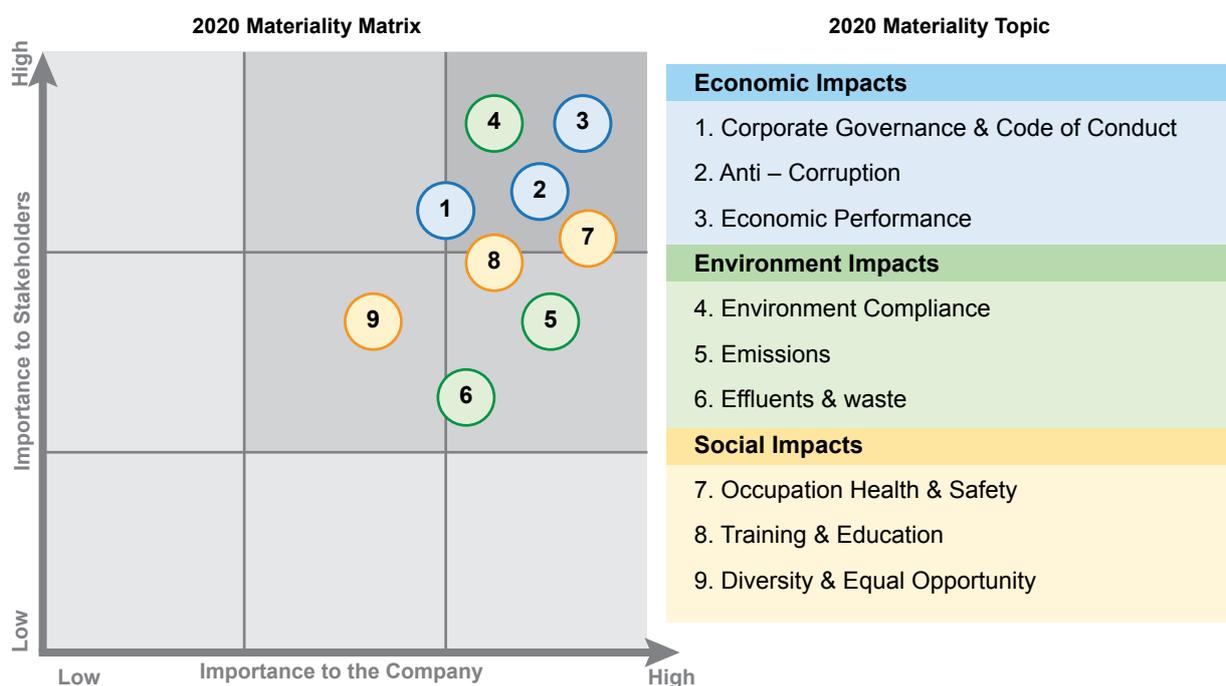
The Materiality Assessment

The content of this Sustainability Report is geared to highlight the Company's policies, achievements, and challenges towards sustainability within the reporting period. The Company has ascertained this content by carrying out a Materiality assessment.

In alignment with the principles of the GRI Standards and the SDGs, the Company has used a four-step process in determining its Materiality Assessment:

- 1) Identification of relevant topics: by evaluation of the boundaries (where the impact of each issue occurred), impact of each issue was determined both inside and outside the Company, and by business unit utilizing GRI indicators.
- 2) Prioritization of topics against stakeholder and Company influence and impact: by considering each topic, issues deemed significant to the organization and deemed significant to the stakeholders, and those issues and topics which reflected significant economic, environmental, and social impact.
- 3) Validation of prioritization and identification through review and evaluation: this Materiality Assessment has been validated through internal representatives of the business units with assistance from Senior Management.
- 4) Review of context on annual basis: by incorporating to this Report, stakeholder feedback from outside stakeholders received through multiple channels, such as Opportunity Day/Investor meetings, the Company website, Regulatory Authorities, and press coverage of the Company.

This materiality matrix below presents 9 topics for each sustainability-related category, which the Company focuses on. These 9 topics are the most material for this Sustainability Report. The Company recognizes the value of broadening its engagement with its stakeholders to improve its Materiality Assessment and increasing the relevance of information within its Report based on stakeholder priorities.





Contribution to Sustainable Development Goals (SDGs)

The Company aims to support the United Nations' Sustainable Development Goals (SDGs). The Company integrates these goals into its business operations to ensure that all executives and staff are ready to achieve the international sustainable development along with the Company's business growth and stakeholder benefits.



The Company is committed to meeting the UN's Sustainable Development Goals particularly in relation to the promotion of good health and well-being; quality education; gender equality; decent work and economic growth; climate action; peace, justice and strong institutions; and partnerships to achieve the goal. These goals are integral to the long-term sustainability of the Company.

The Company's Operations	Material Topics (as per GRI)	Key Stakeholders and Impact Boundary							Relevant SDGs	
		Employees	Shareholders	Clients	Creditors	Community & Society	Regulators	Suppliers		Investors
Economic Impacts										
• Corporate Governance & Code of Conduct	Governance	✓	✓	✓	✓		✓	✓	✓	
• Anti-Corruption	Anti-Corruption	✓			✓			✓		
• Direct economic value generated and distributed	Economic Performance	✓	✓	✓	✓			✓	✓	
Environment Impacts										



The Company's Operations	Material Topics (as per GRI)	Key Stakeholders and Impact Boundary							Relevant SDGs	
		Employees	Shareholders	Clients	Creditors	Community & Society	Regulators	Suppliers		Investors
<ul style="list-style-type: none"> Compliance with Regulations & Conventions 	Environment Compliance			✓		✓	✓			  
<ul style="list-style-type: none"> Green House Gases Emissions 	Emissions			✓		✓	✓			
<ul style="list-style-type: none"> Protection and conservation of the environment Ballast Water Treatment 	Effluents & waste Biodiversity			✓		✓	✓			
Social Impacts										
<ul style="list-style-type: none"> Employees Benefits Safety & Occupational Health 	Occupation Health & Safety	✓				✓	✓			  
<ul style="list-style-type: none"> Training & Development Maritime Training Center & Bridge Navigation Simulator Social & Community Development 	Training & Education	✓				✓				
<ul style="list-style-type: none"> Employees Benefits 	Diversity & Equal Opportunity	✓								



Corporate Governance, Ethics, and Integrity

The Company is committed to conducting business under Good Corporate Governance principles; doing business ethically; striving for the betterment of society and the environment. The Board of Directors has promoted corporate governance practices to help fulfill its responsibility to the shareholders. It is the duty of the Board of Directors to serve in a prudent fiduciary relationship with shareholders and to oversee the management of the Company's business. The Company has provided the governance structure of the Company, including committees under the subject of "**Organization Structure**" of this Annual Report.

The Company has set up a Business Ethics and Code of Conduct Manual and the Corporate Governance Policy to commit to the key principles of integrity, ethical business conduct and accountability for Directors, Executives, and staff as a guideline in carrying out their respective work for the Company in a transparent, honest, faithful, and justifiable manner. These guidelines can be accessed through the Company's website.

Anti-Corruption

The Company has developed a reputation in the industry of having zero tolerance towards any form of corruption or unethical behavior. The senior management has always enforced this policy throughout the history of the Company, and recently, the Board of Directors has approved a new Self-Evaluation Tool for Countering Bribery and Anti-Corruption Policy.

These newly adopted policies, which are the embodiment of the age-old stance of the Company, against any form of corruption or unethical behavior, have been communicated to every member of the Board of Directors and each of the Company's employees, each of whom are apprised of every facet of the same.

In December 2018, the Company implemented a "No Gift Policy" in accordance with guidelines from the Private Sector Collective Action Coalition against Corruption (CAC), whereby the Company requested all business partners not to give any gifts for any occasion to any of its personnel, including its directors, executives, employees at all levels. The Company continued with this practice in 2020. This No Gift Policy reinforces the Company's compliance with the Anti-Corruption Policy and good corporate governance principles.

The Company provided anti-corruption seminars and training for all directors, executives, and staff members at the office to bolster the Company's anti-corruption culture.

The Company extends the application of these policies beyond itself and applies the same to each individual/corporation/organization that the Company deals with. The Company has set up a channel to contact the Board of Directors directly for any business suggestions, complaints, or recommendations indicating impact or risks of impact on stakeholders arising from its business or from wrongful action, or violation of the Code of Conduct, illegal acts, etc. As such, the Company ensures that none of its affairs are conducted with/through any unethical individual/corporation/organization.

In 2020, there were zero whistleblowing incidents and zero violations of our ethical principles.



Precious Shipping was certified as a member of Thailand's Private Sector Collective Action Coalition against Corruption (CAC)



Mr. Gautam Khurana (left), Director (Finance) of the Company, received the CAC certificate of membership from Mr. Kulvech Janvatanavit (right), Chief Executive Officer of the Thai Institute of Directors Association (IOD), at an awards ceremony held on 18th October 2019. The CAC aims to tackle corruption, build a critical mass of clean and transparent businesses and uplift compliance standards of private companies.

Sustainable Management Performance

Economic Performance

The Company's Senior Management had set up goals for 2020 with targets that were both realistic and aggressive as follows:

- Daily earnings per vessel to be higher than the corresponding industry benchmark - Please refer to **"Market Segmentation/Benchmarking"** in the Board of Directors' Report, for the Company's performance in 2020 as against this target; and
- Daily Operating costs per vessel to be at least 15% lower than the industry average as published by BDO LLP - Please refer to **"PSL OPEX comparison with Industry"** in the Management Discussion and Analysis, for the Company's performance in 2020 as against this target.

For 2021, the Company's Senior Management has set the same goals as for 2020.

The Company's operations contribute to national economies by generating economic benefits for different stakeholder groups. The related direct monetary flows indicate the extent of added value.

**Direct Economic Value Generated and Distributed (Million USD)**

Description	2016	2017	2018	2019	2020
Direct Economic Value Generated:					
Vessel Operating Income	104.42	128.21	152.32	134.05	119.08
Revenue from financial investments	1.32	0.70	1.15	0.96	0.27
Revenues from sale of assets	0.00	0.94	0.00	0.01	0.00
Other income	1.77	0.30	0.11	0.27	0.51
Direct Economic Value Generated	107.51	130.15	153.58	135.29	119.86
Economic Value Distributed:					
Operating Costs (excluding crew costs)	30.23	24.04	28.79	29.18	29.58
Employee wages and benefits (including crew costs)	47.78	42.98	44.08	44.84	40.99
Finance costs (paid to lenders)	27.63	25.01	25.48	22.64	18.88
Dividend distribution	0.00	0.00	0.00	0.00	0.00
Tax payments to governments	0.09	0.08	0.09	0.12	0.12
Community Investments	0.06	0.04	0.04	0.05	0.06
Other payments	21.93	3.96	5.04	8.07	32.02
Economic Value Distributed	127.72	96.11	103.52	104.90	121.65
Economic Value Retained as under:	(20.21)	34.04	50.06	30.39	(1.79)
Depreciation, amortization, and Impairment loss	54.88	34.63	36.64	38.23	38.71
Provisions	0.70	(0.22)	(0.11)	0.02	0.28
Transfer to (from) Reserves	(75.79)	(0.37)	13.53	(7.86)	(40.78)

The above table is to provide transparency on the economic impact of the Company's activities. These figures are calculated after factoring in financial flows and tax payments. The Company does not implement any tax arrangements for the purpose of tax evasion. The payment, collection and accounting of taxes complies with the country legislation that the Company operates in.

For Financial Performance: see the **Financial Highlights** and **Management Discussions and Analysis** sections in this Annual Report.

Environment Performance

The Company recognizes that irresponsible shipping operations will inevitably lead to catastrophic environmental impact, particularly in terms of air and/or water pollution. Therefore, the Company is firmly committed to the protection and conservation of the environment and ranks environmental considerations equally with commercial and operational factors.

However, over years of operations, the Company has realized that simply complying with regulations is not enough. What is needed is to go above and beyond the mandatory regulations by developing internal emergency response plans and quality control systems, constantly searching for new technologies to employ, to help reduce our environmental impact, and a firm commitment to reducing CO2 emissions and waste generation.

This Report outlines the most significant environment-related maritime regulations and the Company's compliance therewith; the Report also outlines the Company's internal emergency and quality control systems and CO2 reduction efforts. This Report concludes with a statement of goals and objectives set by the Company for the coming year.

Environment Performance Highlights

1. Annual review meetings conducted every year are utilized as a platform to discuss and address issues related to review of the maritime regulations.



2. The Environment Protection Policy Statement, as below, has been made public in line with ISO 14001 requirement: It is the Company's policy to conduct its operations in an environmentally sustainable manner to protect the environment and Planet Earth for a better life for the present and future generations (please see details below in "ISO 14001 Certification").
3. For use of new technology and innovations, the Company signed contracts for and took delivery of new-build vessels with specifications exceeding those mandated by the regulations and which enhance the vessels' ability to protect and conserve the environment.
4. Environmental objectives and targets are set and assigned to all levels of employees in the Company, both ashore and afloat, with stipulated time frames and action plans. The Company recognizes that training and improving awareness at all levels is the key to achieving the environmental policy and seeks to accomplish these through in-house training described here under.
5. The Company has carried out an environmental impact analysis for all key shipboard and company activities and it has been found that the Company's existing procedures can effectively reduce the environmental impact of any incident.
6. In-house training programs are conducted for all staff (serving at shore office as well as on vessels) on the Environment Management System ("EMS") policy, objectives that have been set, and for general awareness. These training programs are conducted at the Company's training center and through internal audit visits to vessels.
7. The Company uses best endeavors to influence and encourage all vendors associated with the Company to comply with environmental standards/good practices.

Compliance with Regulations & Conventions

To have the Company's ships sailing in international waters, the Company is legally required to be fully compliant with the regulations imposed by the International Maritime Organization (IMO) and other regulatory bodies.

Safety of Life at Sea (SOLAS), Maritime Regulations for Prevention of Pollution (MARPOL), Standards for Training Certification and Watchkeeping (STCW) & the Maritime Labour Convention (MLC) are the four pillars of the international maritime industries regulatory framework.

Some of the other regulatory instruments are:

- International Convention for the Control and Management of Ships' Ballast Water and Sediments 2004. This Convention entered into force on 8 September 2017.
- International Maritime Dangerous Goods code (IMDG)
- International Maritime Solid Bulk Cargoes code (IMSBC)
- International Convention on the Control of Harmful Anti-Fouling Systems 2001
- International Code for Ships Operating in Polar Waters (Polar Code)
- International Convention on Civil Liability for Bunker Oil Pollution Damage 2001
- Nairobi International Convention on the removal of Wrecks 2007 (the Wrecks Convention)
- National, Regional and Local regulations more stringent than the international requirements like US environment protection acts, European Union air pollution directives etcetera.

In addition to the above, the most significant regulations are outlined below, and the Company's efforts to remain compliant.

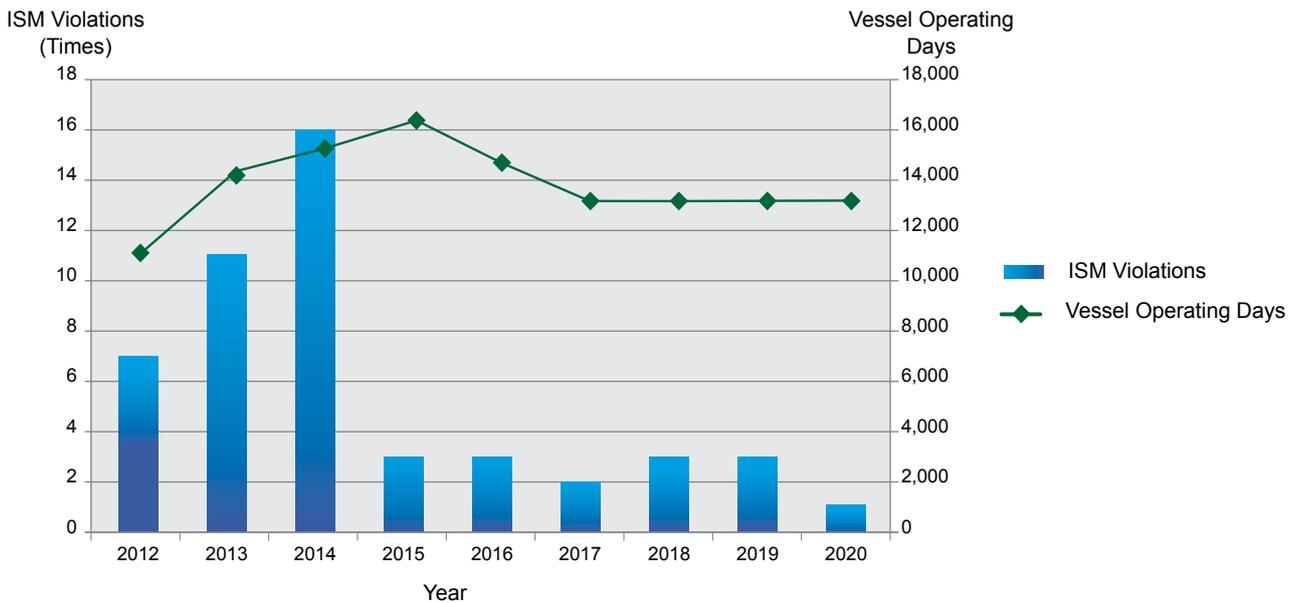
International Safety Management Code (ISM Code): Learning from various marine casualties over the years, ISM Code was introduced by the IMO, to enhance the safe operation of ships and pollution prevention. The ISM Code became mandatory on 1 July 1998 for passenger ships including passenger high-speed crafts, oil tankers, chemical tankers, gas carriers, bulk carriers, and cargo high-speed crafts of 500 gt and upwards, but the Company implemented the ISM code, three years earlier, in 1995 itself after obtaining due certification.



The Code is implemented on board the vessels and offices ashore to provide an international standard for the following objectives:

1. Ensure safety at sea
2. Prevent human injury or loss of life
3. Avoid damage to the environment

Below is a graphical account of the Company’s ISM Code violations viewed against Vessel Operating days from 2012-2020. For this analysis, violations are considered as any incident that results in a fire, explosion, serious injury or death to crew members, collisions, groundings, etc., The Company has analysed each violation in detail to identify the root-cause and initiate appropriate corrective and preventive actions. The results are then conveyed to all senior employees as case-studies to avoid recurrence. In 2020, we had one incident which can be described as an ISM violation from over 13,176 vessel operating days for the fleet. Even though the Company did not meet its target of zero ISM violation in 2020, in terms of the number of violations per vessel operating day basis, 2020 has a low violation rate at 0.008%, as compared to the highest violation rate at 0.11% in 2014 which when compared to many of our peers, would still be considered a low level. The ISM violation in the current year includes the unfortunate death of a crew member due to natural causes and not due to accident or injury - so not exactly a failure of our operations and maintenance procedures, but we have highlighted it in order to review our pre-employment medical test regimes to prevent a recurrence.



As per the ISM code requirements, annual internal audits are conducted on board by a dedicated team of qualified and experienced ship auditors reporting directly to the Managing Director. All incidents of non-compliances, accidents and near misses are thoroughly investigated and analyzed, after which procedures are reviewed immediately. Furthermore, all lessons learned from various accidents and near miss incidents are shared with organizations like Marine Accident Reporting Scheme (MARS) for the mutual benefit of the industry and to enhance maritime safety in general. The Nautical Institute, London, which publishes the MARS reports every month, has appreciated the Company’s participation in MARS and for promotion and sharing “lessons to learn” incidents and case studies from its own fleet for the benefit of the industry. This follows the Company’s highest ideals of quality management and social responsibility.

In addition to the above, the Company is undertaking following initiatives to limit ISM Code violations through preventative action:

- **Enhanced staff training:** An increasing trend in the industry is that Port State Control inspectors are getting more stringent in their enforcement of the ISM Code. As such the Company’s ship staff are given regular checks on their ISM knowledge, sharing of experiences from across the fleet.



- **Enhanced maintenance of vessels:** The head office has stressed that all machinery checks, and inspections be carried out with greater frequency, and any difference observed by ship staff are immediately reported. Also, the Company's management has stressed that internal auditors enforce the Code more stringently than external inspectors, to achieve a higher level of compliance and safety for the Company's ships, cargoes, and crew.
- **Timely warnings and reminders to vessels:** Vessels entering North American and Australian waters often require additional certificates for compliance with local regulations. As a preventative measure, the head office gives instructions to the crew well in advance of the vessel's arrival in such waters to ensure that all documents are in order and the vessel is always in full compliance with regulations.
- In 2012, the Company became a member of INTERCARGO, the International Association of Dry Cargo Shipowners. Intercargo, quoting their own words, 'exists to link industry stakeholders in a commitment to a safe, efficient, and environmentally friendly dry cargo maritime industry, and our vision is for a safe, efficient and environmentally friendly dry cargo maritime industry where its member's ships serve world trade - operating competitively, safely and profitably'. This perfectly fits in with the Company's philosophy and the Intercargo membership reflects Company's resolve towards sustainability.
- In 2012, the Company also became a member of RightShip, an independent ship-vetting organization formed by BHP Billiton, Rio Tinto, and Cargill, three of the world's largest trans-national corporations and major users of sea transport services. RightShip's ship vetting model is known for its exacting and stringent standards and focuses on ship safety (including crew and cargo) and marine environmental protection; and the Company's membership is yet another affirmation towards sustainability.

The Company has set an internal target of zero ISM Code violations resulting in injury or death, fire, collisions or groundings or any vessel detention resulting from an ISM Code violation.

International Ship and Port Safety (ISPS) Code: Considering changing security circumstances across the globe, the International Ship and Port Safety Code was adopted in 2004. The code is an amendment to the SOLAS Convention that encompasses a greater level of security arrangements for ships and ports. The code assigns responsibilities to governments, shipping companies, shipboard personnel, and port/facility personnel to "detect security threats and take preventative measures against security incidents affecting ships or port facilities used in international trade" (ISPS Code Part A 1.2.1).

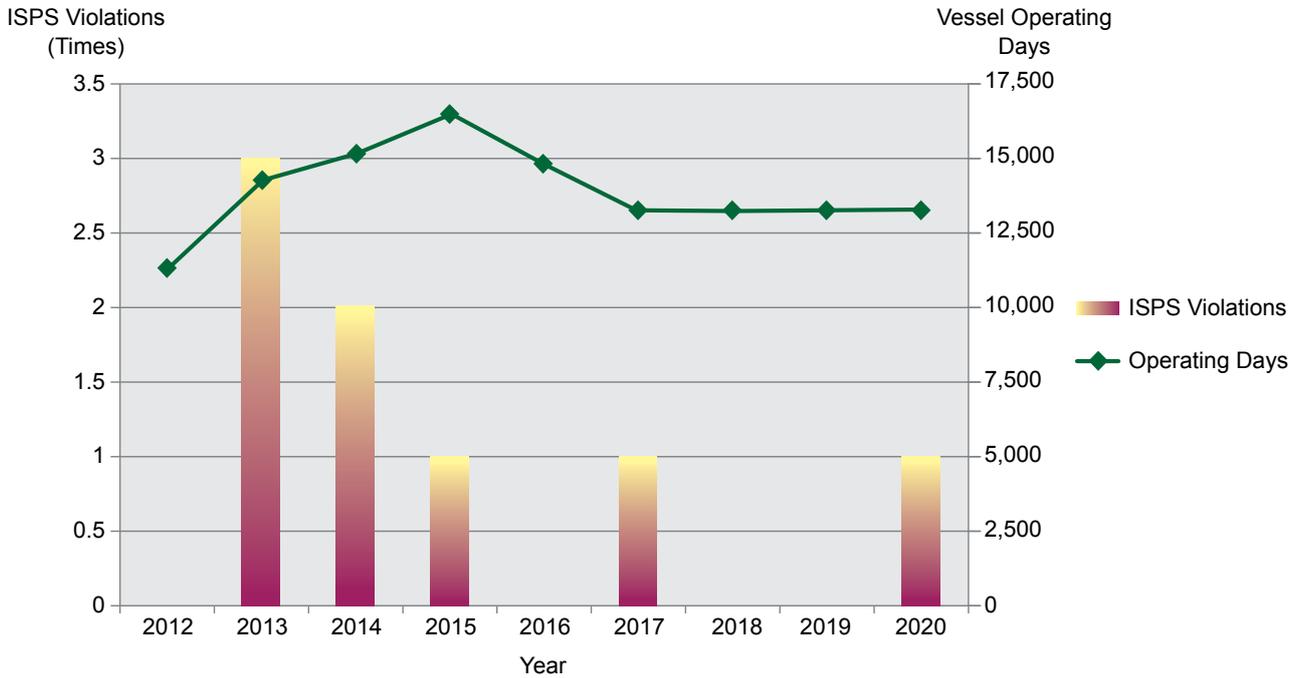
In implementing the ISPS Code the Company has developed standard operating procedures for vessels entering ports prone to drug smuggling and stowaways. This includes employing sniffer dogs and armed guards where appropriate. Furthermore, standard policies are employed whenever vessels call European, British, American, Australian, or Canadian ports, and to date, the Company has had only 1 detention from an ISPS violation.

Annual internal reviews are conducted on preventative measures including the performance of the companies providing the sniffer dogs and guards. Like the ISM audits mentioned above, these are carried out by a dedicated team of qualified and experienced ship auditors reporting directly to the Managing Director. All incidents of non-compliance, accidents and near misses are thoroughly investigated and analyzed. In the event of any failures of the standard operating procedures, reviews are immediately conducted.

Below is a graph displaying the number of ISPS Code Violations (left-hand axis) against the number of Vessel Operating days (right-hand axis) from 2012-2020. As in the case of ISM, the Company sets a target of zero violations in respect of ISPS Code. There were no ISPS violations in 2011, 2012, 2016, 2018 and 2019 but the fleet witnessed one violation in 2017, when a stowaway was found to have secretly come onboard. Stowaways are typically very poor and desperate to escape to a foreign country for a better life. Even though the stowaways are usually detected by ship-staff and taken off at the same port where they came onboard or at a nearby port, the Company counts them as ISPS violations for reporting purposes, in line with the Company's



zero tolerance for such lapses. There was one ISPS violation in 2020. A stowaway was found to have secretly come aboard one of our vessels at a port in West Africa. We will continue to take precautions and suitable risk management efforts to prevent such incidents and ensure zero ISPS violations in 2021.

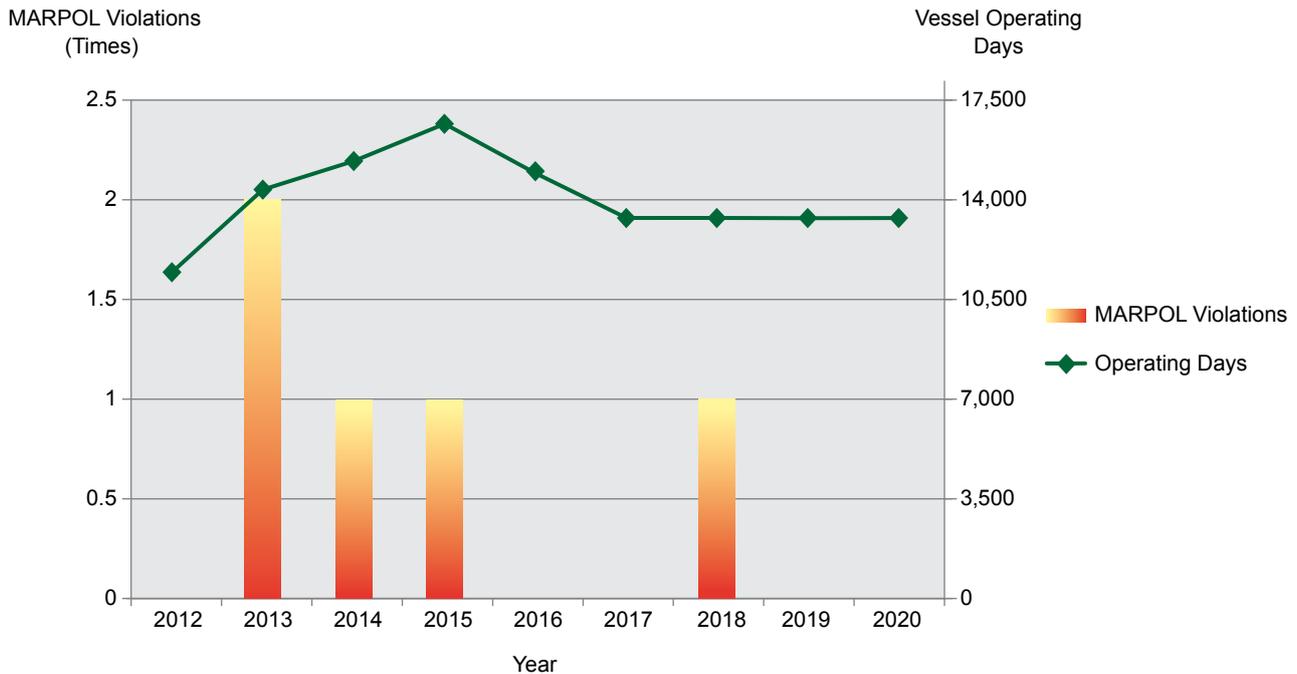


MARPOL: is one of the most important environmental regulations in the maritime industry and aims “to preserve the marine environment through the complete elimination of pollution by oil and other harmful substances and the minimization of accidental discharge of such substances.” This convention is divided into 6 distinct sub-areas (IMO, 2011):

1. Regulations for the Prevention of Pollution by Oil
2. Regulations for the Control of Pollution by Noxious liquid substances in bulk
3. Regulations for the Prevention of Pollution by harmful substances carried by sea in packed forms, or in freight containers, portable tanks or road and rail tank wagons
4. Regulations for the Prevention of Pollution by Sewage from ships
5. Regulations for the Prevention of Pollution by Garbage from ships
6. Regulations for the Prevention of Pollution by Air from ships

There is a company-wide acknowledgment that the risk posed to the marine environment from a marine incident is severe. The Company has adopted a great deal of preventative measures to limit this risk factor. The first is to limit human error, and the second is to maintain the vessel’s machinery to the highest possible standard.

To limit human error, the Company has developed an internal training program for all seagoing staff. This includes simulator exercises designed to improve navigational skills and awareness by putting officers through various weather, sea, and port conditions. Furthermore, the Company also ensures that all engineers employed on ships with new modern engines have undergone engine model specific rigorous training program aimed at enhancing their ability to maintain engines and avoid any fuel or sludge discharge or any breakdowns.



The above graph demonstrates the number of MARPOL violations (left-hand axis) resulting in an insurance claim and Vessel Operating days (right-hand axis) from 2012-2020. For this analysis, any incident counts as a violation if it results in an insurance claim. We are happy to report that there was no MARPOL violation in 2020. As always, the Company aims to have zero MARPOL violations in 2021.

Upcoming/Recently effective regulations: Following are some of the regulations coming into force within the immediate future or regulations which have become recently effective:

- IMDG Code and IMSBC Code require more stringent requirements to be met for carriage of certain dangerous cargo.
- International Code for Ships Operating in Polar Waters (Polar Code) requires vessels to have enhanced safety and pollution prevention measures while trading in the harsh and sensitive polar region.
- STCW 2010 (Manila amendments) - effective from 1 January 2017 - requires documentation for seafarers having undergone more stringent revised training requirements for competency and proficiency.
- MLC 2006 Amendment 2014 effective from 18 January 2017 - requires Certificate for financial security in respect of Seamen repatriation costs and other liabilities.
- Vide IMO resolution MEPC.280 (70), since 1st January 2020 all ships have been required to mandatorily use fuel oil with sulphur content no more than 0.50% m/m (however, in SO_x Emission Control Areas – ECA zones – a lower limit of 0.1% m/m Sulphur applies). IMO resolution MEPC 73 prohibited the carriage of non-compliant fuel oil on board ships after 1st March 2020 - unless the ship uses an alternative compliance method (such as an exhaust gas cleaning system or “scrubber”) accepted by the flag State as an alternative means to meet the sulphur limit requirement. Together, these are commonly referred to as the ‘IMO 2020’ regulations. The IMO 2020 regulations aim to significantly reduce the amount of sulphur oxides emanating from ships and should have major health and environmental benefits for the world, particularly for populations living close to ports and coasts.

The Company fully complies with the IMO 2020 regulations, and all vessels in the Company’s fleet have completed the required transition to the use of compliant low sulphur fuel oil for the engines and boilers.

- Regulations applicable at European Union (EU) ports:
All vessels calling EU ports should have an approved vessel specific CO₂ Monitoring, Reporting & Verification Plan (MRV). A Document of Compliance is to be available on board by 30 June 2019.



All PSL ships meet this requirement.

- 1) Amendments to MARPOL Annex VI that make the data collection system (DCS) for fuel oil consumption of ships mandatory were adopted at the 70th session of the MEPC 70 held in October 2016, and came into force from 1 March 2018 {IMO Resolution MEPC.278 (70)}. According to this regulation, for ships of 5,000 gross tonnage and above engaged in international voyage, the data collection is required from calendar year 2019, with first reporting to be made by early 2020. Upon verification of the submitted data, the Flag Administration or the Recognised Organisation (RO) will issue to the ship a Statement of Compliance related to fuel oil consumption. Finally, the Flag Administration will submit aggregate data to the IMO, which will maintain an anonymized IMO Ship Fuel Oil Consumption Database.
This new requirement is in line with the EU CO2 MRV system above and will form a part of the existing Shipboard Energy Efficiency Management Plan (SEEMP – Part 2).
- 2) With effect from 31 December 2020, EU Regulation on Ship Recycling will be applicable to foreign ships in EU waters. Ships are to comply with Inventory of Hazardous material code (IHM). The Company has obtained the IHM certification well in time for all the vessels in the fleet.
- 3) **Sanctions** impose partial or blanket prohibition on trading with certain countries, restrictions on the export or import of various goods, restrictions on the transfer of certain technologies and asset-freezes. The four principal sanctions regimes to consider are those of the UN, USA, EU, and UK.

Sanctions significantly impact shipping and shipowners are particularly exposed to the risk of sanctions' violation. Ships trade worldwide, often with varying trading patterns. The contractual chain, from lenders or lessors through charterers and sub-charterers to cargo interests may be long and there is often no direct contractual nexus between all parties in the chain. So, sanctionable activities may be difficult to detect and may be disguised by illicit practices.

Compliance with sanctions regime is not easy since sanction regulations are vague and complex. On the other hand, potential consequences of non-compliance even if inadvertent can be draconian, including criminal liability (and imprisonment), significant fines, exclusion from the US/UK/EU banking system and reputational damage. Insurers are also barred from offering any support in the event a vessel is trading in breach of sanctions and all insurance covers would be withdrawn.

PSL has a clear policy to comply with all applicable sanctions regimes, set out as under:

- All our ships are employed on lawful trades only.
- PSL ships never switch off their Automatic Identification System ('AIS'), even while transiting piracy high-risk-areas, so our ships' trading areas can be verified at all times.
- All the contracts with Charterers pursuant to which our ships are employed include the BIMCO sanctions clause or equivalent, whereby the Charterers warrant, at the date of this Charter Party and throughout its duration, they and any sub-charterers, shippers, receivers, and cargo interests are not a Sanctioned Party; and that Charterers shall not give any orders for the employment of the Vessel which involves a Sanctioned Party or a Sanctioned Activity.
- In addition, the contracts also include a Trading Exclusion clause which lists out all areas/countries known to fall under sanctions.

- 4) Maritime Cyber Security Management

In the 'Interim Guidelines for implementation of Maritime Cyber Risk' published by IMO, it has been agreed that, no later than the first annual verification of the company's Document of Compliance after 1 January 2021, the cyber risk management system should be incorporated into the Safety Management System. We have already completed this process and a 'Cyber Security Manual' has been included in the Company's Shipboard Operating Procedure (SOP).

Having successfully outlined and explained the significant maritime regulations that safeguard the environment and those that will soon play a significant role, the next section details the Company's internal environmental control system.



Protection and conservation of the environment:

ISO 14001 Certification: With an increasing demand for environmental conservation the Company has established an “Environment Protection Policy.” In addition to minimum requirements based on international conventions and regulations, the Company implements an Environment Management System (EMS) complying with the ISO 14001 standards. ISO 14001 provides a framework for a holistic, strategic approach to the Company’s environmental policy, plans and actions, and demonstrates that the Company is an environmentally responsible organization. The Company first obtained the Certificate of Environment Management Systems Registration, issued by Class NK, in the year 2009 as per the standards of ISO 14001:2004. The standards are being upgraded periodically and accordingly the Company’s present certificate is as per ISO 14000:2015 standards. The EMS supplements the Quality Management System, meeting ISO 9001 standard, and the ISM code. This integrated Management System is known as Safety Quality and Environment Management System (SQEMS). According to the SQEMS, the Technical Manager, who also heads the Management Company, is appointed as the “Management Representative” and is also the “Designated Person” for the purpose of the ISM code. Most dry bulk shipping companies do not obtain this certification which is the exclusive preserve of tanker companies where protection of the environment is the paramount issue. We however choose to hold ourselves to a much higher non-mandatory standard.

Objectives of the EMS:

- Minimize pollution caused to the environment
- Comply with all national, international legislations and other regulations pertaining to pollution of the environment
- Establish procedures for the efficient use of natural resources
- Improve environmental awareness of all employees
- Ensure effective monitoring of the environmental performance of the Company is carried out
- Ensure continual improvement of environmental performance and pollution prevention

Through periodic review and continual improvement of our SQEMS, the Company hopes to elevate environmental performance over the coming years and make significant contribution to conservation of the environment and reducing the Company’s carbon footprint. Another tangible effort being made by the Company to reduce the environmental impact of the business is the adoption of new environment friendly technology on new ships acquired.

The Company is the proud recipient of Port of Long Beach Green Environment Achievement Flag from the Port of Long Beach (‘the green port’), California, USA, for our commitment to reducing air pollution in Southern California. Besides the citation, our fleet also gained an additional 25% off on dockage dues payable to the Port of Long Beach!

Use of New Technology and Innovations: The Company’s commitment to protection and conservation of the environment and prevention of pollution is reflected in the newbuilding vessels that the Company ordered and took delivery from various shipyards in China as explained in this Annual Report. These vessels were built to comply with all regulations presently in force and those which are known to become applicable in the foreseeable future. In addition, wherever practical, the vessel’s specifications exceed those mandated by regulations, both for ease of operations as well as to enhance the vessels’ ability to protect and conserve the environment.

“Green” features of the newbuilding ships that we took delivery of in the recent past are:

1. Double Hull construction is utilized (for 38,500 DWT bulkers) to minimize environmental pollution in case of accidental hull damage.
2. The vessels’ hull form was perfected after several rounds of careful design analysis using the latest technology, with a view to arrive at the most optimal combination of ship-size & shape to achieve the desired speed at minimum fuel consumption. The fuel consumption of these vessels is far less than comparable sized older ships. Such low fuel consumption is achieved by combining a highly fuel-efficient main engine with a new design of slow-speed, large diameter, and high-efficiency propeller on an optimized hull form.



3. To reduce carbon footprint and increase thermal efficiency of these ships, the exhaust of auxiliary engines is routed through the composite boiler. This will improve waste-heat recovery and reduce the consumption of oil for the burner.
4. These new ships were fitted with onboard treatment plants for water ballast which will fully comply with IMO regulations enforced from 8 September 2017. These treatment plants are designed to remove, render harmless and thereby prevent transfer of harmful bacteria and invasive species of micro-life through ballasting and de-ballasting operations between ports.
5. Engines fitted follow the required Nitrogen oxide (NOx) emission standards.
6. The 38,500 DWT ships have flush, box-type ship-sides for cargo holds. This reduces accumulation of cargo residues in the holds, thereby reducing the need for harmful cleaning chemicals for removal of the same, since the holds can be cleaned using water only.
7. Deep-well sump pumps for Main Engine oil circulating system - this reduces the overall quantity of lubricating oil required for the Main Engines, which in due course reduces the quantities of waste oil.
8. The vessels were fitted with large incinerators, well above the requirements of MEPC 76 (40) Standards, to burn waste and sludge. This ably supplements the Company's garbage and waste management system which is already in operation on all the Company's vessels.
9. Larger capacity Bilge water/sludge storage tanks - these enable environmentally friendly waste disposal ashore by allowing more flexibility in selecting the best waste disposal facilities ashore separately for oily water and sludge.
10. Improved bio-based Sewage Treatment Plants are installed on the ships.
11. Ships follow the IMO's "Ship Recycling Convention": The Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, 2009, was adopted in May 2009. It is aimed at ensuring that ships, when being recycled after reaching the end of their operational lives, do not pose any unnecessary risk to human health and safety or to the environment. Presently the Convention is open for accession by States. It will enter into force 24 months after the date on which 15 States, representing 40% of world merchant shipping by gross tonnage, have either signed it without reservation as to ratification, acceptance or approval or have deposited instruments of ratification, acceptance, approval, or accession with the Secretary General. Furthermore, the combined maximum annual ship recycling volume of those States must, during the preceding 10 years, constitute not less than 3 percent of their combined merchant shipping tonnage. Though the convention has not come into force, our new building contracts ensure compliance with this requirement. Vessels will be maintaining an IHM in compliance with the convention recommendation, specifically by prohibiting/restricting the use of hazardous materials at the ship construction stage. If any hazardous materials are used in the construction, a continuous inventory of the same will be maintained, so that all the vessels are eligible to apply for an International Certificate of Inventory of Hazardous Material.

A few significant developments in respect of new ship-design and construction are outlined below. As far as practically possible, the Company will take these into consideration while acquiring new ships in the future.

Eco-friendly ships: Shipping is one of the cleanest and greenest industries among all international transport industries. It is also an environmentally friendly and fuel-efficient industry. It is estimated that shipping carries roughly 90% of world trade, and yet, according to the latest figures from IMO, it is responsible for just 2.7% of global CO₂ emissions. Nevertheless, the shipping industry continues to look for ways to reduce that figure further.

Shipping industry has not yet solved all its green issues. Present endeavors of the industry and the IMO are two-fold:

- For existing vessels: Adoption of several established "good management practices" to conserve and economise fuel oil consumption.
- For new vessels: Use of improved hull designs and more fuel-efficient engines and technology.



Ballast Water Treatment: Ballast water, if discharged without treatment, could cause severe damage to the local ecosystem at the point of discharge. Presently, the Company's policy is to carry out mid ocean ballast water exchange, to prevent the transfer of harmful aquatic organisms at the point of discharge. This already serves to mitigate, if not totally cut out, the damage to the indigenous biodiversity of the ports the Company's vessels visits. The Ballast Water Management Convention came into force on 8 September 2017. All new vessels keel laid from this date are required to be fitted with IMO approved ballast treatment plants. All existing vessels are required to retrofit such plants in a phased manner along with surveys associated with first renewal of IOPP (International Oil Pollution Prevention) certificate after 8 September 2019. The Company has already fitted Ballast Water Treatment plants on 28 vessels in our fleet by December 2020 and the remaining 8 vessels also will be fitted with the same within the next couple of years.

Green House Gases Emissions

Awareness of the detrimental effects of global warming, Green House gases and Sulphur dioxide pollution have reached hitherto unseen heights and focus on the environment has become even more important. Organizations world-over have become more environment-conscious, and shipping is no exception. The IMO has taken positive steps in this matter by effecting several legally binding regulations to be adopted by the shipping industry.

Apart from the existing Emission Control Areas that require ships to burn fuels which contain no more than 0.1% Sulphur, another new regulation has entered into force from 1st January 2020 with a global cap of 0.5% on the Sulphur content of marine fuel which is burnt in engines and boilers. The availability and quality of the low Sulphur fuel oil, referred to as compliant fuel, is one of the challenges that was expected to be faced by the industry in the year 2020. The other option, being fitment of scrubber units on vessels, besides being both technically and financially challenging, is further in doubt as a suitable solution, as these are designed to remove Sulphur pollution from the atmosphere and transfer the same as a pollutant to the seas.

The Company is committed to sustainable long-term measures to improve the environment and has therefore opted for operating the vessels with more expensive compliant fuels. The vessels had prepared to operate with this compliant fuel by cleaning all fuel tanks, sub dividing large fuel tanks into smaller tanks capable of handling smaller parcels of fuel without mixing, using suitable additives and lubricants, and conducting pre-joining and on-board on the job training for the crew to meet these challenges.

In April 2018, the IMO adopted a resolution on the strategy of a 50% reduction of total GHG emissions by 2050, as compared to the levels of the year 2008. To achieve this, like the EU MRV which has been implemented from January 2018 for all vessels operating in the EU region, the IMO has made it mandatory from 1st January 2019, for all vessels to implement the IMO DCS. This requires vessels to report annual fuel oil consumption worldwide to IMO through the flag administration. The regulation also requires the existing SEEMP to be updated and certified by the flag authority or a recognized organization. This system is expected to generate reliable data to monitor and assess the progress of efforts to reduce the emission of GHGs.

The Company's vessels have implemented the SEEMP required by MARPOL Annex VI regulations, from January 2013. All vessels have implemented both the EU MRV and IMO DCS, and the Company has planned for all vessels to report such fuel consumption data collection to a RO approved by the flag.

To formalize the Company's commitment towards preserving and conserving environment and to reduce carbon footprint, the Company completed the transition audit for ISO 14001 on 30 August 2017 and received the new ISO 14001: 2015 certification from Class NK of Japan. Prior to this transition, the Company was holding the ISO 14001:2004 certification which was issued on 18 December 2009. The ISO 14001:2015 provides a framework for a holistic and strategic approach to the Company's environmental policy, plans and actions, and will demonstrate that the Company is an environmentally responsible organization, and that all operations are conducted in an environmentally sustainable manner.

From 2014, as part of the Company's commitment to the reduction of GHGs, all vessels have been maintaining records of Carbon Dioxide emissions, from burning fossil fuel in the engines and boilers. The average carbon intensity per transport, measured in Grams CO₂ emitted per Tonne-Nautical Mile was 12.884 gm CO₂ in 2014. Over the years this has improved and the figure for 2020 is 9.941 gm of CO₂ per tonne-mile.



It is to be noted that this is the average for the entire fleet of 36 vessels. The Company also operates 8 highly fuel efficient 'Eco' vessels where in 2020 we have achieved 7.338 Grams of CO₂ Emission per Tonne –Nautical Mile.

Emissions Data from PSL Vessels

Categories	Description	Unit of Measure	Y2020	Y2019
CO ₂ Emissions	Gross global Scope 1 emissions	Metric tons (t) CO ₂ -e	477,061 (total CO ₂ emitted by all the vessels in the fleet)	526,083 (total CO ₂ emitted by all the vessels in the fleet)
Energy Consumed	(1) Total energy consumed	Gigajoules (GJ)	6,482,761 GJ (total energy consumed by the fleet)	7,157,177 GJ (total energy consumed by the fleet)
	(2) percentage heavy fuel oil	Gigajoules (GJ), Percentage (%)	5,839,644 GJ from Heavy oil (VLSFO); 90.08 % of the total energy consumed was from VLSFO- i.e. Heavy Fuel oil with S content lower than 0.5%	6,498,717 GJ from HSFO; 90.80 % of the total energy consumed was from HSFO
Energy Efficiency Design Index (EEDI)	Average Energy Efficiency Design Index (EEDI) for new ships	Grams of CO ₂ per ton-nautical mile	4.062 (average for 10 vessels)	4.062 (average for 10 vessels)
Other Emissions to Air	(1) NO _x (excluding N ₂ O)	Metric tonnes (t)	7,700 approx. (based on accepted empirical values for emission factors)	8,520 approx. (based on accepted empirical values for emission factors)
	(2) SO _x	Metric tonnes (t)	1,421 (Assumption of 0.5% S in VLSFO consumed and 0.1% in LSMGO consumed)	7,770 approx. (Assumption of 0.5% S in VLSFO consumed and 0.1% in LSMGO consumed)
	(3) particulate matter	Metric tonnes (t)	700 approx. (empirical)	850 approx. (empirical)
Implemented Ballast Water	(1) exchange	Percentage (%)	35% approx.	40% approx.
	(2) treatment	Percentage (%)	65% approx.	60% approx.
Spills and Releases to the Environment	(1) Number	Number	Nil	Nil
	(2) aggregate volume	Cubic meters (m ³)	Nil	Nil

This reduction of CO₂ emissions is the result of several measures which have been adopted by the company. Of these, a few important ones are as follows:

- Improved Voyage Planning with reduced ballast passages and port stays
- Maintaining optimized speed so that the vessels are just in time for the required schedules
- Weather routing to take advantage of ocean currents and optimized routes avoiding rough weather
- Optimizing of speed and operating the vessels on eco-speeds wherever possible
- Maintaining optimized trim to improve performance
- Maintaining the external underwater hull and propeller in clean condition so that frictional losses through the water are kept to a minimum
- Employing efficient hull coatings (anti-fouling paints) which ensure that the hull is maintained in clean condition
- Avoiding wastage of electric power on board
- Maintaining the diesel engines and other fuel burning equipment in efficient condition
- Disposing waste sludge generated by Fuel purification to shore facilities, despite the costs, rather than using incinerators on board

As part of management strategy, the performance of some vessels has been improved by retrofitting fuel saving devices like the Mewis Duct, Pre-Shrouded Vanes and Hub Vortex Absorbed Fins.

Further, several older and less fuel-efficient vessels of the fleet were replaced between the years 2013 to 2017, with 'Eco' vessels. 'Eco' operation is made possible by larger cargo hauls, reduced fuel consumption on account of better hull lines, lower lightship and very efficient electronically controlled engines and optimized use of waste heat from the engines (even the exhaust gases from the auxiliary engines is diverted through the



boiler to use the available heat). Our new Eco vessels emit approximately 35% less CO₂ per unit transport work as compared to the older vessels in the fleet. At the same time, the Company seriously evaluates all new developments carefully, as several builders' claims are often exaggerated to get fresh business and when technical parameters such as calorific value of fuel, design and scantling draft and 'sea margins' are taken into consideration, the so-called benefits simply do not exist, or they are not cost-effective. In any event, the Company looks very closely at the machinery on all new acquisitions, whether new buildings or secondhand vessels, and monitors their performance very carefully to arrive at optimum speed and consumption variables, while ensuring that emissions are kept to a minimum.

We have made a huge reduction in our carbon footprint, and this is expected to improve further through optimization measures like shorter ballast passages and port stays, larger cargo hauls and slower steaming. In the year 2014, the average carbon intensity per transport work was estimated at 12.884 Grams CO₂ per Tonne – Nautical Mile, and in the year 2020, it was estimated at 9.941 Grams CO₂ per Tonne – Nautical Mile. Using the year 2014 as a baseline, we have seen a 22.84 % decline in the average carbon intensity over the entire fleet, a reduction of 2.943 grams CO₂ per Tonne – Nautical Mile for the year 2020.

The Company is also a member of the Getting to Zero Coalition, which aims to place zero-emission vessels in operations by 2030. As a member of the coalition, the Company is carefully monitoring developments in technology in the Marine field, which offer vessels which operate with zero emissions. The range of sources of power with zero emissions, is extensive, but largely in the research stage. The feverish pace of Green Technology aims to decarbonize Marine Transport by offering alternative low-carbon and zero-carbon fuels like Biofuels, Methanol, Ammonia, Hydrogen and innovative renewable energy options like Wind power, solar power, and Electric propulsion.

In the coming decade, LNG appears to have the potential to be considered as a viable option as a fuel. It has virtually no SO_x and very low NO_x emissions, and as compared to fuel oil has almost a 30% reduction in carbon dioxide emissions. However, LNG is mostly made up of Methane, which is a highly potent GHG, far more harmful to the environment than CO₂. The use of LNG from "well to wake" involves a leakage of Methane to the atmosphere, referred to as 'Methane slip'. It is estimated that for the same amount of emission, Methane warms the planet 30 times more in a short span of 12 years, as would CO₂ in a hundred years. Hence, until a solution is found to address or substantially reduce 'Methane slip', LNG cannot be considered as a successful option to reduce GHGs.

As the Company's commitment to the environment led to the early induction of 'ECO' vessels, it is expected that as soon as viable options of these next generation zero emission 'green' vessels are available, they will also form part of our fleet.

Another source of harmful substances generated by our ship's consumption of fuel and diesel oil is sludge. Sludge is a product of 'on board' fuel oil purification and as an alternative to incinerating sludge and releasing even more harmful gasses into the environment, the Company has made a substantial effort to dispose of such material to shore based reception facilities. This is a much more expensive way for dealing with this issue, but the Company is committed to reducing its carbon footprint and reflects the Company's efforts towards environmental conservation. Waste oil or sludge generated on each ship is about 1% of all fuel burnt. Empirical research suggests that every ton of oil burnt generates approximately 3 tons of CO₂. By delivering sludge to a suitable reception facility, this waste can be recycled to make products like grease which is a lubricant widely used in multiple industries.

Using Resource Efficiency

The Company encourages optimal use of resources at the office by:

- use of by-products and eco-friendly materials i.e., recycled paper;
- reuse of paper that has only been printed on one side;
- encouraging the use of reusable bags and containers to avoid the use of single use plastic;



- supporting our staff to learn and understand how to optimize resource consumption to promote environmental preservation and proper consumption behavior.

We are happy to report that the Company presents this Annual Report in a digital form, and if at all, a printed version is required, it is printed on recycled paper, our token contribution to the conservation of the natural environment and in line with our stated desire to reduce our carbon footprint.

Conclusion and Environmental Objectives and Goals

Having explained all facets of the Company's efforts to protect the environment this section concludes with a summary of all objectives put forward and how each will be monitored. Compliance with the ISM, ISPS and MARPOL codes will be monitored by the Company's internal audit team, and all initiatives subsequently employed to minimize violations will be subject to half-yearly reviews by the Company's senior management and technical team. As previously stated, the target set by the Company's management is to have zero violations in 2021. Additionally, the Company will maintain our SQEMS ISO certification. The Company will constantly look for ways to improve the SQEMS and look to incorporate all new regulations into the initiative even before they become effective. Likewise, the Company will also constantly be on the lookout for newer technology that can be employed on its ships to reduce its environmental impact.

The Company additionally uses environmental compliance as one of the major criteria in the screening process of each of its numerous suppliers of spares etc.

Social Performance

The Company treats Corporate Social Responsibility (CSR) as one of its highest priorities and has built it into the Company's Vision and Mission Statement and Core Values. The Company allocates an amount of 0.50% of net profit every year to CSR Reserve which is subject to a minimum of Baht 1.75 million and a maximum of Baht 25 million per year. Such allocation is decided annually by the Company's shareholders. The actual utilisation out of this Reserve is decided by the Company's Senior Management and/or the Board of Directors, and is periodically, or at least once a year, reviewed by the Board of Directors.

Customer

Customer Relationship Management

The Company recognises that it is in the sea transportation industry and its success depends on adding value to customers by way of transporting goods from place of production to the place of consumption. As part of its commitment to add value to its Customers, the Company is committed to providing substantive reply to any query from a Customer promptly, but in any event within 24 hours including weekends and national/international holidays. Further, whilst operating within the scope of the agreed contract, the Company tries to provide solutions to any situation/problem the Customer may face, even if any of its vessels are not involved at that moment. The Company is happy to report that its service is well appreciated, and many first-class charterers prefer to do business with the Company over others in the market. In an effort to improve the level of service it provides to customers even further, the Company actively solicits the feedback of its customers through a customer satisfaction survey that is sent after the completion of each contract.

New computer-based Management Information System: As reported in the previous years, the new Computer Program implemented by the Company covers all the operations in the Head Office and links all the vessels in the fleet. This software gives real-time information on vessel operations, costs, etc. and keeps the Head Office in close contact with the Master of each vessel; and assists in effective decision making on all issues. This System has enhanced the Company's ability to serve its Customers, and to provide support to its employees serving onboard the ships. This system is now being upgraded to include additional data collection for new reporting requirements and monitoring of vessels' performance through increased digitalization.

Customer Privacy

For customer privacy, the Company insists on protecting customer's confidential information from loss, theft, misuse, unauthorized disclosure, modification, and unauthorized destruction. The Company handles complaints through phone lines, emails, and letters to/from customers. The Company always prioritizes the



principles of transparency and responsibility in providing services to its customers to meet the commitment to provide the best service, provide a rapid response to various requests and complaints as part of a service commitment and maintain the confidentiality of its customers. During the reporting period, there have been no complaints whatsoever regarding the mentioned issues and no financial penalties or other sanctions associated with the violation of the confidentiality of customers' data.

Employee

Human Rights and Labor Practices

The Company recognizes that employees are one more key success factor for the Company's operations. The Company has committed to be a fair and caring employer offering its staff equitable opportunities to develop and grow. The Company provides equal opportunities in employment, job security, and career advancement, as well as adhering to other good principles related to employees and employment. The Company supports good relationship between all employees including the Management. The Company also gives importance to anti-discrimination throughout its operations and promotes diversity in its workforce at both the management and staff levels. The Company ensures its employee management complies with national labor laws and related regulations. In addition, the Company ensures that the process of employee termination is fair and is proceeded in accordance with the company working regulations and the relevant laws.

In line with its commitment to high ethical standards and good corporate governance practices, the Company has in place a group-wide whistle-blowing policy and encourages all employees to report any possible improprieties on a confidential basis without fear of recrimination. The employees may also provide feedback via email or mail. No cases of discrimination were reported in 2020.

The COVID-19 pandemic has caused a huge number of seafarers on merchant ships to be unable to disembark once their contracts have ended, facing excessive times at sea away from family and their homes. This has been due to tight restrictions on international travel and movement of personnel through ports, which make crew changes impossible in many places. At PSL, we have put our best efforts to ensure that our crew members are disembarked and sent to their respective homes safely even though this would mean that we divert our ships to either Thai and/or Indian ports to disembark/embark our Thai/Indian seafarers, despite no financial or economic benefits to the Company.

During the COVID-19 pandemic, the Company has initiated work-from-home arrangements for office employees to minimize their health risks. The Company continues to monitor the situation closely, particularly in Thailand, to ensure that appropriate measures can be taken in a timely manner. Additional measures such as social distancing, temperature screening, mandatory mask requirement, virtual meetings etc. have also been implemented. Strict protocols have been implemented on board our ships to minimize the number of visitors going on board at all ports, screen all visitors such as port officials, surveyors etc. who need to go on board and ensure that all visitors follow norms such as wearing PPE, maintaining minimum distances from crew members etc.

Knowledge and Development

The Company ensures that employees are adequately knowledgeable and skilled to perform their jobs for the Company's business and understand the relevant code of conduct and practice and are encouraged to gain knowledge and ability and keep them updated following Industry trends.

The Company has an 18-month young leadership program which provides recent graduates an opportunity to acquire on-the-job training in the commercial, technical and finance departments before embarking on a long-term career with the Company. This serves to ensure that the experience and skills of the current generation of managers are transferred to the next generation.

Employee Development

The Company provides in-house and external training for officers of the Company both at Head Office as well as on the vessels. The employees are encouraged to express their training needs and/or interests, so that the Company can provide suitable training to them as one of the tools for their career development. The



costs of such training are borne by the Company. Moreover, the Company allows special leave and flexible working hours for employees who are undergoing longer term professional or degree courses.

Directors and Management Training

The Board of Directors continues to try and enhance their value by participation in activities, courses and events which add to their knowledge base in the continually changing business environment to ensure that they are updated and possess full knowledge. All the Company's Directors have attended important training courses that are available such as the Director Certification Program (DCP) or the Director Accreditation Program (DAP) held by the Thai Institute of Directors Association (IOD).

Directors' Orientation

The Company Secretary provides any newly appointed director with the background of the Company's business, profile, and industry along with all the relevant documents for new Directors, such as Director's handbook, the Company's corporate documents, CG Policy Manual, Business Ethics and Code of Conduct Manual, Anti-Corruption Policy, laws, regulations, and practices which are related to the trading of Company's shares.

Employee satisfaction survey

The Company recognises that employee satisfaction is core to the long-term success of the Company. For the year 2020, the Company conducted an employee survey, to gauge employee satisfaction, identify areas of strength and find opportunities for improvement. The employee survey results will be communicated to Senior Management and used to improve and enhance human resource management.

Employees Benefits

The Company provides remuneration to office employees as salary, bonus, and other benefits like Provident Fund on a voluntary basis, although the same is not required by law. The Company ensures that it meets all labour protection law requirements in terms of leaves, holidays, working hours, severance pay etc.

The Company encourages its employees to save for their retirement, and therefore, commencing from 2017, the maximum allowable contribution to the Provident Fund from the employees has been increased from 5% to 15%. The Company also arranges an annual internal training on investment planning, saving and financial management held by an asset management company to promote long-term savings and to assist the employees in their investment planning.

Remuneration is based on their performance, roles and duties and incentives/increments/ bonuses are also based on financial status/performance and future of the Company. As a long-term incentive, the Company does not have an ESOP plan in place since the Senior Management feels that to a large extent, the share price of the Company depends on several factors beyond the employees' direct control like the state of the International Freight Markets and therefore, the Company's share price may not adequately reflect the better performance of the employees. Therefore, the Company has implemented a profit-sharing scheme, which ensures that the employees are paid bonus annually based on the performance of the Company against specified quantitative targets, which are laid down annually in advance.

Employee information

Below table shows information about the employees of the Company including its subsidiary, i.e., Great Circle Shipping Agency Limited ("GCSA") (as of 31 December 2020).

Performance Data	2016	2017	2018	2019	2020
Social Performance					
Number of Employees* (persons)	132	135	132	134	129
Number of Employees by Gender (persons)					
• Male	55	61	59	58	56
• Female	77	74	73	76	73



Performance Data	2016	2017	2018	2019	2020
Proportion of Employees by Level (%)					
• Senior Management	9.1	9.6	10.6	9.7	9.3
• Middle Management	27.3	29.6	29.5	37.3	38.7
• Operations	63.6	60.8	59.9	53	52
Proportion of Employees by Gender (%)					
• Male	41.7	45.1	44.7	43.2	43.4
• Female	58.3	54.9	55.3	56.8	56.6
Proportion of Employees by types of employment (%)					
• Full time	100	100	100	100	99.3
• Part time	-	-	-	-	0.7
Proportion of Employees by Age groups (%)					
• Under 30 years old	9.1	7.4	5.3	8.2	7.7
• 30-50 years old	65.9	65.9	69.7	67.1	62.8
• Over 50 years old	25	26.7	25	24.7	29.5
Proportion of Absence by Type (%)					
• Sickness	1.0	1.1	1.4	1.2	1.4
• Lost Time Injury Frequency Rate	0	0	0	0	0
• Others	-	-	-	-	-
Return to Work after Parental Leave of Female Employees**					
• Number of Employees that were Entitled to Parental Leave	77	74	73	76	73
• Number of Employees that Took Parental Leave	2	-	1	-	2
• Number of Employees who Returned to Work after Parental Leave Ended	2	-	1	-	2
• Number of Employees who Returned to Work after Parental Leave Ended who were still Employed Twelve Months after Their Return to Work	1	-	1	-	2
Number of Employees resigned in the year	5	4	2	4	5
Number of Employees retired in the year	1	3	3	2	5
Proportion of Management by Age Group (%)					
• Under 30 years old	-	-	-	-	-
• 30-50 years old	52.1	58.5	62.3	62.8	61.3
• Over 50 years old	47.9	41.5	37.7	37.2	38.7

Note: * Includes employees in a subsidiary company at the office.
** Only female employees are entitled to parental leave by Thai law.

Number and proportion of the employees of the Company including GCSA at the ashore offices, by gender and nationality* (as of 31 December 2020)

Occupational levels	Male			Female			Total
	Thai	Indian	Singaporean	Thai	Indian	Singaporean	
Senior Management							
• Under 30 years old	-	-	-	-	-	-	-
• 30-50 years old	-	1	-	4	-	-	5
• Over 50 years old	-	6	1	-	-	-	7
Middle Management							
• Under 30 years old	-	-	-	-	-	-	-
• 30-50 years old	18	6	-	8	-	-	32
• Over 50 years old	6	8	-	4	-	-	18



Occupational levels	Male			Female			Total
	Thai	Indian	Singaporean	Thai	Indian	Singaporean	
Other Staff							
• Under 30 years old	2	1	-	6	-	-	9
• 30-50 years old	5	-	-	40	-	-	45
• Over 50 years old	2	-	-	10	-	-	12
Total permanent	33	22	1	72	-	-	128
• Temporary/contract	-	-	-	1	-	-	1
2020 Grand total	33	22	1	73	-	-	129
Percentage (%)	25.59	17.05	0.77	56.59	-	-	100

Note: * Includes Employees in a subsidiary company based at the Company's office

Safety & Occupational Health: The Company recognizes that respect for human rights is the foundation of Human Resources' improvement, which adds value to the business. Moreover, Human Resource is a key success factor for business and adds value to the Company in all aspects. It is the Company's policy to conduct its activities in a manner that promotes the health and safety of its employees so that the actions of the Company, and its employees, promote the health and safety of others too. The Company accords the same weightage to Health and Safety factors as it does to Commercial and Operational factors. To this end, the health and safety responsibilities of all personnel have been defined and allocated. The Company's Safety Management System (SMS) is intended to affirm that the Company achieves its purpose in this area and is based on the philosophy that accidents can be prevented by the identification and management of risk.

The Company also has a Drug and Alcohol Abuse Policy. It is based on the recommendations contained in OCIMF's "Guidelines for the Control of Drugs and Alcohol On board Ship". They are detailed in the Safety Management System available on all vessels and displayed for all crew members.

Ensuring that each crew member gets enough rest is a necessity. To avoid fatigue and stress related accidents on board, minimum rest periods have been recommended by STCW 95 convention and ILO Convention 180. Both these conventions have undergone considerable amendments. As a result, the requirements have become more stringent. STCW 2010 Manila amendments are effective from January 2012 whereas ILO 2006, which is known as MLC (Maritime Labor Convention) 2006, has been ratified in August 2012 and has become effective in August 2013. Thailand has ratified the Maritime Labour Convention recently on 7 June 2016. It entered into force from 7 June 2017. Singapore had already ratified the MLC earlier. All the Company's vessels are fully compliant with the MLC requirements.

The Company's medical fitness requirements are higher than the standards set by International Labour Organization (ILO) and other regulatory bodies. As a result, the Company finds very few cases of fitness or sickness related problems amongst its seafarers.

Piracy: As outlined in the **Board of Directors' Report**, the Company's ships are exposed to the threat of piracy when sailing through high-risk areas, and the officers/crew sailing onboard are under tremendous pressure when sailing through such areas where armed pirates are known to attack. This is especially true of the Indian Ocean / Arabian Sea area, extending from the mouth of the Persian Gulf in the north to Madagascar in the south. The Company takes this threat very seriously and ensures all ships are routed outside these areas and closer to the Indian coast. Where this is not possible for any reason, the Company engages security guards to sail with the vessel for the passage through these high-risk areas. In any case, all ships transiting through the high-risk areas are 'hardened', amongst other things, by rigging barbed razor wire around the ship thereby making it harder for the pirates to climb onboard the Company's ships. The Company is committed to doing everything possible to ensure safety of the ship and officers/crew.

Teamwork: Unlike a conventional ship owning Company, which outsources the technical management of its ships, the Company's Ship-Management Company, viz. Great Circle Shipping Agency Limited (GCSHIP) is a wholly owned subsidiary of the Company. The staff of the Ship-Management Company work as one team under the same roof. Regular weekly meetings are also conducted between the ship-management and commercial



teams to sort out all operational issues and discuss the status of future plans. Good co-ordination is achieved in all areas of ship operation by this arrangement. Besides ISM code certification, GCSHIP is also certified for Quality Management System “ISO 9001: 2015” and has obtained certification for their Environment Management System “ISO 14001:2015”.

Training & Development: Over the years, the Company has not only acquired expertise in the field of ship management, but in the process, has developed a pool of highly qualified and competent staff, both, on-board and ashore. It is through this dedicated and loyal work force of floating staff, technical superintendents, and internal auditors that the Company has been able to achieve high standards of Safety and Quality in all aspects of ship operations. It is the Company’s policy to encourage and support competent and efficient seafarers and give them the opportunity to grow within the Organization.

All ship officers are required to visit the head office for briefing before being assigned to vessels. Here, they are briefed and updated about new developments and practices in the industry. Regular updates are also sent to the vessels. Officers are often sent to attend value addition courses to enhance their skills. The costs for these courses are borne by the Company.

The Company has introduced a mechanism whereby the officers and crew serving onboard our ships can send in their suggestions to the office. This will encourage the ship-staff to make effective contribution to the shipboard operations and help further improve the Company’s performance.

The Company has provided, on board the vessels, selected video training programs from the best available in the market.

To motivate the junior officers and to keep up with the process of learning while on board, senior officers are asked to actively interact with them. To measure their levels of competency, computer-based competency test facility is provided on board. Based on the results of these tests, officers can determine their weaknesses and work to improve upon on weak areas.

Maritime Training Center & Bridge Navigation Simulator: The Company has set up a full-fledged Maritime Training Center at its Head Office in Bangkok which includes a state-of-the-art Bridge Navigation Simulator. The PSL Training Center, which commenced operations in March 2008, has given a solid foundation to the Company’s training activities and has enabled its Officers and Crew to keep abreast of the latest developments in ship operations. The Bridge Navigation Simulator recreates the actual bridge on a ship as it enters a major port and provides ideal conditions in which to train officers and crew in ship-handling and navigation. In the last quarter of 2019, work was commenced to completely upgrade and revamp the Bridge Navigation Simulator including a total renewal of all projectors, panels, consoles, hardware, and the software updated as per the requirements for our fleet. The upgraded Bridge Navigation Simulator was available in the first quarter of 2020 for resumption of training courses.

The Training Center has developed and continuously improves all training courses, including English courses for marine engineers, navigating officers and crew at all levels. New courses are also being introduced to equip the navigation and engineer officers with the necessary knowledge to deal with new regulations like the global Sulphur cap from January 2020 and new data collection and reporting requirements. To equip the officers with knowledge of new developments, the Company has taken the step of organizing specialized courses conducted by experienced and proficient guest teachers. In this regard, a specialized ‘Hydraulics Machinery’ course, customized for our fleet was conducted at the Training Centre in January 2020.

The PSL Maritime Training Center is a significant step taken by the Company to train and equip its Officers and Crew to take better care of themselves and their ships, all with a view to ensure Safety of the Crew and preventing accidents, thus preserving the environment.

In 2020, the effects of the pandemic were wide-ranging. Insofar as it was feasible, the Company moved training courses online.



List of Major Training Programs conducted by The Company's Maritime Training Center for the year 2020

Training Courses	Course Overview	Duration	Participants in Y2020								Total Man-hours
			Ship's staff				Average hours (per person)				
			Sr./ Off	Jr./ Off	Sr./ Eng	Jr./ Eng	Sr./ Off	Jr./ Off	Sr./ Eng	Jr./ Eng	
Maritime Resource Management Course (MRM)	The course, supported by the Swedish Club under a license agreement, is aimed at training masters, officers & senior engineers as well as key shore-based personnel. The course aims to create good teamwork & resource management attitudes and skills that are required to avoid management error-caused accidents.	3 days	16	48	22	52	18	18	18	18	2,484
Bridge Team Competency Simulator Course I (BTC - I)	This training course aims to improve various competency skills & knowledge of navigating officers for safe conduct of voyages.	3 days	n/a	5	n/a	n/a	n/a	18	n/a	n/a	90
Bridge Team Competency Simulator Course II (BTC - II)	Hands-on practices to gain competence, knowledge & experiences on Ship Handling, Maneuvering, Turning and Anchoring in various conditions and under various effects of controllable forces.	3 days	6	n/a	n/a	n/a	18	n/a	n/a	n/a	108
Bridge Team and Resource Management Course (BTM) and Vessel Traffic Service (VTS)	This training course aims to train the ship's masters and officers in effective bridge teamwork and resource management in various situations as well as bridge operations in emergencies. The course also develops our officers' communication skills in communicating with a vessel traffic service (VTS) using various SMCP's through the VHF and GMDSS communication equipment in our Bridge Simulator.	4 days	8	16	n/a	n/a	24	24	n/a	n/a	576
Maritime Professional Briefing Course (MPB)	This training course aims to keep senior officers and engineers updated on new regulations and information. Senior staff from several departments co-conduct this course which covers 1. Marine Insurance & Loss Prevention 2. Ship Commercial & Cargo Operations 3. Port State Control-Ship Inspection & Pollution Prevention 4. ISPS and ISM Implementation & Documentation, Paint Maintenance 5. EMS Awareness & Shipboard Safety.	5 days	78	1	94	n/a	30	30	30	n/a	5,190
Officer Of the Watch (OOW) and Shipboard Safety Course	To enhance the standards of watchkeeping at sea as well as in port. It is designed to help junior watchkeeping officers to understand his duties on board and realize their significance. It also enables them to make a positive contribution to success of the entire commercial venture.	3 days	n/a	48	n/a	n/a	n/a	18	n/a	n/a	864
Chief Mate Course (CMC)	To strengthen the professionalism and competence of chief officers and prepare experienced second officers for the chief mate rank.	3 days	16	19	n/a	n/a	18	18	n/a	n/a	630



Training Courses	Course Overview	Duration	Participants in Y2020					Average hours (per person)				Total Man-hours
			Ship's staff					Ship's staff				
			Sr./ Off	Jr./ Off	Sr./ Eng	Jr./ Eng	Sr./ Off	Jr./ Off	Sr./ Eng	Jr./ Eng		
Command Course (Command)	The purpose of this course is to further train Masters in all necessary skills and topics and prepare chief officers for the command. It includes modules for Leadership, Business & Law, International Sale of Goods and related rules/codes/conventions, Time Charter & Voyage Charter, Cargo matters and Ship's Certificates, Documentation, Ship Handling/ Anchoring techniques, etc.	3 days	26	n/a	n/a	n/a	n/a	18	n/a	n/a	n/a	468
Electronic Chart Display and Information Systems (ECDIS)	To ensure that users of ECDIS are properly trained in the operation and use of electronic charts and are familiar with the shipboard equipment. This course aims to enhance navigational safety with the safe operation of ECDIS equipment; proper use of ECDIS related information and knowledge of the limitations of ECDIS equipment. (new IMO requirement)	2 days	9	7	n/a	n/a	12	12	n/a	n/a	n/a	192
E/R Management & Competency Enhancement course and Engineer Of the Watch Course (EMC & EOW)	This course aims to train senior engineers (C/E & 2/E) in various management & competency knowledge and skills that are required for safe and efficient running of the ship. The junior engineers taking this course are trained in watch-keeping duties, engine parameters monitoring, operation & maintenance, safety & pollution prevention, record keeping.	1 day	n/a	n/a	n/a	n/a	n/a	75	n/a	n/a	6	450
Wartsila RT-Flex Engine Familiarization	To familiarise the engineers with the company's new type of engine "Wartsila RT-Flex Electronic Engine" before they join a ship equipped with this type of engine. This course focuses mainly on the practice part.	3 days	n/a	n/a	n/a	n/a	48	n/a	n/a	n/a	18	864
Engine RT-Flex Operation & Practical Advanced	This course aims to train all engineers for the operation & practical of the RT-Flex Engine at the higher level to familiarize the engineers with the utmost operational function of the Engine RT-Flex.	3 days	n/a	n/a	n/a	31	25	n/a	n/a	18	18	1,008



Training Courses	Course Overview	Duration	Participants in Y2020				Average hours (per person)				Total Man-hours		
			Ship's staff				Ship's staff						
			Sr./Off	Jr./Off	Sr./Eng	Jr./Eng	Sr./Off	Jr./Off	Sr./Eng	Jr./Eng			
(MC/ME)	To familiarise the engineers with the company's new "MAN Diesel Engine" (ME) before they join a ship equipped with this type of engine. This course focuses mainly on the practice part.	3 days	n/a	n/a	n/a	42	n/a	n/a	18	n/a	n/a	18	756
ME Engine Advanced Troubleshooting course	The purpose of this course is to familiarize the engineers with all possible problems which may arise from the operation of ME Engine with the most effectiveness troubleshooting.	3 days	n/a	n/a	42	30	n/a	n/a	18	18	18	1,296	
Basic English Course (Basic)	This course is designed to help the students to be able to understand and use the English language correctly and provide them with all the basic language skills such as the pronunciation of the Standard English sound system, practical and useful listening, speaking, reading and writing practices with suitable grammar and vocabulary in various functional contexts.	10 days	2	19	16	35	30	30	30	30	30	2,160	
Elementary Maritime English Course (EMT)	This course is designed to improve and raise the students' competence in English to intermediate level and give the students' wide-ranging opportunities to practice communicating in English for both maritime and general purposes at elementary level.	10 days	8	29	22	24	30	30	30	30	30	2,490	
Intermediate English Course level-I	This course aims to improve the students' pronunciation and develop the four English skills- speaking, listening, reading and writing. After the course, the students will be able to speak English with better pronunciation, accent and intonation, communicate more effectively in daily situations, using appropriate vocabulary, expressions and idioms, and make sentences with fewer grammatical mistakes.	10 days	9	10	11	4	30	30	30	30	30	1,020	



Training Courses	Course Overview	Duration	Participants in Y2020				Average hours (per person)				Total Man-hours
			Ship's staff				Ship's staff				
			Sr./ Off	Jr./ Off	Sr./ Eng	Jr./ Eng	Sr./ Off	Jr./ Off	Sr./ Eng	Jr./ Eng	
Intermediate English Course level-II	This advanced course aims to further develop the students' English skills with an emphasis on advanced grammar structures, business-related vocabulary and letter & email writing (main focus). The students will learn typical words and phrases used in English correspondence and learn how to write letters and emails with proper word choices, styles, and level of formality for different occasions.	10 days	2	n/a	5	n/a	30	n/a	30	n/a	210
Maritime English Computer and Video-Based Training Programs (Maritime English CBT)	To increase the learners' knowledge of Maritime English, IMO Standard Marine Communication Phrases (SMCP), vocabulary and phrases frequently used in navigation, engineering, cargo handling, ship operation, etc	10 days (Join with English Course)	21	58	54	63	-	-	-	-	-
Total Participants Average Hours training per year per employee =20,856/(180+202+243+335)=21.72		-	180	202	243	335	1 employee can attend more than 1 course/year				20,856

S/Off = Senior Officer (Masters & Chief Officers)

J/Off = Junior Officer (Second, Third, Fourth Officers & Cadets)

S/Eng = Senior Engineer (Chief Engineers & Second Engineers)

J/Eng = Junior Engineer (Third, Fourth, Fifth Engineers & Cadets)



Summary Training hours by Rank

Unit: hours

Course	Master	Chief Officer	2 nd Officer	3 rd , 4 th , Junior Officers	Chief Engineers and 2 nd Engineers	3 rd , 4 th , 5 th , Junior Engineers
MRM	7	9	15	33	22	52
BTM	3	5	10	6	-	-
BTC - I	-	-	-	5	-	-
BTC - II	4	2	-	-	-	-
CMC	-	16	15	4	-	-
MPB	35	43	1	-	94	-
OOW & SS	-	-	-	48	-	-
Command	17	9	-	-	-	-
English Course	7	14	16	42	54	63
Maritime English CBT	7	14	16	42	54	63
ECDIS	2	7	-	7	-	-
EMC & EOW	-	-	-	-	-	75
Wartsila RT-Flex Engine	-	-	-	-	-	48
Engine RT-Flex Advance	-	-	-	-	31	25
MC/ME Course (new course)	-	-	-	-	-	42
ME Engine Advance	-	-	-	-	42	30
Total Training hours to be completed per rank per person within two years	75	105	57	145	243	335

“Automated Mutual assistance Vessel Rescue System” (AMVER): Sponsored by the United States Coast Guard (USCG), AMVER is a unique, computer-based, and voluntary global ship reporting system used worldwide by search and rescue authorities to arrange for assistance to persons in distress at sea. The Company continues to be involved in the AMVER program and its good performance is recognized by the USCG in the form of AMVER awards given to the Company every year through their representative at the United States Embassy in Bangkok. A quote from the USCG citation letter would perhaps reflect what this award is all about: “...you can take pride in the voluntary commitment of your officers and crew to the safety of life at sea”.

Social and Community Development

The Company recognizes that a solid community and society are significant factors which support the Company’s business. Therefore, the Company supports and gets involved in many community and society-based activities on a regular basis. The Company fully recognizes its responsibility to the community and is attentive to the consequences of the Company’s conduct that affect the people around more than what the laws require, including making efforts to gradually absorb social accountability. The creation and expansion of the Company’s CSR Fund will provide a permanent and formal framework to enhance the Company’s CSR activities.

The unprecedented floods in Thailand in 2011 affected millions of people and wrought damage and destruction not witnessed before. The Company’s employees were also affected, and many had their homes under 2 meters of water! Keeping aside the misery of living in such appalling conditions and despite their precious valuables being completely damaged, the Company’s employees continued to perform their duties normally and the Company records its appreciation of the employees’ commitment. The Company, for its part, issued a policy directive that all possible assistance be extended to those affected by the floods, and the Human Resources Development (‘HRD’) Department was designated as the nodal point for this purpose. Those who were unable to travel to the office were granted special leave and excused from attending office; where the houses were inundated, the employees and their families were provided accommodation in the city center, and for others who made their own arrangements, their expenses were reimbursed by the Company.



Investment planning course for staff members

On August 7th, 2019, the Company and Kasikorn Asset Management Company Limited held an in-house seminar to present the performance of Provident Fund Management and to strengthen knowledge on financial and investment planning on the topics “How to be Rich Before Getting Old” and “How to Select LTF/RMF Wisely” for staff members.



Some of the Social and Community activities undertaken by the Company are as follows:

- The Company contributed to a fund to assist in securing freedom of Thai fishermen (not Company employees) held hostage for over 4 years in Somalia for their eventual return to Thailand.
- The Company takes an active interest in the Merchant Marine Training Center, Thailand (MMTC) and has awarded Gold medals for graduates finishing at the top of the class since 1998. Besides, the Company also donates textbooks to MMTC on a regular basis.
- The Company has instituted a scholarship scheme for students of MMTC. In the years 2020, 2019, 2018, 2017, 2016, 2015, 2014, 2013, 2012, 2011 and 2010, an aggregate of Baht 1,671,000, Baht 1,005,000, Baht 1,119,000, Baht 1,194,080, Baht 1,633,900, Baht 1,264,960, Baht 1,100,000, Baht 1,345,400, Baht 2,131,900, Baht 2,339,800, and Baht 2,355,120, respectively, has been disbursed to outstanding students in need of funding.
- The Company organizes blood donation camps on a regular basis in collaboration with the Thai Red Cross. These blood donation camps have been organized since the past several years. In 2019, 2 donation camps were organized in March and September with a total collection of 40,500 cc.
- In 2019 the Company donated Baht 246,000 to the 21st Hom Bah Hai Nong project by cadets of MMTC to create a multi-purpose yard, renovate all restrooms, first aid room, a kitchen, a canteen, landscape improvements, repaint the playground, fence and sports area, main entrance and bus stop roof for the students and community at Bann Thung Pong School, Nong Prue District in Kanchanaburi Province. This is further to the donation made by the Company in the previous years of: 1) In 2018 the Company donated Baht 211,790 to the 20th Hom Bah Hai Nong project by cadets of MMTC to create a multi-purpose field, renovate restrooms, kitchen, canteen, a playground, and surrounding areas, repaint the kindergarten building at Soi 19 Sai 2 Khwa School in Lopburi Province. 2) In 2017 the Company donated Baht 232,000 to the 19th Hom Bah Hai Nong project by cadets of MMTC to renovate activities room, school infirmary, a playground, and surrounding areas at Ban Thammarat School in Chachoengsao Province. 3) In 2016 the Company donated Baht 346,600 to



the 18th Hom Bah Hai Nong project by cadets of MMTC to renovate the canteen, school infirmary, a playground, and surrounding areas, improve the road, provide books to the library for development of children and first aid kits for the school infirmary at Ban Sab Din Dam School in Saraburi Province. 4) In 2015 the Company donated Baht 223,000 to the 17th Hom Bah Hai Nong project by cadets of MMTC to improve roads, renovate a playground and surrounding areas, provide books to the library for development of young children and first aid kits for the school infirmary at Ban Klong Rakam School in Prachinburi Province. 5) In 2013, the Company donated Baht 137,000 to the 15th Hom Bah Hai Nong project by cadets of MMTC to build toilet facilities, repair the building, renovate school infirmary and surrounding areas at Ban Nong Kaie School in Sakaew Province. 6) In 2011, the Company donated Baht 113,160 to the 14th Hom Bha Hai Nong project by cadets of MMTC to build a canteen for Wat Ta Phang Klee school, Chachoengsao province. 7) In 2010, Baht 139,000 to the 13th Hom Bha Hai Nong project by cadets of MMTC to build toilet facilities at Bann Non Pha Suk School, Sa Kaew province. 8) In 2009, Baht 80,466 to the 12th Hom Bha Hai Nong project by cadets of MMTC to buy a projector and build an activities stage for Wat Bang Kra Jao School in Samut Sakorn province; and 9) In 2008, Baht 100,000 to the 11th Hom Bha Hai Nong project by cadets of MMTC to repair classrooms and renovate the library for Ban Bhai See Thong School in Suphanburi province.

- The Company employs most of the cadets passing out from the MMTC, Thailand and thus contributes to the development of qualified Thai officers. This pool of officers is available to any/all Thai ship-owners and not just restricted to our Company.
- As reported in the past, the Company had signed a MOU with the Vocational Education Commission to implement knowledge and promote teaching and learning for Nakhon Si Thammarat Industrial and Shipbuilding College (NASIC). Pursuant to this MOU, the Company built and handed over a 96-bed student dormitory at NASIC, at a total cost of about Baht 25.40 million. The Company continues to provide financial assistance to the students by purchasing books & other materials for their library. For their part, NASIC has introduced new courses and curriculum under consultation with the Company to develop/train Engineering Officer graduates for a career in shipping, thus developing a new career option for Thai youth. The Ministry of Education, Vocational Education Department, awarded an Honor Shield to the Company in recognition of its participation with NASIC.
- The Company awarded Baht 165,000 Scholarship to a student of The International Maritime College, Kasetsart University, Si Racha Campus to support his entire Maritime Science degree course in the University. The final installment under this scholarship award was paid in April 2010.
- On 8 June 2015, the Company donated Baht 500,000 to Thai Medical Device Development Foundation (TMDD) to promote and support the research and development of medical devices.
- In January 2013, The Company donated Baht 5,000 to Department of Labour Protection and Welfare for gifts to children on Children's Day at Suapa Field, Dusit Palace.
- During the year 2010, the Company donated 28 perfectly usable computers to Mathayom Warichpoom School, Sukhothai School, Bann Koh School, Sathya Sai School and to Pak-Kret Community Administration Office. This is in continuation of the Company's tradition to assist in the education of needy children, when the Company has reported the donation of 15 computers for teaching program to Bann Koh School in Surin province which was followed up by further three computers of modern vintage (Dell Celeron 2 GHZ, Hard Disk 40 GB) to upgrade the teaching facilities.
- The Company donated Baht 40,000 for Muslim youth center Bann Pak Lad at Prapadaeng, Samutprakarn to support educational equipment and scholarship for Children's Day activity held on 19 January 2008.
- The Company makes regular donations to the needy and poor and for various causes. For instance, the Company, in collaboration with employees, donated over Baht 1 million to the Thai Red Cross for those affected by the Tsunami in Thailand, and in early 2004, donated computers to four primary/secondary schools in Rayong province for use by 877 students studying in these schools.



- The Company helped build a school for children affected by the earthquake which hit western India in 2001. The “Indo-Thai Friendship School” is now fully operational and can accommodate 700 students in Elementary, Middle and High School levels. This has been greatly appreciated by all concerned and projects a very favorable impression of Thailand.
- The Company readily responded to the needs of the people living in South Thailand affected by the deadly Tsunami of December 2004. As an immediate measure, the Company and its employees contributed Baht 590,000 to the villagers of Talay Nok in Ranong province, to renew/repair their fishing boats and resume their livelihood. The Company has adopted the Talay Nok village and undertakes regular visits there to ascertain their requirements. The Company has extended an open invitation to needy children to apply for study scholarships (one such girl child is presently studying in a Bangkok college). Moreover, with a view to provide a source of livelihood to the youth, the Company is also encouraging able-bodied youngsters from this village to come forward for basic seamanship training, to be provided at the Company’s cost, following which they can become sailors on the Company’s ocean-going ships for a fruitful and fulfilling career in international shipping.
- The Company along with the staff and crew donated Baht 1,325,867 in year 2008 to construct a new building for housing the Physics, Chemistry and Computer laboratories in a school in Semmangudi, Tamil Nadu, India. This school is in a very poor village and was seriously affected by the Tsunami of December 2004.
- Every year, the Company organizes a 5-KM run “PSL Annual Maritime Day Run” at the Lumpini Park to encourage all its employees to inculcate a habit of doing regular exercise to maintain good health.
- The Company is one of the sponsors of the annual sports day function at the MMTC. The co-operation with MMTC thus extends to Sports, besides academics (as outlined above), and helps in all-round development of Officer Cadets.
- The Company is setting up aid schemes by way of annual scholarships or otherwise, to our own staff members who are not able to afford school admission and/or tuition fees for their children.
- The Company donated money and equipment to make a scientific laboratory that supported study activities at Ban Koh School in Surin province in September 2006. The Company donated Baht 100,000 and books to cadets of Merchant Marine Training Centre to repair classrooms and build up the library for Bannwangsuan School in Nakornratchasima province in September 2007.
- The Company contributed Baht 100,000 to The Council for Social Welfare of Thailand under The Patronage of His Majesty the King to develop knowledge and foster career skills of disabled people, supporting them to seek their own income, on the 43rd Cripple Day in November 2007.
- The Company donated Baht 68,000 to Ban Koh School in Surin province in year 2008 to support the “Student Field Trip” to Skaerat Environmental Research Station in Nakhon Ratchasima province.



GRI CONTENT INDEX

GRI Standard	Disclosure	2020 Annual Report Page Number	2020 Annual Report Section Reference
GRI 102: GENERAL DISCLOSURES			
Organizational profile			
102-1	Name of the organization	52	Corporate Information
102-2	Activities, brands, products, and services	34-36	Nature of Business and Industry
102-3	Location of headquarters	52	Corporate Information
102-4	Location of operations	52, 56	Registered Office Address of Subsidiary and Associated Companies
102-5	Ownership and legal form	52	Corporate Information
102-6	Markets served	34-36	Nature of Business and Industry
		11	Board of Directors' Report: Market Segmentation/Benchmarking
102-7	Scale of the organization	176-177	Financial Highlights
		34-36	Nature of Business and Industry
		54-55	Name and Category of Subsidiaries and Associated Companies in which the Company holds more than 10% of shares sold by them
102-8	Information on employees and other workers	90-92	Sustainability Report: Employee Information
102-9	Supply chain		None
102-10	Significant changes to the organization and its supply chain		No significant changes
102-11	Precautionary Principle or approach	58-67	Risk Management
102-12	External initiatives	4-7	Board of Directors' Report
		41-48	Nature of Business and Industry: Maritime Laws and Regulations
102-13	Membership of associations	41-48	Nature of Business and Industry: Maritime Laws and Regulations
Strategy			
102-14	Statement from senior decision-maker	68	Message from the Board of Directors
		4-26	Board of Directors' Report
102-15	Key impacts, risks, and opportunities	58-67	Risk Management
Ethics and integrity			
102-16	Values, principles, standards, and norms of behavior	74	Sustainability Report: Corporate Governance, Ethics and Integrity
		152	Corporate Governance Report: Leadership and Vision
102-17	Mechanisms for advice and concerns about ethics	144-145	Corporate Governance Report: Whistleblowing Policy
Governance			
102-18	Governance structure	122-123	Organization chart
		124-133	Organization Structure
102-22	Composition of the highest governance body and its committees	124-133	Organization Structure
102-23	Chair of the highest governance body	124-127	Organization Structure
102-24	Nominating and selecting the highest governance body	148-149	Corporate Governance Report: Directors' Nomination



GRI Standard	Disclosure	2020 Annual Report Page Number	2020 Annual Report Section Reference
102-25	Conflicts of interest	154-155	Corporate Governance Report : Conflict of Interest
102-26	Role of highest governance body in setting purpose, values, and strategy	125-127	Organization Structure
		152-154	Corporate Governance Report: Leadership and Vision
102-28	Evaluating the highest governance body's performance	158-159	Managing Director Evaluation
102-30	Effectiveness of risk management processes	127, 130	Organization Structure
102-31	Review of economic, environmental, and social topics	126-127, 157	Corporate Governance Report: Board of Directors' Meeting
102-32	Highest governance body's role in sustainability reporting	68	Message from the Board of Directors on Sustainability Report
102-33	Communicating critical concerns	136-160	Corporate Governance Report
102-35	Remuneration policies	150	Corporate Governance Report: Directors and Management Remuneration
		130-131	Organization Structure: The Remuneration Committee
102-36	Process for determining remuneration	150	Remuneration Criteria
102-37	Stakeholders' involvement in remuneration	137	Right of Shareholders
Stakeholder engagement			
102-40	List of stakeholder groups	69-71	Sustainability Report: Stakeholder Engagements
102-41	Collective bargaining agreements		Not applicable
102-42	Identifying and selecting stakeholders	69	Sustainability Report: Stakeholder Engagements
102-43	Approach to stakeholder engagement	69	Sustainability Report: Stakeholder Engagements
102-44	Key topics and concerns raised	71	Sustainability Report: Stakeholder Engagements
Reporting practice			
102-45	Entities included in the consolidated financial statements	69	Sustainability Report: The scope of the report
102-46	Defining report content and topic boundaries	69	Sustainability Report: The process for defining the content of the report
102-47	List of material topics	71	Sustainability Report: The Materiality Assessment
102-48	Restatements of information	69	Sustainability Report: The boundary and limitations of the report
102-49	Changes in reporting	69	Sustainability Report: The boundary and limitations of the report
102-50	Reporting period	69	Sustainability Report: Overview of Sustainability Report
102-51	Date of most recent report	69	Sustainability Report: Overview of Sustainability Report
102-52	Reporting cycle	69	Sustainability Report: Overview of Sustainability Report
102-53	Contact point for questions regarding the report	134-135	Corporate Governance Report: Investor Relations



GRI Standard	Disclosure	2020 Annual Report Page Number	2020 Annual Report Section Reference
102-54	Claims of reporting in accordance with the GRI Standards	69	Sustainability Report: Overview of Sustainability Report
102-55	GRI content index	102-105	GRI content index
GRI 103: MANAGEMENT APPROACH			
103-1	Explanation of the material topic and its boundary	69, 75-98	Sustainability Report: The boundary and limitations of the Report
103-2	The management approach and its components	75-98	Sustainability Report: Sustainable Management Performance for Economic, Environment and Social
103-3	Evaluation of the management approach	75-98	Sustainability Report: Sustainable Management Performance for Economic, Environment and Social
GRI 201: ECONOMIC PERFORMANCE			
201-1	Direct economic value generated and distributed	76	Sustainability Report: Direct Economic Value Generated and Distributed
GRI 205: ANTI-CORRUPTION			
205-2	Communication and training about anti-corruption policies and procedures	143-144	Corporate Governance Report: Policy on preventing Corruption and bribery
205-3	Confirmed incidents of corruption and actions taken	144	Corporate Governance Report: Whistleblowing Policy
GRI 304: BIODIVERSITY			
304-2	Significant impacts of activities, products, and services on biodiversity	85	Sustainability Report: Ballast Water Treatment
GRI 305: EMISSIONS			
305	Emissions	85-87	Sustainability Report: Green House Gases Emissions
GRI 306: EFFLUENTS AND WASTE			
306	Effluents and Waste	85	Sustainability Report: Ballast Water Treatment
GRI 401: EMPLOYMENT			
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	90, 142	Corporate Governance Report: Employee
401-3	Parental leave	91	Sustainability Report: Employee Information
GRI 403: OCCUPATIONAL HEALTH AND SAFETY			
403-1	Occupational health and safety management system	77-79, 92-93	Sustainability Report: International Safety Management Code
403-4	Worker participation, consultation, and communication on occupational health and safety	77-79, 92-93	Sustainability Report: International Safety Management Code
403-5	Worker training on occupational health and safety	92-93	Sustainability Report: Safety & Occupational Health
GRI 404: TRAINING AND EDUCATION			
404-1	Average hours of training per year per employee	94-98	Sustainability Report: List of Major Training Programs conducted by The Company's Maritime Training Center for the year 2020
404-2	Programs for upgrading employee skills and transition assistance programs	94-98	Sustainability Report: List of Major Training Programs conducted by The Company's Maritime Training Center for the year 2020



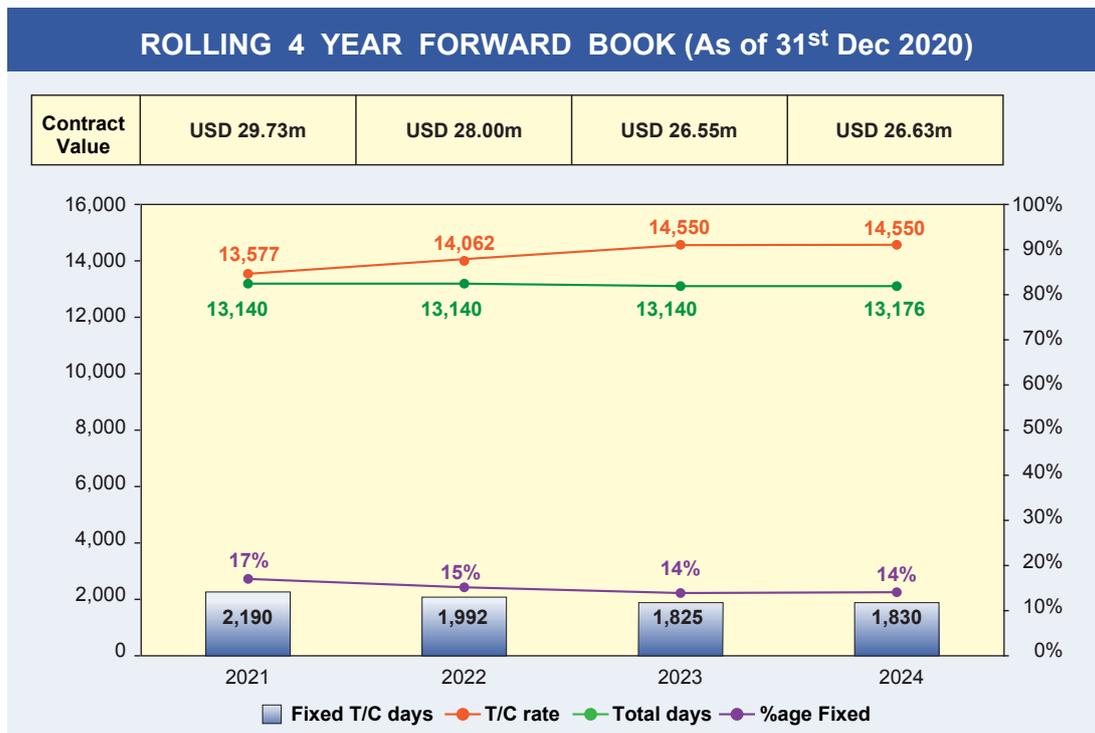
GRI Standard	Disclosure	2020 Annual Report Page Number	2020 Annual Report Section Reference
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY			
405-1	Diversity of governance bodies and employees	91	Sustainability Report: Number and proportion of the employees of the Company including GCSA at the ashore offices, by gender and nationality
GRI 406: NON-DISCRIMINATION			
406-1	Incidents of discrimination and corrective actions taken		None
GRI 408: CHILD LABOR			
408-1	Operations and suppliers at significant risk for incidents of child labor		It is our policy to respect and comply with local laws, regulations and traditions of every place we conduct our business. We intend to treat employees with respect for dignity of human beings.
GRI 412: HUMAN RIGHTS ASSESSMENT			
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening		All significant contractors are fully complied with the local labor laws.
GRI 418: CUSTOMER PRIVACY			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	88-89	Sustainability Report: Customer Privacy



MANAGEMENT DISCUSSION AND ANALYSIS

1. MARKET CONDITIONS (TO BE READ WITH THE BOARD OF DIRECTORS' REPORT PRESENTED SEPARATELY IN THIS REPORT)

Precious Shipping PCL (hereinafter referred to as PSL or the Company) continues to own and operate its vessels on a tramp-shipping basis in the geared sector of the Dry Bulk International Shipping market. The Company started business in the handy-sized sector of the industry. However, following the acquisition of two Supramax vessels in the 4th Quarter of 2011, the Company also started operating in the Supramax Sector. In 2013 - 2014, the Company signed a series of Shipbuilding Contracts and took delivery of eight Ultramax vessels between 2014 and 2017. PSL had put in place its business strategy, starting from year 2004, to enter into long term time charters (Period Charters) at reasonably high freight rates, whenever possible, for periods ranging from 3 months to 5 years or longer at opportune times. This policy was successfully applied right until the 3rd quarter of 2008 after which the market dropped sharply due to which it was not possible to renew or enter into new period charters at attractive rates. PSL's intention is to continue to charter out our vessels on long term time charters whenever practical and economically viable. However, the current market conditions are such that it is still not feasible for PSL to fix most of our vessels on long term time charters. As at 31 December 2020, the rolling 4 year forward book of long term time charters over 1 year is presented below:



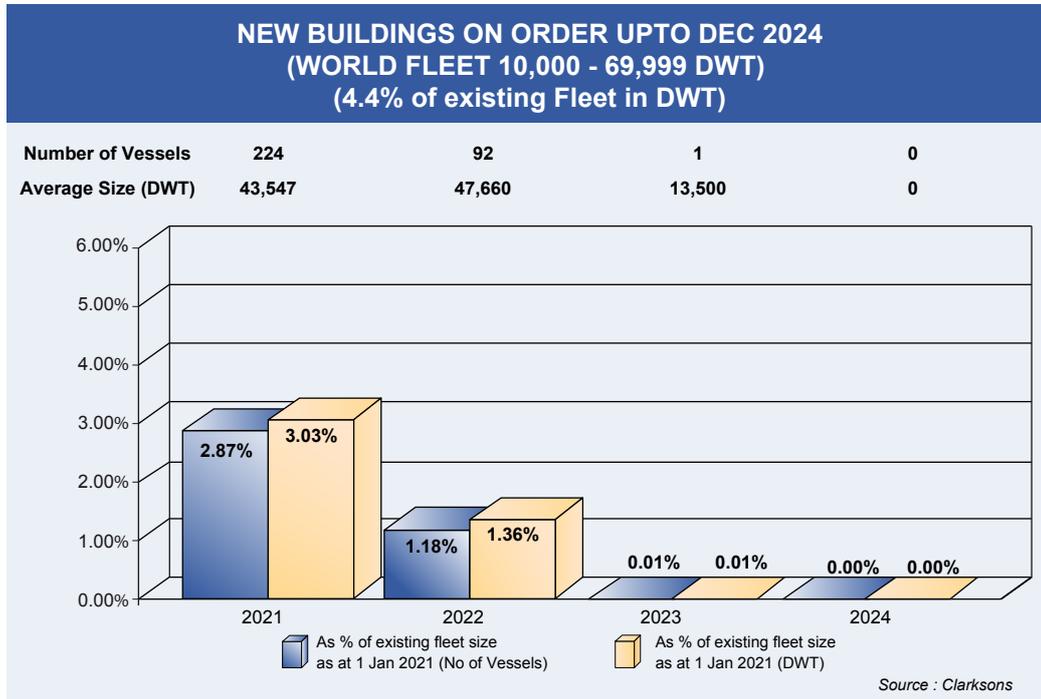
Total Days in the above chart is based on our existing fleet of 36 vessels as at the end of the year 2020.

For further discussions and analysis of the market conditions, please refer to the **Board of Directors' Report** presented separately in this Report.

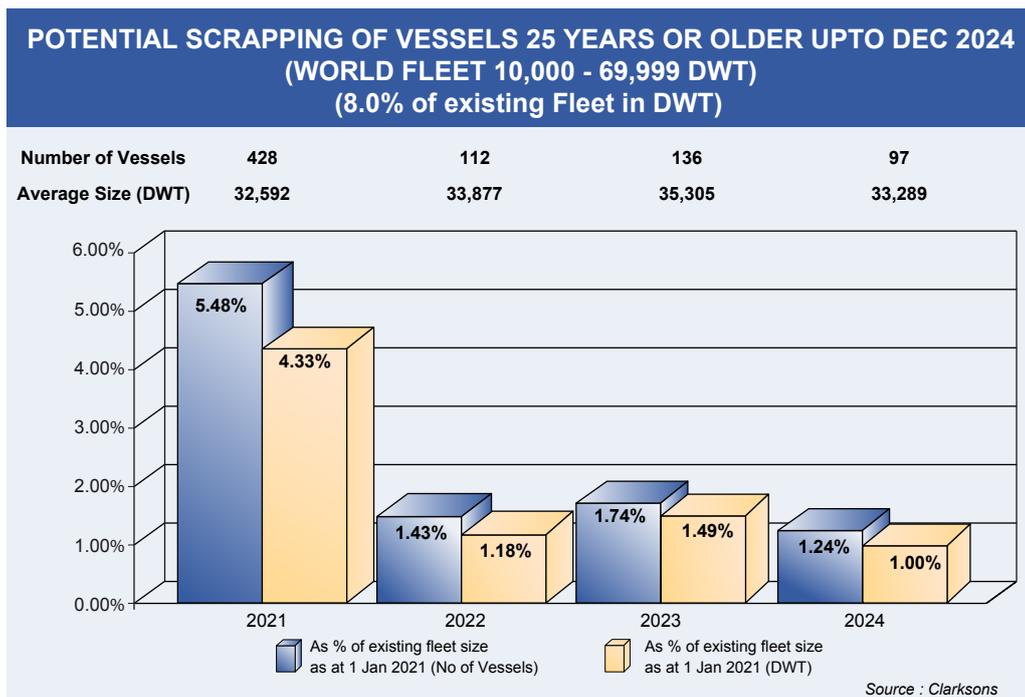


2. INDUSTRY OVERVIEW - WORLD DEMAND-SUPPLY OUTLOOK (TO BE READ WITH THE BOARD OF DIRECTORS' REPORT PRESENTED SEPARATELY IN THIS REPORT)

2.1 World Fleet (10,000 - 69,999 DWT) - 7,806 vessels of 321.86 million DWT



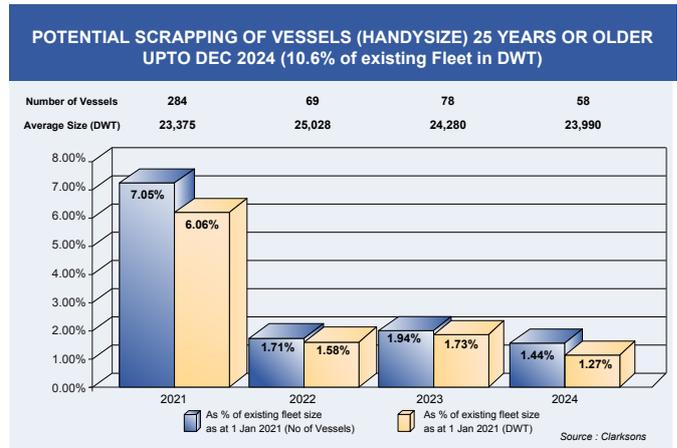
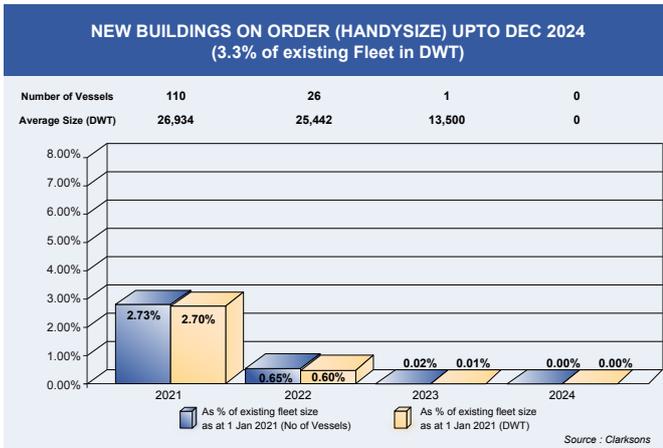
As of 31 December 2020, the world fleet in the 10,000 - 69,999 DWT size range is 7,806 vessels of 321.86 million DWT. It is evident from the charts above and below that during the next 4 years, 317 vessels have been contracted to be delivered against 773 vessels which are aged over 25 years old and likely to be recycled, representing a net decrease of 3.6% of existing world fleet in terms of DWT. The effect of ballast water management convention will force shipowners to recycle old vessels earlier, and therefore, we can expect fleet growth to stay at or around these low levels that should bring about demand-supply balance in the market.





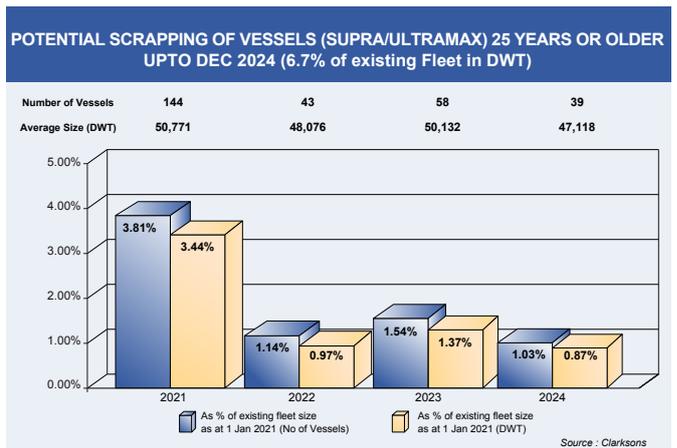
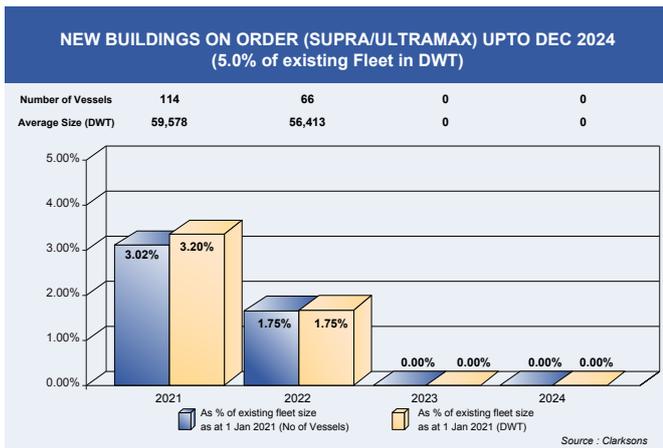
The details of new buildings on order and potential recycling of vessels by fleet size are as follows.

2.2 Handysize Fleet (10,000 - 39,999 DWT) - 4,029 vessels of 109.63 million DWT



From the above charts, it is evident that over the next 4 years, there are 137 Handysize vessels to be delivered, against 489 Handysize vessels which are aged over 25 years old and likely to be recycled, representing a net decrease of 7.3% of the existing Handysize Fleet in DWT terms.

2.3 Supramax/Ultramax Fleet (40,000 - 69,999 DWT) - 3,777 vessels of 212.23 million DWT



From the above chart, it is evident that over the next 4 years, there are 180 Supramax/Ultramax vessels to be delivered, against 284 Supramax/Ultramax vessels which are aged over 25 years old and likely to be recycled, representing a net decrease of 1.7% of existing Supramax/Ultramax Fleet in DWT terms. However, it may be noted that the figures above include old ungeared ships which are of this size range and therefore cannot be considered strictly as Supramax/Ultramax vessels.

3. GLOSSARY OF TERMS:

The Financial Analysis part of this Management Discussion and Analysis (MD&A) is based on the Company's consolidated financial statements prepared in accordance with Thai Financial Reporting Standards ("TFRS") and the US Dollar (Functional Currency) Financial Statements (presented in note 36 to the financial statements "Functional Currency Financial Statements"). A variety of financial and operational terms has been used in the MD&A and some of these terms are explained below:



Average Daily Vessel Operating Expenses in USD (Opex) - Average Vessel Operating Expenses per day per vessel is computed over a 365 days operating cycle. These exclude depreciation but include amounts amortised per accounting policy (note 5.5 of audited financial statements) for Dry-docking and Special Survey (DD/SS) expenses and the amortisation is included as “depreciation” in the financial statements. Vessel operating expenses generally represent fixed costs which include crewing, repairs and maintenance, insurance, stores, lube oils, management cost and amortised portion of Dry-docking and Special survey expenses.

Vessel Running Expenses - Vessel running expenses in the Financial Statements refer to vessel operating expenses excluding amortised Dry-docking and Special Survey expenses.

Voyage Expenses - Voyage expenses mean all expenses related to a particular voyage including bunker fuels and voyage disbursements at the ports of call. Voyage disbursements include port fees, cargo loading and unloading expenses, canal tolls, agency fees and other expenses at the ports of call. Voyage costs are typically paid by the client (charterer) under Time Charter and by the Company under Voyage Charter. However, when the Company pays the voyage expenses, the Company typically adds them while calculating freight rate so that the desired Time Charter rate is achieved had the Company negotiated the Voyage as a Time charter.

Total Vessel Operating Costs - Total Vessel Operating Costs in the Financial Statements means the aggregate of vessel running expenses and voyage expenses.

Average Daily Vessel Earnings in USD (TC Rate) - Average time-charter equivalent earnings per day per vessel computed over a 350 days cycle. The TC rate is calculated by dividing net Vessel Operating Income by 350 days per vessel.

Vessel Operating Income - Vessel Operating Income in the Financial Statements means total of Time charter income and Voyage charter income received. In other words, this is total income earned through Time and Voyage Charters.

Net Vessel Operating Income - Net Vessel Operating Income means Vessel Operating Income less Voyage expenses, and is also known as Net Time Charter Equivalent Revenue.

Dry-docking and Special survey - The Company must periodically dry-dock each of its vessels for inspection, repairs and maintenance and any modifications to comply with industry certification and or various regulations applicable to the Company's vessels. Generally, each vessel is dry-docked every 2.5 years and 5 years to carry out intermediate and special survey, respectively. The Company capitalizes these costs and depreciates them over a period of 2 years for dry-docking cost related to an Intermediate survey and 4 years for dry-docking cost related to a special survey. The depreciation amount of dry-docking and special survey costs is included in Depreciation and do not form part of vessel operating costs in the Financial Statements. However, while calculating average Vessel Operating expenses per day per vessel (Opex), the Company includes amortised portion of dry-dock and special survey cost for ascertaining complete Opex.

Depreciation - The main component of depreciation cost is depreciation on Vessels. It also includes amortisation of Dry-docking and Special survey cost as explained above, in the Financial Statements.

Ship Idle /Down Time - Ship idle time refers to downtime (in days) due to technical reasons only and it means the vessel was “off-hire” at dry-dock or at sea or port for repairs of a routine nature or in case of a breakdown.

Gross Profit - Gross Profit means Vessel operating income less Vessel operating costs.

Gross Profit Margin - Gross Profit margin means gross profit divided by Vessel operating income denominated in percentage.

Administrative Expenses - Administrative expenses include onshore (office) personnel payroll costs, office rent, legal and professional expenses and other expenses of an administrative nature. Administrative expenses in the Financial Statements also include cost of personnel employed for technical management of vessels. However, for calculating average Vessel operating expenses per day per vessel (Opex), such relevant portion of administrative expenses is considered and included in the Opex as Management Fees.



4. CREDIT/LOAN FACILITIES

The details of loan facilities are summarized as follows:

Facility	Lender's Bank(s)	Borrower(s)	Tenor (Years)	Interest Rate	Repayment Term	Drawdown in 2020 Million USD	Repayment/Prepayment in 2020 Million USD	Outstanding Loan Balance as on 31 Dec 2020 Million USD
1	DNB Bank ASA., Kasikornbank Plc. and 3 International Banks	The Company, Precious Forests Pte. Ltd., Precious Fragrance Pte. Ltd., and Precious Thoughts Pte. Ltd.	10.0	LIBOR + margin	Quarterly installments of 1/60th of each loan drawdown amount, commencing 3 months after delivery of each respective vessel and a balloon repayment of remaining balance in March 2020	-	17.56	-
2	ING Bank N.V. (Singapore Branch) and DNB Bank ASA.	Precious Comforts Pte. Ltd., Precious Sparks Pte. Ltd., Precious Visions Pte. Ltd., and Precious Bridges Pte. Ltd.	8.0	LIBOR + margin	32 equal quarterly installments of USD 354,000 commencing 3 months after delivery of each respective vessel and a balloon repayment of remaining balance together with the last installment	-	31.55	-
3	Bangkok Bank Plc. (Singapore Branch)	ABC Two Pte. Ltd., and ABC Three Pte. Ltd.	10.0	LIBOR ⁽¹⁾ + margin	For ABC two Pte. Ltd., 39 equal quarterly installments of USD 319,650 commencing in July 2014 and a balloon repayment of USD 6,712,650 in April 2024 For ABC three Pte. Ltd., 39 equal quarterly installments of USD 322,400 commencing in October 2014 and a balloon repayment of USD 6,770,400 in July 2024	-	4.49	20.23
4	Bangkok Bank Plc. (Singapore Branch)	ABC Four Pte. Ltd.	10.0	LIBOR ⁽¹⁾ + margin	39 equal quarterly installments of USD 322,400 commencing in January 2015 and a balloon repayment of USD 6,770,400 in October 2024	-	2.26	10.64
5	TMB Bank Plc.	ABC One Pte. Ltd.	10.0	LIBOR ⁽¹⁾ + margin	40 equal quarterly installments of USD 489,600, commencing in March 2015 and last installment within November 2024	-	3.43	6.36
6	Export-Import Bank of Thailand	The Company, Precious Rubies Ltd., Precious Opals Ltd., Precious Venus Ltd., and Precious Neptune Ltd.	10.0	LIBOR + margin	39 equal quarterly installments of 1/55th of each loan drawdown amount, commenced 3 months after delivery of each respective vessel and a balloon repayment of remaining balance at the end of the 40th quarter	-	2.84	48.65
7	BNP Paribas	The Company, Precious Tides Pte. Ltd., and Precious Skies Pte. Ltd.	8.0	LIBOR + margin	For Precious Tides Pte. Ltd., 32 quarterly installments equal quarterly installments of USD 200,000 for installment 1st – 16th, equal quarterly installments of USD 300,000 for installment 17th – 32nd, and a balloon repayment of USD 4,000,000 in April 2024. For Precious Skies Pte. Ltd., 32 quarterly installments equal quarterly installments of USD 212,500 for installment 1st – 16th, equal quarterly installments of USD 318,750 for installment 17th – 32nd, and a balloon repayment of USD 4,250,000 in July 2024.	-	3.75	15.44
7 (Upsize Loan)	BNP Paribas	The Company, Precious Tides Pte. Ltd., and Precious Skies Pte. Ltd.	4.0	LIBOR + margin	16 equal quarterly installments of USD 662,500 commencing 3 months after loan drawdown	10.60	6.12	4.48



Facility	Lender's Bank(s)	Borrower(s)	Tenor (Years)	Interest Rate	Repayment Term	Drawdown in 2020 Million USD	Repayment/Prepayment in 2020 Million USD	Outstanding Loan Balance as on 31 Dec 2020 Million USD
8	BNP Paribas	The Company, and Precious Grace Pte. Ltd.,	8.0	LIBOR + margin	32 equal quarterly installments of USD 304,687.80 commencing 3 months after loan drawdown and a balloon repayment of USD 4,874,990.40 together with the last installment in June 2025	-	2.10	9.48
9	Export-Import Bank of Thailand	The Company, and Precious Forests Ltd.	10.0	LIBOR + margin	39 equal quarterly installments of 1/55th of loan drawdown amount, commencing from the end of the next quarter after loan drawdown and a balloon repayment of remaining balance at the end of the 40th quarter	-	0.59	15.02
10	Krung Thai Bank Plc., Bank of Ayudhya Plc., and Thanachart Bank Plc.	The Company, Precious Metals Ltd., Precious Planets Ltd., Precious Trees Ltd., and Precious Ventures Ltd.	11.0	LIBOR ⁽¹⁾ + margin for USD Loan	44 equal quarterly installments, commencing in December 2011	-	1.14	14.64
		The Company, Precious Jasmines Ltd., and Precious Wishes Ltd.	12.0	MLR-1 for Thai Baht Loan ⁽²⁾	48 equal quarterly installments, commencing in December 2010	-	3.83	6.69
11	Export-Import Bank of Thailand	The Company, Precious Lands Ltd., and Precious Lakes Ltd.	8.5	LIBOR + margin	34 equal quarterly installments, commencing in March 2013	-	1.77	3.54
		The Company, Precious Ponds Ltd., Precious Comets Ltd., and Precious Ornaments Ltd.	8.0	LIBOR + margin	32 equal quarterly installments commencing in March 2014 and a balloon repayment of remaining balance at the end of the term	-	2.04	8.19
12	Export-Import Bank of Thailand	The Company, Precious Lands Ltd., Precious Lakes Ltd., Precious Ponds Ltd., Precious Comets Ltd., and Precious Ornaments Ltd.	7.0	LIBOR + margin	27 equal quarterly installments commencing 3 months after first drawdown and a balloon repayment of remaining balance at the end of the term	28.00	0.70	27.30
13	Export-Import Bank of Thailand	The Company, Precious Pearls Ltd., and Precious Thoughts Pte. Ltd.	1.0	LIBOR + margin	The loans shall be repaid over 1 year, in 2 equal installments. The first repayment shall fall 9 months after the drawdown date and the second repayment shall be 12 months after the drawdown date.	10.10	-	10.10
14	SinoPac Capital International (HK) Limited	Precious Visions Pte. Ltd.	5.0	LIBOR + margin	20 equal quarterly installments of USD 211,250 commencing 3 months after loan drawdown and a balloon repayment of USD 1,775,000 together with the last installment at the end of the term.	6.00	-	6.00

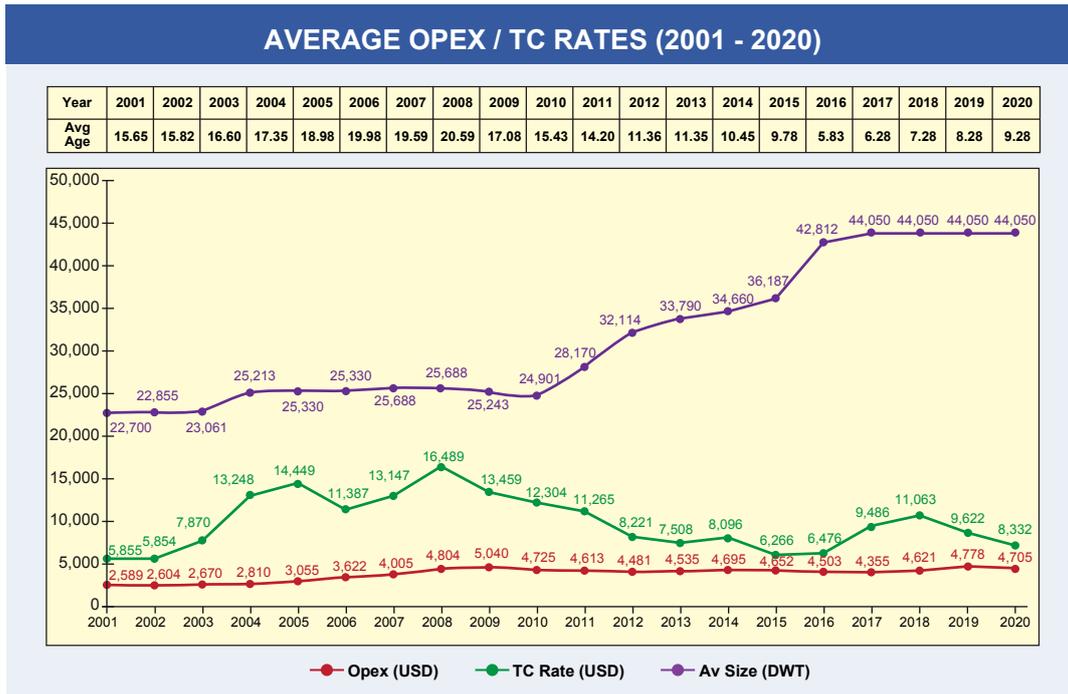
(1) Floating LIBOR was swapped to fixed rate as mentioned in note 18 to the financial statements.

(2) Baht 1,502.35 million was swapped to USD 45.90 million at drawdown date.

During the year 2020, the Company received waivers of the financial covenant breaches of certain loan facilities, detailed in note 18 to the financial statements. The details of financial covenants for each loan facilities are also disclosed in note 18 to the financial statements.



5. VESSEL EARNINGS AND VESSEL OPERATING EXPENSES



The average earning per day per vessel (TC Rate) was USD 8,332 in 2020, while the average daily operating expense per vessel (Opex) was USD 4,705.

PSL’s Handysize and Supramax/Ultramax Vessels Earnings comparison with Market (Source from Clarksons)

Index	2020 Average Index	Market Average Time Charter Rate USD (Per Day)	PSL Average Time Charter Rate USD (Per Day)	Performance Over (Under) vs Benchmark
Baltic Handy Size Index (BHSI)	445	8,003	8,214	2.64%
Baltic Supramax Index (BSI)	744	8,189	8,464	3.36%

During the year 2020, the Baltic Handy Size Index (BHSI) averaged 445 points derived from the average Time Charter (TC) rate of USD 8,003 per day and as compared to that, PSL’s Handysize fleet (including its cement carriers) earned USD 8,214 per day outperforming the BHSI TC rate by 2.64%. The Baltic Supramax Index (BSI) averaged 744 points derived from the average Time Charter (TC) rate of USD 8,189 per day and as compared to that, PSL’s Supramax/Ultramax vessels earned USD 8,464 per day, outperforming the BSI TC rate by 3.36%.

PSL’s daily vessel operating expenses per vessel (Opex) have decreased from USD 4,778 per day (including USD 597 per day on account of dry-dock and special survey costs) in 2019 to USD 4,705 per day (including USD 610 per day on account of dry-dock and special survey costs) in 2020 which is, as always, far below the industry average (excluding dry-dock and special survey costs which are not reported in Industry Opex) as detailed below.



PSL OPEX comparison with Industry (industry report compiled by BDO LLP)

For years Particulars	Industry * 2019 USD (Per Day)	PSL 2019 USD (Per Day)	PSL 2020 USD (Per Day)
Crew Wages	2,069	2,326	2,302
Provisions	171	156	159
Crew Other	371	177	158
Crew Cost Total	2,611	2,659	2,619
Lubricants	223	187	167
Stores Other	286	189	176
Stores Total	509	376	343
Spares	363	213	214
Repairs & Maintenance	325	127	133
Repairs & Maintenance Total	688	340	347
P& I Insurance	180	157	165
Insurance	177	172	159
Insurance Total	357	329	324
Registration Costs	43	5	6
Management Fees	509	366	348
Sundries	175	106	108
Administration Total	727	477	462
Total Operating Costs	4,892	4,181	4,095

* OPEX for industry calculated by simple average OPEX of Handysize and Handymax

OPEX excluding dry-dock and special survey costs was lower mainly because of lower costs for crewing and ship stores both of which were better planned in 2020.

6. FINANCIAL PERFORMANCE BASED ON US DOLLAR (FUNCTIONAL CURRENCY) FINANCIAL STATEMENTS

The following table summarises the financial performance of the Company for the last 2 years. All figures quoted are from the US Dollar (Functional Currency) Financial Statements per note 36 to Audited Consolidated Financial Statements.



For the year ended / as at	31-Dec-19	31-Dec-20
	Million USD	Million USD
Income Statement		
Total revenues	135.30	119.85
Net vessel operating income	120.66	104.72
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) *	44.49	36.25
Depreciation *	30.38	30.68
EBIT	14.11	5.57
Finance cost	22.69	19.02
Operating profit (loss)	(8.58)	(13.45)
Non-operating profit (loss)	1.42	(27.21)
Net Profit (loss) before Tax	(7.16)	(40.66)
Income tax expense	0.090	0.14
Net Profit (loss) **	(7.25)	(40.80)
Financial Position		
Cash and cash equivalents	39.17	36.64
Total current assets	55.73	64.52
Receivables from cross currency swap contracts	31.53	-
Property, plant and equipment	666.50	636.70
Advances for vessels constructions	67.90	-
Total Assets	831.09	712.35
Advances received from charterers	2.49	20.18
Current portion of long-term loans	70.88	49.94
Current portion of debentures	64.59	31.15
Total current liabilities	156.27	111.17
Long-term loans - net of current portion	166.21	157.48
Debentures - net of current portion	118.23	95.07
Total Liabilities	447.76	374.96
Equity share capital	51.06	51.06
Premium on ordinary shares	63.29	63.29
Total Shareholder's Equity	383.33	337.39
Net Book Value per share (USD)	0.25	0.22
Ratios (times)		
Current Ratio	0.36	0.58
Total Liabilities/Equity	1.17	1.11
Debt/EBITDA ***	8.30	8.40
Debt Service Coverage ***	0.91	1.01
EBITDA/Interest	2.03	2.02

* EBITDA and Depreciation are considered after depreciation on dry-docking and special survey expenses. These expenses are included in vessel operating cost for the purpose of computing EBITDA, which is in line with Company's policy of disclosing average daily vessel operating expenses (Opex) after including dry docking and special survey expenses.

** Net profit (loss) represents net profit (loss) attributable to equity holders of the Company.

*** The ratios are calculated in compliance with the financial covenants stated in the credit facility agreements.



6.1 Revenues and Profitability

Total revenues have decreased from USD 135.30 million in 2019 to USD 119.85 million in 2020. The net vessel operating income has decreased from USD 120.66 million in 2019 to USD 104.72 million in 2020, with the average vessel earnings per day per vessel (TC Rate) decreased from USD 9,622 in 2019 to USD 8,332 in 2020, because of Covid-19 Pandemic impact particularly between February and May. However, freight rates recovered after the harsh Covid-19 related lockdowns in various parts of the world came to an end. In addition, an infrastructure centric stimulus package by China buoyed freight rates on the back of strong demand for dry-bulk commodities. The average number of vessels operated in both 2019 and 2020 was 36 vessels. The average daily vessel operating expenses (Opex) have decreased from USD 4,778 in 2019 to USD 4,705 in 2020 (including depreciation/amortisation of the drydocking/special survey expenses in both years). The gross profit for 2020 has decreased compared to 2019. Operating cash flows or Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) has decreased from USD 44.49 million in 2019 to USD 36.25 million in 2020.

The average daily vessel operating expenses have decreased and remain far below the Industry average as explained in Section 5 above.

Depreciation (excluding depreciation of dry-dock and special survey cost) has increased marginally from USD 30.38 million in 2019 to USD 30.68 million in 2020.

Finance costs have decreased from USD 22.69 million in 2019 to USD 19.02 million in 2020 due to lower interest expenses. This was driven by a lower LIBOR rate as well as due to a reduction in overall debt.

The Company suffered an operating loss of USD 13.45 million in 2020, compared to an operating loss of USD 8.58 million in 2019. The Company suffered a non-operating loss of USD 27.21 million in 2020, mainly due to the loss from the settlement agreement with Saintry Shipyard. In 2019, the Company had a non-operating profit of USD 1.42 million, which was mainly derived from interest income.

Income Tax at USD 0.14 million in 2020 and USD 0.090 million in 2019 is the income-tax on non-shipping income.

As a result of the above factors, the Company has incurred a net loss of USD 40.80 million in 2020 compared to a net loss of USD 7.25 million in 2019.

6.2 Assets, Liabilities and Shareholders' Equity

Current Assets

As compared to the end of the previous year (2019), there is an increase of USD 8.79 million in current assets, mainly from derivative assets of USD 17.17 million which are fair value of cross currency swap contracts and put option for Thai Baht debentures, according to new financial reporting standards as mentioned in note 3 and note 5.19 to the financial statements. However, there is a decrease of cash and cash equivalent by USD 2.53 million and Bunker oil Stock decreased by USD 4.70 million as compared to the previous year. Trade and other receivables net of allowance for expected credit losses, which are part of current assets also decreased by USD 0.44 million as compared to the previous year. In any case, as is customary in the shipping business, the Company actually collects almost all its income in advance (95% of Freight in case of a Voyage Charter and 15 days' Hire in case of Time Charter) and as such, there is usually no concern on collection of receivables and consequently, the amount presented as receivables is only on account of miscellaneous dues from Agents, Charterers and accrual of income on the basis of percentage of voyage completed. From 1 January 2020, the Company policy is to set up allowance for expected credit losses (ECLs) by applied a simplified approach as mentioned in note 5.18 to the financial statements. As of 31 December 2020, only USD 0.29 million was set up for ECLs.



Receivables from Cross Currency Swap Contracts

As of 31 December 2019, Receivables from cross currency swap contracts of USD 31.53 million represented the adjusting of the exchange rate of the swap transactions to the closing exchange rate at the end of the year. This is mainly from the cross currency swap contracts of the THB Debentures. According to new accounting standards as mentioned above, there is no receivables from Cross Currency Swap Contracts in 2020 onwards.

Property, Plant and Equipment

The value of Property, Plant and Equipment of the Company has decreased from previous year's levels from depreciation. As of 31 December 2020, the Company owned 36 vessels, details of which have been provided in the Fleet List separately in this Report.

Advances for vessel construction

Advances for vessel construction in the amount of USD 67.90 million on 31 December 2019 went to nil on 31 December 2020 following the settlement agreement with Sainty Shipyard. The Company received USD 40.50 million of cash proceeds and recorded a USD 27.40 million loss on the settlement agreement, as mentioned in note 16 to the financial statements.

Total Liabilities

Advances received from charterers increased by USD 17.69 million, mainly through the receipt of 1-year advance time charter hire for 5 ships that are on long term time charter contracts.

The Company had USD 237.09 million of loans outstanding at the beginning of 2020. During the year, total loans drawn were in the amount of USD 54.70 million while total loan repayments were in the amount of USD 84.17 million. On 31 December 2020, the Company's secured outstanding loans (net of current portion) figure is USD 157.48 million while the aggregate secured outstanding loan figure is USD 207.42 million.

The Company successfully amended debentures as mentioned in note 19 to the financial statements. After amendment, the Company made scheduled and early redemption payments in the aggregate amount of USD 44.86 million. As detailed in note 19 to the financial statements, the Company utilizes cross currency swaps and a put option to hedge currency risk on the amounts that remain outstanding under the debentures. The Company complies with the 2 to 1 Debt-to-Equity ratio covenant required under the terms and conditions of the debentures.

The total liabilities have decreased from USD 447.76 million in 2019 to USD 374.96 million in 2020.

Shareholders' Equity

In 2020, the Company incurred a net loss of USD 40.80 million. After change in CSR Reserve, other components of shareholders equity and minority interest, the Shareholders' Equity now stands at USD 337.39 million which is down from USD 383.33 million at the end of 2019. The net book value per share is USD 0.22 at the end of 2020.

6.3 Leverage, Liquidity and Coverage

As of 31 December 2020, the Company's gearing (Total Liabilities/Total Shareholder's Equity) stands at 1.11X, down from 1.17X on 31 December 2019. The ratio declined due to a decrease in total liabilities as the Company repaid and prepaid loans as well as redeemed debentures.

The Company's EBITDA of USD 36.25 million in 2020 was lower than the USD 44.49 million figure reported in 2019. As of 31 December 2020, the Debt to EBITDA ratio was 8.40X, which was a breach of a financial covenant in certain loan agreements. However, the Company has obtained waivers from all relevant lenders, as mentioned in note 18 to the financial statements.



The Company's current ratio for 2020 is 0.58X which increased from 0.36X in 2019, due to the increase in derivative assets and decrease in the current portion of long-term loans and debentures.

As of 31 December 2020, the Company's debt service coverage ratio is 1.01X while the interest coverage ratio is 2.02X.

7. REVIEW AND ANALYSIS OF AUDITED CONSOLIDATED THAI BAHT FINANCIAL STATEMENTS

7.1 Analysis of Income Statements

The net vessel operating income for the year 2020 (net of voyage disbursements and bunker consumption) decreased by about 12% as compared to the figure in 2019 because of the weaker Dry Bulk Freight market. Vessel running expenses for 2020 have decreased about 1% as compared to 2019. In 2020, the total vessel operating costs which comprises of vessel running expenses, voyage disbursements and bunker consumption, increased by about 1%, compared to total vessel operating costs for the previous year. In 2020, vessel disbursements and bunker consumption increased, as voyage charters increased from 8.0% in 2019 to 8.9% in 2020.

The average daily TC rate per vessel and the average daily OPEX was lower than the previous year. As a result, the Gross Profit decreased by about 21% compared to the previous year while the Gross Profit Margin decreased from 52% to 46%.

Interest income in 2020 decreased by Baht 21.35 million as compared to 2019.

Administrative expenses (including management remuneration) for 2020 have decreased by Baht 210.27 million as compared to 2019 mainly due to a decrease in legal and personnel expenses.

The Company recorded a loss of Baht 868.72 million from the settlement agreement with Sainty shipyard.

The Company recorded exchange losses in the amount of Baht 14.74 million in 2020 compared to a loss of Baht 6.04 million in 2019. Corporate income tax was Baht 4.44 million for the year 2020 compared to Baht 2.71 million for the year 2019.

The total expenses (excluding depreciation, and losses on settlement agreement) in 2020, as compared to the previous year, are lower due to the decrease in administrative expenses.

Depreciation has slightly increased from Baht 1,183.43 million in 2019 to Baht 1,213.01 million in 2020.

Finance costs have decreased by Baht 106.15 million due to lower interest expenses. This was driven by a lower LIBOR rate as well as due to a reduction in overall debt.

As a result of the above factors, the Company has reported a loss of Baht 1,294.85 million for 2020 as compared to a loss of Baht 228.49 million in the previous year.

7.2 Analysis of Statements of Comprehensive Income

The Company reported Baht 129.86 million as other comprehensive loss for the year 2020 as compared to a loss of Baht 907.92 million for the year 2019. The movement of Baht 778.06 million was mainly from losses on cash flow hedges of Baht 228.80 million, change in cost of hedges of Baht 68.34 million and change in exchange differences on translation of functional currency to presentation currency financial statements of Baht 926.20 million.



7.3 Analysis of Statements of Financial Position

As compared to the end of 2019, there is a Baht 257.37 million increase in current assets, mainly due to a Baht 515.86 million increase in derivative assets, comprising the fair value of cross currency swap contracts and the put option contract. However, cash and cash equivalents decreased by Baht 80.69 million while Bunker oil Stock decreased by Baht 141.86 million as compared to the previous year.

Receivables from cross currency swap contracts in the amounts of Baht 950.89 million in 2019, was mainly from cross currency swap contracts relating to the debentures.

During the year 2020, the Company entered into a settlement agreement with Saintry shipyard thereby putting to an end the long running arbitration against the shipyard. This resulted in a Baht 2,047.47 million reduction of the advances for vessel construction figure as detailed under note 16 to the financial statement.

Property, Plant and Equipment decreased by Baht 972.99 million, mainly from the depreciation of vessels.

Total Assets decreased from Baht 25,060.55 million in 2019 to Baht 21,396.85 million in 2020.

Total current liabilities decreased by Baht 1,372.94 million as compared to the previous year due a reduction in the current portion of long-term loans and debentures, while advances received from charterers increased.

As at the end of 2020, the Company's Long-term Loans (net of current portion) is Baht 4,730.34 million while aggregate long term loans is Baht 6,230.35 million. During the year 2020, the Company had aggregate loan drawdowns in the amount of Baht 1,717.83 million and aggregate loan repayments in the amount of Baht 2,636.56 million.

The Company successfully amended debentures as mentioned in note 19 to the financial statements. After amendment, the Company made scheduled and early redemption payments in the aggregate amount of Baht 1,374.79 million. Total Liabilities decreased from Baht 13,501.50 million in 2019 to Baht 11,262.56 million in 2020.

Total shareholders' Equity has decreased from Baht 11,559.05 million as at the end of 2019 to Baht 10,134.29 million as at the end of 2020. The movement was due to a net loss of Baht 1,294.85 million, and other comprehensive loss of Baht 129.86 million.

7.4 Analysis of Statements of Cash flows

During the year under review, Baht 1,418.77 million of cash was generated from operations. This is about 18% lower than the cash generated from operations in the previous year. The decrease is due to the vessels having lower earnings this year as compared to 2019.

After adjusting for Working Capital Changes, the net cash generated from operations and available for use in investing and financing activities was Baht 1,863.96 million.

During the year, the Company received cash from the settlement agreement with Saintry Shipyard Baht in the amount of Baht 1,269.07 million and paid Baht 274.20 million for acquisition of vessel equipment, dry docking/special survey expenses and computer software. After adjustments, the net cash flow from investing activities was Baht 997.09 million.



During the year 2020, the Company had aggregate loan drawdowns in the amount of Baht 1,717.83 million and aggregate loan repayments in the amount of Baht 2,636.56 million. The Company paid net of Baht 1,374.79 million for debentures, Baht 609.02 million as interest expenses and deferred financial fees and paid Baht 20.03 million towards derivative premium expenses. After adjustments, the net cash flow used in financing activities was Baht 2,928.40 million.



LEGAL DISPUTES

As of 31 December 2020, there are no material Legal Disputes which the Company and/or its Subsidiaries are involved in.

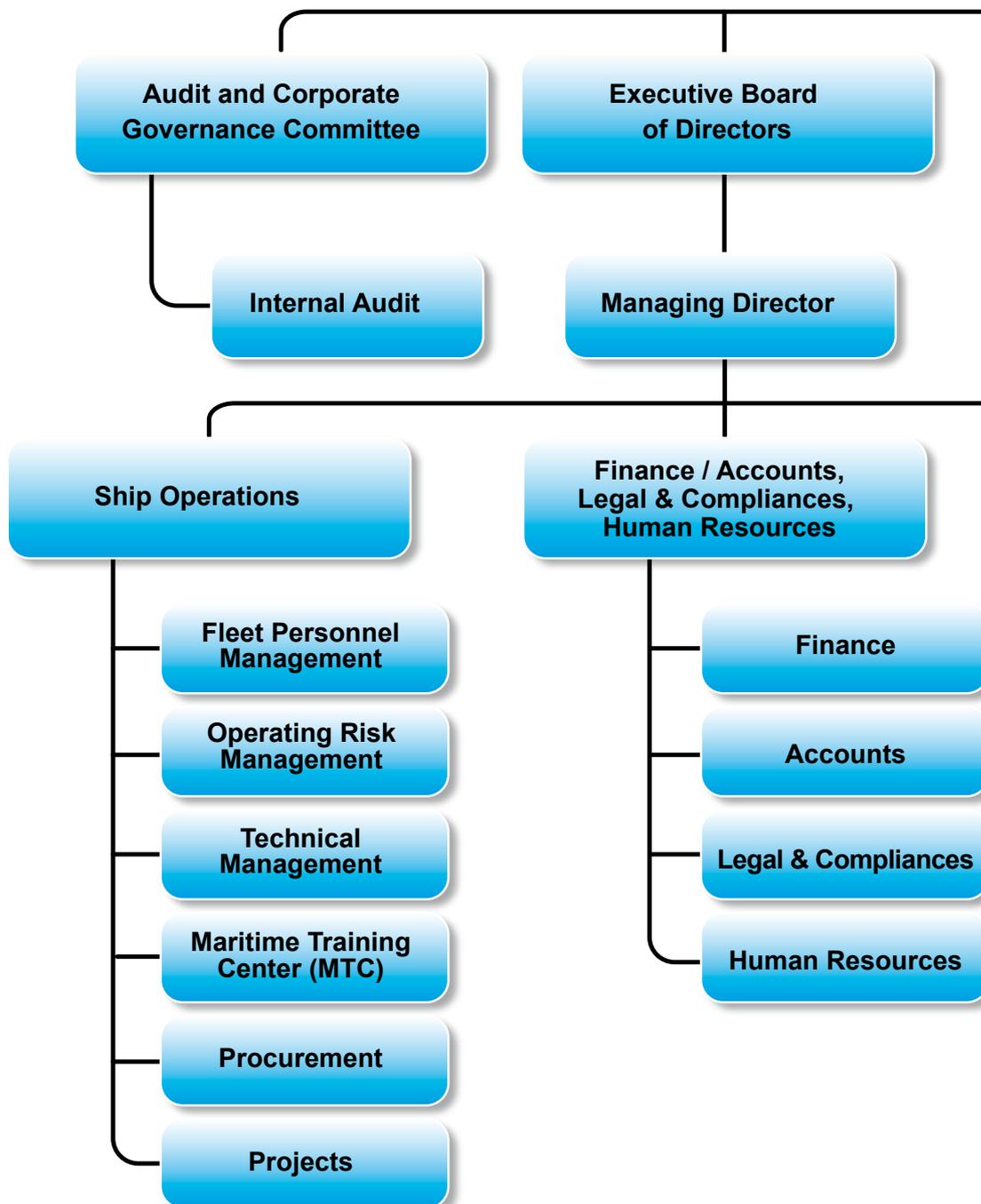


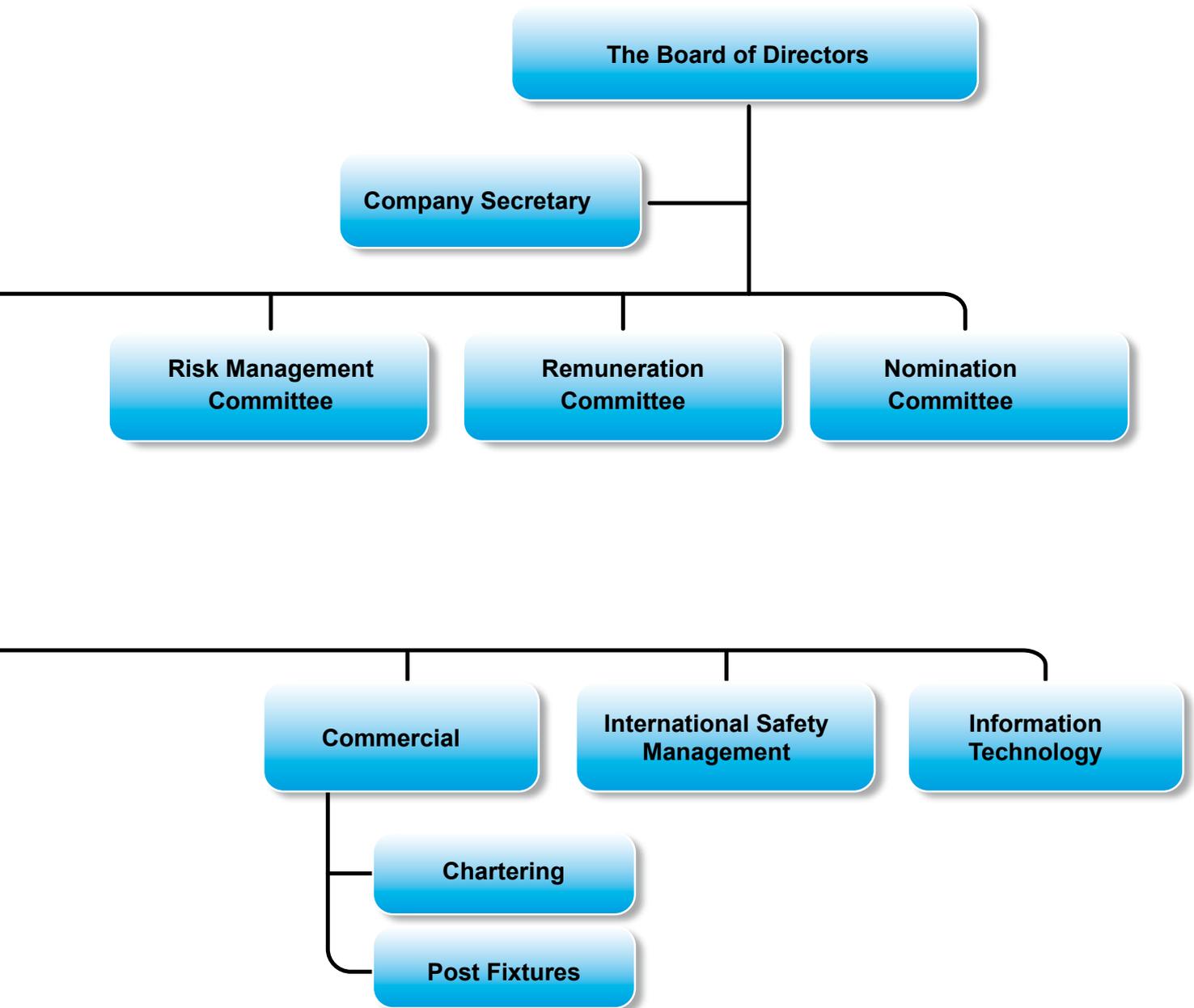
CORPORATE GOVERNANCE



ORGANIZATION STRUCTURE

1. ORGANIZATION CHART







The Company has 6 Boards / Committees

1. The Board of Directors
2. The Executive Board of Directors
3. The Audit & Corporate Governance Committee
4. The Remuneration Committee
5. The Nomination Committee
6. The Risk Management Committee

ELECTION OF THE BOARD OF DIRECTORS

The election of Directors is conducted by the meeting of shareholders. Each shareholder has one vote per share and each shareholder exercises all votes applicable in appointing one or more persons to be a Director. The candidates are ranked in descending order from the highest number of votes to the lowest and are appointed as Directors in that order until the Director positions are filled. Where the votes for candidates are tied and which would result in a number of directors that would exceed what is stipulated, the Chairman has the casting vote.

2. THE BOARD OF DIRECTORS

2.1 Board Composition

The number of members on the Board of Directors is commensurate with the size and complexity of the Company's business. As of 31 December 2020, there are twelve Directors on the Board of Directors of the Company which comprises three Executive Directors (as full time employee of the Company/ Subsidiary) and nine Non-Executive Directors, five of whom are Independent Directors (42% of Board of Directors).

The Board of Directors comprises of individuals with background and experience in the marine industry, accounting, finance & investment, strategy, law & compliance and capital markets. The Board is of the view that gender is an important aspect of diversity and will strive to ensure that female candidates are included for shareholders' consideration. In 2020, the shareholders approved the appointment of two female Directors as proposed by the Board of Directors and the Nomination Committee. Currently, the Board comprises of 7 male Directors and 5 female Directors. Three of the female Directors are Independent.

2.2 The Board of Directors

Members of the Board of Directors as of 31 December 2020 are as follows:

Director's Name	Position	The last re-appointment Date
1. Mr. Chaipatr Srivisarvacha*	The Chairman of the Board of Directors Independent Director	4 April 2018
2. Mr. Kamtorn Sila-On	The Chairman of the Audit & Corporate Governance Committee The Chairman of the Risk Management Committee The Chairman of the Remuneration Committee Independent Director	4 April 2019



Director's Name	Position	The last re-appointment Date
3. Ms. Pensri Suteerasarn**	The Chairperson of the Nomination Committee Independent Director	8 July 2020
4. Professor Dr. Pavida Pananond	Independent Director	4 April 2019
5. Ms. Lyn Yen Kok	Independent Director	4 April 2019
6. Mr. Kirit Shah	Director	4 April 2018
7. Ms. Nishita Shah	Director	4 April 2018
8. Mr. Ishaan Shah	Director	4 April 2019
9. Mr. Khushroo Kali Wadia	Director	8 July 2020
10. Mr. Khalid Moinuddin Hashim	Managing Director Executive Director	8 July 2020
11. Mr. Gautam Khurana	Executive Director	8 July 2020
12. Ms. Sirasa Supawasin**	Executive Director	8 July 2020

* Appointed as Chairman of the Board of Directors by a resolution at the Meeting No. 6/2020 of the Board of Directors of the Company held on 8th July 2020 to replace Mr. Thira Wipuchanin who has passed the age limit for a director as per the Company's Corporate Governance Policy

** New Director appointed by Shareholders' resolution in the Annual General Meeting of the Shareholders (AGM) No. 1/2020 held on 8th July 2020

The Chairman of the Board of Directors and the Managing Director

The Chairman of the Board of Directors is an Independent Director and has no relationship with the Management, as defined by the SET. The Chairman is not the same person as the Managing Director of the Company nor is he related in any way to the Managing Director of the Company. These roles are deliberately disaggregated so that there is a clear differentiation between the duties of the policy maker and the policy manager.

The Chairman of the Board is the leader of the Board and performs the role of Chairman for both Board and shareholders' meetings. The Chairman's role includes promoting corporate governance and compliance and ensuring its effectiveness. He engages directly with the Managing Director to monitor performance and oversees the implementation of the Company strategies.

The Managing Director is the head and leader of the Company's executives and is responsible to the Board for managing the Company in order to achieve all planned objectives.

Powers, roles and duties of the Chairman of the Board of Directors

- Provides leadership to the Board of Directors;
- Presides over the Board of Directors meetings, Non-Executive Directors meetings and Shareholders meetings;
- Facilitates open and constructive communication between members of the Board and encourages their contribution to Board discussions;
- Promotes the highest standards of corporate governance, ethics and corporate social responsibilities;
- Consult with the Managing Director and Company Secretary to arrange the schedule and agendas of the Board of Directors' meetings;
- Ensure that the Company has effective communication with its shareholders and relevant stakeholders.



Powers, roles and duties of the Managing Director

- The day-to-day management of the Company and its business is the responsibility of the Managing Director who is supported by the executive team;
- Develops and recommends the Company's vision, mission, strategy and business plan for the Board's approval;
- Manages the Company in accordance with strategy, business plans and policies approved by the Board of Directors;
- Reports on the Company's operation results to the Board of Directors as well as other work in progress to achieve the Company's objectives;
- Ensures that all Directors are properly informed and that sufficient information is provided to enable the Directors to form appropriate judgments;
- Builds and maintains an effective top management team capable of delivering the Company's strategy and objectives, and identifies and recruits new talent to ensure effective succession to top management positions;
- Ensures communication with shareholders and relevant stakeholders;
- Undertakes any other roles and duties assigned by the Board of Directors.

Powers, duties and responsibilities of the Board of Directors are as follows:

1. The Board of Directors performs its duties in conformity with applicable laws and carries on the business of the Company in accordance with the law, the Company's objectives and the articles of association as well as the resolutions of the shareholders' meetings. The Board of Directors is authorized to carry out the Company's activities as prescribed in the memorandum or those related thereto under the Public Limited Companies Act B.E. 2535. The Board of Directors is responsible to the Company's shareholders. Each Director represents all shareholders and takes part in supervisory and regulatory functions in the Company's operations, in an independent and impartial manner, for the benefit of all shareholders and other stakeholders.
2. The Directors, in their business conduct, are expected to generally act with care to preserve the interest of the Company.
3. According to the Corporate Governance Policy of the Company, the quorum for a Board of Directors meeting is at least two-thirds of the Board size. However, in the event of an emergency, this requirement can be waived and the quorum shall be constituted by attendance of no less than half of all the Directors, as required by the Articles of Association of the Company and Law.
4. The Board of Directors or the Shareholders at their meeting is entitled to designate the authorized Directors to bind the Company and accordingly, any two of the following with the Company's Seal are presently the authorized signatories:
 - 1) Mr. Khalid Moinuddin Hashim
 - 2) Mr. Kirit Shah
 - 3) Mr. Ishaan Shah
 - 4) Mr. Gautam Khurana
5. The Board of Directors is inter alia authorized to sell or mortgage any of the Company's immovable properties, to let any of the Company's immovable properties for a period of more than three years, to make a gift, to compromise, to file complaints to the Court and to submit a dispute to the Arbitration.
6. Annually review and approve the Vision and Mission Statement, Core Values, and Business Ethics and Code of Conduct.



7. Review and discuss Management's proposed strategies and options and approve major decisions in respect of the Company's business direction and policies. The Board of Directors also reviews and approves the Business and performance goals proposed by the Management.
8. Monitor the implementation of the Company's strategies including monitoring the Company's performance and progress toward achieving set objectives as well as compliance with the laws, regulations and related policies.
9. Ensure the establishment and communication of the policy and programme related to anti-corruption.
10. Ensure the existence of an effective internal control system and appropriate risk management framework.
11. Ensure an effective audit system executed by both internal and external auditors.
12. Approve quarterly and annual financial reports to ensure that the reports are prepared under generally accepted accounting standards.
13. Ensure that the Company has a system in place to communicate effectively with all stakeholders.
14. Define policy and guidelines for risk management and monitor the management to ensure the efficiency of risk management system.
15. Define policy and guidelines for good corporate governance and ensure that the duties and responsibilities of Directors and the management comply with Corporate Governance principles.
16. Define policy and guidelines to implement Corporate Social Responsibility.

3. SUB-COMMITTEES

The Board has appointed the following five sub-committees

3.1 THE AUDIT & CORPORATE GOVERNANCE COMMITTEE

The Audit & Corporate Governance Committee has been appointed by the Board of Directors with the objective of having a mechanism to assist the Board independently in accordance with the regulations and the recommendations in respect of Good Corporate Governance, to give an opinion on the accuracy of the Company's Financial Statements and their credibility and transparency, to encourage good corporate governance including coordination with the Board of Directors for risk management and internal control systems in the Company. This is expected to create efficiencies in operations and provide for an independent check on the functioning of the Management of the Company including checks on conflict-of-interest issues and connected party transactions, if any.

The Board of Directors has appointed the Audit Committee since 24 August 1998 with a term of 2 years for each member. On 3 February 2012, the Board resolved to change the name of the Audit Committee from "Audit Committee" to "Audit & Corporate Governance Committee" to reflect the fact that the role and responsibility of the Audit Committee of the Company also included Corporate Governance. Additionally, it was to ensure that the Audit & Corporate Governance Committee places due emphasis on compliance of relevant regulations and continues the development of Corporate Governance of the Company. The current Audit & Corporate Governance Committee Members are as follows:



Name	Position	Status	Duration on the Committee
1. Mr. Kamtorn Sila-On*	Chairman of the Audit & Corporate Governance Committee	Independent Director	2 Years
2. Professor Dr. Pavida Pananond*	Audit & Corporate Governance Committee Member	Independent Director	2 Years
3. Ms. Lyn Yen Kok*	Audit & Corporate Governance Committee Member	Independent Director	2 Years

* Each of the Audit & Corporate Governance Committee members has knowledge and experience in the field of accounting and finance. Details of their experience have been presented in Enclosure 1 "Information on relevant persons in the Company" of this Annual Report.

The Audit & Corporate Governance Committee is responsible for reviewing and reporting the following matters to the Board of Directors.

1. To review the Company's financial reporting process to ensure accuracy with adequate and complete disclosure.
2. To ensure that the Company has an appropriate and efficient internal control system subject to internal audit and to also ensure that there is an efficient internal audit system in place and to ensure the independence of internal audit department, including approval of the selection, promotion, rotation or termination process of the internal audit head.
3. Review risk management system of the Company and recommend improvements on a regular basis.
4. Review guidelines for the Company's Corporate Governance as compared with those of International organizations and present its recommendations to the Board of Directors.
5. To review the performance of the Company to ensure compliance with the securities and exchange law, regulations of the Exchange and other laws relating to the business of the Company.
6. To select and nominate for the shareholders' approval or discharge, the external auditor of the Company, including recommendation of remuneration of the external auditor after considering the independence of the external auditor and to freely discuss significant matters, the Audit & Corporate Governance Committee shall meet privately with the external auditor at least once a year, without the management team being present.
7. To review connected party transactions that may lead to conflict of interest to comply with all related rules and to ensure the transactions are reasonable and for the full benefit of the Company and to ensure accurate and complete disclosure of the same.
8. To oversee the Anti-Corruption policy and annually review the Company's Anti-corruption procedures to ensure the effective compliance with the guidelines of the Collective Action Coalition Against Corruption (CAC).
9. To review the Company's compliance with its Whistleblowing Policy and Procedures for Reporting and Investigation of Misconduct and/or Fraud and consider all instances (if any) of misconduct or fraud and the final investigation report.
10. To prepare a report on the monitoring activities of the Audit & Corporate Governance Committee, in accordance with the required details per SET regulations and disclose it in the annual report. Such report to be signed by the Chairman of the Audit & Corporate Governance Committee.
11. To perform any other acts as delegated by the Board of Directors and accepted by the Audit & Corporate Governance Committee.



3.2 THE EXECUTIVE BOARD OF DIRECTORS

The following 3 persons are appointed by the Board of Directors as the Executive Directors on the Executive Board of Directors.

Name	Position
1. Mr. Khalid Moinuddin Hashim	Managing Director
2. Mr. Gautam Khurana	Director (Finance)
3. Mr. Prashant Mahalingam*	Director (Technical)

* Appointed as Executive Director with effect from 1 January 2021 in place of Mr. Kodakaraveetil Murali Menon, who retired from the Company and the Executive Board with effect from 1 January 2021

Powers, duties and responsibilities of the Executive Board of Directors are summarized hereunder:

1. To manage the Company's business under the resolutions/regulations of the Board of Directors.
2. To execute any agreements/contracts binding the Company the terms and conditions of which must be in their scope of authority vested by the Board of Directors. Such agreements/contracts must be affixed with signatures of any two Executive Directors together with the Company's seal.
3. To generally act on behalf and in the interest of the Company and its subsidiaries as may be required to carry on the business.
4. The Executive Board of Directors shall report on the business operations conducted by the Executive Board to the Board of Directors for acknowledgement and discussions. However, policy-related issues, or issues likely to have significant and major impact on the Company's business, or issues requiring action by the Board of Directors in compliance with laws, or the Company's Articles of Association, must be approved by the Board of Directors. This also includes issues for which the Executive Board of Directors considers it appropriate to seek the approval of the Board of Directors on a case-by-case basis, or per the criteria designated by the Board of Directors.
5. Prepare and review strategic objectives, financial plans and key policies of the Company, to be submitted to the Board of Directors for approval.
6. Review management authority in various aspects stipulated in the approval authority hierarchy, to be submitted for approval to the Board of Directors.
7. Appoint, monitor and evaluate the performance of employees from the level of department head down to middle managers.
8. Monitor and report on the Company's operating results to the Board of Directors as well as on other work in progress to achieve the Company's objectives.
9. Communicate with external stakeholders, per designated authority, and as deemed appropriate.
10. Prepare and review policy and guidelines for risk management and monitor the management to ensure the efficiency of risk management system.
11. Prepare and review policy and guidelines for good Corporate Governance and guidelines to implement Corporate Social Responsibility.
12. Develop and implement anti-corruption systems, as well as encourage employees at all levels and related parties to follow the anti-corruption policy in order to create a culture free of graft.



3.3 THE RISK MANAGEMENT COMMITTEE

The Risk Management Committee has been appointed by the Board of Directors as a mechanism to assist the Board in prescribing a Risk Management policy that covers the entire organization with the objective to identify and monitor risks on an on-going basis as well as to put in place effective mitigation measures.

The Board of Directors appointed the Risk Management Committee in the Board meeting No.1/2020 held on 11 February 2020, which currently consists of 4 Directors as follows:

Name	Position	Status	Duration on the Committee
1. Mr. Kamtorn Sila-On	Chairman of the Risk Management Committee	Independent Director	2 Years
2. Professor Dr. Pavida Pananond	Risk Management Committee Member	Independent Director	2 Years
3. Ms. Lyn Yen Kok	Risk Management Committee Member	Independent Director	2 Years
4. Mr. Khalid Moinuddin Hashim	Risk Management Committee Member	Executive Director/ Managing Director	2 Years

Powers, duties and responsibilities of the Risk Management Committee are summarized hereunder

1. Prescribing the Risk Management policy.
2. Setting out procedures to mitigate and manage major risks that could impact the organization.
3. Oversee the risk management process to ensure that both internal and external risk factors which may impede the achievement of Company objectives are considered during risk identification.
4. Ensure that impact assessment of risk factors is properly carried out and that appropriate risk mitigation methods are identified.
5. Annually review the risk management policies and procedures.
6. Follow up on, and evaluate, the performance in accordance with the organization-wide risk management framework, including recommendation of a framework for internal controls.
7. Regularly report the Company's major risks as well as the progress of measures taken to mitigate these risks to the Board of Directors.

3.4 THE REMUNERATION COMMITTEE

The Remuneration Committee has been appointed by the Board of Directors as a mechanism to assist the Board in independently proposing the criteria of and setting guidelines for the Remuneration of Directors and Senior Management and to propose the remuneration of the Board of Directors who will then act (accept fully, partially or reject totally) in accordance with the regulations and good governance practices based on the recommendations made by the Remuneration Committee. The Board of Directors is not empowered to fix the Remuneration of the Directors but rather required to particularize their recommendations on the same, to the shareholders for their approval.

The Board of Directors appointed the Remuneration Committee in their meeting held on 15 November 2007, which currently consists of 3 Directors as follows:



Name	Position	Status	Duration on the Committee
1. Mr. Kamtorn Sila-On	Chairman of the Remuneration Committee	Independent Director	2 Years
2. Professor Dr. Pavida Pananond	Remuneration Committee Member	Independent Director	2 Years
3. Mr. Kirit Shah	Remuneration Committee Member	Director	2 Years

Powers, duties and responsibilities of the Remuneration Committee are summarized hereunder

The Remuneration Committee is responsible for duties assigned by the Board of Directors as follows:

1. Set out compensation guidelines for Directors and Senior Management and propose the same to the Board of Directors.
2. Propose the Directors' Remuneration for the Board to make its recommendations and express its opinion for approval at the shareholders' meeting.
3. Update the Board of Directors about compensation norms being followed by Companies in Thailand and abroad.
4. Other specific jobs assigned by the Board of Directors.

3.5 THE NOMINATION COMMITTEE

The Nomination Committee has been appointed by the Board of Directors in order to set up a mechanism to assist the Board to independently propose the criteria and set guidelines for the nomination of new Directors and recruitment and selection of Senior Management and thereafter propose to the Board of Directors who could then consider the proposal and decide to accept or reject the same or amend it for further approval by shareholders if required (for the appointment of Directors).

The Board of Directors appointed the Nomination Committee in their meeting held on 15 November 2007, which currently consists of 3 Directors as follows:

Name	Position	Status	Duration on the Committee
1. Ms. Pensri Suteerasarn*	Chairperson of the Nomination Committee	Independent Director	2 Years
2. Mr. Kamtorn Sila-On	Nomination Committee Member	Independent Director	2 Years
3. Ms. Lyn Yen Kok	Nomination Committee Member	Independent Director	2 Years

* Appointed as the new Chairperson of the Nomination Committee in replacement of Mr. Chaipatr Srivisanvacha who is now appointed as the Chairman of the Board of Directors of the Company.



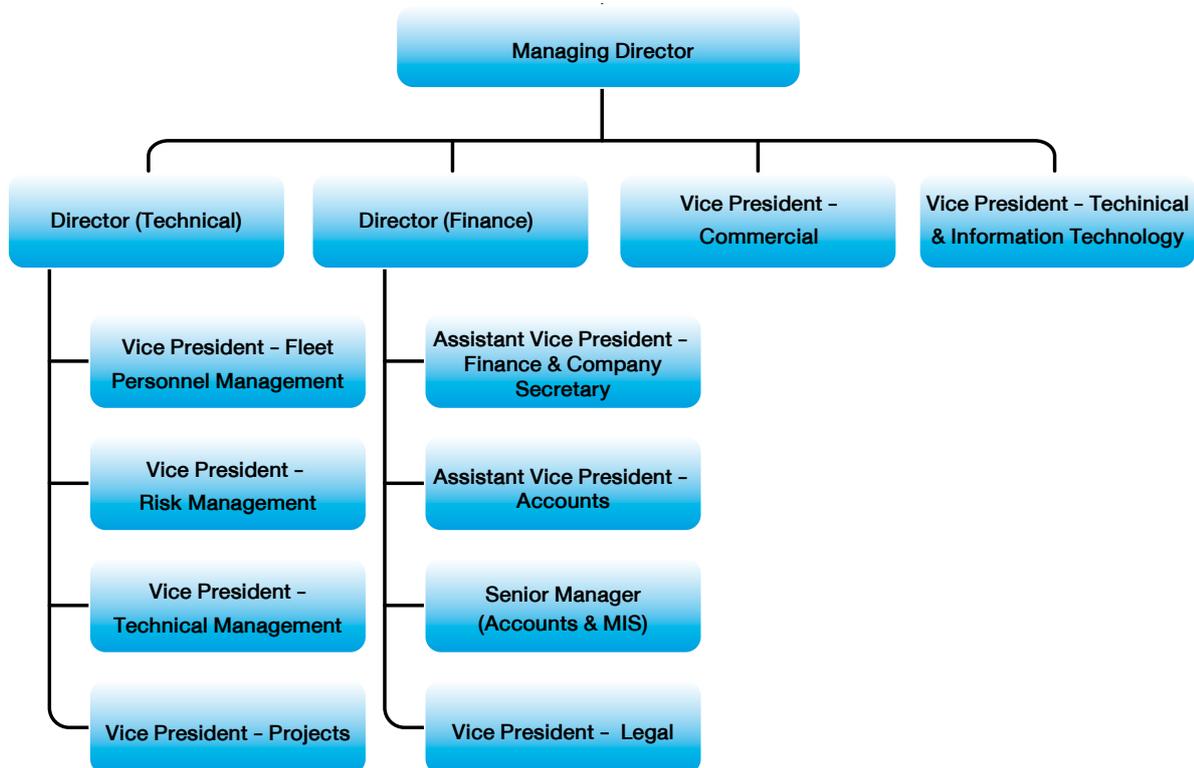
Powers, duties and responsibilities of the Nomination Committee are summarized hereunder

The Nomination Committee is responsible for duties assigned by the Board of Directors as follows:

1. Set out selection and nomination guidelines of appropriate persons and propose the same to the Board of Directors.
2. Review the Board structure and propose a succession plan for Directors and Senior Management.
3. Propose to the Board, names of potential candidates for appointment as Directors for the Board's approval, in case of a casual vacancy, or the Board's recommendations for approval in shareholders' meeting.
4. If requested by the Board of Directors, assist in the process of review of performance of Directors.
5. Prepare specific reports on latest trends and practices in the appointment of the Directors and Senior Management for consideration by the Board of Directors.
6. Other jobs assigned by the Board of Directors.

4. MANAGEMENT

4.1 Senior Management





The following persons have been appointed by the Board of Directors as the Executive Directors of the Company and constitute the Executive Board of Directors as of 31 December 2020.

Name	Position
1. Mr. Khalid Moinuddin Hashim	Managing Director
2. Mr. Gautam Khurana	Director (Finance)
3. Mr. Kodakaraveettil Murali Menon*	Director (Technical)

* Retired from the Company and the Executive Board of Directors with effect from 1 January 2021. Replaced by Mr. Prashant Mahalingam who was appointed Director (Technical) with effect from 1 January 2021

Senior Management of the Company and its subsidiaries in 2020 comprises of the following:

Name	Position
1. Mr. Khalid Moinuddin Hashim	Managing Director
2. Mr. Gautam Khurana	Director (Finance)
3. Mr. Kodakara Veettil Murali Menon*	Director (Technical)
4. Mr. Shrilal Gopinathan	Vice President (Commercial)
5. Mr. Sebastian Arcanjo Cardozo	Vice President (Fleet Personnel Management)
6. Mr. Neelakantan Vasudevan	Vice President (Risk Management)
7. Mr. Nishikant Govind Desai**	Vice President (Projects)
8. Mr. Prashant Mahalingam***	Vice President (Technical)
9. Mr. Chandrasekhar Sivaraman Venkatraman	Vice President (Technical & Information Technology)
10. Ms. Sirasa Supawasin	Vice President (Legal)
11. Ms. Somprathana Thepnapaplern	Assistant Vice President - Finance & Company Secretary
12. Ms. Wimonwan Jaysrichai	Assistant Vice President - Group Accounts
13. Ms. Nalinthip Santinanon	Senior Manager (Accounts & MIS)

* Retired from the Company with effect from 1 January 2021.

** Retired from the Company with effect from 1 December 2020

*** Appointed by the Board of Directors as the Executive Director on the Executive Board of Directors and Director (Technical) with effect from 1 January 2021

4.2 Management Remuneration

Since the year 2007, the Board appointed and assigned the Remuneration Committee to set procedures for consideration of the remuneration of the Directors and Management in accordance with international standards and comparable with other equivalent listed companies including companies in the transportation industry.

The Management remuneration is fixed in accordance with the principles and policies set by the Board of Directors. The Board of Directors directly and specifically approves the remuneration of the Executive Board and the Director employed in an executive capacity in the Company's subsidiary based on the remuneration in the Industry for equivalent positions, financial status/performance of the Company and their respective individual performances.

The remuneration of the Executive Directors and Senior Management includes their salary, bonus, and other remuneration (income tax and house rental) including severance payments as retirement compensation. During the years 2020 and 2019, the Company (and subsidiaries) paid remuneration to the Executive Directors and Senior Management (including Executive Directors and Senior Management who retired during the year and Managing Director), totaling 13 persons (2019: 15 persons) of Baht 60.89 million and Baht 80.52 million, respectively.



The total remuneration to the Managing Director for 2020 and 2019 as follows

Description	Y2020	Y2019
	Total Amount (Million Baht)	Total Amount (Million Baht)
Remuneration for the Managing Director:		
• Salary	7.73	7.73
• Bonus	-	1.29
• Income Tax	3.53	4.22
• Director fee	0.55	0.55
• Other remuneration	0.62	0.62
Total Remuneration for Managing Director	12.43	14.41

4.3 Employee Information

Information for employees of the Company including its subsidiary, i.e., Great Circle Shipping Agency Limited (“GCSA”) and crews on board as of 31 December 2020 and 2019.

Description	31 December 2020	31 December 2019
Total Employees (persons)	129	134
Total Employees Compensation (Million Baht)	229.27	260.31

Remuneration to office employees is comprised of salary, bonus, and other benefits like provident fund on a voluntary basis.

5. Other important information

5.1 Information on relevant persons in the Company

The names, biographies, experiences and numbers of shares of the Board of Directors and Management including Company Secretary, the person taking the highest responsibility in finance and accounting, the person supervising accounting, Head of Internal Audit, and Head of Legal & Compliance are provided in **Enclosure 1** “Information on the relevant persons in the Company” of this Annual Report as well as on the corporate website.

5.2 Investor Relations

The Board of Directors recognizes the importance of accurate, complete and transparent disclosure of financial information and general information, which may affect the Company’s share price. The Company provides the information through the SET, the Company’s website, social media and through regular newsletters and communications from the Managing Director. All investors can send an email to ir@preciousshipping.com or reach out to the following persons who have been designated as contact points for investors, shareholders, analysts and the general public:

Mr. Khalid Moinuddin Hashim	Managing Director Telephone 66 2696 8801 Email: kh@preciousshipping.com
Mr. Gautam Khurana	Executive Director Telephone 66 2696 8858 Email: gk@preciousshipping.com



Ms. Sirasa Supawasin	Vice President – Legal Telephone 66 2696 8854 Email: sirasa@preciousshipping.com
Ms. Somprathana Thepnaplern	AVP (Finance & Accounts) and Company Secretary Telephone 66 2696 8856 Email: som@preciousshipping.com

5.3 Company Secretary

In keeping with good Corporate Governance, the Company designated a Company Secretary viz. Ms. Somprathana Thepnaplern, having duties and responsibilities in accordance with the Securities and Exchange Act and to be responsible for overseeing and advising the Board and the Management regarding applicable laws, rules, regulations and good Corporate Governance, and responsible for holding the Board and Shareholders' meetings. The additional tasks include assisting the Board to comply with resolutions and safeguard the Company's documents and information.

5.4 Audit Fee

The total audit fee and non-audit fee paid in 2020 and 2019 for the Company, all its subsidiaries, and associates were as following:

Details	Y2020 (Million Baht)	Y2019 (Million Baht)
Audit Fee & Non-audit fee - Paid to EY Office Limited:-		
Audit fee for the Company	2.10	2.05
Audit fee for Thai subsidiaries and 1 Foreign subsidiary	2.38	2.59
Total Audit fee	4.48	4.64
Non-audit fee services - Paid to EY Office Limited:-		
• Fee for certification purposes by BOI	0.09	0.37
• Fee for reviewing the accounts of certain foreign subsidiaries (for consolidation purpose)	0.88	0.88
• Fee for reviewing the accounting transactions in relation to Thai Financial Reporting Standard (TFRS) No. 9 : Financial Instruments	0.48	-
Total Non-audit fee services for the Company & its subsidiaries	1.45	1.25
Total Audit fee & Non-audit fee - Paid to EY Office Limited	5.93	5.89
Audit fee for foreign subsidiaries - Paid to other audit firms	3.24	3.20
Non-audit fee for foreign subsidiaries - Paid to other audit firms	0.90	0.94
Total Audit fee & Non-audit fee for the year	10.07	10.03



CORPORATE GOVERNANCE REPORT

Definition

Corporate Governance is a set of structures and processes of relationships between a company's management, its board and its shareholders to enhance its competitiveness towards business prosperity and long-term shareholder value taking into consideration the interests of other stakeholders.

The above definition is as recommended by the SEC and the Company has endeavored to follow the same completely in letter and spirit.

The Corporate Governance Policy

Precious Shipping Public Company Limited ("the Company") recognizes that good Corporate Governance is important and necessary for sustainable growth in business and long term shareholder value, and accordingly, the Board of Directors has reinforced corporate governance by including policies and directions on operating the business, set up adequate internal controls and internal audit systems and monitoring management to perform effectively under the policy to ensure long term interests of shareholders under applicable laws with full transparency and correct business ethics. The Board has set up a Corporate Governance Policy Manual, a Business Ethics and Code of Conduct Manual and an Anti-Corruption Policy Manual which have been circulated to all the Company's employees in a hard copy form and via email and disclosed on the Company's website under the subject of "**Corporate Governance**". The Company reviews and updates these Manuals regularly in order to ensure that these Manuals meet the present requirements and are suitable for the current circumstances.

The Company's Corporate Governance Policy Manual consists of:

- Right and Equitable Treatment of Shareholders and various groups of Stakeholders
- Structure, Rules, Duties, Responsibilities, and Independence of the Board of Directors
- Information Disclosure and Transparency
- Supervision of Subsidiaries and Associated Companies
- Controlling System and Risk Management
- Business Ethics

The Board of Directors, through the Audit & Corporate Governance Committee annually reviews and provide their opinions to the Board of Directors regarding the implementation of the CG Code within the Company, in order to ensure that good corporate governance is followed within the Company for the sustainability of the Company. The Company has adopted the terms of the CG Code which are suitable for its business.

In the Board of Directors' meeting held on 16 November 2020, the Board reviewed the CG Code issued by the SEC and the CG guideline issued by the Stock Exchange of Thailand, and also conducted a corporate governance self-assessment through a questionnaire following the SET and IOD guidelines. The scores of corporate governance self-assessment fall in the level of "Very Good". The Board of Directors intends to use this result to further improve its corporate governance. The Company intends for the corporate governance self-assessment to be done every year in order to comply with Good Corporate Governance practices and accordingly, this exercise will be conducted again in the year 2021.



The Company's implementation of good Corporate Governance principles is outlined in 5 sections hereunder:

1. RIGHTS OF SHAREHOLDERS

The Company recognizes the rights of shareholders as well its fiduciary duty to ensure equitable treatment of all shareholders and to safeguard the interests of all shareholders. The basic legal rights comprise the right to buy/sell or to transfer securities held, the right to share in profits of the Company, the right to receive dividend, the right to attend the shareholders meetings, the right to propose agenda in the shareholders meetings, the right to vote for the appointment of Directors and fixing of Director Remunerations, the right to vote for the appointment of auditors and fixing of auditors' fees and the right to take part in decision-making of the Company's material issues, such as approval of key activities affecting business direction.

Apart from the basic rights of shareholders above, the shareholders have the right to receive information on operating performance, newsletters from management and other key information via the Company's website. In accordance with good Corporate Governance guidelines, the Company has conducted its affairs with a view to protecting shareholders' rights and also encouraging all shareholders to exercise their rights. The policy for maintaining rights of shareholders is part of the Company's Corporate Governance Policy Manual which is disclosed on the Company's website.

The Company is responsible to the shareholders in terms of information disclosure, accounting methods, internal information usage and conflict of interests. The Board of Directors and Management are expected to be honest and any decision must be based on honesty and fairness to both major and minor shareholders, and for the collective benefit of all. Some of the policies and procedures followed to protect the rights of the Company's shareholders are as follows:

1.1 Appointment of Board members

The Company has continuously improved the requirement of documents required for the appointment of each Board member individually to give additional information in the nominees'/existing Directors' profile in the Company's Annual Report and also to present to the Company's shareholders in the Annual General Meeting of shareholders ("AGM"). The aforesaid information is provided so that the Company's shareholders can get correct and complete information, which is relevant and required for their appointment, and include the following:

- Nominee's/Director's profile: Name, position, age, education, relevant knowledge, occupation, working experience and illegal acts (if any).
- Nominee's/Director's positions in any materially connected business.
- Number of shares held by the Nominee/Director in the Company.
- Nomination procedures (in case of the Directors who retire by rotation).
- Directors' previous performance as Director in terms of meeting attendance.

1.2 Consideration of the policy on Directors' remuneration

The Company follows the policy of obtaining the approval of the policy on Directors' remuneration from the shareholders in the AGM and has also disclosed guidelines/procedures for determining Directors' remuneration in 5.1 hereunder.

1.3 Appointment of auditors

The Company follows the policy of obtaining the approval of appointment of auditors from the shareholders in the AGM and has improved the information disclosure for the correctness and completeness of the information required for the decision on the appointment of auditors. The information provided in the AGM includes details as follows:

- Auditor's firm
- Auditor's name



- Auditor's remuneration for approval including separate disclosure for audit and non-audit related remuneration
- Auditor's remuneration for the previous year
- Relationship with the Company such as being the Company's advisor
- Number of years as the Company's auditor (in case of reappointment of the present auditor)
- Auditor's performance
- The reasons for changing the Auditor (in case the Company appoints a new auditor)

1.4 Consideration of the dividend policy

The Company obtained the approval of its current dividend policy in the shareholders' meeting in year 2004 and will continue to obtain such approvals in case of any changes in future.

1.5 Consideration of the share repurchase plan

The Company obtained approval for the share repurchase plan from the shareholders in the shareholders' meeting in the year 2003, authorizing the Board of Directors to repurchase the Company's shares in accordance with SET/SEC regulations and provide the correct and complete information required for their decision.

1.6 Shareholders' Meetings

The Board of Directors had earlier resolved to change the 2020 Annual General Meeting of the Shareholders from a physical meeting to an electronic meeting due to the Company's concern over its shareholders' safety and health during the COVID-19 pandemic situation. The Company held the AGM on 8 July 2020 by electronic means ("E-AGM") which was broadcast from the Company's office located at No. 8 North Sathorn Road, Silom, Bangrak, Bangkok 10500 Thailand. This E-AGM was held in accordance with relevant laws and regulations concerning electronic meetings such as the Emergency Decree on Electronic Meetings, B.E. 2563 (2020), the Announcement of Ministry of Digital Economy and Society on the Security Standard for the Meeting through Electronic mean B.E. 2563 (2020), and the Security Standard of the Monitoring System of the Meeting.

The Company has adhered to the recommendations of SET/SEC for holding a shareholders' meeting, which are as follows:

Before the date of 2020 Annual General Meeting of shareholders (AGM)

- The Company provided an opportunity to the shareholders to propose agenda items for the AGM and nominate suitable candidates to be members of the Board of Directors of the Company. This practice will be continued for AGM 2021 as well. Shareholders with a combined holding of at least 2,000,000 shares can propose agenda items or nominate qualified Directors. In 2020, the Company invited shareholders to propose agenda items and to nominate a candidate to be elected as Director through the Company's website. The invitation period was in the first instance, from 1 October 2019 to 31 December 2019. Following the postponement of the AGM from 23 April 2020 to 8 July 2020 due to the Covid-19 pandemic, the Company provided an additional nomination period from 20 April 2020 to 11 May 2020. This exceeds the privileges required to be provided to shareholders by law. The Company set up communication channels through its website and made an announcement through the SET, based on which, a shareholder or a group of shareholders could propose an agenda item and/or nominate candidates to be Directors for consideration in the AGM.
- For AGM 2020, the Company disclosed the AGM schedule and the AGM Agenda through the SET on 11 February 2020 and 12 May 2020 (57 days before the AGM date) to enable shareholders to plan their schedule for the meeting.
- Providing an opportunity to the shareholders to post questions in advance, to be addressed at the AGM 2020. This practice will be continued for AGM 2021 as well.



- Providing a complete and correct notice with full information to call each shareholders' meeting is the normal policy of the Company. The notice includes the objective and reasons for each agenda item apart from the Board of Directors' comments/opinion, which have always been included. The Company does not amend the agenda of the shareholders' meeting without giving notice to shareholders.
- For AGM 2020, the Company disclosed the notice of shareholders' AGM on the Company's website on 9 March 2020 and 5 June 2020 (33 days before the AGM date). The Company also assigned the Thailand Securities Depository Co., Ltd. which is the Company's registrar to send the AGM notice to shareholders on 16 March 2020 and 8 June 2020 (30 days in advance of the AGM).
- The Company publishes the notice of shareholders' meeting in both Thai and English language newspapers for three consecutive days and at least 14 days prior to shareholders' meeting.
- Facilitating proxy voting: clearly specifying the documents required to give proxy and by sending out the Notice to the extent possible, to the Company's shareholders at least 4 weeks prior to the meeting date. For shareholders who are unable to attend in each meeting, the Company has designated the Chairman and/or Independent Director to attend and to vote on their behalf in each meeting. Full details for this purpose are provided in the Notice of shareholders' meetings. Moreover, the Notice, including Proxy (Form B.), was disclosed on the Company's website to facilitate its download by shareholders.
- Provide detailed guidelines for attending the E-AGM which was held on 8 July 2020.
- The Company sent an E-AGM registration Form together with a list of required documents for shareholders who wish to attend the E-AGM by themselves and for shareholders who wish to appoint a proxy to attend the E-AGM.
- After the Company received the requisite documents, the Company sent an email containing the Username and Password along with the Weblink to attend the E-AGM.

On the date of the E-AGM

On the meeting date, the Company allowed for shareholders' to access the system one hour before the meeting.

- One share would have one vote. For each agenda item, shareholders will have the option to vote "Approve", "Disapprove" or "Abstain".
- To facilitate convenient vote counting, the Company prepared separate voting system for each agenda item. This was taken a step further for the agenda item in relation to the nomination of Directors whereby the Company provided separate votes for the selection of each Director in order to increase transparency for the voting process.
- The registration continued even after the meeting started in order to ensure the participation of all shareholders who came to attend the meeting.
- The Company appointed independent legal counselors to be inspectors of the vote counting process.
- To enable shareholders to make decisions, the Company provided adequate information in the Notice to the meeting on the agenda items.
- All Board members including the Chairman of the Board of Directors, the Chairman of the Remuneration Committee, the Chairman of the Audit & Corporate Governance Committee, the Chairman of the Nomination Committee and all Independent Directors attended the AGM of 2020. The Auditors also attended the AGM to answer any questions raised by shareholders in respect of the accounts or the conduct of the Audit.
- At every shareholder meeting, the Company Secretary explains the voting procedures to shareholders at the start of the meeting.



- Equal opportunity is provided to all shareholders to examine the Company's operations, to ask questions and express their opinions and advice. It is ensured that all items and resolutions including questions and answers are properly recorded in the minutes of the meeting.
- At the meeting, the Company provides simultaneously English and Thai translation of the questions, replies and comments for the benefit of all attendees.
- The Company arranges a video recording of the entire meeting and posts this on the Company website.

After the date of AGM

- The Company prepares comprehensive minutes of shareholders' meetings, which include the names of Board members' who attended the meeting. The minutes also include a correct and complete record of questions/answers, voting method, vote counting procedure and voting results. Thereafter, the minutes of shareholders' meetings are sent to the SET and disclosed on the website of the Company under the subject of "Investor Relations" within 14 days after the meeting. A video recording of the proceedings is also provided on the Company website.

2. EQUITABLE TREATMENT OF SHAREHOLDERS

The Company ensures the equitable treatment of all shareholders, regardless of whether they are minor or major shareholders, Thai or Foreign shareholders, Retail or Institutional shareholders. Also, all shareholders are treated on a fair and equal basis in terms of calling and holding shareholders meetings and for protecting the Rights of Shareholders for other matters by taking the following steps:

- Ascertaining that the date, time, venue of the meeting is convenient to attend.
- Ensuring a reliable electronic meeting platform (in case of an EGM).
- Offering one-share-one vote.
- The registration process commences at least 1-2 hours (as the case may be) in advance to keep adequate time for completion of registration.
- Providing ballot papers/electronic voting system for each agenda item.
- Arranging barcode system/electronic system for registration and vote counting for shareholders' convenience and accuracy of the vote-count.
- Providing an opportunity to shareholders to propose agenda items and to nominate candidates to be Director in advance for the Annual General Meeting of Shareholders (AGM) through various channels including the Company's website.
- Providing an opportunity for shareholders to elect Directors by voting on the given ballot papers/electronic voting system for each of the Directors separately.
- Not adding any new agenda item without notice to shareholders in advance.
- The Company provides full opportunity for shareholders to participate in the meetings and encourages the shareholders to ask relevant questions which are answered by Management and/or related persons.
- The Company has always followed practices and policies for the protection of shareholders rights and has always complied with all laws pertaining to the protection of the rights of shareholders, including obtaining shareholders' approval for any major event and in case of any serious situation that affects the Company's operations and provided correct and complete information required for their decision. Some examples of this are i) the acquisition of 15 ships during the year 2004, ii) the signing of contracts for 12 new buildings during the year 2007 and 3 new buildings during the year 2008, and iii) the signing of contracts for 12 new buildings during the year 2014. In all instances, the Company also appointed an Independent Financial Advisor to advise the shareholders.



- The Company follows the policy of regularly reviewing the outstanding unpaid dividends and tries to contact all the shareholders who may have, for some reason, not received their dividends. Thereafter, the Company helps shareholders in terms of reminding and advising them on the required procedures to collect the dividends.
- Directors disclosing their interests and those of their related parties to the Board.
- Directors reporting their ownership of Company's shares and warrants to the Board regularly.
- Directors and Executives disclose and report their conflict of interests, including dealings with their relatives, if any, to the Company for the Company's use in complying with the regulation about connected transactions. Such report on interest is also useful in monitoring their adherence to their duties, by the following practices;
 - A new Director/Executive submits the "Report on Conflict of Interest Transaction" Form within 30 days after appointment.
 - Thereafter, if there is a change, Director/Executive submits the updated "Report on Conflict of Interest Transaction" Form immediately or no later than 7 working days from the transaction date.
 - The Company Secretary submits a copy of the report on interest to the Chairman of the Board of Directors and the Chairman of Audit & Corporate Governance Committee within seven working days from the date on which the Company has received such a report.
- The Board of Directors has established a system to prohibit a Director/Executive, who has a conflict of interest on a particular issue, from participating in the decision-making process related to that issue. Normally a Director/Executive, who has a conflict of interest on an issue, will leave from the meeting and join back once the issue has been discussed and a decision on the same is made.
- Providing detailed explanation of related-party transactions characterizing names, relationship, policy and value of each transaction as explained under the "Connected Transactions" section of this Annual Report. No non-compliance cases involving related-party transactions have been detected.
- Following an appropriate policy and laying down procedures for monitoring the use of insider information as explained under the "Insider Trading Controls" section of this Annual Report. No cases of insider trading involving the Directors and/or the Management have been detected.

3. ROLE OF STAKEHOLDERS

The Company recognizes the importance of all stakeholder groups whether it is the internal stakeholders such as shareholders, employees and Management of the Company and subsidiaries or external stakeholders such as creditors, suppliers, customers, communities, government agencies and other related organizations. The Company is aware that the support from each stakeholder would help establish the Company's competitive advantages and profitability, which would contribute greatly to the Company's long-term success and prosperity. The Company has also amended the Company's website to include, under the subject of "Stakeholder Activities", the Policy and Code of Conduct towards stakeholders in Business Ethics and Code of Conduct Manual and included therein a way whereby the website can be used as one of the intended channels for any stakeholder to express his/her opinion and contact the Board of Directors in case they wish to contact the Board of Directors directly without going through the Management. The Board will treat such information seriously and will maintain utmost confidentiality. If the complaints are not unfounded, the Board would take all remedial action that may be necessary.

Management: The Company recognizes that the Management is one of the key determinants of success for the Company's operations and accordingly, Management remuneration is appropriately



structured and comparable with the Industry norms and other equivalent listed companies in Thailand. The Management is also allowed to work independently without interference as defined in their duties and responsibilities, which are approved by the Board of Directors.

Employees: The Company recognizes that employees are key drivers for smooth and successful operations. The Company provides equal opportunities in employment and career advancement without prejudice to race, gender, religion and age. Human resource policies conform to local labor law regulations. The Company ensures that employees possess adequate knowledge and skills to perform their jobs for the Company's business and understand relevant code of conduct and practice and are encouraged to gain knowledge and ability and keep them updated following Industry trends. The subject of safety and occupational health of all seafarers serving onboard the Company's ships has been explained under the subject of "**Sustainability Report**" of this Annual Report.

The Company provides remuneration to office employees as salary, bonus, and other benefits, like Provident Fund on a voluntary basis, although such other benefits are not required by law. Remuneration is based on their performance, roles and duties and incentives/ increments/ bonuses are also based on financial status/performance and future plans of the Company. As a long-term incentive, the Company does not have an ESOP plan in place since the Company feels that to a large extent, the share price of the Company depends on a number of factors beyond the employees' direct control like the state of the International Freight Markets and therefore, the Company's share price may not adequately reflect the better performance of the employees. Therefore, the Company has implemented a profit-sharing scheme, which ensures that the employees are paid bonuses annually based on the performance of the Company against specified quantitative targets, which are laid down annually in advance.

The Company provides in-house and external training for officers of the Company both at Head Office as well as on the Ships. The costs of such training are borne by the Company. Moreover, the Company allows special leave and flexible working hours for employees who are undergoing longer term professional or degree courses. Moreover, the Company supports good relationship between all employees including the Management.

Brokers: The Company recognizes that shipbrokers with whom the Company regularly deals with for obtaining business for Company's ships are one of the Company's key success factors. Accordingly, terms are negotiated with a view to ensuring fairness and in keeping with industry norms so as to ensure a mutually beneficial long-term working relationship.

Creditors: The Company recognizes that Financial Creditors are an important determinant of the success for the Company, given the Company's highly capital-intensive business. The Company values its relationship with and its commitment towards all of its lenders and therefore, the Company generally complies with all terms in borrowings including compliance with the objectives of using the borrowed funds, repayment, collateral, and other conditions as may be agreed. Moreover, if at all there is any covenant in any of the loan agreements with which the Company is not be able to comply, the Company proactively approaches the lenders to seek a waiver or achieve other mutually acceptable solutions.

Suppliers: The Company recognizes the importance of satisfied Suppliers and so the Company always ensures that terms and conditions for suppliers are based on industry norms and practices and thereafter, agreed terms and conditions are strictly followed by the Company.

Customers: The Company recognizes that its Customers are a key driver of success. The Company always protects customers' interests, is attentive and ultimately responsible for the needs of the Customers with regard to service, and in setting and maintaining steady standards of service. The Customers' confidential information is used exclusively for concerned business, without revealing it unless required by laws, regulations, or with consent from the information owners, including issues related to marketing, market power exercises, price setting, and details of services, quality and safety.

Competitors: The Company acts within the rules of fair trade and refrains from making any attempt to damage trade Competitors' reputations with false allegations against their companies. The Company



does not make any attempt to access competitors' confidential information or use dishonest or inappropriate means for any purpose. The Company is proactive in sharing information that can benefit the Shipping industry as a whole and contribute to sustainable economic, social, and environmental development of society.

Social Responsibility to the Community: The Company recognizes its responsibility to the Community and is often involved in supporting community activities and being attentive to the consequences of the Company's conduct that affect the people more than what the laws require, including making efforts to absorb social accountability. The Company has provided a separate detailed report under the subject of "**Sustainability Report**" of this Annual Report.

Regulators: Apart from the various regulations which the Company's ships are subjected to and explained hereunder in this Report, on a corporate level, the Company recognizes that the Government is a regulator who is in control of the Company's operations in respect of the fairness and transparency of trading. The Company recognizes the significance of compliance with related laws and regulations and has included its review of compliance as one of the duties of the Internal Audit Department headed by a qualified Internal Auditor. The Internal Audit Department provides an annual compliance review report of related laws and regulation and directly report to the Audit & Corporate Governance Committee as explained under the "**Audit & Corporate Governance Committee Report**" of this Annual Report.

Environment: The Company recognizes that shipping operations if conducted irresponsibly may affect the environment, particularly in terms of air and/ or water pollution.

As part of its Environmental Protection Policy, the Company is committed to the protection and conservation of the environment and ranks environmental considerations equally with commercial and operational factors in managing its operations and implements this policy. The Company has provided a separate detailed report under the subject of "**Sustainability Report**" of this Annual Report detailing the steps taken by the Company and its compliance with various regulations/norms.

Respect for International Human Rights Principles: The Company requires that all of its Directors, Management and staff strictly respect International human rights laws including those that relate to forced labor or child labor. The Company does not tolerate any violations thereof. All stakeholders are treated fairly and in a dignified manner, without any discrimination on the basis of national origin, race, gender, age, skin color, religion, physical condition, status, or birth. The Company also promotes the monitoring of human rights compliance within the Company and encourages subsidiary companies, investors, business partners, and all stakeholders to observe the international standards of human rights principles.

Ethics for Intellectual Property Rights: The Company requires that all of its directors, the management and staff respect the intellectual property rights of others, whether in relation to trademarks, patents, copyrights, classified commercial information, or other stipulated categories of intellectual property, such as using only licensed software that has been inspected and installed by the Company's Information Technology Department, and encouraging our staff to ensure that the application of research findings or other data in their work does not constitute a violation of other people's intellectual property rights.

Policy on preventing corruption and bribery: The Company has a policy prohibiting all forms of bribery or corruption, either directly or indirectly to advance its business interests or those of its associates. The Company has a zero-tolerance policy for fraudulent and/or corrupt behavior and takes corruption and bribery transactions, if any, very seriously. Any violation of this policy is regarded as a serious matter by the Company and will result in disciplinary action, including termination, consistent with local law.

To affirm its resolve to combat corruption, the Company signed a Declaration of Intent of the Thai Institute of Directors' Private Sector Collective Action Coalition Against Corruption (CAC) in 2018, whereby the Company vowed to adhere to the Coalition's aim to fight corruption in all forms. On 5th August 2019, the Company was officially certified as a member of the CAC.



The Company implemented the “No Gift Policy” in accordance with the suggestion from the CAC, whereby the Company requested all business partners to not give any gifts for any occasion to any of its personnel, including its directors, executives, employees at all levels. The Company continued with this practice in 2020. This No Gift Policy reinforces the Company’s compliance with the Anti-Corruption Policy and good corporate governance principles.

In 2020, the Company continued to maintain high ethical standards, with a view to upholding its position against any form of bribery and corruption. The continual activities throughout the year are as follows:

- Provided a training program for all Directors, Executives and staff in line with its Code of Conduct and Corporate Governance Policy and Anti-corruption Policy.
- A regular bribery and corruption risk assessment to review the mitigation measures and ensure they are appropriate.
- Prescribes strict guidelines for preventing corruption and bribery such as the guideline for giving and receiving gifts and gratuities, transactions with government, etc. Details of this policy and guidelines are presented in the Company’s Business Ethics and Code of Conduct and Anti-corruption Policy which are informed to all the employees and posted on the Company’s website.
- A regular review of the internal control systems and procedures to ensure they are effective in countering bribery and corruption.
- A monitoring system to ensure that the policies and procedures are effective.

Moreover, the Company has established channels for reporting any misconduct, fraudulent act or corruption and provides protection and remedies for any person who files a complaint or cooperates in the investigation of the charge.

Whistleblowing Policy: To ensure fair treatment of all stakeholders under the Code of Conduct, the Company has set up a channel to contact the Board of Directors directly (without passing through the Management of the Company) for any business suggestions, complaints, or recommendations indicating impact or risks of impact on stakeholders arising from its business or from wrongful action, or violation of the Code of Conduct, and complaints for special cases like immoral/dishonest acts of Management, breach of Code of Conduct, illegal acts, etc. Any staff member or any other stakeholder is accordingly welcome to send a message by email or mail a letter to Khun Chaipatr Srivisarvacha, Independent Director and Chairman of the Board of Directors, at the following address:

By mail:

Mr. Chaipatr Srivisarvacha

217/79 Crystal Garden Condominium, Soi Sukhumvit 4, Sukhumvit Road, Klongtoey

Bangkok 10110 Thailand

By e-mail:

chaipatr@capmaxx.co.th

The Complaint handling procedure

When the whistle is blown or complaint is filed, the Company will collect evidence, evaluate and formulate measures to relieve damages caused to the affected person(s) by considering the overall impact. Afterwards, the person responsible for the case will follow up results of the relief and report to the appropriate staff and the filer of the complaint. Results of action will be reported to the Chairman of the Board of Directors, the Chairman of Audit & Corporate Governance Committee and/or all relevant Directors, respectively, depending on each case.



Protection of Whistleblower

In order to protect the rights of whistleblowers, the Company will not reveal the name, address, picture or other information of the whistleblower or those who participated in the investigation. No whistleblower who in good faith reports a violation of the Code of Conduct or files a complaint or expresses concern involving matters covered by the Whistleblowing Policy shall suffer harassment, retaliation or adverse employment consequences as a result of such a report. Persons affected by the damage will be relieved with procedures that are appropriate and fair. An employee who retaliates against someone who has reported a violation, complaint or concern in good faith is subject to disciplinary action up to and including termination of employment.

The Complaint handling procedure and guidelines to protect whistleblower have been presented in the “Business Ethics and Code of Conduct” which is informed to all employees and posted on the Company’s website.

False Reporting

Reporting that is proved to be based on a false premise, is a violation of the Company’s Business Ethics & Code of Conduct and subject to punishment as per the company regulations and/or relevant law.

Monitoring the Implementation of Anti-Corruption Measures

The Board of Directors has assigned the Audit & Corporate Governance Committee to monitor actions concerning anti-corruption measures. The Company Secretary, as this Committee’s secretary, gathers such outcomes to annually report to the Committee and the Board of Directors and summarized for the shareholders in the annual report of violation.

In 2020, the Company did not engage any significant dispute with any stakeholders.

4. DISCLOSURE AND TRANSPARENCY

The Company has tightened procedures to take care of important information to be disclosed, including both financial and non-financial statements and reports. The information is disclosed correctly, accurately, on a timely basis and transparently through the proper channels that users can conveniently access.

4.1 Board of Directors’ Report

The Board of Directors is responsible for the Company and its subsidiaries’ financial statements and financial information presented in this Annual Report. The Report on the Board of Directors’ Responsibilities for Financial Statements is presented along with the Report of Independent Auditor and Audited Financial Statements in this Annual Report.

4.2 Directors Remuneration

The Board of Directors appointed the Remuneration Committee in its meeting held on 15 November 2007 in order to oversee the remuneration of Directors and Management. The proposal of the Directors’ Remuneration and the recommendations and opinion of the Board of Directors regarding the Directors’ Remuneration would be presented for approval in shareholders’ meeting. The details of Remuneration Committee such as members, qualification, duties and responsibilities are disclosed on the website of the Company and under the subject “**Organization Structure**” of this Annual Report.

In the years 2020 and 2019, the Company proposed the Directors’ Remuneration for the year as a fixed retainer fee without any other compensation which was paid quarterly in equal instalments for each respective quarter, which was approved in the Shareholders’ Meeting as follows:



(In million Baht)

	Name of Director	Position	Amount					
			2020			2019		
			Board of Directors	Audit & Corporate Governance Committee	Total	Board of Directors	Audit & Corporate Governance Committee	Total
1	Mr. Thira Wipuchanin*	Chairman of the Board of Directors, Independent Director	0.60		0.60	1.20		1.20
2	Mr. Chaipatr Srivisarvacha**	Chairman of the Board of Directors, Independent Director	0.88		0.88	0.55		0.55
3	Mr. Kamtorn Sila-On	Chairman of the Audit & CG Committee, Independent Director	0.55	0.40	0.95	0.55	0.40	0.95
4	Ms. Pensri Suteerasarn***	Independent Director	0.28		0.28	-		-
5	Professor Dr. Pavida Pananond	Member of the Audit & CG Committee, Independent Director	0.55	0.20	0.75	0.55	0.20	0.75
6	Ms. Lyn Yen Kok	Member of the Audit & CG Committee, Independent Director	0.55	0.20	0.75	0.55	0.20	0.75
7	Mr. Khushroo Kali Wadia	Director	0.55		0.55	0.55		0.55
8	Mr. Jaipal Mansukhani****	Director	-		-	0.14		0.14
9	Ms. Nishita Shah	Director	0.55		0.55	0.55		0.55
10	Mr. Kirit Shah	Director	0.55		0.55	0.55		0.55
11	Mr. Ishaan Shah	Director	0.55		0.55	0.55		0.55
12	Mr. Khalid Moinuddin Hashim	Managing Director, Executive Director	0.55		0.55	0.55		0.55
13	Mr. Gautam Khurana	Executive Director	0.41		0.41	-		-
14	Ms. Sirasa Supawasin***	Executive Director	0.28		0.28	-		-
Total Annual Remuneration*****			6.85	0.80	7.65	6.29	0.80	7.09

* Retired in year 2020 to comply with the age limit for a director per the Company's Corporate Governance Policy

** Appointed as the Chairman of the Board of Directors with effect from 8 July 2020

*** New Directors who were appointed in year 2020

**** Resigned from the Board of Directors of the Company in April 2019

***** Paid quarterly to the Chairman of the Board of Directors Baht 300,000 per quarter, each Board member Baht 137,500 per quarter, the Chairman of Audit & CG Committee an additional Baht 100,000 per quarter and each Audit & CG Committee member an additional Baht 50,000 per quarter

The comparison of remuneration of the Chairman, Directors, the Chairman of Audit & Corporate Governance Committee, Audit & Corporate Governance Committee Members and Management between the Company and other listed companies and listed companies in the transportation and logistics sector and listed companies in the services sector is as follows:

(In Million Baht/Person/Year)

Description	* PSL		** Service Sector							
	2020	2019	Mean		Median		Min		Max	
			Retainer & Attendance	Retainer, Attendance & Bonus	Retainer & Attendance	Retainer, Attendance & Bonus	Retainer & Attendance	Retainer, Attendance & Bonus	Retainer & Attendance	Retainer, Attendance & Bonus
Chairman of the BOD	1.20	1.20	0.91	1.89	0.75	1.15	0.22	0.29	3.41	9.61
Executive Directors	0.55	0.55	0.49	1.04	0.43	0.68	0.15	0.22	1.78	4.69
Non-Executive Directors	0.55	0.55	0.51	1.07	0.44	0.69	0.15	0.22	2.08	4.99
Management	4.68	5.37	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Chairman of Audit & CG Committee ***	0.40	0.40	0.61	1.28	0.46	1.13	0.08	0.75	1.85	2.51
Audit & CG Committee members ***	0.20	0.20	0.38	0.99	0.32	0.93	0.04	0.65	1.40	2.01

* PSL's figures are actuals of respective years

** From IOD's Thai Directors Compensation Survey 2020

*** Additional Remuneration as Chairman of Audit & CG Committee/Audit & CG Committee Member

N.A. Not available since not reported



(In Million Baht/Person/Year)

Description	* PSL		** All Listed Companies with revenue 1,001 - 5,000 MB.							
	2020	2019	Mean		Median		Min		Max	
			Retainer & Attendance	Retainer, Attendance & Bonus	Retainer & Attendance	Retainer, Attendance & Bonus	Retainer & Attendance	Retainer, Attendance & Bonus	Retainer & Attendance	Retainer, Attendance & Bonus
Chairman of the BOD	1.20	1.20	0.78	1.19	0.61	0.96	0.11	0.14	8.68	10.27
Executive Directors	0.55	0.55	0.37	0.71	0.32	0.55	0.08	0.13	1.09	3.91
Non-Executive Directors	0.55	0.55	0.38	0.66	0.33	0.56	0.11	0.14	1.09	2.17
Management	4.68	5.37	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Chairman of Audit & CG Committee ***	0.40	0.40	0.39	0.69	0.38	0.71	0.13	0.16	0.88	1.38
Audit & CG Committee members ***	0.20	0.20	0.29	0.55	0.30	0.59	0.07	0.09	0.74	1.20

* PSL's figures are actuals of respective years

** From IOD's Thai Directors Compensation Survey 2020

*** Additional Remuneration as Chairman of Audit & CG Committee/Audit & CG Committee Member

N.A. Not available since not reported

(In Million Baht/Person/Year)

Description	* PSL		** All Listed Companies with the Market Capital 10,001-50,000 MB.							
	2020	2019	Mean		Median		Min		Max	
			Retainer & Attendance	Retainer, Attendance & Bonus	Retainer & Attendance	Retainer, Attendance & Bonus	Retainer & Attendance	Retainer, Attendance & Bonus	Retainer & Attendance	Retainer, Attendance & Bonus
Chairman of the BOD	1.20	1.20	0.98	1.73	0.75	1.33	0.16	0.18	4.30	6.49
Executive Directors	0.55	0.55	0.52	0.96	0.46	0.72	0.12	0.14	1.92	3.12
Non-Executive Directors	0.55	0.55	0.58	1.11	0.48	0.95	0.12	0.14	2.08	3.70
Management	4.68	5.37	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Chairman of Audit & CG Committee ***	0.40	0.40	0.56	1.03	0.54	1.01	0.08	0.36	1.90	2.57
Audit & CG Committee members ***	0.20	0.20	0.41	0.82	0.41	0.81	0.04	0.24	1.12	1.73

* PSL's figures are actuals of respective years

** From IOD's Thai Directors Compensation Survey 2020

*** Additional Remuneration as Chairman of Audit & CG Committee/Audit & CG Committee Member

N.A. Not available since not reported

4.3 Relations with investors

The Board of Directors recognizes the importance of accurate, complete and transparent disclosure of financial information and general information, which may affect the Company's share price. The Company provides the information through the SET, the Company's website and through regular newsletters and communications from the Managing Director. The Company has established an Investor Relations Division to disseminate information to shareholders and other stakeholders including investors and analysts so as to foster a deep understanding of the Company and its business. The Corporate Information & performance data posted in both Thai and English on the Company's website and through various medias.

The following three channels to contact Investor relations.

- By email: ir@preciousshipping.com
- By fax: +662-236-7654
- By contact IR persons: information of IR persons is hereabove in "Organization Structure" of this Annual Report

The Company has joined many events for press/analyst briefings, which are attended personally by the Managing Director and/or the Executive Directors. Some of the major events in which the Company participated in the last three years are enumerated herein as under:



Year / Times	Analyst Meetings / Communications	Investor Meetings / Communications	Presentations Road shows	Press & TV Interview	Total
2020	29	26	10	4	69
2019	15	52	13	5	85
2018	20	16	19	6	61

5. RESPONSIBILITIES OF THE BOARD

5.1 Board Structure

The number of members on the Board of Directors is commensurate with the size and complexity of the Company's business. As of 31 December 2020, there are twelve Directors on the Board of Directors of the Company which consists of three Executive Director (as full time employee of the Company/ Subsidiary) and nine Non-Executive Directors, five of whom are Independent Directors (42% of Board of Directors).

The Audit & Corporate Governance Committee and Nomination Committee comprises entirely of Independent Directors.

Board Diversity

The Company developed Board Skill Matrix in order to create a wide range of expertise in line with the Company's business operations. The Company considers increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and sustainable development. The Board members represent diversity from a range of perspectives including gender, age, educational background, skills, knowledge and professional experience. And for selection of new directors, the Board of Directors will consider candidate's qualifications, having regard to the mix of skills, diversity and in line with the Company's strategic direction.

Directors' Nomination

The Nomination Committee shall recommend candidates to the Board of Directors to replace retiring Directors or to fill any other vacancy. The Nomination Committee shall review the structure and composition of the Board of Directors, set nomination criteria and search for candidates with qualifications appropriate for the company's situation and needs.

Criteria to nominate/appoint Directors

The Company recognises that diversity at the Board level is an essential element in supporting the attainment of its strategic objectives and its sustainable development. All Board appointments are based on merit. Candidates are considered against appropriate criteria which are as follows;

- Consideration is based on a range of diversity perspectives, including gender, age and education background, skills, knowledge, and professional experience, and devotion of potential candidates expected to add value to the Board.
- Consideration of the qualities of leadership, vision, ethics, and honesty to uphold the highest principles of Good Corporate Governance.
- The candidate must not be a person blacklisted by any organization (including the SEC) or convicted of any crime.
- The candidate as an Independent Director must be qualified in accordance with the independent director's qualification.
- Consider other qualifications as may be advisable.



Procedure for selection and appointment of new directors

The procedure when selecting and appointing new directors varies depending upon the circumstances of the Company at the particular time. In general, when the Board of Directors intends to appoint a new director (as a vacancy occurs or as an additional member on the Board), the following procedure is followed in selecting and appointing a new director to the Board of Directors:

- The Nomination Committee evaluates the range of skills, experience, expertise and diversity of the existing Directors, and identifies other appropriate qualifications giving consideration in line with the Company's strategic direction, and gaps which need to be filled. Consideration is given to the balance of independent Directors on the Board and the best practice recommendations as set out in the SET Corporate Governance Principles.
- For seeking suitable candidates, the Nomination Committee may utilize the personal network of the Board members and Senior Management of the Company and may consider the proposals from the Shareholders or may engage an external search firm or may use Director Pool information from the Thai Institute of Directors (IOD).
- The Nomination Committee screens the Director candidates, and then interviews each interested preferred candidate to identify those individuals who best fit the target candidate profile. Once the Nomination Committee has identified an appropriate candidate for the Board to consider, it may also arrange the Board members to meet with the candidate.
- The Nomination Committee submits its recommendations to the Board of Directors, which is proposed for the shareholders' approval at the shareholders' meeting or which is proposed for the Board's approval as a temporary replacement if a director resigns during his or her term in office and a casual vacancy is created.

Procedure for re-election of Directors who retire by rotation

In accordance with Section 71 of the Public Limited Companies Act B.E. 2535 and Article No.17 of the Articles of Association of the Company, at every Annual General Meeting, at least one-third of the Directors, or, if their number is not a multiple of three, then the number nearest to one-third, must retire from office. In every subsequent year, the Director who has been longest in office shall retire. A retiring Director is eligible for re-election. The following procedure is followed for re-election of a director who retires by rotation:

- The Nomination Committee considers the past performance of the retiring directors e.g. attendance, participation in meetings and other contributions to the activities undertaken by the Board of Directors.
- After reviewing, the Nomination Committee submits its recommendations to the Board of Directors, which is proposed for the shareholders' approval at the shareholders' meeting.

Criteria to nominate/appoint Top Executives including the Managing Director

The Nomination Committee considers the following criteria below when determining whether to nominate/appoint a top executive, including the Managing Director

- Skills, knowledge, relevant qualification and professional experience in business operations.
- Leadership potential, integrity and vision.
- No blacklisting by any organization (including the SEC) or criminal conviction.
- After review, the Nomination Committee submits its recommendations to the Board of Directors for consideration and approval.



Directors and Management Remuneration

Directors' Remuneration

The Board of Directors has designated the Remuneration Committee to recommend guidelines for setting Directors and Management remuneration in accordance with international standards and comparable with other equivalent listed companies including companies in the transportation industry. The remuneration given shall be appropriate with the position, duty, responsibility and performance of each director and key executive. Directors' remuneration will be subject to approval at shareholder meetings.

Remuneration Criteria

- The Directors' Remuneration must be agreed by the Board of Directors and recommended to the Shareholders for their approval.
- The Directors' Remuneration shall be a fixed amount per annum.
- The remuneration criterion shall include consideration of financial status and performance of the Company and in accordance with International Standards and comparable with other listed companies in general and should also be comparable with listed companies in the same sector in Thailand and abroad.

Management Remuneration

The Management remuneration is fixed in accordance with the principles and policies set by the Board of Directors. The Board of Directors directly and specifically approves the remuneration of the Executive Board and the Director employed in an executive capacity in the Company's subsidiary based on the remuneration in the Industry for equivalent positions, financial status/performance of the Company and their respective individual performances.

The remuneration of the Senior Management included their salary, bonus, and other remuneration (income tax, house rent and provident fund contributions). In addition, remuneration shall be considered or evaluated by others who supervise the given person and shall not be done by the one who receives the remuneration. The remuneration of Management has been disclosed hereinabove the subject of "Organization Structure".

Definition

Executive Director:

An Executive Director is a Director who is involved in the Management of the Company on a full-time basis and receives regular monthly remuneration from the Company in the form of salary or its equivalent.

Related Persons:

Related persons shall include persons who are involved in any kind of benefits or are related to the Company's business to a significant amount, such as suppliers, customers, or creditors. This kind of connection may affect the Independent Directors in carrying out their duties independently or conveniently.

Independent Director:

The Independent Directors are independent from the Management and have no business or activities with the Company and must not be involved in the day-to-day management of the Company or an affiliated company which may compromise the Interests of the Company and/or the Shareholders.

Qualifications of Independent Directors of the Company:

The following qualifications of Independent Director of the Company are more rigorous than the requirements set by the Stock Exchange of Thailand ("SET") and the Securities and Exchange Commission, Thailand ("SEC").



- The Independent Director must not hold shares exceeding 0.5 percent each, including shares held by a related person, of paid-up capital of the Company, a subsidiary or of an affiliated, associated or a related company.
- The Independent Director must not be involved in the day-to-day management and must not be an executive director, employee or advisor who receives salary or other kinds of compensation from the Company, its subsidiaries, or affiliated companies, associated companies or related companies or with the major shareholders of the Company during the period of two (2) years before the date of appointment as Independent Director.
- The Independent Director must not have any business relationship pursuant to the regulations of the SEC and also must be free of any present, direct or indirect, financial or other interest in the management and business of the Company, its subsidiaries, associated companies, or its major shareholders during the period of two (2) years before the date of appointment as Independent Director.

The term 'business relationship' under the above paragraph, such as any normal business transaction, rental, or lease of immovable properties, transaction relating to assets or services, or grant or receipt of financial support through receiving or extending loans, guarantee, providing assets as collateral, including any other similar action whose value exceeds THB 20 million or more than 3% of the net tangible assets, whichever is lower.

- The Independent Director must not be the external auditor of the Company, its subsidiaries, or affiliated companies, associated companies or related companies, or with its major shareholders nor be a significant shareholder, a controlling person or a partner of such audit firm which employs external auditors of the Company, its subsidiaries, or affiliated companies, associated companies or related companies, or with its major shareholders during the period of two (2) years from the date of appointment as Independent Director.
- The Independent Director must not be a provider of any professional services, such as legal advisor, financial advisor or asset appraisal who receives service fees exceeding Baht 2,000,000 per year from the Company, its subsidiaries or affiliated companies, associated companies or related companies, or with its major shareholders during the period of two (2) years from the date of appointment as Independent Director.
- The Independent Director must not be a blood relative or legal relative of any Executive Director, executive officer, major shareholder or significantly influential person in/of the Company.
- The Independent Director must not be acting as a nominee or representative of any director, major shareholder or shareholders, who are a relative of any major shareholders of the Company.
- The Independent Director must be able to carry out their duties, exercise their judgment, and report the committee's performances, which are assigned by the Board of Directors without being influenced by Executive Directors or major shareholders of the Company, including related persons or relatives.

Independent Director's Roles and Duties

Independent Directors should have access to adequate financial and other business information for them to perform their duties effectively.

They should regularly attend every board meeting, including committee meetings, and raise questions to ensure the interests of Company's shareholders' and the protection of rights of other stakeholders', and that the Company complies with best practices.

Independent Directors should possess abilities and display willingness to learn the Company's businesses, and express their views independently, as well as dedicate time and attention to the Company as needed.



Independent Directors should regularly hold meetings among themselves and try in every way possible to look for opportunities in which they can discuss business management issues with the Management.

Independent Directors are expected to submit a confirmation letter to the Company verifying their independence in accordance with the Company's definition, on the date they accept the appointment and every subsequent year if required.

It is expected that there should be specific terms given to Independent Directors, and no director is expected to stay on beyond a certain time limit. Nonetheless, the difficulties of searching an appropriate replacement and the benefits of the working relationship built up over the years within the Independent Directors and their understanding of the business must also be taken into account. Accordingly, at present no time limit has been set up for the Independent Directors apart from the statutory limits placed under applicable law.

Segregation of Positions between the Board of Directors and the Management

The Board of Directors plays an important role in corporate governance for the maximum benefit of the Company and the shareholders. The role of the Chairman is distinct from the role of the Managing Director in that the Chairman is the chief representative of the shareholders whereas the Managing Director is the leader of the managers. Combining the two roles creates an inherent conflict of interest. To avoid this conflict of interest, the Company ensures that the Chairman of the Board of Directors and the Managing Director are not the same individual. The Chairman of the Board of Directors is an Independent Director, as defined by the SET and does not have any relationship with the management. The Chairman of the Board shall not be Chairman or member of the other subcommittees. The Board of Directors will evaluate the performance of the Managing Director annually, whilst the Managing Director will evaluate the performance of executive officers who report to him. Each evaluation will be based on targets relating to the Company's strategic and annual plan, to help appropriately determine remuneration and other fringe benefits.

The power, roles & responsibilities of the Chairman of the Board of Directors and the Managing Directors are provided hereunder "**Organization Structure**" of the Annual Report.

Other Committees

The Board of Directors appointed several committees as part of the good corporate governance policy of the Company viz. the Audit and Corporate Governance Committee, Executive Board of Directors, Risk Management Committee, Remuneration Committee and Nomination Committee. The details of these committees such as names and number of members, qualifications, duties and responsibilities are disclosed on the website of the Company and under the subject "**Organization Structure**" of this Annual Report.

5.2 Roles, Duties and Responsibilities

Leadership and Vision

The Board of Directors is the main driver in defining the direction of the Company's performance, achieving its goals and objectives and to define the Company Mission, Vision, Core Values, strategic business plan, appointment of competent and effective Management and managing the Company's affairs with good corporate governance in order to reach the objectives in accordance with Company's policy and in accordance with the law. The Board of Directors comprises of persons who have the knowledge, expertise, business experience and backgrounds which qualify them to perform their duties and responsibilities in accordance with the highest standards of business ethics.



Explicit responsibilities of the Board of Directors

The Board of Directors performs its duties and carries on the business of the Company in conformity with applicable laws, the Company's objectives and the memorandum and articles of association, as well as the resolutions of the shareholders' meetings. The Board shall be involved in any matters that may have a significant impact on the Company's business. The following matters require decision or approval from the Board:

- Designation of the authorized Directors to bind the Company.
- Appointment of Executive Directors and members of the Sub Committees, in the manner prescribed by law.
- Authorizing the sale or mortgage any of the Company's immovable properties, to let any of the Company's immovable properties for the period more than three years, to make a gift, to compromise, to file complaints to the Court and to submit the dispute to the Arbitration.
- Approval of annual and quarterly financial results.
- Approval of the Vision and Mission Statement, Core Values and Code of Business Conduct.
- Approval of major decisions in respect of the Company's business direction and policies.
- Decision on major investments and contracts with significant impact to the Company.
- Any matters and/or transactions within the ambit of the Board pursuant to the memorandum and articles of association of the Company, the Public Limited Companies Act B.E. 2535, and other relevant laws and regulations.

The Board of Directors has clearly defined and demarcated powers, duties and responsibilities between each committee as mentioned under the "**Organization Structure**" section of this Annual Report.

Succession Plan

The Board of Directors shall ensure a systematic nomination for the proper candidate to replace a Director or executive position suitably in line with the succession planning policy. The Nomination Committee is appointed to propose the appointments of new Directors and key Executives (Managing Directors and Executive Directors) to the Board by considering the proper candidate both from internal and external candidates. The Nominating Committee is responsible for considering candidates' skills, experience, and specific qualifications for the best interest of the Company. To support its succession planning process, in 2020 the Company has hitherto been quite successful in sourcing and retaining such highly skilled and qualified personnel. The Company continues to take a number of initiatives including establishing a detailed Succession plan to attract and retain talent. Moreover, the Company has prepared and enhanced critical mechanisms, for instance, knowledge management, succession plan management and leadership development program as part of our Management Development and Succession Planning cycle.

Supervision of Subsidiaries and Associated Companies¹

The Company shall at all times, ensure that all the subsidiaries' and associated companies¹ are in compliance with applicable laws and regulations. The Board has set up the following mechanism in order to supervise and monitor corporate governance of the Company's subsidiaries and associated companies¹.

- The Company shall nominate directors in each subsidiary as appropriate for the business operations of such subsidiary and the governing laws and regulations. For associated companies¹, director appointment shall be as per an investment agreement (if any).
- The Executive Directors on the Executive Board of Directors the Company are generally appointed as directors in the Company's subsidiaries. However, the number of directors in each subsidiary depends on business requirements and governing laws.



- Directors of the subsidiaries perform their duties in conformity with applicable laws, and ensure that the business of the subsidiaries operate in accordance with applicable laws. The Directors, in their business conduct, are expected to generally act with care to preserve the interest of the Company.
- Financial performance of the subsidiaries shall also be reported to and considered by the Company's Board of Directors on a regular basis.
- The internal control systems and policies of the Company shall extend to its subsidiaries.

¹ "associated company" means:

- (a) a company whose shares are held by the parent company or the subsidiary company in an aggregate number of more than twenty percent but not exceeding fifty percent of the total number of shares with voting rights of the company being held;
- (b) a company in which the parent company or the subsidiary company has power to participate in making decisions on financial policies and operational matters of the company but not inasmuch as to have control over such policies and not deemed as subsidiary company or joint venture

Business Ethics

The Company has set up a code of ethics for Directors, management and employees as a guideline to carry out their respective work for the Company in a transparent, honest, faithful and justifiable manner. It is also disclosed on the Company's website.

Guideline & enforcement of the Corporate Governance Policy and Business Ethics & Code of Conduct

The Board of Directors defines the duties and responsibilities for the Directors, Executives, and all staff to acknowledge and comply with the policies and terms indicated in the Company's Corporate Governance Policy and Business Ethics & Code of Conduct. Moreover, the Company put in place a whistleblowing policy and the internal audit processes as mechanisms to monitor compliance to assure that all operations abide by such policy and principles. If the Directors, Executives, and staff violate these principles, they will face strict disciplinary punishment.

Conflict of Interest

The Board of Directors, through the Audit & Corporate Governance Committee, has stipulated a policy outlining the process through which transactions with a potential conflict of interest are approved:

Potential conflict of interest transactions

Any transaction which could lead to a potential conflict of interest and/or a related party transaction is considered very carefully by the Board of Directors with a view to full compliance with the relevant rules and regulations of the SET and the SEC, apart from compliance with the internal policies and guidelines set up by the Company. Moreover, such transactions are entered into strictly on an "Arms-Length" basis. The terms and conditions of such transactions are always in compliance with generally acceptable, standard commercial terms and conditions and appropriate disclosure regarding the details of the transactions viz. value, counter-party, reason and necessity of the transaction is made in this Annual Report.

In addition to the above, the Audit & Corporate Governance Committee and the Internal Audit Department prepared the annual audit plan to review transactions that may cause conflict of interest. For the year 2020, the internal auditors audited the aforesaid transactions and reported the results thereof to the Audit & Corporate Governance Committee in the Audit & Corporate Governance Committee's Meeting No. 1/2021 held in February 2021. The Audit & Corporate Governance Committee found that the Company has a proper policy for approval and prevention of abuse in such transactions. The existing conflict of interest transactions are made only on the basis of proper comparison of market prices and for the benefit of the Company. Adequate disclosures of all such material transactions have been made in this Annual Report.



Moreover, the Internal Audit Department has reviewed the compliance of the Company in respect of the Notifications of the SET Re: The Disclosure of Information and Acts of Listed Companies Concerning Connected Transactions 2003 as amended from time to time and Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transactions as amended from time to time including circular letter of the SEC about the recommended practice to be followed under section 89/12 (1) of the Securities and Exchange Act (No.4) B.E.2551. The details of the connected transactions have been explained under the topic “**Connected Transactions**” of this Annual Report. The results of the review have been reported to the Board of Directors of the Company. The Board of Directors of the Company is of the opinion that such transactions are fair and for the full benefit of the Company.

Reporting changes in holding of the Company’s shares/warrants

To prevent abuse of inside information, all Directors and Senior Management must report any changes in their (and that of their spouses and minor children) holding of the Company’s shares and/or warrants to the Company and the Office of the SEC within 3 business days from the date of trading/transfer of the Company’s shares and/or warrants (as the case may be). The changes in Company’s shares and warrants of the Directors are reported to the Board of Directors meeting every quarter.

Insider Trading Controls

Precious Shipping Public Company Limited has a policy of disseminating all significant information (both financial and non-financial) to shareholders, investors and the general public on a timely basis. Strong internal controls are in place to ensure that information released is comprehensive and accurate.

The Board is committed to comply with rules and regulations in relation to the disclosure of significant information in a timely manner and with full transparency. Monitoring the use of insider information is the responsibility of the Directors, executives and senior staff who are obliged to strictly monitor and prevent any leaks of the Company’s confidential and privileged information including information not yet revealed to the public or any data that might affect the Company’s operations or share price. This includes the prohibition on use of Company’s information obtained from directorships or employment for personal benefit or conducting business or other activities in competition with the Company. The Company has documented these principles and provided guidelines in the Business Ethics and Code of Conduct Manual which is disclosed on the website of the Company under the Corporate Governance section.

Pursuant to section 59 of the Securities and Exchange Act B.E. 2535, all Directors and Management Team members are required to report the changes in their shareholding to the Office of the Securities and Exchange Commission within 3 business days from the date of trading/transfer of the Company’s shares and/or warrants (as the case may be). Such reporting shall extend to any change in shareholding of any Director/Management Team member’s: (i) spouse, (ii) cohabiting partner, (iii) minor children, and (iv) any juristic person in which such Director/Management Team member holds more than 30% of the total voting rights of such juristic person (including that of his/her spouse, cohabiting partner and minor children), ((i) to (iv) referred to as “Relevant Persons”).

In accordance with the Company’s Corporate Governance policy, the Company does not allow the following persons to trade/transfer the Company’s shares/warrants (as the case may be) during the period of one month before and two days after any financial announcement of the Company and also at least 5 days before the Company makes any significant announcement:

- All Directors and Management Team members (including their Relevant Persons); and
- The Company’s personnel in the Finance & Accounts Department, the Legal Department, the Internal Audit Department, the Information System Department and the Investor Relations Department who are close to the relevant inside information of the Company.

During the year, the above policy has been fully complied and no non-compliance cases have been observed.



Furthermore, according to the Company's Corporate Governance Policy, all Directors and Management Team members are encouraged to inform the Company their intention (including that of their Relevant Persons) to trade/transfer the Company shares/warrants (as the case may be) at least a day in advance.

In addition to the above, the Company's Corporate Governance Policy sets out an investor relation policy which stipulates that for a period of two weeks prior to the planned release of financial reports (known as the "silent" or "quiet" period), the spokesperson as a representative of the Company will not discuss matters related to the Company's future financial performance or expectations with financial media, analysts and investors.

Controlling System and Internal Audit

The Company recognizes the importance of internal control systems on an operational level to ensure that the operations are conducted efficiently. Powers and duties of operations and management level personnel are laid down clearly. There is a proper level of control maintained on the utilization of the Company's property/assets for the highest benefit of the Company and there is clear segregation between the operations units, control units and assessment units for the purpose of maintaining appropriate checks and balances. Moreover, an internal control system for the financial and accounting functions of the Company is clearly set up which allows adequate reporting to the relevant management.

The Company has a robust Internal Audit Department in order to ensure that the key operations and financial activities are conducted efficiently under the guidelines and relevant laws. Moreover, to ensure that the Company has complied with laws and regulations relating to the business of the Company, the Internal Audit Department conducts regular checks. Internal auditors report directly to the Audit & Corporate Governance Committee on all matters, in order to make the Internal Audit Department completely independent of the management.

Moreover, an internal control system for the financial and accounting functions of the Company is clearly set up which allows adequate reporting to the relevant managers to achieve the following objectives:

1. Efficient and effective operations, including skillful use of resources for the best benefit of the Company.
2. Accurate, reliable and prompt financial reporting.
3. Full compliance with the Company's policies, laws and regulations.

The Board of Directors recognizes the importance of risk management and is responsible directly for the risk management of the organization with the objectives to support the work performance of the management of the Company to be efficient and effective and to achieve the business objectives. The Board of Directors has specified the Company's policy on risk management and internal control on the website of the Company and under the topic "**Internal Controls**" of this Annual Report.

The Company also established the Legal & Compliance Department to review and evaluate compliance issues/concerns within the organization in order to mitigate legal risk and to ensure the Board of Directors, Management and employees are in compliance with the rules and regulations of regulatory agencies, that company policies and procedures are being followed, and that behavior in the organization meets the Company's Standards of Conduct.

5.3 Board of Directors' Meetings

The Board of Directors' meetings are scheduled in advance to convene at least 5 times per year, but extraordinary or special meetings, if required, may be called at any time during the year.

For each meeting, through the year, an agenda is predetermined by the Chairman of the Board of Directors and Managing Director. The meeting has a specific agenda, which would include a review of the Company's operations.

The Company Secretary sends the notice of the meeting and relevant documents to all Directors, at least 7 days prior to the meeting date, so as to allow sufficient time for them to review the information before joining the meeting.



Board of Directors' meetings are held after the Audit & Corporate Governance Committee meeting so that the minutes of the Audit & Corporate Governance Committee meeting can be sent to the Board of Directors for their consideration and discussion during the Board meeting. However, in case a Director either feels suspicious or has any questions, the Director can seek answers or clarifications directly from the Executive Directors at all times.

In every meeting, the minutes of the meeting are recorded, reviewed and adopted by the Board of Directors. The minutes of the meeting are kept with the Company Secretary for ready reference and review by other concerned parties.

A Board meeting via electronic means is held in accordance with relevant laws and regulations concerning electronic meetings.

Details of Directors' attendance for Board of Directors and Sub Committee meetings held in 2020 are set out in the following table

Director's Name		Board of Directors and Sub Committee Meetings						Annual General Meeting of the Shareholders
		Attendance / Total Meetings (Times)						
		Board of Directors	Audit & CG Committee	Risk Management Committee	Executive Board of Directors	Remuneration Committee	Nomination Committee	
1.	Mr. Thira Wipuchanin*	5/5						1/1
2.	Mr. Chaipatr Srivisarvacha	9/9					1/1	1/1
3.	Mr. Kamtorn Sila-On	9/9	4/4	3/3		2/2	2/2	1/1
4.	Ms. Pensri Suteerasarn**	4/4					1/1	
5.	Professor Dr. Pavida Pananond	9/9	4/4	3/3		2/2		1/1
6.	Ms. Lyn Yen Kok	9/9	4/4	3/3			2/2	1/1
7.	Mr. Khushroo Kali Wadia	8/9						1/1
8.	Ms. Nishita Shah	8/9						1/1
9.	Mr. Kirit Shah	9/9				2/2		1/1
10.	Mr. Ishaan Shah	9/9						1/1
11.	Mr. Khalid Moinuddin Hashim	9/9		3/3	9/9			1/1
12.	Mr. Gautam Khurana	8/8			9/9			1/1
13.	Ms. Sirasa Supawasiri**	4/4						
14.	Mr. Kodakaraveetil Murali Menon***				9/9			

* Retired from the Board of Directors of the Company with effect from 8 July 2020 to comply with the age limit prescribed in the Company's CG Policy

** New Directors appointed on 8 July 2020

*** Executive Board member who retired from the Company with effect from 1 January 2021

For the year 2020, all resolutions of the Board of Directors were passed by the vote of the Directors present at the Board of Directors' meetings with a quorum of more than two-thirds of all the Board members.

On 16 November 2020, the Non-Executive Directors held a meeting among themselves for discussing the business management issues and performance of the Executive Directors.

5.4 Board Self-Assessment

In the Board of Directors Meeting held on 16 November 2020, Board members conducted a self-assessment through a questionnaire following the SET guidelines which covered the subjects as follows:

- Structure and characteristics of the Board
- Roles and responsibilities of the Board
- Board of Directors' meetings
- The Board's performance of duties
- Relationship with Management
- Self-development of Directors and Executive Development



The scores of Board's Self- Assessment fall in the level of "Excellent". The Board of Directors intends to use this result to further improve its performance. The Company intends that the self-assessment be done every year in order to comply with the Good Corporate Governance practice and accordingly this exercise will be conducted again in year 2021.

5.5 The Board Committees' Self-Assessment

The Company has 5 Board Committees i.e., the Audit & Corporate Governance Committee, the Risk Management Committee, the Executive Board of Directors, the Nomination Committee and the Remuneration Committee. In the Board of Directors Meeting held on 16 November 2020, the Board of Directors acknowledged the results of each board committee self-assessment conducted by members of each board committee through a questionnaire following the SET guidelines which covered the subjects as follows:

- Structure and characteristics of the Board Committees
- Board Committees Meeting
- Roles and responsibilities of the Board Committees in each particular committee

The scores of each board committee self-assessment are summarized as follows

Board Committees	2020 Results of self-assessment
Audit & Corporate Governance Committee	Very Good
Risk Management Committee	Very Good
The Executive Board of Directors	Excellent
Nomination Committee	Very Good
Remuneration Committee	Very Good

Each Board Committee intends to use this result to further improve its performance. The Company intends that the self-assessment be done every year in order to comply with Good Corporate Governance practice and accordingly, this exercise will be conducted again in year 2021.

5.6 Managing Director Evaluation

In the Board of Directors Meeting held on 16 November 2020, the Board of Directors acknowledged the results of Managing Director Evaluation conducted by Non-Executive Directors through a questionnaire following the SET guidelines which covered the subjects as follows:

- Leadership
- Strategy formulation
- Strategy execution
- Financial planning/ Performance
- Relationships with the Board
- External Relations
- Human Resources Management/ Relations
- Succession
- Product/ Service Knowledge
- Personal Qualities

The score of Managing Director Evaluation fell in the level of "Excellent". The Company intends that the Managing Director Evaluation be done every year in order to comply with Good Corporate Governance practice and accordingly this exercise will be conducted again in year 2021.

5.7 Directors and Management Training

The Board of Directors continues to try and enhance their value by participation in activities, courses and events which add to their knowledge base in the continually changing business environment to ensure that they are updated and possess full knowledge. All the Company's Directors have attended



important training courses that are available such as the Director Certification Program (DCP) or the Director Accreditation Program (DAP) held by the Thai Institute of Directors Association (IOD).

The Company encourages every director to acquire further knowledge through training imparted by the Thai Institute of Directors Association (IOD), Thai listed Companies Association (TLCA) and other leading organizations as well as attend seminars to enhance their ability to perform their roles. In 2020, the Company's management attended a "Strategy Review" session together with the Board of Directors. Besides presentations by members of the Management, there was also a presentation on the outlook of the Shipping market, by an industry expert.

Details of the training courses attended by the Directors in the past years are disclosed in the Board profile provided in enclosure 1 "Information of the relevant persons in the Company" of this Annual Report.

Details of Directors attended training programs/seminars in 2020;

Director's Name	Seminar/Training Course	Conducted by
Professor Dr. Pavida Pananond	Successful Formulation & Execution of Strategy (SFE) 32/2020	Institute of Directors (IOD)
Mr. Gautam Khurana	Directors Accreditation Program (DAP 173/2020)	Institute of Directors (IOD)
	CFO Professional Development: How to create value with the right environment, social and governance strategies	Thai Listed Companies Association (TLCA)
	CFO Professional Development: Data privacy law and cyber security law	Thai Listed Companies Association (TLCA)

Directors' Orientation

The Company Secretary provides any newly appointed director with the background of the Company's business, profile and industry along with all the relevant documents such as the Director's handbook, the Company's corporate documents, CG Policy Manual, Business Ethics and Code of Conduct Manual, Anti-Corruption Policy, laws, regulations and practices which are related to the trading of Company's shares.

The Company arranged such a Directors' Orientation program for the 2 new Directors who were appointed in year 2020.

5.8 The following principles below from the Corporate Governance Code 2017 published by the SEC and the Corporate Governance Principles 2012 recommended by the SET are the principles which the Company has not yet applied within year 2020:

Principle	Opinion from the Board of Directors
<ul style="list-style-type: none"> The Board should establish the policy that the tenure of an independent director should not exceed accumulative term of nine years from the first day of service. Upon completing nine years, an independent director may continue to serve on the board, subject to the board's rigorous review of his/her continued independence. 	It is difficult to obtain suitable and qualified Candidates repeatedly and therefore, such a term limit cannot be implemented presently. However, the Board of Directors considers various factors including independence of any independent directors who retire by rotation in order to propose for the shareholders' approval at the shareholders' meeting:
<ul style="list-style-type: none"> The Board of Directors should establish an annual performance assessment conducted of individual Directors. 	This has not been adopted for the present but may be considered in future.
<ul style="list-style-type: none"> The Company should establish a proper incentive and remuneration policy for its Senior Executives and Directors 	The Company may consider this and structure a plan based on advice from an external expert but it was not possible to complete it in this year.



5.9 Awards and Recognitions for Good Corporate Governance

The Company has won (or was nominated for) the following awards including awards for good Corporate Governance:

- Only Shipping Company in the ASEAN region to receive the Asset Class Award, in recognition of our having attained a score of above 97.5 in the 2019 ASEAN Corporate Governance Scorecard. The ASEAN Corporate Governance Scorecard has been developed by the ASEAN Capital Markets Forum (ACMF) in partnership with the Asian Development Bank (ADB) Development Bank to raise corporate governance standards and practices of ASEAN publicly listed companies.
- Classified as a company with “Excellent” Corporate Governance for eleven consecutive years from 2010 to 2020, by Thailand’s National CG Committee
- Received a score of 100 percent in respect of the conduct at the Annual General Meetings for 7 years; 2012, 2013, 2014, 2015, 2018, 2019, and 2020, by Thai Investors Association
- Nominated as one of the 10 finalists for the Board of the Year Award 2018 instituted by the Thai Institute of Directors & the Stock Exchange of Thailand, in the category for companies with a market capitalization below Baht 30,000 million
- Nominated as a finalist for the “Ship Owner/Operator of the year” award at the Seatrade Maritime Awards Asia in 2010, 2012, 2013, 2014, 2017 and 2018
- Nominated as a finalist for “The ClassNK Dry Bulk Operator of the Year” award at the Lloyd’s List Asia Pacific Awards 2014, 2015, 2016, 2017 and 2018
- The Company’s wholly owned subsidiary, Great Circle Shipping Agency Limited, was nominated as a finalist for the “Ship Manager of the year” award at the Seatrade Maritime Awards Asia in 2014, 2015, 2017, and 2018
- Great Circle Shipping Agency Limited was nominated as a finalist for “Ship Manager of the Year” award at the Lloyd’s List Asia Pacific Awards in 2012, 2014, 2017 and 2018
- Nominated as a finalist for “The Bulk Ship Operator of the Year Award” at the IBJ (International Bulk Journal) Awards in 2012, 2013, 2014, 2016, 2017 and 2018
- Adjudged 3rd placed winner in the “Best in Sector: Industrials” category for Investor Relations Awards at the IR Magazine Awards & Conference - South East Asia 2017
- Nominated as a finalist for the “Deal of the Year” award at the 10th Seatrade Maritime Awards Asia 2017 for the Company’s THB 3.59 billion Unsubordinated Unsecured Bonds issued in Thailand in 2016
- The Company’s cement carrier, M.V. APINYA NAREE, was nominated as a finalist for the “Bulk Ship of the Year” award at the IBJ Awards 2017
- Adjudged as a Company with “Outstanding Investor Relations” for Companies with a market capitalization between Baht 3,000 million to Bath 9,999 million at the SET Awards 2016
- Winner of “the Public Debt Deal of the Year” award for 2016 from Marine Money, New York, for the Company’s THB 3.59 billion Unsubordinated Unsecured Bonds issued in Thailand in 2016
- Winner of the “ASIA BEST EMPLOYER BRAND AWARD” at the Asia Best Employer Brand Awards, 7th edition, 2016



AUDIT AND CORPORATE GOVERNANCE COMMITTEE'S REPORT

TO THE SHAREHOLDERS

The Audit & Corporate Governance Committee of Precious Shipping Public Company Limited comprises of three independent directors. Mr. Kamtorn Sila-On is Chairman of the Committee which also includes Ms. Lyn Yen Kok and Professor Dr. Pavidan Pananond.

The Audit & Corporate Governance Committee has performed its duties and responsibilities with prudence, transparency, independence and in compliance with the Audit & Corporate Governance Committee Charter ("Charter") approved by the Board of Directors and the requirements of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), which are summarized as follows:

Review of financial reports

In the year 2020, meetings of the Audit & Corporate Governance Committee have been held through the year to review consolidated financial statements of the Company and its subsidiaries. Meetings with external auditor were also held every quarter for discussions of the Auditor's report, financial statements and recommendations of the relevant accounting standards. The Audit & Corporate Governance Committee is of the opinion that the Company has a proper financial reporting process to disclose its financial information, in which the financial statements are correct, sufficient and credible.

Internal audit and internal control systems

The Audit & Corporate Governance Committee has considered the independence of the Internal Audit Department, including the chain of command, in order to establish the credibility and independence of the Internal Audit Department. The Audit & Corporate Governance Committee has also discussed with internal auditors the scope of internal auditing, their responsibilities and functions and approved the internal audit plan for the Internal Audit Department. In the year 2020, the Internal Audit Department reviewed:

- the risk assessment covering commercial, financial, technical and operational risks;
- the corruption risk assessment;
- internal control activities of all departments;
- the operations of some departments;
- conflict of interest transactions; and
- compliance with regulations and laws relating to the business of the Company, such as Public Limited Companies Act, Revenue Code, Thai Vessels Act, Securities and Exchange Act, including regulations and notifications of the SET and the SEC.

Internal auditors also followed up on the results of the aforesaid review. The results of the review and the recommendations were discussed with the related staff and management and reported to the Audit & Corporate Governance Committee.

The Audit & Corporate Governance Committee is of the opinion that the Company has proper and adequate internal control systems and there are no significant deficiencies.

Compliance with laws and regulations

The Audit & Corporate Governance Committee is of the opinion that the Company has been in compliance with laws and regulations to which the operations of the Company are subject. Principally, these laws are the Public Limited Companies Act, Revenue Code, Thai Vessels Act, Securities and Exchange Act including regulations and notifications of the SET and the SEC.



Review of Connected Transactions

The Audit & Corporate Governance Committee values the importance of review of connected transactions as well as those transactions that may involve conflicts of interest under the laws and regulations of the Stock Exchange of Thailand & the Securities Exchange Commission, Thailand, and any applicable laws, included compliance with the internal policies and guidelines set up by the Company. Adequate disclosures have also been made in the financial statements and under the topic “**Connected Transactions**” in this Annual Report.

Internal auditors and external auditors have reviewed the connected transactions and reported the results of their review to the Audit & Corporate Governance Committee who in turn have discussed and reviewed the transactions in their Audit & Corporate Governance Committee Meeting No. 1/2021 held on 17 February 2021. The result of the review for the year 2020 has been discussed in the Board of Directors Meeting No. 1/2021 held on 19 February 2021. The Audit & Corporate Governance Committee and the Board of Directors are of the opinion that the transactions entered solely based on the market prices, fair, and for the best interest of the Company.

Review of the Company’s Corporate Governance

The Audit & Corporate Governance Committee reviews guidelines for the Company’s Corporate Governance as compared with those of International organizations and present its recommendations to the Board of Directors. We also conduct an annual review of corporate governance self-assessment through a questionnaire following the SET and the IOD guidelines. The scores of Corporate Governance self-assessment fall in level of “Very Good”.

For the year 2020, the Company has been classified by Thai Institute of Directors (IOD) in conjunction with the SET and the SEC as one of the Companies with “Excellent” corporate governance. Additionally, the Company received the “ASEAN Asset Class PLCs” Award. This accolade was granted to companies with an ASEAN CG score of at least 97.5 in the 2019 ASEAN Corporate Governance Scorecard. The ASEAN Corporate Governance Scorecard has been developed by the ASEAN Capital Markets Forum (ACMF) in partnership with the Asian Development Bank (ADB) to raise corporate governance standards and practices of ASEAN publicly listed companies.

Meetings of the Audit & Corporate Governance Committee

Normally, each Audit & Corporate Governance Committee Meeting is held before a Board of Directors’ Meeting, so that discussions with internal auditors and external auditors can be carried out without management’s presence in such discussions and the minutes of the Audit & Corporate Governance Committee can also be sent to the Board of Directors for acknowledgement, discussions and receiving suggestions from the Board.

The members of the Audit & Corporate Governance Committee regularly have informal and formal discussions with internal auditors in connection with the results of the various areas of review undertaken by internal auditors. The formal Audit & Corporate Governance Committee Meeting usually takes around 2 hours. In the year 2020, Audit & Corporate Governance Committee held 4 meetings (2019: 5 meetings). The record of attendance of the members of Audit & Corporate Governance Committee is summarized as follows:

Name	Number of Attendance/Total Meeting (Times)	
	2020	2019
1. Mr. Kamtorn Sila-On	4/4	5/5
2. Professor Dr. Pavidan Pananond	4/4	5/5
3. Ms. Lyn Yen Kok	4/4	*4/5

* Participated in one Audit & Corporate Governance Committee meeting via Video Conference from abroad. Based on the announcement of the National Council for Peace and Order No. 74/2014 in relation to meetings through electronic media, the attendance of a meeting through Video Conference from abroad cannot be added to the meeting attendance count and so accordingly, this was not done.

Selection and proposal for appointment of the Company’s external auditors

Audit & Corporate Governance Committee Meeting No.1/2021 held on 17 February 2021 considered the appointment of Auditors and resolved to propose for shareholders’ approval, the appointment of any one of the following auditors of EY Office Limited as the auditor of the Company for the years 2021.



1. Ms. Vissuta Jariyathanakorn (Certified Public Accountant (Thailand) No. 3853). She has been the Company's Auditor since the year 2015
2. Mr. Termphong Opanaphan (Certified Public Accountant (Thailand) No. 4501)
3. Mr. Khitsada Lerdwana (Certified Public Accountant (Thailand) No. 4958)

All the above auditors are qualified to conduct the audit and express an opinion on the financial statements of the Company. None of the above auditors has any relationship with, or is an interested party in the Company and its subsidiaries, management, major shareholders or related persons of such persons. In the event that any of the above auditors is not available, EY Office Limited is authorized to nominate a qualified and competent auditor from EY Office Limited to conduct the Audit.

The Audit & Corporate Governance Committee is of the opinion that EY Office Limited is a reputable independent audit firm, and has shown satisfactory performance according to past records. EY Office Limited has been the Auditor of the Company and Thai subsidiaries since 2001.

The meeting also approved to propose for shareholders' approval, details of the audit fees and fees for other services (non-audit related) of the Company and subsidiaries for the year 2021 charged by EY Office Limited are as follows:

Details	Proposed for 2021	2020
Audit fees for the Company	Baht 2.10 million	Baht 2.10 million
Audit fees for Thai subsidiaries and 1 Foreign subsidiary	Baht 2.38 million	Baht 2.38 million
Fees for other services:		
• Fee for certification purposes by BOI	Baht 0.18 million	Baht 0.09 million
• Fees for reviewing the accounts of certain foreign subsidiaries (for consolidation purpose)	Baht 0.88 million	Baht 0.88 million
• Fee for reviewing the accounting transactions in relation to Thai Financial Reporting Standard (TFRS) No.9 : Financial Instruments	-	Baht 0.48 million
Total	Baht 5.54 million	Baht 5.93 million

The Audit & Corporate Governance Committee self-assessment

The Audit & Corporate Governance Committee conducted a self-assessment for 2020 as per SET guidelines, the score of which fell within the "Very Good" level. The Audit & Corporate Governance Committee intends to use this result as an indicator to further improve its performance.

Concluding Remark: Throughout 2020, the Audit & Corporate Governance Committee received full cooperation from all the Directors, executives and staff members of the Company, as well as from the external auditors, in order to fulfil its roles and responsibilities as assigned by the Board of Directors and in compliance with its Charter and the relevant laws and regulations. Despite the COVID-19 pandemic, the Company was able to prepare and disclose the relevant financial statements within the timeline required by the SET & SEC without requesting any extension of time.

The Audit & Corporate Governance Committee is of the opinion that the Company's financial statements of 2020 and disclosures of information therein are complete, reliable and consistent with generally accepted accounting principles and financial reporting standards. The Company has adequate risk management, appropriate internal audit and internal control systems. The Company also complies with its internal policies, good corporate governance, relevant laws and regulations.

**For and on behalf of the Audit & Corporate Governance Committee of
Precious Shipping Public Company Limited**

Mr. Kamtorn Sila-On

Chairman of the Audit & Corporate Governance Committee

19th February 2021



THE EXECUTIVE BOARD OF DIRECTORS' REPORT

TO THE SHAREHOLDERS

In 2020, the Executive Board of Directors of Precious Shipping Public Company Limited comprised of three members appointed by the Board of Directors viz., Mr. Khalid Moinuddin Hashim as Managing Director, Mr. Gautam Khurana as Director (Finance) and Mr. Kodakaraveetil Murali Menon as Director (Technical). However, since Mr. Kodakaraveetil Murali Menon, who was Director (Technical) and Executive Director and had been with the Company for over 32 years, retired from the Company in all capacities at the end of 2020, by a resolution of the Board of Directors in the Board Meeting No.8/2020 on 16th November 2020, the Board of Directors of the Company has appointed Mr. Prashant Mahalingam who was then Vice President (Technical) and has been employed by the Company since 1993, as Mr. Menon's replacement as Director (Technical) and as Executive Director on the Executive Board with effect from 1st January 2021. As such, with effect from 1st January 2021, the Executive Board comprises of Mr. Khalid Hashim, Mr. Gautam Khurana, and Mr. Prashant Mahalingam.

The Executive Board of Directors held 9 meetings during the year 2020 with 100% attendance. The Executive Board put in its best efforts with due care, prudence, independence and thoroughness in compliance with its mandate to perform its role as assigned by the Board of Directors, which is summarized as follows:

The Executive Board of Directors has monitored and reviewed strategic objectives, financial plans and key policies of the Company which were submitted to the Board of Directors for approval. The Executive Board of Directors has managed the Company's business and has also reported on the Company's operating results as well as on other work in progress to achieve the Company's objectives.

The Executive Board of Directors conducted a self-assessment for 2020 as per the SET guidelines, the score of which fell within the "Excellent" level. The Executive Board of Directors intends to use this result as an indicator to further improve its performance.

For and on behalf of the Executive Board of Directors of

Precious Shipping Public Company Limited

Mr. Khalid Moinuddin Hashim

Managing Director

Mr. Gautam Khurana

Executive Director

19th February 2021



RISK MANAGEMENT COMMITTEE'S REPORT

TO THE SHAREHOLDERS

The Risk Management Committee of Precious Shipping Public Company Limited comprises of three Independent Directors and the Managing Director. Mr. Kamtorn Sila-On, independent director, is the Chairman of the Committee which also includes Professor Dr. Pavida Pananond, Ms. Lyn Yen Kok and Mr. Khalid Moinuddin Hashim. The Risk Management Committee has been appointed by a resolution of the Board of Directors in the Board of Directors meeting No.1/2020 held on 11th February 2020 with a term of two years for each member.

In 2020, the Risk Management Committee held three meetings with 100% attendance. The Risk Management Committee put in its best efforts with due care, prudence, and thoroughness in compliance with its mandate to perform its roles as assigned by the Board, which is summarized as follows:

The Risk Management Committee prescribes the risk management policy and oversee the risk management process to ensure that the risk mitigation strategies in place are adequate. Further, the Risk Management Committee keeps track of key risk factors as well as the mitigation measures that are in place, to minimize the likelihood and impact of an adverse event. Measures that are put in place as well as adverse events, if any, are reported to the Board of Directors.

The Risk Management Committee conducted a self-assessment for 2020 as per SET guidelines, the score of which fell within the "Very Good" category. The Risk Management Committee intends to use this result as an indicator to further improve its performance.

**For and on behalf of the Risk Management Committee of
Precious Shipping Public Company Limited**

Mr. Kamtorn Sila-On

Chairman of the Risk Management Committee

19th February 2021



NOMINATION COMMITTEE'S REPORT

TO THE SHAREHOLDERS

The Nomination Committee of Precious Shipping Public Company Limited comprises of three independent directors. Ms. Pensri Suteerasarn is the Chairperson of the Nomination Committee which also includes Mr. Kamtorn Sila-On and Ms. Lyn Yen Kok. All three members of the Nomination Committee were independent directors. During the year 2020, Ms. Pensri Suteerasarn was appointed as the new Chairperson of the Nomination Committee by a resolution of the Board of Directors in the Board meeting No. 6/2020 held on 8 July 2020 in replacement of Mr. Chaipatr Srivisarnvacha who is now appointed as the Chairman of the Board of Directors of the Company.

In 2020, the Nomination Committee held two meetings with 100% attendance. The Nomination Committee put in its best efforts with due care, prudence, independence and thoroughness in compliance with its mandate to perform its roles as assigned by the Board, which is summarized as follows:

For the 2020 Annual General Meeting (AGM), the Company offered minority shareholders the opportunity to nominate a qualified individual to be elected as a Director through the Company's website on two occasions, since the Annual General Meeting of Shareholders No. 1/2020 was postponed from 23 April 2020 to 8 July 2020 due to the COVID-19 pandemic. The first nomination period was from 1 October 2019 to 31 December 2019 and the second nomination period was from 20 April 2020 until 11 May 2020. Since there were no candidates proposed to the Nomination Committee, the Nomination Committee reviewed the appointment of two new Directors and the three Directors whose terms expired by rotation in accordance with the Company's Articles of Association. The Nomination Committee considered a range of diverse perspectives which are aligned with the Company's strategic directions, including gender, age, education background, skill, knowledge and experience (including past performance as Director) of those nominated Directors. At the Annual General Meeting of Shareholders No.1/2020 held on 8 July 2020, the shareholders approved the appointment of two new Directors and the reappointment of the three Directors whose terms expired by rotation as proposed by the Board of Directors, on the recommendation of the Nomination Committee.

The Nomination Committee conducted a self-assessment for 2020 as per SET guidelines, the score of which fell within the "Very Good" level. The Nomination Committee intends to use this result as an indicator to further improve its performance.

**For and on behalf of the Nomination Committee of
Precious Shipping Public Company Limited**

Ms. Pensri Suteerasarn

Chairperson of the Nomination Committee

19th February 2021



REMUNERATION COMMITTEE'S REPORT

TO THE SHAREHOLDERS

The Remuneration Committee of Precious Shipping Public Company Limited comprises of two Independent Directors and one Non-Executive Director. Mr. Kamtorn Sila-On, Independent Director, is Chairman of the Committee which also includes Professor Dr. Pavida Pananond and Mr. Kirit Shah.

For 2020, the Remuneration Committee held two meetings with 100% attendance. The Remuneration Committee put in its best efforts with due care, prudence, independence and thoroughness in compliance with its mandate to perform its roles as assigned by the Board, which is summarized as follows:

The Remuneration Committee considered the 2020 remuneration of Directors and Senior Management after factoring in the financial status and performance of the Company and also after comparing it with remuneration at other listed transportation companies in Thailand and abroad. At the Annual General Meeting of Shareholders No.1/2020 held on 8 July 2020, the shareholders approved the remuneration of the Directors for the year 2020 as proposed by the Board of Directors, on the recommendation of the Remuneration Committee.

The Remuneration Committee conducted a self-assessment for 2020 as per the SET guidelines, the score of which fell within the "Very Good" level. The Remuneration Committee intends to use this result as an indicator to further improve its performance.

**For and on behalf of the Remuneration Committee of
Precious Shipping Public Company Limited**

Mr. Kamtorn Sila-On

Chairman of the Remuneration Committee

19th February 2021



INTERNAL CONTROLS

Precious Shipping Public Company Limited recognizes the importance of Internal Control Systems on an operational level to ensure that the operations are conducted efficiently within risk parameters acceptable to the Company and prevailing business circumstances for the activities of each of the individual departments. To ensure suitable control measures in keeping with prevailing circumstances, environment, and risks, the internal audit department regularly monitors the internal controls in place and the internal control practices. The Company has implemented Internal Control Systems in accordance with the recommendations of the Committee of Sponsoring Organizations of the Treadway Commission 2013 (COSO 2013) to achieve all three objectives of internal control: efficient and effective operations, credible financial and other reports, and compliance with laws and regulations, consisting of five key components as follows:

1. CONTROL ENVIRONMENT

The Company has forged ahead with setting up a proper control environment and accordingly set up the Corporate Governance Policy, Business Ethics Manual and Anti-Corruption Policy in writing. These are recognized by the staff of the Company as the basis of working. In addition, the Company has established the alignment of the organization structure with the Company's goals and business direction, including clear definition of functions, roles/responsibilities, and reporting lines of each business division. The Company recognizes that the Control Environment will lead to efficiency and effectiveness of work and bring out the best benefits to the Company.

2. RISK ASSESSMENT

The Company recognizes the importance of Risk Assessment as a tool to provide an early warning of a danger that could result in loss and therefore, the Company annually assesses prominent risks by dividing them into two categories 1) Organization Level that is managed by Management and published in the section **"Risk Management"** of this Annual report 2) Activities Level for which both, Internal Audit Department as an independent entity and each specific department (being in possession of sound knowledge and skills required for operations), are responsible. Such assessments bring out the risks that affect the Company's operations which are then required to be managed through a set-up of correct and appropriate control systems. The results of Risk Assessment for various activities are reported periodically to the Management, the Risk Management Committee and the Board of Directors for review and action.

3. CONTROL ACTIVITIES

The Risk Assessment process also involves an assessment of Control Activities. The objective of assessment is to ensure that the Company has good control systems and conforms to the related risks to decrease/distribute all risks of the Company with a view to ensuring the sustainability of operations. In terms of the Company's functional management, the Managing Director delegates authority to the Company's functional management, resulting in practical and easily-tracked courses of action. All departments have to verify, control and supervise their function business to ensure strict compliance with laws and regulations.

4. INFORMATION & COMMUNICATION

The Company recognizes the importance of reliable Information & Communication systems. To ensure this, the Company invests in the continuous development of its IT and Communication systems both ashore as well on-board vessels. This ensures that accurate and timely data is always available for decision-making. The Company uses encrypted software for internal communications. Important external communications are



disseminated through the SET, the Company's website and the Company's social media channels. In addition, the Company's top management is very prompt in answering any queries, which may be raised by investors or other stakeholders.

5. MONITORING & EVALUATION

Performance monitoring and evaluation of employees is as follows:

Level	Evaluation by	Frequency of evaluation
Staff	Head of Department / Line Manager	At least once a year
Head of Department	Management	At least once a year
Management	Board of Directors	At least once a year

The results of the evaluation exercise are taken into consideration while determining the Company's future strategy. In addition, the Internal Audit Department monitors and assesses internal control procedures and outcomes and reports its findings to the Audit & Corporate Governance Committee. The findings of internal control assessment for 2020 have been provided in the "**Audit & Corporate Governance Committee Report**" section of the Annual Report.

The Board of Directors' opinion of the Company's internal control system

At the Board of Directors' Meeting No.1/2021 on 19th February 2021, which the Audit & Corporate Governance Committee also attended, the Board agreed with the Audit & Corporate Governance Committee's opinion about internal control evaluation results. It was concluded that the Company and its subsidiaries have proper internal control systems and have effectively adapted control measures to correspond with changing situations.

Moreover, the result of the Year 2020 Audit of the Company by EY Office Limited, the independent and external auditors have not identified any significant audit findings, including any significant deficiencies in internal controls relevant to the audit.

Head of Internal Audit and Head of Legal & Compliance

The Company established an Internal Audit Department in order to ensure that key operations and financial activities are conducted in compliance with Company guidelines and statutory laws. Internal auditors report directly to the Audit & Corporate Governance Committee on all matters in order to make the Internal Audit Department completely independent of Management. The Audit & Corporate Governance Committee has the authority to approve the appointment, transfer and dismiss the Head of Internal Audit. A detailed profile of the Head of Internal Audit, Ms. Panida Satjadechachai, is provided in Enclosure 1 "Information on Relevant Persons in the Organisation" of this Annual Report.

The Company also established the Legal & Compliance Department to review and evaluate compliance issues/concerns within the organization in order to mitigate legal risk and to ensure that the Board of Directors, Management and Employees are in compliance with the rules and regulations of regulatory agencies, that company policies and procedures are being followed and that behavior in the organization is in line with the Company's Code of Conduct. A detailed profile of the Head of Legal and Compliance Department, Ms. Sirasa Supawasin, is provided in Enclosure 1 "Information on Relevant Persons in the Organisation" of this Annual Report.



CONNECTED TRANSACTIONS

The Company and its subsidiaries have entered into certain transactions with connected persons. All of these transactions are made in the ordinary course of business and on general trading conditions.

Internal auditors have reviewed the connected transactions according to the Notifications of the Stock Exchange of Thailand Re: The Disclosure of Information and Acts of Listed Companies Concerning Connected Transactions 2003, as amended from time to time and Notification of the Capital Market Supervisory Board No. Tor Chor. 21/2551 Re: Rules on Connected Transactions as amended from time to time, including circular letter of the SEC about the recommended practice to be followed under section 89/12 (1) of the Securities and Exchange Act (No.4) B.E.2551.

In 2020, the Company had eight connected transactions which are categorized as follows:

Type of connected transaction	Description	Number of transactions in 2020
Type 2	Any connected transaction which supports the core business include (i) property management expenses (ii) air ticket expenses (iii) hotel service expenses (iv) insurance premium expenses (v) consultant fees for ship chartering services (vi) maintenance and supply expenses for air conditioners at the main operational office and the condominium apartments of the Company and its subsidiaries and (vii) brokerage income.	7
Type 3	Any connected transaction in relation to real estate rental for a period of under 3 years.	1
	Total	8



The details of the above 8 transactions entered into by the Company and/or its subsidiaries with related parties are as follows:

Related Transactions	Related Parties	Amount (Million Baht)			Rationale of Related Transactions	Probability of the Transactions in 2021
		As of 31 Dec 2020	As of 31 Dec 2019	As of 31 Dec 2018		
Office lease	Unistretch Limited <u>The relation</u>	2.22	2.20	1.59	The Office lease is required for the operations of the Company.	The same transaction on similar terms as that of year 2020 is envisaged for 2021, since the Office is essential for operating the business of the Company.
Property management services	<ul style="list-style-type: none"> Ms. Nishita Shah and Mr. Ishaan Shah, Directors of the Company, are Directors and Shareholders of Unistretch Limited. Total direct/indirect shareholding (%) in Unistretch Limited of Ms. Nishita Shah and Mr. Ishaan Shah as at 31 December 2020: 67.75% of total paid up shares. Mr. Kirit Shah, a Director of the Company, is a Director of Unistretch Limited. 	0.45	0.30	0.15	Property management services at the condominium apartments (the residences of the Company's expatriate staff) owned by the Company's subsidiary is essential for the assets of the Company's subsidiary.	The same transaction on similar terms as that of year 2020 is envisaged for 2021, since these services are essential for the business of the Company.
Purchase of air tickets	<ul style="list-style-type: none"> Ambika Tour Agency Limited <u>The relation</u> Ms. Nishita Shah and Mr. Ishaan Shah, Directors of the Company, are Directors and Shareholders of Ambika Tour Agency Limited Total direct/indirect shareholding (%) in Ambika Tour Agency Limited of Ms. Nishita Shah and Mr. Ishaan Shah as at 31 December 2020: 58.13% of total paid up shares. 	0.25	4.99	8.58	Given the nature of the Company's business, apart from air tickets for foreign travel by office Executives, air tickets are also required for the various crew members on a regular basis to allow them to sign on/off in different ports around the world on commencement and completion of their contracts, respectively. Ambika Tour Agency Limited has been selected for this purpose in view of their competitive rates and service and also for their proximity to the Company's office, since this allows much quicker and efficient service.	If the COVID-19 situation continues, it is envisaged that these transactions would be of lower value (or potentially nil) in 2021. However, if the situation returns to normalcy, it is possible that the Company will enter into the same transactions, since it is required for the Company's business
Maintenance of the air conditioning systems	<ul style="list-style-type: none"> Maestro Controls Limited <u>The relation</u> Ms. Nishita Shah and Mr. Ishaan Shah, Directors of the Company, are Directors and Shareholders of Maestro Controls Limited. Total direct/indirect shareholding (%) in Maestro Controls Limited of Ms. Nishita Shah and Mr. Ishaan Shah as at 31 December 2020: 99.85% of total paid up shares. Mr. Kirit Shah, a Director of the Company, is also a Director of Maestro Controls Limited. 	0.22	0.67	0.89	The maintenance of air conditioning systems and supply of air conditioners if required, at the main operational offices and the condominium apartments are essential for the Company's operations. Maestro Controls Ltd. has been selected, for this purpose in view of their competitive rates and service.	The same transaction on similar or more beneficial terms as that of year 2020 is envisaged for 2021, since it is required for the Company's business operations. However, for 2021, it is envisaged that supply of air conditioners would be less (about 17 sets with value of approx. THB 1.40 million), since it would be only for the remaining floors in the Company's office and the remaining units at the Company's condominium apartments. Thereafter, there should not be any supply of air conditioners at least for the lifespan of these new air conditioners.
Supply of air conditioners		8.94	1.26	-		



Related Transactions	Related Parties	Amount (Million Baht)		Rationale of Related Transactions	Probability of the Transactions in 2021
		As of Dec 2020	As of Dec 2019		
Hotel and management services	<p>Maxwin Builders Limited</p> <p><u>The relation</u></p> <ul style="list-style-type: none"> Ms. Nishita Shah and Mr. Ishaan Shah, Directors of the Company, are Directors and Shareholders of Maxwin Builders Limited. Total direct/indirect shareholding (%) in Maxwin Builders Limited of Ms. Nishita Shah and Mr. Ishaan Shah as at 31 December 2020: 85.93% of total paid up shares Mr. Khushroo Kali Wadia and Mr. Kirit Shah, Directors of the Company, are Directors of Maxwin Builders Limited 	4.53	0.62	<p>The expenses for hotel services (like holding AGM and other meetings) and ASQ accommodation for staff at Avani Atrium Bangkok Hotel owned by Maxwin Builders Ltd. and management services are required for the operations of the Company and its subsidiary: Maxwin Builders Ltd. has been selected for this purpose in view of their competitive rates and service. In 2020, there were 104 crew members who stayed at the Avani Atrium Bangkok Hotel as ASQ accommodation for the purpose of crew changes, each for 15 nights as per Thai Government's requirements.</p>	<p>If the COVID-19 situation continues, it is envisaged that expenses for holding meetings at the Hotel would be lower (or potentially nil). However, similar expenses for ASQ accommodation for staff and crew members would probably be higher than those in 2020.</p>
Insurances	<p>InsurExcellence Insurance Brokers Limited and InsurExcellence Life Insurance Brokers Limited</p> <p><u>The relation</u></p> <ul style="list-style-type: none"> Mr. Ishaan Shah, Director of the Company, is a Director in InsurExcellence Insurance Brokers Limited and InsurExcellence Life Insurance Brokers Limited. Ms. Sameera Shah, who is a Director and Shareholder in InsurExcellence Insurance Brokers Limited and InsurExcellence Life Insurance Brokers Limited, is daughter of Mr. Kirit Shah and is a blood sister of Ms. Nishita Shah and Mr. Ishaan Shah, who are Directors of the Company. Total direct/indirect shareholding (%) in InsurExcellence Insurance Brokers Limited of Ms. Sameera Shah as at 31 December 2020: 53.47% of total paid up shares Total direct/indirect shareholding (%) in InsurExcellence Life Insurance Brokers Limited of Ms. Sameera Shah as at 31 December 2020: 56.35% of total paid up shares 	3.22	2.63	<p>Life insurance for staff, D&O Insurance, motor vehicle and property insurance are part of normal business operations of the Company and its subsidiaries, as insurance is essential for the security of the assets of the Company and Company's subsidiary, InsurExcellence Insurance Brokers Limited and InsurExcellence Life Insurance Brokers Limited have been selected for this purpose in view of their competitive rates and service after a thorough comparison of Insurance Premiums and allied services offered by other Insurance Brokers in the market.</p>	<p>The same transaction on similar or more beneficial terms as that of year 2020 is envisaged for 2021, since these services are essential for operating the business of the Company.</p>



Related Transactions	Related Parties	Amount (Million Baht)			Rationale of Related Transactions	Probability of the Transactions in 2021
		As of 31 Dec 2020	As of 31 Dec 2019	As of 31 Dec 2018		
Consultancy services for ship chartering	<p>Devon Marine Limited</p> <p><u>The relation</u></p> <ul style="list-style-type: none"> Mr. Harry Wrey, who is a Director and Shareholder in Devon Marine Limited, is son-in-law of Mr. Khalid Hashim, Managing Director of the Company. Mrs. Adiba Hashim, who is a Shareholder in Devon Marine Limited, is daughter of Mr. Khalid Hashim, Managing Director of the Company. Total direct/indirect shareholding (%) in Devon Marine Limited of Mr. Harry Wrey and Mrs. Adiba Hashim as at 31 December 2020: 100% of total paid up shares. 	1.60	5.58	5.80	<p>The services provided by Devon Marine Limited based in the United Kingdom such as ship chartering, business development within Europe and North/South America are beneficial to the Company and allow the Company to access certain business opportunities and markets that the Company had no access in the past, due to time differences resulting from the Company's office location and operating hours.</p> <p>This consulting agreement was ended in April 2020. As such, from April 2020 onwards, the Company has engaged another service provider, who is not a connected party, to provide similar services instead.</p>	<p>The same transaction is not envisaged for 2021, since the agreement was ended in 2020.</p>
Brokerage income	<p>Eastern Energy Chartering Pte Ltd., Singapore</p> <p><u>The relation</u></p> <ul style="list-style-type: none"> Mr. Ishaan Shah, Director of the Company and Great Circle Shipping Agency Limited, is a Director and Shareholder of Eastern Energy Inc, Panama, the parent company (shareholding 100%) of Eastern Energy Chartering Pte Ltd, Singapore. Mr. Ishaan Shah's aggregate direct/indirect shareholding (%) in Eastern Energy Chartering Pte Ltd. as of 31 December 2020 amounts to 90% of total paid up shares. 	0.24	3.70	-	<p>The Company's subsidiary, Great Circle Shipping Agency Limited, received brokerage income from Eastern Energy Chartering Pte Ltd., Singapore for providing ship chartering and operating services. This income is included in the subsidiary's revenue. The brokerage rates charged to Eastern Energy Chartering Pte Ltd. are on par with market rates charged by 3rd party brokers, for services of this nature. The subsidiary would also charge similar rates for a similar transaction with any other company.</p>	<p>The same transaction on similar or more beneficial terms as that of year 2020 is envisaged for 2021, since it is essential and beneficial for operating the business of the Company.</p>

Related Transactions	Related Parties	Amount (Million Baht)				Rationale of Related Transactions	Probability of the Transactions in 2021
		As of Dec 2020	As of Dec 2019	As of 31 Dec 2018	As of 31 Dec 2018		
Purchase of one condominium unit at Prestige Towers Condominium located at 166/20, Tower A, Soi Sukhumvit 23, Klongtoey Nue Sub-district, Wattana District, Bangkok	Great Circle Shipping Agency Limited ("Subsidiary"), a wholly owned Thai subsidiary of the Company. The relation <ul style="list-style-type: none"> Mr. Khalid Moimuddin Hashim, Managing Director and Director of the Company, and Director of the Subsidiary. Mr. Hashim currently holds 131,486,275 shares (8.43%) in the Company and 1 share (0.001%) in the Subsidiary; and Mrs. Vijayalakshmi Hashim, spouse of Mr. Hashim. Mr. and Mrs. Hashim are the Sellers under this transaction. 	-	13.35	-	-	Since all the condominium units of the Subsidiary are fully occupied at present and in order to accommodate more new senior foreign employees (with their families), which is part of the succession plan of the Company, it is necessary for the Company to acquire one more condominium unit. Further, any condominium units which are not occupied by the Company personnel which have a high degree of marketability in the rental market which will create an opportunity to increase income of the Subsidiary and the Company. The purchase price of the Property is THB 13.25 million which is lower than the market price of THB 13.50 million (THB 54,000 per sq. m.) pursuant to the valuation report dated 6 th November 2019 prepared by American Appraisal (Thailand) Ltd., an independent valuer which is in the list of valuers approved by The Securities and Exchange Commission.	N/A

Policy in respect of future transactions with connected parties

The Company has always and will continue to conduct transactions with connected parties very carefully, with a view to maintaining full compliance with the relevant rules and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission, Thailand, and any applicable laws, apart from compliance with the internal policies and guidelines set up by the Company. Moreover, such transactions are entered into strictly on an "Arm's Length" basis. The terms and conditions of such transactions are always in compliance with generally acceptable, standard commercial terms and conditions.

Opinions of the Audit & Corporate Governance Committee and the Board of Directors on the connected transactions

Directors and Executives disclose their and their relatives' shareholdings, directorships and other interests in other Companies and Firms, and report their conflict of interest if any, to the Company for the company's use in complying with the regulations pertaining to connected party transactions. Such a report disclosing all their interests is also useful in monitoring their adherence to their duties regarding conflict of interest transactions. The Internal Auditors have reviewed the above connected transactions and reported the results of their review to the Audit & Corporate Governance Committee who in turn have discussed and reviewed the above transactions in their Audit & Corporate Governance Committee Meeting No. 1/2021 held on 17th February 2021. The Audit & Corporate Governance Committee is of the opinion that the aforesaid transactions are fair and reasonable and for the full benefit of the Company.

The Board of Directors Meeting No. 1/2021 held on 19th February 2021, the Board reviewed the transactions and based on the findings and report of the Audit & Corporate Governance Committee, the Board is of the opinion that the Company has adequate rules, regulations and policies for prevention of conflicted transactions and that the above interested party transactions are entered solely based on the market prices, reasonable and for the full benefit of the Company. Adequate disclosures have also been made in the financial statements.



FINANCIAL PERFORMANCE

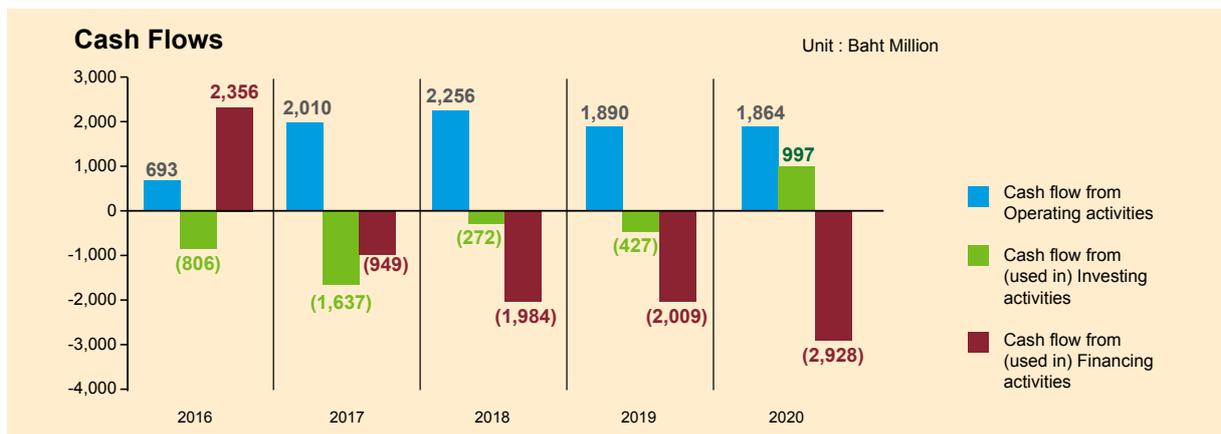
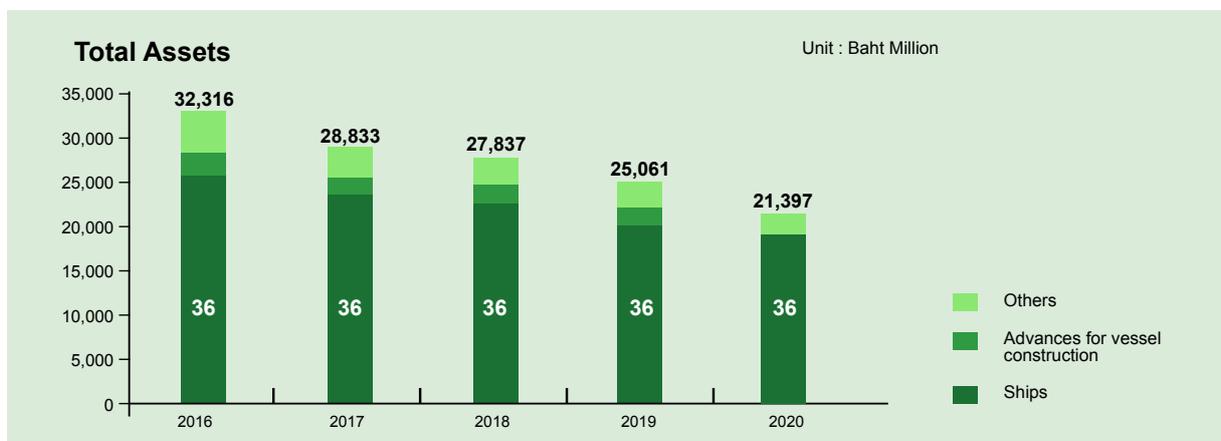
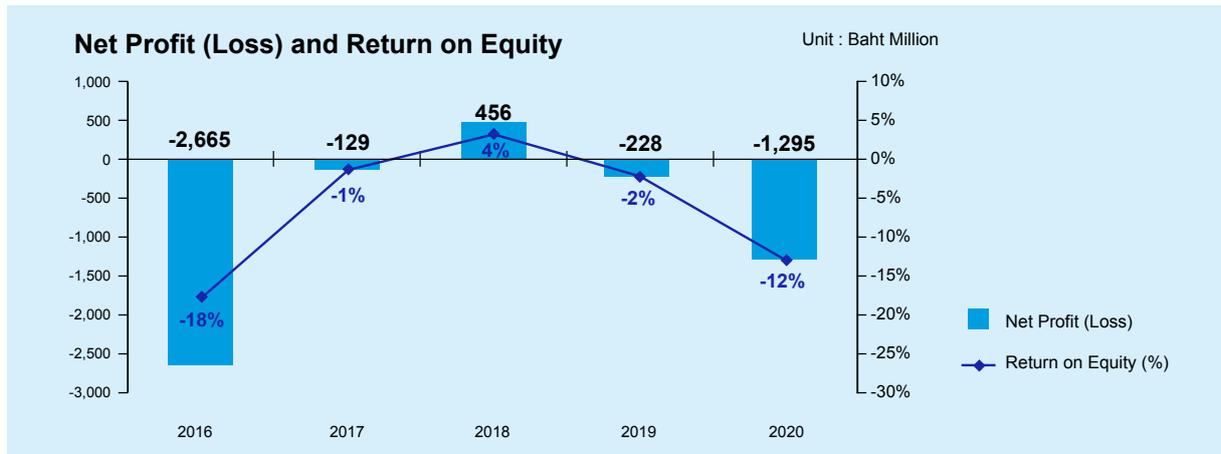


FINANCIAL HIGHLIGHTS

Unit : Baht Million

Details	2020	2019	2018	2017	2016
Vessel Operating Income	3,726.30	4,144.28	4,929.11	4,328.90	3,682.42
Vessel Operating Costs	2,009.05	1,984.15	2,065.54	1,990.23	2,485.96
Gross Profit	1,717.25	2,160.13	2,863.57	2,338.67	1,196.46
Total Revenues	3,751.06	4,183.03	4,970.12	4,394.63	3,791.79
Total Expenses (excluding depreciation & loss on impairment & loss on sales of vessels & losses on settlement agreement)	2,970.56	3,245.23	3,351.25	3,364.08	3,846.67
Depreciation	1,213.01	1,183.43	1,184.95	1,169.84	1,366.40
Loss on impairment of assets	0.00	0.00	0.00	0.00	566.56
Loss on sales of vessels	0.00	0.00	0.00	0.00	680.29
Losses on settlement agreement	868.72	0.00	0.00	0.00	0.00
Share of profit from investment in associate held by a subsidiary	10.81	19.85	24.42	10.00	3.29
Profit (Loss) before Corporate Income Tax	(1,290.42)	(225.78)	458.34	(129.29)	(2,664.84)
Corporate Income Tax	4.44	2.71	2.14	0.19	0.06
Net Profit (Loss)*	(1,294.85)	(228.49)	456.20	(129.48)	(2,664.90)
Total Current Assets	1,937.89	1,680.52	2,317.15	2,250.59	3,101.02
Property, plant and equipment	19,124.56	20,097.55	22,409.26	23,474.67	25,671.52
Total Assets	21,396.85	25,060.55	27,836.91	28,833.24	32,316.03
Total Current Liabilities	3,339.31	4,712.25	2,308.47	1,333.91	1,227.98
Long-Term Loans - net of current portion	4,730.34	5,011.89	7,150.29	9,483.37	10,846.82
Total Liabilities	11,262.56	13,501.50	15,141.45	16,497.75	18,656.98
Paid-up Capital	1,559.29	1,559.29	1,559.29	1,559.28	1,559.28
Total Shareholders' Equity	10,134.29	11,559.05	12,695.46	12,335.49	13,659.05
Cash flow from Operating activities	1,863.96	1,890.41	2,256.03	2,010.43	693.27
Cash flow from (used in) Investing activities	997.09	(427.48)	(272.23)	(1,636.57)	(805.66)
Cash flow from (used in) Financing activities	(2,928.40)	(2,009.32)	(1,983.65)	(949.42)	2,355.90
Book Value per share (Baht)	6.50	7.41	8.14	7.91	8.74
Earnings (loss) per share (Baht)	(0.83)	(0.15)	0.29	(0.08)	(1.71)
Gross Profit Margin (%)	46.08	52.12	58.10	54.02	32.49
Net Profit Margin (%)	(34.52)	(5.46)	9.18	(2.95)	(70.28)
Return on Equity (%)	(11.94)	(1.88)	3.65	(1.00)	(17.68)
Return on Total Assets (%)	(5.57)	(0.86)	1.61	(0.42)	(8.23)
Total Liabilities/Equity Ratio	1.11	1.17	1.19	1.34	1.37
Number of Ships (As at end of the Year)	36	36	36	36	36
Exchange rate 1 USD to THB for statement of financial position	30.0371	30.1540	32.4498	32.6809	35.8307
Exchange rate 1 USD to THB for Income statement (Average for the year)	31.3382	30.9637	32.3223	33.8038	35.2715

* Net Profit (Loss) means Net Profit (loss) attributable to equity holders of the Company





REPORT ON THE BOARD OF DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Board of Directors is responsible for the Company's financial statements and financial information presented in this Annual Report. The aforementioned financial statements have been prepared in accordance with Thai Financial Reporting Standards, using appropriate accounting policies consistently employed by the Company after applying prudent judgment and best estimation. Important information is adequately disclosed in the notes to the financial statements.

The Board of Directors has provided for and maintained efficient internal control systems to ensure that accounting records are accurate, complete and adequate to protect the Company's assets and uncover weaknesses in order to prevent fraud or materially irregular operations.

To accomplish this task, the Board of Directors has appointed an Audit & Corporate Governance Committee, which consists fully of Independent Directors and the Committee is, inter alia responsible for the quality of financial statements and internal control systems, with the Committee's comments on these issues included in the Audit & Corporate Governance Committee Report in this Annual Report.

The Board of Directors is of the opinion that the Company's overall internal control system has functioned up to a satisfactory level to render credibility and reliability to the Company's financial statements for the year ended December 31st, 2020.

**For and on behalf of the Board of Directors of
Precious Shipping Public Company Limited**

Mr. Chaipatr Srivisarvachan
Chairman of the Board of Directors

Mr. Khalid Moinuddin Hashim
Managing Director

19th February 2021



INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report

To the Shareholders of Precious Shipping Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Precious Shipping Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, 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 Precious Shipping 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 Precious Shipping Public Company Limited and its subsidiaries and of Precious Shipping Public Company Limited as at 31 December 2020, 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 16 to the consolidated financial statements, regarding the cancellation of the Shipbuilding Contracts (“SBCs”). In July 2020, the Company and Jiangsu Guoxin Corporation Ltd. (formerly known as “Sainty Marine Corporation Ltd.”) (collectively “Parties”) executed an amicable settlement agreement (“Settlement Agreement”) in order to fully and finally settle any and all of their disputes and claims arising out of and/or in relation to the SBCs, the refund guarantees thereof and/or the arbitration and court proceedings. This Settlement Agreement is binding upon the Parties, subject to the terms and conditions specified, with Sainty to refund advances in the amount agreed between the Parties. The Company received full settlement per the Settlement Agreement in July 2020 and recorded the amount that was not refunded, amounting to Baht 869 million (The Company only: Baht 861 million), as an expense in the income statements. Following the Company’s receipt of the full amount per the Settlement Agreement, the Parties withdrew their claims, counterclaims and/or appeals in relation to the SBCs and terminated all related arbitration and court proceedings, with no remaining and/or outstanding issues or claims as at 31 December 2020. My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, 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 to each matter are described below.

Revenue recognition

The Group has entered into agreements with a large number of customers and these include both Time Charter and Voyage Charter type agreements, whereby the freight rates fluctuate in line with global market rates. There are therefore risks with respect to the amount and timing of revenue recognition.



I have examined the revenue recognition of the Group by

- Assessing and testing the Group's IT system and its 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 agreements to assess whether revenue recognition was consistent with the conditions of the relevant agreement, and whether it was in compliance with the Group's policy.
- On a sampling basis, examining supporting documents for actual revenue recognition transactions occurring during the year and near the end of the accounting period.
- Reviewing credit notes that the Group issued after the period-end.
- Performing analytical procedures on disaggregated data to detect possible irregularities in revenue transactions throughout the period, particularly for accounting entries made through journal vouchers.

Impairment of vessels

In determining the impairment loss, management had to exercise judgement with respect to its projections of future operating performance, plans for management of assets of companies in the group, and determination of an appropriate discount rate and key assumptions. There is thus a risk with respect to the amount of impairment loss recorded on vessels.

I assessed the management's identification of cash generating units and selection of a financial model, by gaining an understanding of management's decision-making process and evaluating whether the decisions were consistent with how assets are utilised. In addition, I gained an understanding of and assessed the following:

- The assumptions applied in preparing plans and cash flow projections for the Group, based on the understanding I gained of the process by which the figures were arrived and comparison of the assumptions with external and internal sources of information in order to assess the exercise of management judgment in estimating cash flow projections, and comparison of the long-term growth rate of the Group with economic and industry forecasts.
- The discount rate, based on comparison of the average cost of capital and other data with those used by comparable organisations.
- The assumptions and approaches used by management in calculating the fair value of vessels.



I considered the scope and probability of potential changes in the key assumptions and in particular the growth rates applied in preparing the cash flow projections, by comparing them to economic and industry forecasts.

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.

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. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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.

Vissuta Jariyathanakorn

Certified Public Accountant (Thailand) No. 3853

EY Office Limited

Bangkok: 19 February 2021



STATEMENT OF FINANCIAL POSITION

Precious Shipping Public Company Limited and its subsidiaries
As at 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Assets					
Current assets					
Cash and cash equivalents	7	1,100,490,204	1,181,180,928	612,724,314	443,250,723
Trade and other receivables	8	168,701,268	182,609,681	3,648,305,236	3,479,692,640
Short-term loans to a subsidiary	10	-	-	-	129,662,200
Bunker oil		34,626,909	176,485,980	-	-
Derivative assets	4, 34	515,862,197	-	515,862,197	-
Other current assets					
Advances to vessel masters		72,913,190	73,485,984	-	-
Claim recoverables		9,828,095	10,638,849	-	-
Others		35,468,103	56,120,774	14,632,864	16,413,404
Total other current assets		118,209,388	140,245,607	14,632,864	16,413,404
Total current assets		1,937,889,966	1,680,522,196	4,791,524,611	4,069,018,967
Non-current assets					
Long-term loans to subsidiaries	10	-	-	3,378,394,114	4,523,100,000
Derivative assets	4, 34	17,838,406	-	-	-
Receivables from cross currency swap contracts	4	-	950,890,975	-	921,749,079
Investments in subsidiaries	11	-	-	7,020,259,208	6,038,468,017
Investment in associate held by a subsidiary	12	74,311,329	68,092,056	-	-
Investment in equity instrument of non-listed company	13	16,295,352	17,113,615	16,295,352	17,113,615
Property, plant and equipment	14	19,124,559,416	20,097,547,770	7,611,177	6,667,802
Right-of-use assets	4, 20	24,158,589	-	20,368,392	-
Intangible assets	15	6,905,670	6,749,632	6,584,635	6,749,630
Other non-current assets					
Claim recoverables - maritime claims		46,246,717	24,656,504	-	-
Advances for vessel constructions	16	-	2,047,469,556	-	2,039,751,204
Deferred contract costs	17	145,482,410	162,782,861	-	-
Others		3,158,633	4,726,165	2,396,230	3,963,183
Total other non-current assets		194,887,760	2,239,635,086	2,396,230	2,043,714,387
Total non-current assets		19,458,956,522	23,380,029,134	10,451,909,108	13,557,562,530
Total assets		21,396,846,488	25,060,551,330	15,243,433,719	17,626,581,497

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



STATEMENT OF FINANCIAL POSITION (CONTINUED)

Precious Shipping Public Company Limited and its subsidiaries
As at 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables					
Trade and other payables	9	113,675,898	70,720,959	281,220	13,457,673
Advances received from related parties	9	-	-	1,825,508,984	1,749,783,634
Accrued crew accounts		83,066,645	84,749,692	-	-
Accrued expenses		80,160,675	338,001,089	23,035,048	59,705,463
Accrued employee bonus		-	34,421,325	-	24,608,801
Total trade and other payables		276,903,218	527,893,065	1,848,825,252	1,847,555,571
Advances received from charterers		606,063,035	75,091,199	-	-
Current portion of long-term loans	18	1,500,006,906	2,137,257,692	-	-
Current portion of debentures	19	935,514,642	1,947,630,244	935,514,642	1,947,630,244
Current portion of lease liabilities	4, 20	5,325,635	-	4,136,935	-
Income tax payable		1,594,084	1,506,626	-	-
Other current liabilities		13,898,776	22,871,888	9,217,788	13,318,266
Total current liabilities		3,339,306,296	4,712,250,714	2,797,694,617	3,808,504,081
Non-current liabilities					
Long-term loans - net of current portion	18	4,730,340,297	5,011,892,056	-	-
Debentures - net of current portion	19	2,855,650,470	3,565,211,716	2,855,650,470	3,565,211,716
Lease liabilities - net of current portion	4, 20	19,538,932	-	16,864,357	-
Derivative liabilities	4, 34	82,621,251	-	-	-
Deferred tax liabilities	28	1,965,935	-	-	-
Provision for maritime claims	21	67,069,060	46,239,681	-	-
Provision for long-term employee benefits	22	166,063,671	165,910,413	124,997,299	129,516,980
Total non-current liabilities		7,923,249,616	8,789,253,866	2,997,512,126	3,694,728,696
Total liabilities		11,262,555,912	13,501,504,580	5,795,206,743	7,503,232,777

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



STATEMENT OF FINANCIAL POSITION (CONTINUED)

Precious Shipping Public Company Limited and its subsidiaries
As at 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Shareholders' equity					
Share capital	23				
Registered share capital					
1,559,291,862 ordinary shares of Baht 1 each		1,559,291,862	1,559,291,862	1,559,291,862	1,559,291,862
Issued and paid-up share capital					
1,559,291,862 ordinary shares of Baht 1 each		1,559,291,862	1,559,291,862	1,559,291,862	1,559,291,862
Paid-in capital					
Premium on ordinary shares		1,967,897,516	1,967,897,516	1,967,897,516	1,967,897,516
Premium on treasury stock		172,445,812	172,445,812	172,445,812	172,445,812
Retained earnings					
Appropriated					
Statutory reserve - the Company	24	103,952,060	103,952,060	103,952,060	103,952,060
- subsidiaries	24	523,320,000	523,320,000	-	-
Corporate social responsibility reserve	25	17,769,466	17,696,466	17,769,466	17,696,466
Unappropriated		7,523,194,265	8,891,670,774	5,904,977,010	6,587,677,745
Other components of shareholders' equity		(1,733,611,140)	(1,677,260,039)	(278,106,750)	(285,612,741)
Equity attributable to owners of the Company		10,134,259,841	11,559,014,451	9,448,226,976	10,123,348,720
Non-controlling interests of the subsidiaries		30,735	32,299	-	-
Total shareholders' equity		10,134,290,576	11,559,046,750	9,448,226,976	10,123,348,720
Total liabilities and shareholders' equity		21,396,846,488	25,060,551,330	15,243,433,719	17,626,581,497

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



INCOME STATEMENT

Precious Shipping Public Company Limited and its subsidiaries
For the year ended 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Revenues					
Vessel operating income					
Time charter income		2,874,426,465	3,334,212,863	-	-
Voyage charter income		851,870,074	810,069,757	-	-
Total vessel operating income		3,726,296,539	4,144,282,620	-	-
Service income	9	3,766,377	7,772,123	89,895,129	88,964,983
Interest income		8,523,278	29,875,934	191,560,220	11,582,523
Dividend income	9, 11	-	405,217	48,808,160	405,217
Gain on liquidation of subsidiaries	11	-	-	6,702,483	-
Gain on derivative		11,991,915	-	13,713,928	-
Other income		479,579	696,461	15,351	676
Total revenues		3,751,057,688	4,183,032,355	350,695,271	100,953,399
Expenses					
Vessel operating costs					
Vessel running expenses		1,557,391,220	1,571,125,467	-	-
Voyage disbursements		163,171,189	154,239,088	-	-
Bunker consumption		288,483,387	258,786,320	-	-
Total vessel operating costs		2,009,045,796	1,984,150,875	-	-
Depreciation	14, 20	1,213,009,012	1,183,432,145	7,706,738	3,060,022
Cost of services		3,980,753	5,214,405	-	-
Administrative expenses	9	278,688,209	453,750,431	198,539,673	330,224,548
Management remuneration including perquisites	9	56,924,197	92,129,527	60,140,386	94,071,876
Losses on settlement agreement	16	868,716,922	-	860,601,697	-
Losses on impairment of investments in subsidiaries	11	-	-	4,714,343	-
Expected credit losses/Bad debts and doubtful accounts	8, 10	9,009,676	645,194	28,582,361	-
Exchange losses		14,743,899	6,041,219	11,054,460	927,326
Losses on ineffective portion of cash flow hedge on fair value adjustment of hedging instruments		1,018,311	-	-	-
Total expenses		4,455,136,775	3,725,363,796	1,171,339,658	428,283,772
Operating profit (loss)		(704,079,087)	457,668,559	(820,644,387)	(327,330,373)
Share of profit from investment in associate held by a subsidiary	12.1	10,813,223	19,848,843	-	-
Finance cost	26	(597,148,713)	(703,300,816)	(287,694,091)	(294,704,664)
Loss before income tax expenses		(1,290,414,577)	(225,783,414)	(1,108,338,478)	(622,035,037)
Income tax expenses	28	(4,441,846)	(2,707,665)	-	-
Loss for the year		(1,294,856,423)	(228,491,079)	(1,108,338,478)	(622,035,037)

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



INCOME STATEMENT (CONTINUED)

Precious Shipping Public Company Limited and its subsidiaries
For the year ended 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Loss attributable to:					
Equity holders of the Company		(1,294,854,929)	(228,491,145)	(1,108,338,478)	(622,035,037)
Non-controlling interests of the subsidiaries		(1,494)	66	-	-
Loss for the year		<u>(1,294,856,423)</u>	<u>(228,491,079)</u>	<u>(1,108,338,478)</u>	<u>(622,035,037)</u>
Basic earnings per share					
	30				
Loss attributable to equity holders of the Company		<u>(0.83)</u>	<u>(0.15)</u>	<u>(0.71)</u>	<u>(0.40)</u>

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



STATEMENT OF COMPREHENSIVE INCOME

Precious Shipping Public Company Limited and its subsidiaries
For the year ended 31 December 2020

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Loss for the year	(1,294,856,423)	(228,491,079)	(1,108,338,478)	(622,035,037)
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of financial statements in foreign currency	(1,690,350)	455,648	-	-
Losses on cash flow hedges	(228,797,964)	-	(178,170,062)	-
Changes in cost of hedging	68,344,830	-	66,292,774	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods	(162,143,484)	455,648	(111,877,288)	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>				
Actuarial loss	-	(15,217,741)	-	(10,757,244)
Losses on measurement of fair value of investment in equity instrument of non-listed company	(751,918)	-	(751,918)	-
Exchange differences on translation of functional currency to presentation currency financial statements	33,039,987	(893,156,035)	21,039,779	(802,815,739)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods	32,288,069	(908,373,776)	20,287,861	(813,572,983)
Other comprehensive income for the year	(129,855,415)	(907,918,128)	(91,589,427)	(813,572,983)
Total comprehensive income for the year	(1,424,711,838)	(1,136,409,207)	(1,199,927,905)	(1,435,608,020)
Total comprehensive income attributable to:				
Equity holders of the Company	(1,424,710,302)	(1,136,406,820)	(1,199,927,905)	(1,435,608,020)
Non-controlling interests of the subsidiaries	(1,536)	(2,387)	-	-
	(1,424,711,838)	(1,136,409,207)	(1,199,927,905)	(1,435,608,020)

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



STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Precious Shipping Public Company Limited and its subsidiaries
For the year ended 31 December 2020

(Unit: Baht)

	Consolidated financial statements															
	Equity attributable to owners of the Company										Total shareholders' equity					
	Retained earnings					Other components of shareholders' equity										
	Appropriated		Corporate social responsibility reserve			Exchange differences on translation of financial statements	measurement of fair value of investment in equity instrument of non-listed company	Cash flow hedge reserve	Cost of hedging reserve	Total other components of shareholders' equity		Total equity attributable to owners of the Company				
Statutory reserve	Subsidiaries	The Company	Subsidiaries	Unappropriated reserve	Losses on											
Issued and paid-up share capital	Premium on ordinary shares	Premium on treasury stock	Premium on	Statutory reserve	Subsidiaries	The Company	Subsidiaries	Unappropriated reserve	Exchange differences on translation of financial statements	measurement of fair value of investment in equity instrument of non-listed company	Cash flow hedge reserve	Cost of hedging reserve	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
Balance as at 1 January 2019	1,559,291,862	1,967,897,516	172,445,812	103,952,060	523,320,000	17,593,326	9,135,682,800	(794,562,105)	-	-	(794,562,105)	-	(794,562,105)	12,695,421,271	34,686	12,695,455,957
Loss for the year	-	-	-	-	-	(228,491,145)	-	-	-	-	-	-	-	(228,491,145)	66	(228,491,079)
Other comprehensive income for the year	-	-	-	-	-	(15,217,741)	-	(892,897,934)	-	-	(892,897,934)	-	(892,897,934)	(907,915,675)	(2,453)	(907,918,128)
Total comprehensive income for the year	-	-	-	-	-	(243,708,886)	-	(892,897,934)	-	-	(892,897,934)	-	(892,897,934)	(1,136,406,820)	(2,387)	(1,136,409,207)
Appropriated to corporate social responsibility reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2019	1,559,291,862	1,967,897,516	172,445,812	103,952,060	523,320,000	17,596,466	8,891,670,774	(1,677,260,039)	-	-	(1,677,260,039)	-	(1,677,260,039)	11,559,014,451	32,299	11,559,046,750
Balance as at 1 January 2020	1,559,291,862	1,967,897,516	172,445,812	103,952,060	523,320,000	17,596,466	8,891,670,774	(1,677,260,039)	-	-	(1,677,260,039)	-	(1,677,260,039)	11,559,014,451	32,299	11,559,046,750
Cumulative effect of change in accounting policy (Note 4)	-	-	-	-	-	(73,546,580)	-	-	-	-	-	-	-	(73,546,580)	(28)	(73,574,168)
Balance as at 1 January 2020 - as restated	1,559,291,862	1,967,897,516	172,445,812	103,952,060	523,320,000	17,596,466	8,818,122,194	(1,677,260,039)	-	-	(1,677,260,039)	-	(1,677,260,039)	11,558,970,143	32,271	11,559,002,414
Loss for the year	-	-	-	-	-	(1,294,854,929)	-	-	-	-	-	-	-	(1,294,854,929)	(42)	(1,294,855,423)
Other comprehensive income for the year	-	-	-	-	-	-	-	31,349,679	(751,918)	(751,918)	(228,797,964)	68,344,830	(129,855,373)	(129,855,373)	(42)	(129,855,415)
Total comprehensive income for the year	-	-	-	-	-	-	-	31,349,679	(751,918)	(751,918)	(228,797,964)	68,344,830	(129,855,373)	(129,855,373)	(1,536)	(129,856,911)
Appropriated to corporate social responsibility reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2020	1,559,291,862	1,967,897,516	172,445,812	103,952,060	523,320,000	17,769,466	7,523,194,265	(1,645,910,360)	-	-	(1,645,910,360)	-	(1,645,910,360)	10,134,259,841	30,735	10,134,290,576

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



STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

Precious Shipping Public Company Limited and its subsidiaries
For the year ended 31 December 2020

(Unit: Baht)

	Separate financial statements										
	Retained earnings					Other components of shareholders' equity					
	Appropriated					Other comprehensive income					
	Issued and paid-up share capital	Premium on ordinary shares	Premium on treasury stock	Statutory reserve	Corporate social responsibility reserve	Unappropriated reserve	Exchange differences on translation of financial statements	Losses on measurement of fair value of investment in equity instrument of non-listed company	Cash flow hedge reserve	Cost of hedging reserve	Total other components of shareholders' equity
Balance as at 1 January 2019	1,559,291,862	1,967,897,516	172,445,812	103,952,060	17,369,326	7,220,773,166	517,202,998	-	-	517,202,998	11,558,956,740
Loss for the year	-	-	-	-	-	(622,035,037)	-	-	-	-	(622,035,037)
Other comprehensive income for the year	-	-	-	-	-	(10,757,244)	(802,815,739)	-	-	(802,815,739)	(813,572,983)
Total comprehensive income for the year	-	-	-	-	-	(632,792,281)	(802,815,739)	-	-	(802,815,739)	(1,435,608,020)
Appropriated to corporate social responsibility reserve (Note 25)	-	-	-	-	303,140	(303,140)	-	-	-	-	-
Balance as at 31 December 2019	1,559,291,862	1,967,897,516	172,445,812	103,952,060	17,696,466	6,587,677,745	(285,612,741)	-	-	(285,612,741)	10,123,348,720
Balance as at 1 January 2020	1,559,291,862	1,967,897,516	172,445,812	103,952,060	17,696,466	6,587,677,745	(285,612,741)	-	-	(285,612,741)	10,123,348,720
Cumulative effect of change in accounting policy (Note 4)	-	-	-	-	-	425,710,743	-	-	160,647,989	(61,552,571)	524,806,161
Balance as at 1 January 2020 - as restated	1,559,291,862	1,967,897,516	172,445,812	103,952,060	17,696,466	7,013,388,488	(285,612,741)	-	(61,552,571)	(186,517,323)	10,648,154,881
Loss for the year	-	-	-	-	-	(1,108,338,478)	-	-	-	-	(1,108,338,478)
Other comprehensive income for the year	-	-	-	-	-	-	21,039,779	(751,918)	(66,292,774)	(91,589,427)	(91,589,427)
Total comprehensive income for the year	-	-	-	-	-	-	21,039,779	(751,918)	(66,292,774)	(91,589,427)	(91,589,427)
Appropriated to corporate social responsibility reserve (Note 25)	-	-	-	-	73,000	(73,000)	-	-	-	-	-
Balance as at 31 December 2020	1,559,291,862	1,967,897,516	172,445,812	103,952,060	17,769,466	5,904,977,010	(264,572,962)	(751,918)	4,740,203	(278,106,750)	9,448,226,976

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



CASH FLOW STATEMENT

Precious Shipping Public Company Limited and its subsidiaries
For the year ended 31 December 2020

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash flows from operating activities				
Loss before tax	(1,290,414,577)	(225,783,414)	(1,108,338,478)	(622,035,037)
Adjustments to reconcile loss before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	1,214,072,572	1,183,436,915	8,749,561	3,064,792
Expected credit losses/Bad debts and doubtful accounts	9,009,676	645,194	28,582,361	-
Losses on impairment of investments in subsidiaries	-	-	4,714,343	-
Amortisation of deferred contract costs	17,390,156	17,134,187	-	-
Losses on settlement agreement	868,716,922	-	860,601,697	-
Write-off equipment	15,379	7,334	15,378	7,225
Gains on sales of equipment	(134,135)	(387,079)	(15,338)	-
Share of profit from investment in associate held by a subsidiary	(10,813,223)	(19,848,843)	-	-
Provision for maritime claims (reversal)	(786,045)	14,196,191	-	-
Provision for long-term employee benefits	14,005,110	45,706,571	9,303,207	35,857,176
Unrealised exchange losses (gains)	3,729,763	(3,442,673)	2,740,436	(5,613,116)
Amortised financial fees to interest expenses	18,335,505	21,690,513	-	-
Finance cost	580,264,012	692,386,864	279,639,763	286,763,765
Amortisation of deferred debentures issuing cost	4,689,483	5,797,602	4,689,483	5,797,602
Dividend income	-	(405,217)	(48,808,160)	(405,217)
Gain on derivative	(11,991,915)	-	(13,713,928)	-
Losses on ineffective portion of cash flow hedge on fair value adjustment of hedging instruments	1,018,311	-	-	-
Gain on liquidation of subsidiaries	-	-	(6,702,483)	-
Interest income	-	-	(186,536,220)	-
Write-off withholding tax deducted at source	1,665,893	-	1,665,893	-
Profit (loss) from operating activities before changes in operating assets and liabilities	1,418,772,887	1,731,134,145	(163,412,485)	(296,562,810)
Operating assets (increase) decrease				
Trade and other receivables	5,531,578	55,690,606	(205,473,923)	(242,581,463)
Bunker oil	148,968,348	(88,285,147)	-	-
Other current assets	21,921,684	(22,185,561)	766,322	(2,632,306)
Other non-current assets	1,627,747	1,845	1,627,747	1,845
Operating liabilities increase (decrease)				
Trade and other payables	(243,361,663)	165,346,546	411,384,624	289,739,022
Advances received from charterers	537,873,946	58,017,647	-	-
Other current liabilities	(10,193,834)	1,225,191	(4,091,734)	168,107
Non-current liabilities	(13,612,347)	(7,140,875)	(13,612,347)	(6,888,005)
Cash flows from (used in) operating activities	1,867,528,346	1,893,804,397	27,188,204	(258,755,610)
Cash paid for corporate income tax and withholding tax deducted at source	(3,565,150)	(3,798,514)	(1,215,836)	(1,651,294)
Net cash flows from (used in) operating activities	1,863,963,196	1,890,005,883	25,972,368	(260,406,904)

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



CASH FLOW STATEMENT (CONTINUED)

Precious Shipping Public Company Limited and its subsidiaries
For the year ended 31 December 2020

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash flows from investing activities				
Acquisitions of condominium unit, equipment and payment of dry-dock and special survey expenses	(272,940,951)	(436,254,573)	(4,450,930)	(913,802)
Cash received from sales of equipment	163,726	404,536	44,903	-
Acquisitions of computer software	(1,260,994)	(6,838,905)	(904,878)	(6,838,905)
Cash received from settlement agreement	1,269,067,500	-	1,269,067,500	-
Decrease in long-term loans to subsidiaries	-	-	540,177,755	538,686,316
Dividend received	2,057,537	15,618,362	48,808,160	405,217
Net cash flows from (used in) investing activities	997,086,818	(427,070,580)	1,852,742,510	531,338,826
Cash flows from financing activities				
Cash paid for interest expense	(592,998,193)	(692,239,495)	(297,815,939)	(286,616,396)
Cash paid for deferred financial fees	(16,019,379)	(5,416,130)	-	-
Cash paid for lease liabilities	(5,828,956)	-	(4,820,439)	-
Cash paid for derivative	(20,027,323)	-	(18,305,310)	-
Cash received from long-term loans	1,717,826,610	496,977,120	-	-
Repayment of long-term loans	(980,121,482)	(1,127,499,600)	-	-
Prepayment of long-term loans	(1,656,434,867)	(681,138,588)	-	-
Repayment of debentures - net	(1,374,794,550)	-	(1,374,794,550)	-
Net cash flows used in financing activities	(2,928,398,140)	(2,009,316,693)	(1,695,736,238)	(286,616,396)
Decrease in translation adjustments	(13,342,598)	(115,270,007)	(13,505,049)	(37,678,598)
Net increase (decrease) in cash and cash equivalents	(80,690,724)	(661,651,397)	169,473,591	(53,363,072)
Cash and cash equivalents at beginning of year	1,181,180,928	1,842,832,325	443,250,723	496,613,795
Cash and cash equivalents at end of year	1,100,490,204	1,181,180,928	612,724,314	443,250,723

Supplemental cash flows information

Non-cash transactions

Conversion of advance receivable to subsidiary to long-term loans to a subsidiary	-	-	-	618,849,900
Transfer advance payable from subsidiary deducted long-term loans to a subsidiary	-	-	-	108,676,080
Decrease in advance payables from subsidiaries net of investment returned	-	-	369,479,205	-

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



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Precious Shipping Public Company Limited and its subsidiaries
For the year ended 31 December 2020

1. General information

1.1 Corporate information

Precious Shipping Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged as a holding company for investment in the marine transportation business. The registered office of the Company is at No. 8, North Sathorn Road, G, 7th, 8th and 9th floors, Silom, Bangrak, Bangkok 10500.

1.2 Coronavirus disease 2019 Pandemic

The Coronavirus disease 2019 pandemic is adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the group operates. The Group’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

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, issued under the Accounting Act B.E. 2543. These financial statements are presented in Thai Baht which is different from the functional currency of the Company, which is US Dollar. The presentation is in Thai Baht in accordance with the regulatory requirements in Thailand.

The USD functional currency financial statements are translated into the Thai Baht presentation currency financial statements at the rate of exchange prevailing on the end of reporting period in respect of assets and liabilities, and at a rate that approximates the actual rate at the date of the transaction in respect of revenues and expenses, differences being recorded as “Exchange differences on translation of financial statements” in other comprehensive income, other components of shareholders' equity.

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 Precious Shipping Public Company Limited and the following subsidiaries and associate (“the Group”).

Company's name	Nature of business	Country of incorporation	Percentage directly and indirectly owned by the Company	
			2020 %	2019 %
<u>Subsidiaries held by the Company</u>				
1. Precious Metals Limited	Shipowner	Thailand	99.99	99.99
2. Precious Wishes Limited	Shipowner	Thailand	99.99	99.99
3. Precious Stones Shipping Limited	Shipowner	Thailand	99.99	99.99
4. Precious Minerals Limited	Shipowner	Thailand	99.99	99.99
5. Precious Lands Limited	Shipowner	Thailand	99.99	99.99
6. Precious Rivers Limited*	Shipowner	Thailand	-	99.99
7. Precious Lakes Limited	Shipowner	Thailand	99.99	99.99
8. Precious Seas Limited*	Shipowner	Thailand	-	99.99
9. Precious Stars Limited*	Shipowner	Thailand	-	99.99
10. Precious Oceans Limited	Shipowner	Thailand	99.99	99.99
11. Precious Planets Limited	Shipowner	Thailand	99.99	99.99
12. Precious Diamonds Limited	Shipowner	Thailand	99.99	99.99
13. Precious Sapphires Limited	Shipowner	Thailand	99.99	99.99
14. Precious Emeralds Limited	Shipowner	Thailand	99.99	99.99
15. Precious Rubies Limited	Shipowner	Thailand	99.99	99.99
16. Precious Opals Limited	Shipowner	Thailand	99.99	99.99
17. Precious Garnets Limited	Shipowner	Thailand	99.99	99.99
18. Precious Pearls Limited	Shipowner	Thailand	99.99	99.99
19. Precious Flowers Limited	Shipowner	Thailand	99.99	99.99
20. Precious Forests Limited	Shipowner	Thailand	99.99	99.99
21. Precious Trees Limited	Shipowner	Thailand	99.99	99.99
22. Precious Ponds Limited	Shipowner	Thailand	99.99	99.99
23. Precious Ventures Limited	Shipowner	Thailand	99.99	99.99
24. Precious Capitals Limited	Shipowner	Thailand	99.99	99.99
25. Precious Jasmines Limited	Shipowner	Thailand	99.99	99.99
26. Precious Orchids Limited	Shipowner	Thailand	99.99	99.99
27. Precious Lagoons Limited	Shipowner	Thailand	99.99	99.99
28. Precious Cliffs Limited*	Shipowner	Thailand	-	99.99
29. Precious Hills Limited*	Shipowner	Thailand	-	99.99
30. Precious Mountains Limited*	Shipowner	Thailand	-	99.99
31. Precious Resorts Limited	Shipowner	Thailand	99.99	99.99
32. Precious Cities Limited*	Shipowner	Thailand	-	99.99
33. Precious Comets Limited	Shipowner	Thailand	99.99	99.99
34. Precious Ornaments Limited	Shipowner	Thailand	99.99	99.99



Company's name	Nature of business	Country of incorporation	Percentage directly and indirectly owned by the Company	
			2020	2019
			%	%
35. Precious Moons Limited	Shipowner	Thailand	99.98	99.98
36. Precious Venus Limited	Shipowner	Thailand	99.99	99.99
37. Precious Neptune Limited	Shipowner	Thailand	99.99	99.99
38. Precious Shipping (Panama) S.A.	Shipowner/ Chartering	Panama	99.99	99.99
39. Precious Shipping (Singapore) Pte. Limited	Holding company/ Chartering	Singapore	100.00	100.00
40. Precious Shipping (UK) Limited	Chartering	England	100.00	100.00
41. Great Circle Shipping Agency Limited	Technical manager of ships	Thailand	99.99	99.99
42. Associated Bulk Carriers Pte. Limited	Holding company	Singapore	100.00	100.00
<u>Subsidiaries held by subsidiaries</u>				
43. Precious Projects Pte. Limited**	Investment holding company	Singapore	100.00	100.00
44. Precious Forests Pte. Ltd.	Shipowner	Singapore	100.00	100.00
45. Precious Fragrance Pte. Ltd.	Shipowner	Singapore	100.00	100.00
46. Precious Thoughts Pte. Ltd.	Shipowner	Singapore	100.00	100.00
47. Precious Comforts Pte. Ltd.	Shipowner	Singapore	100.00	100.00
48. Precious Sparks Pte. Ltd.	Shipowner	Singapore	100.00	100.00
49. Precious Visions Pte. Ltd.	Shipowner	Singapore	100.00	100.00
50. Precious Bridges Pte. Ltd.	Shipowner	Singapore	100.00	100.00
51. Precious Tides Pte. Ltd.	Shipowner	Singapore	100.00	100.00
52. Precious Skies Pte. Ltd.	Shipowner	Singapore	100.00	100.00
53. Precious Grace Pte. Ltd.	Shipowner	Singapore	100.00	100.00
54. Precious Sonnets Pte. Ltd.	Shipowner	Singapore	100.00	100.00
55. Precious Glories Pte. Ltd.	Shipowner	Singapore	100.00	100.00
56. Precious Wisdom Pte. Ltd.	Shipowner	Singapore	100.00	100.00
57. ABC One Pte. Ltd.	Shipowner	Singapore	100.00	100.00
58. ABC Two Pte. Ltd.	Shipowner	Singapore	100.00	100.00
59. ABC Three Pte. Ltd.	Shipowner	Singapore	100.00	100.00
60. ABC Four Pte. Ltd.	Shipowner	Singapore	100.00	100.00
<u>Associate held by a subsidiary</u>				
61. International Seaports (Haldia) Private Limited	Port development	India	22.40	22.40

* Completed the liquidation process in the year 2020

** Business suspended

- 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.



Investment in associate is accounted for using the equity method and is recognised initially at cost. The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity accounted investee from the date that significant influence incurs until the date that significant influence ceases.

- d) The financial statements of the subsidiaries are prepared for the same reporting period as the Company and using the same significant accounting policies as the Company.

The financial statements of the associate are prepared for a reporting date that differs from that of the Company by no more than three months. In this respect, the accounting periods and differences are consistent and the financial statements are prepared using the same significant accounting policies as the Company.

- e) The financial statements of all subsidiaries and associate are prepared in their respective functional currencies. Where the functional currency is not USD, the financial statements are translated into USD using the exchange rate prevailing on the end of reporting period in respect of assets and liabilities, and at a rate that approximates the actual rate at the date of the transaction in respect of revenues and expenses. The resultant differences have been shown under the caption of "Exchange differences on translation of financial statements" in other comprehensive income, other components of shareholders' equity.
- f) Material balances and transactions between the Group, and investments in subsidiaries by the Company and shareholders' equity of the subsidiaries 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 income statement and within equity in the consolidated statement of financial position.

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



3. 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 2019) and new 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. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standard involves changes to key principles, which are summarised below:

Financial reporting standards related to financial instruments

The 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
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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. They also include stipulations regarding the presentation and disclosure of financial instruments.



The adoption of these standards has the impact on the Group's financial statements to result in the following adjustments.

- Classification and measurement of investment in equity instrument of non-listed company at fair value - The Company measures investment in equity instrument of non-listed company at fair value and classifies the investment as financial assets at fair value through other comprehensive income.
- Initial recognition of financial assets at fair value - The Company measures long-term loans to subsidiaries that carry no interest at fair value. The fair value is measured at the present value of all future cash receipts discounted using the market rate for a similar financial instrument. The difference between fair value and book value of long-term loans to subsidiaries is recognised as investment in subsidiaries.
- Recognition of credit losses - The Group recognises an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Group applies the simplified approach to consider impairment of trade receivables.
- Recognition of derivatives - The Group initially recognises derivatives at their fair value on the contract date and subsequently measure them at fair value at the end of each reporting period. Changes in the fair value of derivatives are recognised in income statement. However, the Group applies hedge accounting for certain derivatives.
- Hedge accounting - All of the Group's hedging relationships existing before TFRS 9 adoption, that are eligible under TFRS 9 requirements, remain eligible to be treated as hedging relationships. The Group has designated certain derivatives under cash flow hedge. Changes in the fair value of these derivatives are recognised in other comprehensive income. Gains and losses arising on cash flow hedges are eligible to be subsequently reclassified to income statement.

The Group recognised the cumulative effect of the adoption of these financial reporting standards as an adjustment to retained earnings and other components of shareholders' equity as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 4.



Furthermore, the Group elected to early adopt the amendments to TFRS 9 and TFRS 7 relating to interest rate benchmark reform in 2020. These amendments are effective for fiscal years beginning on or after 1 January 2021. These amendments provide reliefs which enable the Group's hedge accounting to continue during the period of uncertainty, before the replacement of an existing interest rate benchmark with an alternative risk-free interest rate. The relevant details are disclosed in Note 34.1.

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.

The Group adopted this financial reporting standard using the modified retrospective method of initial adoption of which the comparative information was not restated.

The cumulative effect of the change is described in Note 4.

Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the Covid-19 Pandemic

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic. Its objectives are to alleviate some of the impacts of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

During the period from the first quarter to the third quarter of 2020, the Group elected to apply the temporary relief measures on accounting alternatives relating to impairment of assets, fair value measurement of investment in unquoted equity instrument and measurement of expected credit losses using a simplified approach.

In the fourth quarter of 2020, the Group has assessed the financial impacts of the uncertainties of the COVID-19 Pandemic on the valuation of assets. As a result, in preparing the financial statements for the year ended 31 December 2020, the Group has decided to discontinue application of all temporary relief measures on accounting alternatives with no 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 2021

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2021. 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 management of the Group is currently evaluating the impact of these standards on the financial statements in the year when they are adopted.

4. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards

As described in Note 3 to the financial statements, during the current year, the Group has adopted the set of financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards was recognised as an adjustment to retained earnings and other components of shareholders' equity as at 1 January 2020. Therefore, the comparative information was not restated.

The impacts of changes in accounting policies on the statements of financial position at the beginning of 2020 due to the adoption of these standards are presented as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 December 2019	The impacts of		1 January 2020
		Financial reporting standards related to financial instruments	TFRS 16	
Statement of financial position				
Assets				
Current assets				
Derivative assets	-	321,968	-	321,968
Non-current assets				
Derivative assets	-	664,489	-	664,489
Receivables from cross currency swap contracts	950,891	(950,891)	-	-
Right-of-use assets	-	-	29,171	29,171



(Unit: Thousand Baht)

	Consolidated financial statements			
	The impacts of			
	31 December 2019	Financial reporting standards related to financial instruments	TFRS 16	1 January 2020
Liabilities and shareholders' equity				
Current liabilities				
Accrued expenses	338,001	(741)	-	337,260
Current portion of lease liabilities	-	-	4,225	4,225
Non-current liabilities				
Lease liabilities - net of current portion	-	-	24,946	24,946
Derivative liabilities	-	36,351	-	36,351
Shareholders' equity				
Retained earnings - unappropriated	8,891,671	(73,549) ^(A)	-	8,818,122
Other components of shareholders' equity	(1,677,260)	73,505	-	(1,603,755)

(Unit: Thousand Baht)

	Separate financial statements			
	The impacts of			
	31 December 2019	Financial reporting standards related to financial instruments	TFRS 16	1 January 2020
Statement of financial position				
Assets				
Current assets				
Derivative assets	-	321,968	-	321,968
Non-current assets				
Long-term loans to subsidiary	4,523,100	(888,021)	-	3,635,079
Derivative assets	-	633,609	-	633,609
Receivables from cross currency swap contracts	921,749	(921,749)	-	-
Investments in subsidiaries	6,038,468	1,379,000	-	7,417,468
Right-of-use assets	-	-	24,491	24,491



(Unit: Thousand Baht)

	Separate financial statements			
	The impacts of			
	31 December	Financial reporting standards related to financial instruments	TFRS 16	1 January
	2019			2020
Liabilities and shareholders' equity				
Current liabilities				
Current portion of lease liabilities	-	-	3,421	3,421
Non-current liabilities				
Lease liabilities - net of current portion	-	-	21,070	21,070
Shareholders' equity				
Retained earnings - unappropriated	6,587,678	425,711 ^(A)	-	7,013,389
Other components of shareholders' equity	(285,613)	99,096	-	(186,517)

^(A) Please see Note 4.1 to the financial statements.

4.1 Financial instruments

Details of the impact on retained earnings as at 1 January 2020 due to the adoption of financial reporting standards related to financial instruments are presented as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Initial recognition of financial assets at fair value	-	490,979
Recognition of hedging derivatives at fair value through other comprehensive income	(73,549)	(65,268)
Impacts on retained earnings due to the adoption of financial reporting standards related to financial instruments	(73,549)	425,711



Details of the impact on other components of shareholders' equity as at 1 January 2020 due to the adoption of financial reporting standards related to financial instruments are presented as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
	<u>73,505</u>	<u>99,096</u>
Recognition of hedging derivatives at fair value through other comprehensive income		
Impacts on other components of shareholders' equity due to the adoption of financial reporting standards related to financial instruments	<u>73,505</u>	<u>99,096</u>



As at 1 January 2020, classification and measurement of financial assets required by TFRS 9, in comparison with classification and the former carrying amount, are as follows:

	Consolidated financial statements				(Unit: Thousand Baht)
	The former carrying amount	Classification and measurement in accordance with TFRS 9			
		Fair value through other comprehensive income	Amortised cost	Total	
Financial assets as at 1 January 2020					
Cash and cash equivalents	1,181,181	-	1,181,181	1,181,181	
Trade and other receivables	182,610	-	182,610	182,610	
Derivative assets	-	986,457	-	986,457	
Claim recoverables	10,639	-	10,639	10,639	
Investment in equity instrument of non-listed company	17,114	17,114	-	17,114	
Advances for vessel constructions	2,047,470	-	2,047,470	2,047,470	
Total financial assets	3,439,014	1,003,571	3,421,900	4,425,471	



(Unit: Thousand Baht)

	Separate financial statements			
	The former carrying amount	Classification and measurement in accordance with TFRS 9		
		Fair value through other comprehensive income	Amortised cost	Total
Financial assets as at 1 January 2020				
Cash and cash equivalents	443,251	-	443,251	443,251
Trade and other receivables	3,479,693	-	3,479,693	3,479,693
Short-term loans to subsidiary	129,662	-	129,662	129,662
Derivative assets	-	955,577	-	955,577
Long-term loans to subsidiary	3,635,079	-	3,635,079	3,635,079
Investment in equity instrument of non-listed company	17,114	17,114	-	17,114
Advances for vessel constructions	2,039,751	-	2,039,751	2,039,751
Total financial assets	9,744,550	972,691	9,727,436	10,700,127

As at 1 January 2020, the Group has not designated any financial liabilities at fair value through other comprehensive income except derivative liabilities of which fair value is Baht 36.35 million (The Company only: nil).



4.2 Leases

On adoption of TFRS 16, the Group recognised lease liabilities in relation to leases that previously classified as operating leases measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of 1 January 2020. For leases that previously classified as finance leases, the Group recognised the carrying amount of the lease assets and lease liabilities before transition as right-of-use assets and lease liabilities, respectively at the date of initial application.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Operating lease commitments as at 31 December 2019	34,266	29,065
Less: Deferred interest expenses	(5,095)	(4,574)
Lease liabilities as at 1 January 2020 due to TFRS 16 adoption	<u>29,171</u>	<u>24,491</u>
Weighted average incremental borrowing rate (percent per annum)	5.28 - 5.53	5.28 - 5.53
Comprise of:		
Current lease liabilities	4,225	3,421
Non-current lease liabilities	<u>24,946</u>	<u>21,070</u>
	<u>29,171</u>	<u>24,491</u>

5. Significant accounting policies

5.1 Revenue and expense recognition

Vessel operating income

Vessel operating income consists of time charter income and voyage charter income.

Time charter income is recognised on a straight-line basis over the term of the respective time charter agreements as service is provided.

Voyage charter income is recognised on a straight-line basis over the estimated voyage days from the commencement of loading to completion of discharge.



Rendering of services

Service revenue is recognised when services have been rendered taking into account the stage of completion.

Interest income

Interest income is calculated using the effective interest method and recognised on an accrual basis. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the expected credit loss allowance).

Finance cost

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

Dividend received

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

5.2 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.

5.3 Bunker oil

Bunker oil is valued at the lower of cost (first-in, first-out method) and net realisable value and is charged to vessel operating costs whenever consumed.

5.4 Investments in subsidiaries and associate

Investment in associate is accounted for in the consolidated financial statements using the equity method.

Investments in subsidiaries and associate are accounted for in the separate financial statements using the cost method net of allowance for impairment loss (if any).



5.5 Property, plant and equipment/Depreciation

Vessels, condominium units, and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of vessels, condominium units and equipment is calculated by reference to their costs, after deducting residual value, on the straight-line basis over the following estimated useful lives.

Vessels and equipment	25 years and 5 years, respectively
Dry-dock and special survey expenses	2 years and 4 years, respectively
Condominium units	17 - 20 years
Leasehold improvement	5 years
Others	5 years

Depreciation is included in determining income.

No depreciation is provided on asset under construction.

An item of buildings 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 (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

5.6 Borrowing costs

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

5.7 Intangible assets and amortisation

Intangible assets are carried at cost less accumulated amortisation and 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 for an intangible asset are reviewed at least at each financial year end. The amortisation expense is charged to the income statement.

The estimated useful lives of computer software are 5 years and 10 years.



5.8 Deferred financial fees

Financial expenses related to borrowings that are typically incurred on or before signing facility agreements and before actual draw down of the loans are recorded as deferred financial fees. A portion of deferred financial fees proportionate to the amount of the loan facility already drawn is presented as a deduction against the related loan account and amortised using the effective interest rate method over the term of the loans.

5.9 Deferred contract costs

The delay penalties, which the Group paid to the charterer of Cement Carriers before delivery of the vessels in order to maintain respective long-term time charter contracts, are recorded as deferred contract costs and amortised on a straight-line basis over the committed term of the charter under the contract, which is 15 years. The vessel operating income is presented net of this amortisation in the income statement.

5.10 Leases

At inception of contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Accounting policies adopted since 1 January 2020

The Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Group recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

Right-of-use assets

Right-of-use assets are measured at cost, less accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

Depreciation of right-of-use assets which are buildings are calculated by reference to their costs on the straight-line basis over the shorter of their estimated useful lives and the lease term which are 4 years to 8 years.



If ownership of the leased asset is transferred to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Group discounted the present value of the lease payments by the interest rate implicit in the lease or the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

Accounting policies adopted before 1 January 2020

Leases of buildings 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 income statement on a straight-line basis over the lease term.



5.11 Related party transactions

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

They also include associated companies, and individuals 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 Foreign currencies

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

a) Transactions and balances

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

Monetary assets and liabilities denominated in foreign currencies are retranslated into functional currency at the exchange rate ruling at the end of reporting period. All differences are taken to the income statement.

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

b) Group companies

The assets and liabilities of Group companies whose functional currency is not USD are translated into USD at the exchange rate ruling at the end of reporting period and their income statement and statements of comprehensive income are translated at a rate that approximates the actual rate at the date of the transaction.

The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.



5.13 Impairment of non-financial assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment, right-of-use asset 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. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in the income statement.

5.14 Employee benefits

a) Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

b) Post-employment benefits

Defined contribution plans

The Group and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Group. The fund's assets are held in a separate trust fund and the Group'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 the income statement on the earlier of the date of the plan amendment or curtailment and the date that the Company recognises restructuring-related costs.

c) Termination benefits

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

5.15 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.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Provisions for maritime claims

Provisions for maritime claims are recorded by the subsidiaries upon receipt of the claim advices from the charterers, based on the best estimate of the expenditure required to settle the subsidiaries present obligation.

5.16 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Income tax of the Group in Thailand is provided for in the accounts based on the taxable income determined in accordance with tax legislation in Thailand. Overseas subsidiaries and associate calculate corporate income tax in accordance with the method and tax rates stipulated by tax laws in those countries.



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 recognised deferred tax liabilities for all taxable temporary differences while it recognised 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.

5.17 Premium on treasury stock

Gains on disposal of treasury stock are determined by reference to the carrying amount and are presented as premium on treasury stock, while losses on disposal are determined by reference to the carrying amount and are recorded as a deduction from premium on treasury stock until the premium is eliminated, with the remainder then presented in retained earnings.

5.18 Financial instruments

Accounting policies adopted since 1 January 2020

The Group initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component, are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

Classification and measurement of financial assets

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL"). The classification of financial assets at initial recognition is driven by the Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.



Financial assets at amortised cost

The Group measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (“EIR”) method and are subject to impairment. Gains and losses are recognised in income statement when the asset is derecognised, modified or impaired.

Financial assets designated at FVOCI (equity instruments)

Upon initial recognition, the Group can elect to irrevocably classify its equity investments which are not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses recognised in other comprehensive income on these financial assets are never recycled to income statement.

Dividends are recognised as other income in income statement, except when the dividends clearly represent a recovery of part of the cost of the financial asset, in which case, the gains are recognised in other comprehensive income.

Equity instruments designated at FVOCI are not subject to impairment assessment.

Classification and measurement of financial liabilities

Except for derivative liabilities, at initial recognition the Group’s financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in income statement when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Group takes into account any fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in income statement.

Derecognition of financial instruments

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.



A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in income statement.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Accounting policies adopted before 1 January 2020

Trade accounts receivable

Trade accounts receivable 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.



Investments

Investments in non-marketable equity securities, which the Group classifies as other investments, are stated at cost net of allowance for impairment loss (if any). The weighted average method is used for computation of the cost of investments.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in income statement.

5.19 Derivatives and hedge accounting

The Group uses derivatives, which are cross currency swaps, interest rate swaps, cross currency interest rate swaps and put option, to hedge its foreign currency risks and interest rate risks.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The subsequent changes are recognised in income statement unless the derivative is designated and effective as a hedging instrument under cash flow hedge. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derivatives are presented as non-current assets or non-current liabilities if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

For the purpose of hedge accounting, hedge is classified as cash flow hedges when hedging the exposure to a variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedging relationship, the Group formally designates and documents the hedging relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation, at the inception of the hedge and on an ongoing basis, includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements, including analysis of the sources of hedge ineffectiveness and how the hedge ratio is determined.



A hedging relationship qualifies for hedge accounting if it meets all of the following hedge effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk is not the dominant factor in the value changes that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all of the qualifying criteria for hedge accounting are accounted for, as described below:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in income statement. The cash flow hedge reserve is adjusted to the lower (in absolute amounts) of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The way cash flow hedge reserve accumulated in other comprehensive income are subsequently accounted for, depends on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the reserve accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and is not recognised in other comprehensive income for the period. For any other cash flow hedges, the reserve accumulated in other comprehensive income is subsequently reclassified to income statement as a reclassification adjustment in the same period which the hedged cash flows affect income statement.

If cash flow hedge accounting is discontinued, the cash flow hedge reserve accumulated in other comprehensive income must remain in equity if the hedged future cash flows are still expected to occur. Otherwise, the reserve will be immediately reclassified to income statement as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, the way the reserve remaining in equity is accounted for depends on the nature of the underlying transaction as described above.



The Group designates only the intrinsic value of the options and the financial instrument excluding the foreign currency basis spread as a hedging instrument. The change in fair value of the time value of the options and the foreign currency basis spread of financial instrument that relates to the hedged item is separately accounted for as a cost of hedging which is recognised in other comprehensive income and accumulated in a separate component of equity under cost of hedging reserve.

If the hedged item is transaction-related, the cost of hedging reserve accumulated in other comprehensive income is reclassified to income statement when the hedged item affects income statement. If the hedged item is time-period related, then the reserve accumulated in other comprehensive income is reclassified to income statement on systematic and rational basis. The reclassified amounts are recognised in income statement in the same line as the hedged item. If the hedged item is a non-financial item, then the reserve is removed directly from equity and included in the initial carrying amount of the recognised non-financial item. Furthermore, if the Group expects that some or all of the loss accumulated in cost of hedging reserve will not be recovered in the future, that amount is immediately reclassified to income statement.

5.20 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 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 judgments and estimates

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

Leases

Determining the lease term with extension and termination options - The Group as a lessee

In determining the lease term, the management is required to exercise judgement in assessing whether the Group is reasonably certain to exercise the option to extend or terminate the lease considering all relevant facts and circumstances that create an economic incentive for the Group to exercise either the extension or termination option.

Estimating the incremental borrowing rate - The Group as a lessee

The Group cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Allowance for expected credit losses of trade receivables

In determining an allowance for expected credit losses of trade receivables, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the forecast economic condition for groupings of various customer segments with similar credit risks. The Group's historical credit loss experience and forecast economic conditions may also not be representative of whether a customer will actually default in the future.



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 judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty), 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.

Property, plant and equipment/Depreciation

In calculating depreciation on vessels, condominium units and equipment, the management estimates useful lives and residual values of the Company's and subsidiaries' vessels, condominium units and equipment and reviews estimated useful lives and residual values if there are any changes.

In determining allowance for impairment of a non-financial asset, the management is required to exercise judgements regarding determination of the recoverable amount of the asset, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next 7 - 22 years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the cash-generating unit being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows used for extrapolation purposes. These estimates are most relevant to property, plant and equipment recognised by the Group. The key assumptions used to determine the recoverable amount for the different cash-generating units, are disclosed and further explained in Note 14.

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.

**7. Cash and cash equivalents**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash	867	910	856	898
Bank deposits	1,099,623	1,180,271	611,868	442,353
Total	1,100,490	1,181,181	612,724	443,251

As at 31 December 2020, bank deposits carried interest between 0.01% and 0.60% per annum for USD savings deposits and between 0.05% and 0.13% per annum for Baht savings deposits (2019: between 0.01% and 1.04% per annum for USD savings deposits and between 0.22% and 0.38% per annum for Baht savings deposits).

8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of invoice date				
Past due				
Up to 3 months	166,927	174,033	-	-
3 - 6 months	1,643	128	-	-
6 - 12 months	131	8,843	-	-
Over 12 months	8,809	151	-	-
Total	177,510	183,155	-	-
Less: Allowance for expected credit losses (2019: Allowance for doubtful accounts)	(8,809)	(545)	-	-
Total trade receivables - unrelated parties, net	168,701	182,610	-	-
<u>Other receivables - related parties</u>				
Advances to related parties (Note 9)	-	-	3,648,305	3,479,693
Total other receivables	-	-	3,648,305	3,479,693
Total trade and other receivables - net	168,701	182,610	3,648,305	3,479,693



9. Related party transactions

In addition to relationship among the Group as stated in Note 10 and 11 to the financial statements and its associate as stated in Note 12 to the financial statements, the other related party transactions and relationship are summarised below.

Related party's name	Transaction	Relationship
Globex Corporation Limited	None	Major shareholder holding 28.40% ordinary shares in the Company and related by way of the Company's directors as shareholders and directors in the related party
Unistretch Limited	Office rental and service expenses	Related by way of common shareholders and directors
Ambika Tour Agency Limited	Air ticket expenses	Related by way of common shareholders and directors
Maestro Controls Limited	Air-conditioning service expenses	Related by way of common shareholders and directors
Maxwin Builders Limited	Hotel service and management service expenses	Related by way of common shareholders and directors
InsurExcellence Insurance Brokers Limited	Insurance expense	Related by way of Company Directors' close family member as the related party's shareholder
InsurExcellence Life Insurance Brokers Limited	Insurance expense	Related by way of Company Directors' close family member as the related party's shareholder
Devon Marine Limited	Consultancy services for ship chartering	Related by way of Company Directors' close family member as the related party's shareholder
Eastern Energy Chartering Pte Ltd., Singapore	Brokerage income for ship chartering and operating services	Related by way of common shareholders and directors
Mr. Khalid Moinuddin Hashim	Acquisition of a condominium unit	Director

During the years, the Group had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms agreed upon between the Company and those related parties.



(Unit: Thousand Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	2020	2019	2020	2019	
Transactions with subsidiaries					
(Eliminated from consolidated financial statements)					
Service income - management fees	-	-	89,895	88,965	Fixed rate per vessel per day set with reference to the administrative cost of the Company
Dividend received	-	-	48,808	-	As declared
Interest income	-	-	186,522	-	At interest rate of 5.00% per annum
Condominium rental expenses	-	-	8,157	7,286	Market price
Transaction with associate					
Dividend received	2,058	15,213	-	-	As declared
Transactions with related companies					
Brokerage income	239	3,701	-	-	Market price
Air ticket expenses	245	4,988	184	1,560	Market price
Rental and service expenses	21,184	13,265	6,845	10,938	Market price
Transaction with related person					
Acquisition of a condominium unit	-	13,348	-	-	Market price

The balances of the accounts as at 31 December 2020 and 2019 between the Company and those related parties are as follows.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Other receivables - related parties (Note 8)				
Subsidiaries	-	-	3,648,305	3,479,693
Total other receivables - related parties	-	-	3,648,305	3,479,693
Trade and other payables - related parties				
Subsidiaries	-	-	1,825,509	1,749,784
Related companies	937	78	8	40
Total trade and other payables - related parties	937	78	1,825,517	1,749,824
Lease liabilities - related parties				
Related company	6,346	-	6,346	-
Total lease liabilities - related parties	6,346	-	6,346	-



The outstanding balances of the amounts due from/to subsidiaries represent current accounts between the Group. The Company's management believes that no allowance for expected credit losses is necessary. No interest was charged on advances to/from subsidiaries.

Directors and management's benefits

During the years ended 31 December 2020 and 2019, the Group had employee benefit expenses payable to their directors and management as below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Short-term employee benefits	53,828	77,681	57,044	79,623
Post-employment benefits	3,096	14,449	3,096	14,449
Total	56,924	92,130	60,140	94,072

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its subsidiaries in relation to the loans from banks. There was no guarantee fee charged.

10. Loans to subsidiaries

Loans to subsidiaries consisted of the following.

- 1) As at 31 December 2019, long-term loans to a wholly owned subsidiary, Associated Bulk Carriers Pte. Limited ("ABC"), are in the form of promissory notes amounting to USD 4.30 million, bearing no interest and are due at call. The Company intends to call for the loans repayment within one year; therefore, as at 31 Decemeber 2019, the loans were classified as short-term loans.

On 20 July 2020, ABC repaid all outstanding loans.

- 2) On 30 December 2019, the Company executed a loan agreement with Precious Shipping (Singapore) Pte. Limited ("PSSP") in order to refinance the existing loans amounting to USD 150 million between the Company as lender and PSSP as borrower. As at 31 December 2020, the Company had long-term loan to PSSP amounting to USD 112 million (2019: USD 150 million).



Movements in the balance of the loans during the year were as follows.

	(Unit: Thousand Baht)	
	Separate financial statements	
	2020	2019
Balance at beginning of the year	4,652,762	5,020,049
Convert from advance receivables	-	618,850
Adjustments of long-term loans to subsidiary due to adoption financial reporting standards related to financial instruments	(888,021)	-
Decrease	(540,178)	(647,362)
Expected credit losses	(28,582)	-
Translation adjustment	182,413	(338,775)
Total	3,378,394	4,652,762
Less: reclassified to short-term loans to a subsidiary	-	(129,662)
Balance at end of the year	3,378,394	4,523,100

For the year ended 31 December 2020, the Company recognised the allowance for expected credit losses of long-term loans to subsidiaries amounting to Baht 28.58 million (2019: nil), which was mainly because of a revision in the loan repayment schedule, resulting in an adjustment to the future repayment plan.

11. Investments in subsidiaries

These represent investments in ordinary shares in the following subsidiaries.

Subsidiaries' name	(Unit: Thousand Baht)					
	Separate financial statements					
	Paid-up capital		Shareholding percentage		Cost	
	2020	2019	2020	2019	2020	2019
			%	%		
Precious Metals Limited	275,000	275,000	99.99	99.99	318,263	319,502
Precious Wishes Limited	230,000	230,000	99.99	99.99	270,923	271,977
Precious Stones Shipping Limited	260,000	260,000	99.99	99.99	253,075	254,060
Precious Minerals Limited	230,000	230,000	99.99	99.99	230,129	231,024
Precious Lands Limited	306,000	306,000	99.99	99.99	291,245	292,379
Precious Rivers Limited*	-	234,000	-	99.99	-	192,169
Precious Lakes Limited	184,000	184,000	99.99	99.99	167,979	168,633
Precious Seas Limited*	-	100,000	-	99.99	-	118,251
Precious Stars Limited*	-	105,000	-	99.99	-	124,163



(Unit: Thousand Baht)

Subsidiaries' name	Separate financial statements					
	Paid-up capital		Shareholding		Cost	
			percentage			
	2020	2019	2020	2019	2020	2019
			%	%		
Precious Oceans Limited	175,000	175,000	99.99	99.99	206,137	206,939
Precious Planets Limited	270,000	270,000	99.99	99.99	279,510	280,597
Precious Diamonds Limited	205,000	205,000	99.99	99.99	174,993	175,674
Precious Sapphires Limited	144,000	144,000	99.99	99.99	118,724	119,186
Precious Emeralds Limited	366,000	366,000	99.99	99.99	284,684	285,791
Precious Rubies Limited	259,360	259,360	99.99	99.99	237,693	238,618
Precious Opals Limited	249,360	249,360	99.99	99.99	230,070	230,965
Precious Garnets Limited	379,000	379,000	99.99	99.99	293,633	294,776
Precious Pearls Limited	173,000	173,000	99.99	99.99	167,710	168,363
Precious Flowers Limited	336,000	336,000	99.99	99.99	323,359	324,617
Precious Forests Limited	286,000	286,000	99.99	99.99	251,393	252,371
Precious Trees Limited	202,000	202,000	99.99	99.99	196,249	197,013
Precious Ponds Limited	124,000	124,000	99.99	99.99	118,042	118,501
Precious Ventures Limited	202,000	202,000	99.99	99.99	212,871	213,700
Precious Capitals Limited	200,000	200,000	99.99	99.99	235,585	236,502
Precious Jasmines Limited	147,000	147,000	99.99	99.99	160,054	160,677
Precious Orchids Limited	217,000	217,000	99.99	99.99	180,867	181,571
Precious Lagoons Limited	140,000	140,000	99.99	99.99	164,909	165,551
Precious Cliffs Limited*	-	140,000	-	99.99	-	165,551
Precious Hills Limited*	-	140,000	-	99.99	-	165,551
Precious Mountains Limited*	-	140,000	-	99.99	-	165,551
Precious Resorts Limited	140,000	140,000	99.99	99.99	164,909	165,551
Precious Cities Limited*	-	170,000	-	99.99	-	188,253
Precious Comets Limited	141,000	141,000	99.99	99.99	125,377	125,866
Precious Ornaments Limited	156,000	156,000	99.99	99.99	137,603	138,139
Precious Moons Limited	1,000	1,000	99.98	99.98	917	921
Precious Venus Limited	298,800	298,800	99.99	99.99	254,698	255,689
Precious Neptune Limited	298,800	298,800	99.99	99.99	254,698	255,689
Precious Shipping (Panama) S.A.	250	250	99.99	99.99	300	302
Precious Shipping (Singapore)						
Pte. Limited	363,338	363,338	100.00	100.00	1,688,759	316,331
Precious Shipping (UK) Limited	250	250	100.00	100.00	300	302
Great Circle Shipping Agency Limited	210,000	210,000	99.99	99.99	325,728	326,995
Associated Bulk Carriers Pte. Limited	0.0664	0.0664	100.00	100.00	-	-
Total investments in subsidiaries					8,321,386	8,094,261
Less: Allowance for loss on investments in subsidiaries					(1,301,127)	(2,055,793)
Total investments in subsidiaries - net					<u>7,020,259</u>	<u>6,038,468</u>

*On 25 November 2019, the Extraordinary General Meeting of Shareholders of 7 subsidiaries passed the resolutions approving the dissolution of the companies. The subsidiaries registered their dissolution with the Ministry of Commerce on 26 November 2019.

On 8 September 2020, these subsidiaries have completed their liquidation processes.



During the year 2020, the Company received dividends in the amount of Baht 48.8 million from Associated Bulk Carriers Pte. Limited and recognised as dividend income in the separate income statement (2019: nil).

As at 31 December 2020, the Company has pledged the shares of 18 subsidiaries amounting to Baht 3,061.61 million (net of allowance for loss on investments) (2019: 26 subsidiaries amounting to Baht 4,770.45 million), stated under the cost method, with banks to secure the long-term loans referred to in Note 18 to the financial statements.

The change in cost of investments in subsidiaries is from the exchange differences on translation of financial statements from functional currency to presentation currency.

As at 31 December 2020 and 2019, the amounts under allowance for loss on investments in subsidiaries in the separate financial statements are derived from subsidiaries which have sold vessels and insofar have no plan of buying replacement vessels.

12. Investment in associate held by a subsidiary

12.1 Details of associate held by a subsidiary

(Unit: Thousand Baht)

Associate's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2020	2019	2020	2019	2020	2019
			%	%				
International Seaports (Haldia) Private Limited	Port development	India	22.40	22.40	61,205	61,443	74,311	68,092

The change in cost of investment in associate held by a subsidiary is from the exchange differences on translation of financial statements from functional currency to presentation currency.

(Unit: Thousand Baht)

Associate's name	Consolidated financial statements			
	For the years ended 31 December			
	Share of profit from investment in associate held by a subsidiary		Dividend received from associate held by a subsidiary	
	2020	2019	2020	2019
International Seaports (Haldia) Private Limited	10,813	19,849	2,058	15,213



Share of profit from investment in associate held by a subsidiary for the years ended 31 December 2020 and 2019, included in the consolidated income statements, was calculated based on the financial information of that associate as at 30 September 2020 and 2019, respectively.

12.2 Summarised financial information of associate held by a subsidiary

(Unit: Thousand Baht)

Associate's name	Paid-up capital as at		Total assets as at		Total liabilities as at		Total revenues		Profit	
	30 September		30 September		30 September		for the years ended		for the years ended	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	Thousand INR	Thousand INR								
International Seaports										
(Haldia) Private Limited	440,580	440,580	377,943	338,155	46,196	34,172	370,463	482,209	48,273	88,611

13. Investment in equity instrument of non-listed company

Equity instrument designated at FVOCI is investment in equity instrument of non-listed company which the Group determines as strategic investment, represents investment in 2,026,086 ordinary shares of Baht 10.00 each of TMN Company Limited, representing 3% of its registered shares capital. The changes in cost of investment in equity instrument of non-listed company are from measurement at fair value and the exchange differences on translation of financial statements from functional currency to presentation currency.

**14. Property, plant and equipment**

(Unit: Thousand Baht)

	Consolidated financial statements							
	Vessels and equipment			Furniture, fixtures and office equipment		Motor vehicles	Leasehold improvement	Total
	Condominium units	Vessels and equipment	Dry-dock and special survey expenses	Total				
Cost								
1 January 2020	245,488	25,822,916	615,085	26,438,001	52,557	14,507	14,106	26,764,659
Acquisitions	1,985	21,433	235,550	256,983	13,096	-	877	272,941
Disposals/write-off	-	-	(224,300)	(224,300)	(5,321)	-	(88)	(229,709)
Translation adjustment	(1,051)	(101,075)	(2,849)	(103,924)	(480)	(56)	(89)	(105,600)
31 December 2020	246,422	25,743,274	623,486	26,366,760	59,852	14,451	14,806	26,702,291
Accumulated depreciation								
1 January 2020	204,944	6,111,128	277,645	6,388,773	50,618	9,024	13,752	6,667,111
Depreciation for the year	1,733	949,848	251,743	1,201,591	1,194	2,617	359	1,207,494
Depreciation on disposals/write-off	-	-	(224,300)	(224,300)	(5,276)	-	(88)	(229,664)
Translation adjustment	(866)	(63,084)	(2,894)	(65,978)	(151)	(147)	(67)	(67,209)
31 December 2020	205,811	6,997,892	302,194	7,300,086	46,385	11,494	13,956	7,577,732
Net book value								
1 January 2020	40,544	19,711,788	337,440	20,049,228	1,939	5,483	354	20,097,548
31 December 2020	40,611	18,745,382	321,292	19,066,674	13,467	2,957	850	19,124,559
Depreciation for the year								
2020								1,207,494



(Unit: Thousand Baht)

Consolidated financial statements

	Vessels and equipment						Furniture, fixtures and office equipment			Total
	Condominium units	Vessels and equipment	Dry-dock and special survey expenses	Total	Motor vehicles	Leasehold improvement	Furniture, fixtures and office equipment			
Cost										
1 January 2019	247,928	27,634,960	649,394	28,284,354	16,965	15,180	59,010		28,623,437	
Acquisitions	15,149	146,494	273,264	419,758	-	-	1,347		436,254	
Disposals/write-off	-	-	(260,969)	(260,969)	(1,313)	-	(3,636)		(265,918)	
Translation adjustment	(17,589)	(1,958,538)	(46,604)	(2,005,142)	(1,145)	(1,074)	(4,164)		(2,029,114)	
31 December 2019	245,488	25,822,916	615,085	26,438,001	14,507	14,106	52,557		26,764,659	
Accumulated depreciation										
1 January 2019	219,556	5,595,476	318,854	5,914,330	8,211	14,432	57,645		6,214,174	
Depreciation for the year	944	935,883	242,909	1,178,792	2,722	349	625		1,183,432	
Depreciation on disposals/write-off	-	-	(260,969)	(260,969)	(1,313)	-	(3,611)		(265,893)	
Translation adjustment	(15,556)	(420,231)	(23,149)	(443,380)	(596)	(1,029)	(4,041)		(464,602)	
31 December 2019	204,944	6,111,128	277,645	6,388,773	9,024	13,752	50,618		6,667,111	
Net book value										
1 January 2019	28,372	22,039,484	330,540	22,370,024	8,754	748	1,365		22,409,263	
31 December 2019	40,544	19,711,788	337,440	20,049,228	5,483	354	1,939		20,097,548	
Depreciation for the year										
2019									1,183,432	



(Unit: Thousand Baht)

	Separate financial statements			
	Furniture, fixtures and office equipment	Motor vehicles	Leasehold improvement	Total
Cost				
1 January 2020	20,820	14,507	9,860	45,187
Acquisitions	3,949	-	502	4,451
Write-off	(1,383)	-	(88)	(1,471)
Translation adjustment	(197)	(56)	(65)	(318)
31 December 2020	23,189	14,451	10,209	47,849
Accumulated depreciation				
1 January 2020	19,635	9,024	9,860	38,519
Depreciation for the year	704	2,617	87	3,408
Depreciation on write-off	(1,338)	-	(88)	(1,426)
Translation adjustment	(76)	(147)	(40)	(263)
31 December 2020	18,925	11,494	9,819	40,238
Net book value				
1 January 2020	1,185	5,483	-	6,668
31 December 2020	4,264	2,957	390	7,611
Depreciation for the year 2020				3,408



(Unit: Thousand Baht)

	Separate financial statements			
	Furniture, fixtures and office equipment	Motor vehicles	Leasehold improvement	Total
Cost				
1 January 2019	25,249	15,611	10,611	51,471
Acquisitions	914	-	-	914
Write-off	(3,579)	-	-	(3,579)
Translation adjustment	(1,764)	(1,104)	(751)	(3,619)
31 December 2019	20,820	14,507	9,860	45,187
Accumulated depreciation				
1 January 2019	24,563	6,857	10,611	42,031
Depreciation for the year	338	2,722	-	3,060
Depreciation on write-off	(3,572)	-	-	(3,572)
Translation adjustment	(1,694)	(555)	(751)	(3,000)
31 December 2019	19,635	9,024	9,860	38,519
Net book value				
1 January 2019	686	8,754	-	9,440
31 December 2019	1,185	5,483	-	6,668
Depreciation for the year				
2019				3,060

As at 31 December 2020, certain condominium units and equipment items have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to Baht 262.68 million (2019: Baht 265.25 million) in the consolidated financial statements and Baht 31.57 million (2019: Baht 30.20 million) in the separate financial statements.

As at 31 December 2020, the subsidiaries have mortgaged 26 vessels (2019: 31 vessels) with net book value of Baht 13,985.90 million (2019: Baht 17,744.05 million) with banks to secure long-term loans as referred to in Note 18 to the financial statements.

Key assumption used in the valuation is discount rate at 9.0% per annum (2019: 9.5% per annum).

**15. Intangible assets**

Details of intangible assets which are computer software are as follows.

(Unit: Thousand Baht)

	Consolidated		Separated	
	financial statements		financial statements	
	2020	2019	2020	2019
Cost				
Cost at beginning of year	57,319	54,421	57,258	54,355
Acquisitions	1,261	6,839	905	6,839
Translation adjustment	(280)	(3,941)	(265)	(3,936)
Cost at end of year	58,300	57,319	57,898	57,258
Accumulated amortisation				
Accumulated amortisation at beginning of year	50,569	54,414	50,508	54,348
Amortisation for the year	1,063	5	1,043	5
Translation adjustment	(238)	(3,850)	(238)	(3,845)
Accumulated amortisation at end of year	51,394	50,569	51,313	50,508
Net book value as at 31 December	6,906	6,750	6,585	6,750
Amortisation for the year	1,063	5	1,043	5

16. Advances for vessel constructions

Movements of the advances for vessel constructions account during the years ended 31 December 2020 and 2019 are summarised below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Balance at beginning of year	2,047,470	2,203,355	2,039,751	2,195,049
Losses on settlement agreement	(868,717)	-	(860,602)	-
Cash received from settlement agreement	(1,269,067)	-	(1,269,067)	-
Translation adjustment	90,314	(155,885)	89,918	(155,298)
Balance at end of year	-	2,047,470	-	2,039,751



During the year 2016 and 2015, the Company cancelled 12 Shipbuilding Contracts signed with Sainty Marine Corporation, China (“Sainty”) on 24 and 26 February 2014 for twelve 64,000 DWT bulk carrier vessels bearing hull nos. SAM14017B to SAM14028B (“Vessels”).

Since the Vessels were delayed and not delivered within the maximum period allowed under the Shipbuilding Contracts (“SBCs”), the Company exercised its contractual right and cancelled the SBCs because of the excessive delay in delivery, and claimed refunds along with interest thereon, in accordance with the SBCs.

The Company submitted Letters of Demand to the Guarantor Bank, Export-Import Bank of China, Jiangsu Branch (“CEXIM”), against the Irrevocable Letters of Guarantee provided to the Company by CEXIM in accordance with the SBCs to seek full refund of the abovementioned advances, along with interest thereon. The Company received the refunds of the advances along with the interest for three vessels between 2016 and 2017. The Company received notices of arbitration from Sainty for the remaining nine vessels. As per the terms of the Irrevocable Letters of Guarantee and the SBCs, the Irrevocable Letters of Guarantee related to these vessels are automatically extended until 90 days after the final arbitration award is published.

Details of the cancellations of the SBCs by the Company and by Sainty (under dispute by the Company) are as follows:

Hull No.	Shipbuilding Contract date	Cancelled by	Date of Cancellation Notice	Date of Notice of Arbitration	Contract Price (Million USD)	Advances Claim (Million USD)
SAM14017B	24 February 2014	The Company	11 September 2015	25 September 2015	27.90	11.16
SAM14018B	24 February 2014	The Company	11 September 2015	25 September 2015	27.90	11.16
SAM14019B	26 February 2014	The Company	16 November 2015	24 November 2015	27.97	11.16
SAM14020B	26 February 2014	The Company	16 November 2015	24 November 2015	27.97	11.16
SAM14021B	26 February 2014	The Company	29 January 2016	3 February 2016	27.97	5.58
SAM14022B	26 February 2014	The Company	29 January 2016	3 February 2016	27.97	5.58
SAM14023B	26 February 2014	Sainty The Company	15 September 2015 30 March 2016	7 December 2015	27.47	2.74
SAM14027B	26 February 2014	Sainty The Company	20 November 2015 29 August 2016	6 September 2016	27.97	2.79
SAM14028B	26 February 2014	Sainty The Company	20 November 2015 29 August 2016	6 September 2016	27.97	2.79
Total					251.09	64.12



On 10 July 2020, the Company and Sainty (the Company and Sainty are jointly referred to as the “Parties”) executed an amicable settlement agreement (“Settlement Agreement”) in order to fully and finally settle any and all of their disputes and claims arising out of and/or in relation to the SBCs, the Vessels, the refund guarantees thereof and/or the arbitration and court proceedings. The key terms of the Settlement Agreement are as follows:

Settlement Amount	The Settlement Amount is USD 40,500,000 which shall be paid by Sainty and/or CEXIM (“Refund Guarantor”) (by way of the Buyer’s demand of payments under the relevant refund guarantees) to the Buyer on or before 31 July 2020 (“Payment Date”).
Effect of the Buyer’s receipt of the full Settlement Amount on or before the Payment date	<ul style="list-style-type: none"> • There shall be no remaining and/or outstanding issues whatsoever between the Parties. • The refund guarantees in relation to the Contracts shall become null and void and any and all responsibilities, duties, liabilities and obligations of the Refund Guarantor under each refund guarantee shall be discharged and released. • Both Parties will withdraw their claims, counterclaims and/or appeals in relation to the Contracts and terminate the arbitrations and court proceedings, with no remaining and/or outstanding issues.

On 13 July 2020, the Company submitted a Letter of Demand to CEXIM to refund USD 40.50 million to the Company according to the Settlement Agreement, subsequently the Company fully received it on 29 July 2020. The Group recorded loss on settlement agreement in the amount of USD 27.40 million (The Company only: USD 27.14 million) in the income statements for the years ended 31 December 2020.

17. Deferred contract costs

Movements of the deferred contract costs account during the years ended 31 December 2020 and 2019 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	
	2020	2019
Balance at beginning of year	162,783	193,136
Amortisation for the year	(17,390)	(17,134)
Translation adjustment	89	(13,219)
Balance at end of year	<u>145,482</u>	<u>162,783</u>



18. Long-term loan facilities

As at 31 December 2020 and 2019, long-term loans accounts are presented below.

(Unit: Thousand Baht)

Consolidated financial statements															
As at 31 December 2020															
	Facility 1	Facility 2	Facility 3	Facility 4	Facility 5	Facility 6	Facility 7	Facility 8	Facility 9	Facility 10	Facility 11	Facility 12	Facility 13	Facility 14	Total
Long-term loans	-	-	607,529	319,571	191,180	1,461,267	598,539	284,804	451,212	657,495	351,927	820,013	303,375	180,222	6,227,134
Add (less): Deferred financial fees	-	-	(4,934)	(1,200)	(656)	42,831	(14,859)	(3,548)	(3,025)	(6,972)	3,989	(2,195)	(2,412)	(3,806)	3,213
Total	-	-	602,595	318,371	190,524	1,504,098	583,680	281,256	448,187	650,523	355,916	817,818	300,963	176,416	6,230,347
Less: Current portion	-	-	(19,129)	(9,648)	(14,656)	(175,983)	(97,990)	(10,119)	(35,152)	(371,727)	(355,916)	(83,879)	(300,963)	(24,845)	(1,500,007)
Long-term loans - net of current portion	-	-	583,466	308,723	175,868	1,328,115	485,690	271,137	413,035	278,796	-	733,939	-	151,571	4,730,340

(Unit: Thousand Baht)

Consolidated financial statements															
As at 31 December 2019															
	Facility 1	Facility 2	Facility 3	Facility 4	Facility 5	Facility 6	Facility 7	Facility 8	Facility 9	Facility 10	Facility 11	Facility 12	Facility 13	Facility 14	Total
Long-term loans	529,629	951,419	745,416	388,866	295,268	1,552,745	578,580	349,127	470,731	818,027	468,279	466,070	804,403	476,395	7,148,087
Add (less): Deferred financial fees	(197)	(3,452)	(6,894)	(1,632)	(1,063)	45,069	(16,035)	(4,564)	(4,661)	(13,624)	8,116	(4,661)	(13,624)	8,116	1,063
Total	529,432	947,967	738,522	387,234	294,205	1,597,814	562,545	344,563	466,070	804,403	476,395	466,070	804,403	476,395	7,149,150
Less: Current portion	(529,432)	(737,052)	(76,726)	(38,723)	(58,841)	(176,639)	(57,358)	(36,270)	(35,175)	(157,254)	(233,788)	(35,175)	(157,254)	(233,788)	(2,137,258)
Long-term loans - net of current portion	-	210,915	661,796	348,511	235,364	1,421,175	505,187	308,293	430,895	647,149	242,607	430,895	647,149	242,607	5,011,892



Movement of the long-term loans accounts during the years ended 31 December 2020 and 2019 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements														Total	
	Facility 1	Facility 2	Facility 3	Facility 4	Facility 5	Facility 6	Facility 7	Facility 8	Facility 9	Facility 10	Facility 11	Facility 12	Facility 13	Facility 14		
Balance as at 1 January 2020	529,432	947,967	738,522	387,234	294,205	1,597,814	562,545	344,563	466,070	804,403	476,395	-	-	-	-	7,149,150
Add: Drawdown	-	-	-	-	-	-	336,068	-	-	-	-	890,627	308,101	183,031	1,717,827	1,717,827
Amortisation of financial fees	207	3,608	2,016	444	420	(2,156)	7,250	1,042	1,689	6,886	(4,282)	464	632	115	18,335	18,335
Less: Deferred financial fees	-	-	-	-	-	-	(6,161)	-	-	-	-	(2,796)	(3,081)	(3,981)	(16,019)	(16,019)
Repayment	(7,687)	(360,437)	(80,483)	(40,414)	(46,437)	(88,643)	(33,139)	(9,692)	(18,354)	(154,676)	(118,806)	(21,354)	-	-	(980,122)	(980,122)
Prepayment	(550,994)	(621,370)	(58,757)	(29,505)	(59,741)	-	(279,264)	(56,804)	-	-	-	-	-	-	(1,656,435)	(1,656,435)
Unrealised exchange gain	-	-	-	-	-	-	-	-	-	(9,059)	-	-	-	-	(9,059)	(9,059)
Translation adjustment	29,042	30,232	1,297	612	2,077	(2,917)	(3,619)	2,147	(1,218)	2,969	2,609	(49,123)	(4,689)	(2,749)	6,670	6,670
Balance as at 31 December 2020	-	-	602,595	318,371	190,524	1,504,098	563,680	281,256	448,187	650,523	355,916	817,818	300,963	176,416	6,230,347	6,230,347

(Unit: Thousand Baht)

	Consolidated financial statements														Total	
	Facility 1	Facility 2	Facility 3	Facility 4	Facility 5	Facility 6	Facility 7	Facility 8	Facility 9	Facility 10	Facility 11	Facility 12	Facility 13	Facility 14		
Balance as at 1 January 2019	660,659	1,198,863	875,889	458,082	379,680	1,907,423	653,972	409,146	-	956,811	768,549	-	-	-	-	9,027,496
Add: Drawdown	-	-	-	-	-	-	-	-	496,977	-	-	-	-	-	-	496,977
Amortisation of financial fees	1,055	4,841	2,099	460	452	(3,163)	4,719	1,144	667	7,263	(8,036)	10,189	10,189	10,189	21,690	21,690
Unrealised exchange loss	-	-	-	-	-	-	-	-	-	24,466	-	-	-	-	24,466	24,466
Less: Deferred financial fees	-	-	-	-	-	-	-	-	(5,416)	-	-	-	-	-	(5,416)	(5,416)
Repayment	(87,677)	(175,378)	(79,521)	(39,931)	(60,639)	(176,189)	(51,090)	(37,737)	(17,927)	(118,436)	(236,141)	-	-	(46,834)	(1,127,500)	(1,127,500)
Prepayment	-	-	-	-	-	-	-	-	-	-	-	-	-	(681,139)	(681,139)	(681,139)
Translation adjustment	(44,605)	(80,359)	(59,945)	(31,377)	(25,288)	(130,257)	(45,056)	(27,990)	(8,231)	(65,701)	(47,977)	(40,638)	(40,638)	(607,424)	(607,424)	
Balance as at 31 December 2019	529,432	947,967	738,522	387,234	294,205	1,597,814	562,545	344,563	466,070	804,403	476,395	-	-	-	7,149,150	7,149,150

* On 13 August 2019, the Company prepaid all outstanding loan.



The details of each loan facility are summarised as follows.

Facility 1

On 3 July 2008, the Company entered into a secured loan agreement with overseas and local commercial banks to obtain a loan facility of USD 398.40 million carrying interest at LIBOR plus margin which was to be paid quarterly. The loan was to be used to finance the construction and acquisition of 15 new vessels (9 handysize vessels and 6 supramax vessels) out of the 18 new vessels already ordered by the Company with ABG Shipyard Limited and the total loan amount was equivalent to 80% of the aggregate contract prices of the 15 vessels.

During the years 2011 to 2013, the Company drew the loans to finance 3 new vessels amounting to USD 54.50 million. The Company prepaid the loans drawn towards the Pre-delivery facility for financing the new shipbuildings ordered amounting to USD 101.20 million and cancelled the undrawn balance loan facility amounting to USD 242.70 million.

The final maturity, repayment and security of the loan facility are summarised as follows.

Facility / Description	Post-delivery facility
Final maturity	10 years from delivery of the first vessel (15 March 2020)
Repayment	Each tranche (aggregate drawings in respect of each vessel) is to be amortised (repaid) in quarterly installments, each equivalent to 1/60th of the post-delivery facility amount, and in a balloon amount equal to the balance under such tranche on final maturity. The first quarterly repayment of each tranche shall commence 3 months after delivery of each respective vessel.
Security	<ul style="list-style-type: none"> a) 1st priority mortgage over the vessels b) Pledge of the vessel-owning subsidiaries' shares c) 1st priority assignment of requisition compensation in respect of the vessels d) 1st priority assignment of all insurance proceeds e) 1st priority assignment of the earnings of the vessels and pledge over the earnings and retention account of each vessel



The loan agreement contains covenants that, among other things, require the Company to maintain certain financial ratios which include:

- a) maintenance of a funded debt to total shareholders' equity ratio not exceeding 2:1;
- b) maintenance of a funded debt to EBITDA ratio not exceeding 5:1;
- c) maintenance of a minimum free cash balance of USD 100,000 per vessel owned by the Group.

On 14 February 2020, the Company prepaid all outstanding loan.

Facility 2

On 14 October 2011, 4 indirect subsidiaries incorporated in Singapore ("SPCs") executed an USD 84.96 million Loan Agreement with ING Bank N.V., Singapore Branch ("ING") and DNB Asia Ltd. ("DNB") to finance up to 80% of the total acquisition cost of the 4 new Supramax 57,000 DWT Dry Bulk vessels ordered by each indirect subsidiary to be built in China. The loan carries interest at LIBOR plus margin which is to be paid quarterly.

During 2012 to 2013, the 4 indirect subsidiaries drew the facility to finance the delivered 4 new Supramax vessels.

The final maturity, repayment and security of the loan facility are summarised as follows.

Facility / Description	Post-delivery facility
Final maturity	8 years after final drawdown of each vessel tranche (10 January 2021)
Repayment	For each Vessel, in 32 equal quarterly installments of USD 354,000 and a balloon repayment of USD 9,912,000 together with the last installment. The first repayment installment to be due 3 months after the final drawdown of each vessel.
Security	<ol style="list-style-type: none"> a) Pledge of shares of the borrowers b) 1st priority mortgage on the vessels c) 1st priority assignment of earnings and time charters d) 1st priority pledge over the earnings accounts with the security agent e) 1st priority assignment of all insurances and requisition compensation of the vessels f) Corporate guarantee from the Company g) All the above post-delivery securities to be cross collateralised



The loan agreement contains covenants that, among other things, require the Company to maintain certain financial ratios on its consolidated USD financial statements which include:

- a) maintenance of the maximum funded debt to total shareholders' equity ratio of 2:1;
- b) maintenance of the maximum funded debt to EBITDA ratio of 5:1;
- c) maintenance of a minimum free cash balance of USD 100,000 per vessel owned by the Group.

On 14 October 2020, the Company prepaid all outstanding loan.

Facility 3

On 15 February 2012, ABC Two Pte. Limited and ABC Three Pte. Limited ("ABC Two and ABC Three"), SPC subsidiaries of Associated Bulk Carriers Pte. Limited, ("ABC Company") executed a USD 45.60 million Term Loan Facility with Bangkok Bank PLC. (Singapore Branch) to finance up to 80% of the Contract Price of 2 new Cement Carriers ordered with ABG Shipyard Ltd., India, which were subsequently cancelled.

On 18 September 2013, ABC Two and ABC Three have executed the First Supplemental Agreement to amend the Term Loan Facility dated 15 February 2012, mainly to amend the purpose, maximum loan facility, repayment term and security as a consequence of the cancellation of the 2 cement carriers ordered with ABG Shipyard Ltd., India and replacement with the orders from China Shipbuilding & Offshore International Co., Ltd. and Shanhaiguan New Shipbuilding Industry Co., Ltd., China. The loan carries interest at LIBOR plus margin which is to be paid quarterly.

After the amendment, the drawdown, final maturity, repayment and security of the loan facility are summarised as follows.

Facility / Description	Post-delivery facility
Maximum Loan Facility	Maximum loan facility for both Vessels shall not exceed USD 38,688,000 of which, each vessel loan shall not exceed USD 19,344,000 per vessel.
Drawdown	USD 19,344,000 or 80% of the contract price to be made available in a single disbursement for each vessel loan part of which will be used to repay the pre-delivery facility.
Final maturity	10 years after drawdown of each vessel loan



Facility / Description	Post-delivery facility		
Repayment	For each Vessel, in 39 equal quarterly installments and a balloon repayment together with the last installment. The first repayment installment to be due 3 months after the final drawdown of each vessel.		
	Details of repayment	ABC Two	ABC Three
	Installments	USD 319,650	USD 322,400
	The balance loans together with the final installment	USD 6,712,650	USD 6,770,400
	Final installment dates	2 April 2024	1 July 2024
Security	<ul style="list-style-type: none"> a) 1st priority mortgage over each vessel b) 1st priority assignment of all earnings insurance policies and requisition compensation of the vessels c) 1st priority assignment of Time Charter contracts d) 1st priority charge over the Earnings Account and Retention Account e) Pledge of shares of borrowers f) Corporate guarantee from ABC Company g) Corporate guarantee from the Company for up to USD 8 million per vessel 		

The secured loan agreement contains covenants that, among other things, require ABC Two and ABC Three to maintain certain financial ratios which include:

- a) Debt Service Coverage Ratio of no less than 1.1 times;
- b) Equity Ratio (ratio of Equity to Total Assets) of no less than 20%.

On 24 June 2014, ABC Two entered into Interest Rate Swap Transaction to swap the interest of the loan facility of USD 19.18 million, from floating interest rate (LIBOR) to fixed interest rate at 2.39% per annum for interest payable during the period from 24 June 2014 to 2 April 2024 with Bangkok Bank PLC. (Singapore Branch).

On 16 July 2014, ABC Three entered into Interest Rate Swap Transaction to swap the interest of the loan facility of USD 19.34 million, from floating interest rate (LIBOR) to fixed interest rate at 2.35% per annum for interest payable during the period from 16 July 2014 to 1 July 2024 with Bangkok Bank PLC. (Singapore Branch).

Facility 4

On 9 April 2014, ABC Four Pte. Limited ("ABC Four"), a subsidiary of Associated Bulk Carriers Pte. Limited, ("ABC Company") executed a USD 19.34 million Term Loan Facility with Bangkok Bank PLC. (Singapore Branch) to finance up to 80% of the Contract Price of 1 new Cement Carrier. The loan carries interest at LIBOR plus margin which is to be paid quarterly.



The amount of loan facility, drawdown, final maturity, repayment and security of the loan facility are summarised as follows.

Facility / Description	Post-delivery facility
Loan Facility	USD 19,344,000 or 80% of the Contract Price to be made available in a single disbursement, part of which will be used to repay the pre-delivery facility.
Drawdown	100% of the post-delivery facility amount is to be drawn upon delivery of the vessel.
Final maturity	10 years after full drawdown of the loan facility but not later than 28 April 2025.
Repayment	To be repaid in 39 quarterly installments of USD 322,400 from the end of the first quarter after the delivery of vessel and a final installment of USD 6,770,400 at the end of the Term (1 October 2024)
Security	<ul style="list-style-type: none"> a) 1st priority mortgage on the vessel b) 1st priority assignment of all earnings insurance policies and requisition compensation of the vessel c) 1st priority assignment of Time Charter contract d) 1st priority charge over the Earnings Account and Retention Account e) Pledge of shares of the borrowers f) Corporate guarantee from ABC Company g) Corporate guarantee from the Company for up to USD 8 million

The loan agreement contains covenants that, among other things, require ABC Four to maintain certain financial ratios which include:

- a) maintain Equity Ratio of no less than 20%;
- b) maintain EBITDA of no less than 1.1 times of Total Debt Service

On 5 September 2014, ABC Four entered into Interest Rate Swap Transaction to swap the interest of the loan facility of USD 19.34 million, from floating interest rate (LIBOR) to fixed interest rate at 2.33% per annum for interest payable during the period from 5 September 2014 to 1 October 2024 with Bangkok Bank Plc. (Singapore Branch).

Facility 5

On 22 May 2014, ABC One Pte. Limited ("ABC One"), a subsidiary of Associated Bulk Carriers Pte. Limited, ("ABC Company") executed a USD 19.58 million Term Loan Facility with TMB Bank PLC. to finance up to 80% of the Contract Price of 1 new Cement Carrier. The loan carries interest at LIBOR plus margin which is to be paid quarterly.



The amount of loan facility, drawdown, final maturity, repayment and security of the loan facility are summarised as follows.

Facility / Description	Post-delivery facility
Loan Facility	USD 19,584,000 or 80% of the Contract Price to be made available in a single disbursement, part of which will be used to repay the pre-delivery facility.
Drawdown	100% of the post-delivery facility amount is to be drawn upon delivery of the vessel.
Final maturity	10 years after full drawdown of the loan facility but not later than 30 November 2024.
Repayment	To be repaid in 40 quarterly installments of USD 489,600 from the end of the first quarter after the delivery of vessel
Security	a) 1st priority mortgage on the vessel b) 1st priority assignment of all earnings insurance policies and requisition compensation of the vessel c) 1st priority assignment of Time Charter contracts d) 1st priority charge over the Earnings Account and Retention Account e) Corporate guarantee from ABC Company f) Corporate guarantee from the Company for up to USD 8 million

The loan agreement contains covenants that, among other things, require ABC One to maintain certain financial ratios which include:

- a) maintain Equity Ratio of no less than 20%;
- b) maintain EBITDA of no less than 1.1 times of Total Debt Service

On 25 August 2014, ABC One entered into Interest Rate Swap Transaction to swap the interest of the loan facility of USD 19.58 million, from floating interest rate (LIBOR) to fixed interest rate at 2.35% per annum for interest payable during the period from 31 January 2015 to 31 December 2024 with TMB Bank PLC.

Facility 6

On 29 May 2014, the Company executed a USD 81.50 million Term Loan Facility with Export-Import Bank of Thailand to finance up to 80% of the Contract Price of new dry bulk carriers ordered for construction by the Company. The loan carries interest at LIBOR plus margin which is to be paid quarterly.



The amount of loan facility, drawdown, final maturity, repayment and security of the loan facility are summarised as follows.

Facility / Description	Post-delivery facility
Loan Facility	Up to USD 81,500,000 in multiple drawdowns
Drawdown	80% of the contract price to be drawn upon delivery of each vessel
Final maturity	10 years after full drawdown of the loan facility but not later than 30 December 2025
Repayment	The loan shall be repaid in 39 equal quarterly installments of 1/55th of each drawdown amount, beginning from the end of the next quarter after the respective each drawdown with balance amount repayable at the end of the 40th quarter.
Security	a) 1st priority mortgage on the financed vessels b) Pledge of shares of the Subsidiary Borrowers

The loan agreement contains covenants that, among other things, require the Company to maintain certain financial ratios on its consolidated USD financial statements which include:

- a) maintenance of Debt Service Coverage Ratio at least 1.1:1;
- b) maintenance of Net Funded Debt to EBITDA ratio not exceeding 5:1;
- c) maintenance of Debt to Equity ratio not exceeding 2:1.

On 12 July 2019, the Company and 4 local subsidiaries executed an Amendment Agreement with Export-Import Bank of Thailand, whereby the financial covenant in relation to the net funded debt to EBITDA ratio was replaced with two financial covenants. After the amendments, the financial covenants are as follows:

- a) Debt service coverage ratio of at least 1.1:1;
- b) Debt to equity ratio not exceeding 2:1 with minimum total shareholders' equity of USD 300,000,000;
- c) Minimum free cash balance of USD 100,000 per vessel owned by the Group.

On 13 May 2020, the Company and 4 local subsidiaries ("the Borrowers") executed an Amendment Agreement with Export-Import Bank of Thailand ("the Lender"), whereby no principal repayment was due and payable on the repayment date in June 2020 and September 2020. The Borrowers shall repay the abovementioned principal amounts to the Lender on the last repayment date.

On 21 December 2020, Export - Import Bank of Thailand informed the Company that the Lender approved the waiver of the testing of the financial covenants regarding the Debt Service Coverage Ratio up to 31 December 2020.



Facility 7

On 29 December 2014, the Company executed a USD 42.00 million Secured Loan Facility with BNP Paribas (“BNP”) to finance up to 75% of the Contract Price of 2 new 64,000 DWT Ultramax Dry Bulk Vessels (Hull Nos. SF130128 and SF130129), ordered by the Company from Taizhou Sanfu Ship Engineering Co., Ltd. China. The loan carries interest at LIBOR plus margin which is to be paid quarterly.

On 29 April 2016, the Company and Precious Tides Pte. Ltd. executed a Supplemental Deed with BNP to amend certain terms of the loan facility. After the amendment, the main details of the loan facility are summarised as follows.

Facility / Description	Post-delivery facility
Loan Facility	Up to USD 37,500,000 divided into two vessel loans for Vessel Hull no. SF130128 and SF130126 (“Vessel Loan” or “Vessel Loans”)
Drawdown	Up to the lower of USD 18,750,000 or 75% of the market value of each vessel to be drawn upon delivery of each vessel.
Final maturity	8 years after drawdown of each Vessel Loan
Repayment	Each Vessel Loan shall be repaid over 8 years, in 32 quarterly installments beginning from three calendar months after each drawdown. The 1st to 16th such quarterly installment shall be an amount of USD 312,500 and the 17th to 32nd such quarterly installment shall be an amount of USD 468,750 along with a balloon repayment of USD 6,250,000 on the due date of each of the final installments of the respective Vessel Loan.
Security	a) 1st priority mortgage on the vessels b) Pledge of shares of the Subsidiary Borrowers c) 1st priority charge over the Earnings Account and Retention Account of the Subsidiary Borrowers d) 1st priority assignment of all insurance and requisition compensation of the vessels

The loan agreement and Supplemental Agreement dated 18 April 2018 contains covenants that, among other things, require the Company to maintain certain financial ratios on its consolidated USD financial statements which include:

- a) maintenance of funded debt to total shareholders’ equity ratio not exceeding 2:1;
- b) maintenance of a minimum free cash balance of USD 100,000 per vessel owned by the Group;
- c) Permanent waiver the requirement to comply with the Funded Debt to EBITDA ratio on the condition that the Value to Loan coverage be increased from 125% to 135%.



On 15 April 2020, the Company along with its indirect subsidiaries in Singapore, Precious Skies Pte. Ltd. and Precious Tides Pte. Ltd., have executed a first amendment and restatement deed (“Deed”) in relation to Term Loan Facility Dated 29 December 2014, mainly to upsize the original Loan by an additional loan amount of up to USD 10.60 million (“Upsize Loan”). The loan carries interest at LIBOR plus margin which is to be paid quarterly.

The main details of the Upsize Loan are summarised as follows.

Facility	Description
Upsize Loan Facility	The maximum amount of USD 10.60 million divided into two tranches; a Green Tranche and a General Tranche.
Purposes	The Green Tranche is to finance and/or refinance part of the aggregate cost related to Ballast Water Treatment Systems. The Company has obtained the second party opinion on the Green financing from Vigeo Eiris. The General Tranche is for general corporate use.
Drawdown Amount	USD 10,600,000 in one lump sum
Final maturity	4 years after the drawdown
Repayment	The loans shall be repaid over 4 years, in 16 equal quarterly installments of USD 662,500 beginning from three calendar months after the drawdown.
Additional Security:	1st priority assignment of any charterparties (for a period of 36 months or more)

The loan agreement contains covenants that, among other things, require the Company to maintain certain financial ratios on its quarterly consolidated USD financial statements which include:

- a) maintenance of funded debt to total shareholders’ equity ratio not exceeding 2:1;
- b) maintenance of a minimum total shareholders’ equity of USD 300,000,000;
- c) maintenance of a minimum free cash balance of USD 200,000 per vessel owned by the Group.

On 20 April 2020, the Company had drawn down the loan amounting to USD 10.60 million.

Following a breach of the security coverage ratio on 30 April 2020, the borrowers had provided a cash collateral of USD 1,100,000 to maintain the minimum security coverage ratio of not less than 135% of the aggregate amount outstanding as per the loan agreement. On 17 July 2020, the borrowers entered into a supplemental agreement in relation to the cross collateralisation of facility 7 and facility 8 following which there was no longer a breach of the minimum-security cover. Subsequently on 21 July 2020, the bank released the USD 1,100,000 of cash collateral.

**Facility 8**

On 9 June 2017, the Company along with its indirect subsidiary in Singapore, Precious Grace Pte. Ltd., executed a USD 16.25 million Secured Loan Facility with BNP Paribas to refinance up to 65% of the lower of the Contract Price or market value of one 63,345 DWT Ultramax Dry Bulk Vessel (Hull No. SF130127) (“Vessel”). The loan carries interest at LIBOR plus margin which is to be paid quarterly.

The main details of the loan facility are summarised as follows.

Facility / Description	Post-delivery facility
Loan Facility	Up to USD 16,250,000
Drawdown	The lower of USD 16,250,000 or 65% of the market value of the vessel
Final maturity	8 years after the drawdown
Repayment	The loans shall be repaid over 8 years, in 32 equal quarterly installments of USD 338,542 beginning from three calendar months after the drawdown plus a balloon repayment of USD 5,416,656 together with the last installment.
Security	<ul style="list-style-type: none"> a) 1st priority mortgage on the vessel b) Pledge of shares of the Subsidiary Borrower c) 1st priority charge over the Earnings Account and Retention Account of the Subsidiary Borrower d) 1st priority assignment of all insurance and requisition compensation of the vessel e) 1st priority assignment of any charterparties (for a period of 36 months or more)

The loan agreement contains covenants that, among other things, require the Company to maintain certain financial ratios on its consolidated USD financial statements which include:

- a) maintenance of funded debt to total shareholders’ equity ratio not exceeding 2:1;
- b) maintenance of a minimum total shareholders’ equity of USD 300,000,000;
- c) maintenance of a minimum free cash balance of USD 200,000 per vessel owned by the Group.

Facility 9

On 15 December 2017, the Company along with its subsidiary, Precious Forests Limited, executed a USD 18.00 million Secured Loan Facility with Export-Import Bank of Thailand to refinance up to 72% of the market value of one 63,345 DWT Ultramax Dry Bulk Vessel (Hull No. SF130129) (“Vessel”). The loan carries interest at LIBOR plus margin which is to be paid quarterly.



The main details of the loan facility are summarised as follows.

Facility / Description	Post-delivery facility
Loan Facility	Up to USD 18,000,000
Drawdown	The lower of USD 18,000,000 or 72% of the market value of the vessel
Final maturity	10 years after the drawdown
Repayment	The loans shall be repaid over 10 years in 39 equal quarterly installments of 1/55 th of the drawdown amount each, beginning from the end of the next quarter after the drawdown with balance amount repayable at the end of the 40 th quarter.
Security	a) 1st priority mortgage on the vessel b) Pledge of shares of the Subsidiary Borrower

The loan agreement contains covenants that, among other things, require the Company to maintain certain financial ratios on its consolidated USD financial statements which include:

- a) maintenance of debt to total shareholders' equity ratio not exceeding 2:1;
- b) maintenance of a minimum total shareholders' equity of USD 300,000,000;
- c) maintenance of a minimum free cash balance of USD 100,000 per vessel owned by the Group.

On 9 August 2019, the Company had drawn down the loan amounting to USD 16.20 million.

On 13 May 2020, the Company along with its subsidiary ("the Borrowers") executed an Amendment Agreement with Export-Import Bank of Thailand ("the Lender"), whereby no principal repayment was due and payable on the repayment date in June 2020 and September 2020. The Borrowers shall repay the abovementioned principal amounts to the Lender on the last repayment date.

Facility 10

The Company and local subsidiaries entered into the Loan Agreement dated 18 January 2007 to mainly fund the purchase of vessels. During 2009 to 2011, certain terms and conditions of the Loan Agreement were amended.

The summarised details of drawdown of this facility are as follows.

- a) During the years 2011 and 2010, 2 local subsidiaries had drawn down Baht 1,502.35 million for purchase of 2 vessels.



- b) During the year 2011, 4 local subsidiaries had drawn down USD 92.00 million from this facility and the undrawn facility was reduced to USD 108.00 million. In order to extend the availability period of the undrawn facility, on 9 March 2012, the Company and local subsidiaries executed a USD 50.00 million Term Loan Facility on same terms and conditions with one of the three local commercial banks and the loan was used for purchase of vessels by 2 local subsidiaries and thereafter the balance of USD 58.00 million was cancelled.
- c) During the years 2011 and 2010, 2 local subsidiaries swapped the Thai Baht loan of Baht 1,502.35 million into USD 45.90 million.
- d) During the year 2012, 4 local subsidiaries swapped the interest of the USD loans of USD 64.82 million, from floating interest rates (LIBOR) to fixed interest rate (2.10%) for interest payable during the period from 31 December 2014 to 30 September 2022.

The loan facilities have been secured by the mortgage of the subsidiaries' vessels, the pledge of the subsidiaries' shares, the assignment of the beneficiary rights under the insurance policies for the mortgaged vessels of the subsidiaries, and the assignment of the revenues earned from the mortgaged vessels of the subsidiaries to the lenders.

The loan facility agreement contains covenants that, among other things, require the Company and subsidiaries to maintain certain financial ratios which include:

- a) maintenance of a total debt to total shareholders' equity ratio not exceeding 2:1;
- b) maintenance of a total debt to EBITDA ratio not exceeding 5:1;
- c) maintenance of minimum free cash balance of USD 100,000 per vessel;
- d) maintenance of debt service coverage ratio of at least 1.1:1

On 28 September 2018, the Company prepaid all outstanding loan of Thanachart Bank PLC facility.

On 23 March 2020, Krung Thai Bank Plc. as the facility agent informed the Company that the lenders approved the waiver of the testing of the financial covenants regarding the Debt Service Coverage Ratio and Debt to EBITDA ratio up to 31 December 2020. A principal condition of the approval is that the Company is not allowed to pay dividends or make any other distributions to its shareholders during the waiver period.



Facility 11

On 17 February 2012, the Company executed a USD 100.00 million Term Loan Facility with Export-Import Bank of Thailand to finance up to 80% of the acquisition cost of new or second-hand dry bulk vessels which the Company may want to buy. The loan carries interest at LIBOR plus margin which is to be paid quarterly. The loan is to be repaid in equal quarterly installments over a period of 8.5 years commencing from the end of the availability period.

As at 31 December 2014, the balance loan facility of USD 35.18 million was expired.

The loan facility has to be secured by the mortgage of the shipowning subsidiaries' vessels, the pledge of the subsidiaries' shares and the assignment of the beneficiary rights under the insurance policies for the mortgaged vessels of the subsidiaries.

The loan agreement contains covenants that, among other things, require the Company and subsidiaries to maintain certain financial ratios which include:

- a) maintenance of debt to total shareholders' equity ratio not exceeding 2:1;
- b) maintenance of net funded debt to EBITDA ratio not exceeding 5:1;
- c) maintenance of debt service coverage ratio of at least 1.1:1.

On 12 July 2019, the Company and 5 local subsidiaries executed the Amendment Agreement with Export-Import Bank of Thailand, whereby the financial covenant in relation to the net funded debt to EBITDA ratio was replaced with two financial covenants. After the amendments, the financial covenants applicable to this Facility are as follows:

- a) Debt service coverage ratio of at least 1.1:1;
- b) Debt to equity ratio not exceeding 2:1 with minimum total shareholders' equity of USD 300,000,000;
- c) Minimum free cash balance of USD 100,000 per vessel owned by the Group.

On 13 May 2020, the Company and 5 local subsidiaries ("the Borrowers") executed an Amendment Agreement with Export-Import Bank of Thailand ("the Lender"), whereby no principal repayment was due and payable on the repayment date in June 2020 and September 2020. The Borrowers shall repay the abovementioned principal amounts to the Lender on the last repayment date.

On 21 December 2020, Export - Import Bank of Thailand informed the Company that the lenders approved the waiver of the testing of the financial covenants regarding the Debt Service Coverage Ratio up to 31 December 2020.



Facility 12

On 13 December 2019, the Company along with 5 local subsidiaries executed a USD 28.00 million Term loan Facility with Export-Import Bank of Thailand for (i) redemption of any of the debentures issued by the Company, (ii) repayment/prepayment of any loan of the Company and/or its subsidiaries from financial institutions, and/or (iii) acquisition of vessels. The loan carries interest at LIBOR plus margin which is to be paid quarterly.

The main details of the loan facility are summarised as follows.

Facility	Description
Loan Facility	Up to USD 28,000,000
Drawdown	Each subsidiary may drawdown in the aggregate amount not exceeding USD 5.60 million.
Final maturity	7 years after the drawdown
Repayment	The loans shall be repaid over 7 years, in 27 equal quarterly installments of 1/40 th of the drawdown amount each, beginning from the end of the next quarter after the drawdown with balance amount repayable at the end of the 28 th quarter.
Security	a) 2 nd priority mortgage on the vessel b) Pledge of the debt service reserve account of the Company

The loan agreement contains covenants that, among other things, require the Company to maintain certain financial ratios on its year end consolidated USD financial statements starting from year end 2020 which include:

- a) maintenance of debt to total shareholders' equity ratio not exceeding 2:1;
- b) maintenance of a minimum total shareholders' equity of USD 300,000,000;
- c) maintenance of a minimum free cash balance of USD 100,000 per vessel owned by the Group.

On 31 January 2020, the Company had drawn down the loan amounting to USD 28.00 million.

On 13 May 2020, the Company and 5 local subsidiaries ("the Borrowers") executed an Amendment Agreement with Export-Import Bank of Thailand ("the Lender"), whereby no principal repayment was due and payable on the repayment date in June 2020 and September 2020. The Borrowers shall repay the abovementioned principal amounts to the Lender on the last repayment date.



Facility 13

On 28 May 2020, the Company along with 2 subsidiaries executed a USD 10.10 million Term loan Facility with Export-Import Bank of Thailand (“EXIM”) to be used for partial redemption of the debentures No.2/2016 due in December 2021 (as extended) (PSL206A). Subsequently, on 29 July 2020, the Company along with 2 subsidiaries and EXIM executed an Amendment Agreement to amend the utilisation of the loan facility for partial redemption of the Debentures No.1/2016 due in January 2021 (PSL211A). The loan carries interest at LIBOR plus margin which is to be paid quarterly.

The main details of the loan facility are summarised as follows.

Facility	Description
Loan Facility	Up to USD 10,100,000
Drawdown	Totally USD 10.10 million
Final maturity	1 year after the drawdown
Repayment	The loans shall be repaid within 1 year, in 2 equal installments. The first repayment shall fall 9 months after the drawdown date and the second repayment shall be 12 months after the drawdown date.
Security	a) 1 st priority mortgage on the vessel b) Pledge of shares of the Subsidiary Borrower

The loan agreement contains covenants that, among other things, require the Company to maintain certain financial ratios on its year end consolidated USD financial statements starting from year end 2020 which include:

- a) maintenance of debt to total shareholders’ equity ratio not exceeding 2:1;
- b) maintenance of a minimum total shareholders’ equity of USD 300,000,000;
- c) maintenance of a minimum free cash balance of USD 200,000 per vessel owned by the Group.

On 19 October 2020, the Company had drawn down the loan amounting to USD 10.10 million.

Facility 14

On 17 November 2020, Precious Visions Pte. Limited., (“the Borrower”), the Company’s indirect subsidiary in Singapore, executed a USD 6 million Term loan Facility with SinoPac Capital International (HK) Limited to refinance a Supramax Dry Bulk Vessel (the “Vessel”). The loan carries interest at LIBOR plus margin which is to be paid quarterly.



The main details of the loan facility are summarised as follows.

Facility	Description
Loan Facility	Up to USD 6,000,000
Drawdown	USD 6,000,000
Final maturity	5 year after the drawdown
Repayment	The loans shall be repaid over 5 years, in 20 equal quarterly installments of USD 211,250 beginning three calendar months after the drawdown plus a balloon payment of USD 1,775,000 together with the last installment.
Security	a) 1st priority mortgage on the vessel b) 1st priority assignment of all insurances and requisition compensation earnings and any charterparties (for a period of 12 months or more) of the Vessel c) Guarantee from the Company

The Group's bank loan facilities are summarised below.

Facility	Bank	Borrower	Interest rate per loan/amendment agreement
Facility 1	DNB Bank ASA and 5 other banks, total 6 banks	The Company and indirect subsidiaries in Singapore	LIBOR + margin
Facility 2	ING Bank N.V. (Singapore Branch) and DNB Bank ASA	4 indirect subsidiaries in Singapore	LIBOR + margin
Facility 3	Bangkok Bank PLC. (Singapore Branch)	ABC Two Pte. Limited and ABC Three Pte. Limited	LIBOR + margin
Facility 4	Bangkok Bank PLC. (Singapore Branch)	ABC Four Pte. Limited	LIBOR + margin
Facility 5	TMB Bank PLC.	ABC One Pte. Limited	LIBOR + margin
Facility 6	Export-Import Bank of Thailand	The Company and local subsidiaries	LIBOR + margin
Facility 7	BNP Paribas	The Company and indirect subsidiaries in Singapore	LIBOR + margin
Facility 8	BNP Paribas	The Company and indirect subsidiary in Singapore	LIBOR + margin
Facility 9	Export-Import Bank of Thailand	The Company and local subsidiary	LIBOR + margin



Facility	Bank	Borrower	Interest rate per loan/amendment agreement
Facility 10	Krung Thai Bank PLC. and 2 other banks, total 3 banks	The Company and local subsidiaries	MLR-1 for Thai Baht loan and LIBOR + margin for USD loan
Facility 11	Export-Import Bank of Thailand	The Company and local subsidiaries	LIBOR + margin
Facility 12	Export-Import Bank of Thailand	The Company and local subsidiaries	LIBOR + margin
Facility 13	Export-Import Bank of Thailand	The Company and local subsidiary and indirect subsidiary in Singapore	LIBOR + margin
Facility 14	SinoPac Capital International (HK) Limited	Indirect subsidiary in Singapore	LIBOR + margin

As at 31 December 2019, the Group had an undrawn loan balance in the amount of USD 28 million (2020: Nil).

19. Debentures

As at 31 December 2020 and 2019, details of debentures are as follows.

Series	Maturity date	No. of units (Thousand units)	Par value (Baht)	Interest rate (% p.a.)	Term of interest payment	(Unit: Thousand Baht)	
						Carrying amount	
						2020	2019
1 (PSL211A)	Extended the maturity date to be redeemed by 22 July 2022 (6.5 years)	3,590	800	5.25	Quarterly	2,855,865	3,569,015
2 (PSL206A)	Extended the maturity date to be redeemed by 9 December 2021 (5 years)	1,960	480	6.50	Quarterly	935,515	1,948,543
Total						3,791,380	5,517,558
Less: Deferred debenture issuing costs						(215)	(4,716)
Debentures - net						3,791,165	5,512,842
Less: Current portion						(935,515)	(1,947,630)
Debentures - net of current portion						2,855,650	3,565,212



Since the functional currency of the Company is US Dollars, with a view to covering the currency risk on the Thai Baht denominated liability of the Company, the entire proceeds of Baht 3,590.00 million (PSL211A) were swapped into US Dollars, amounting to USD 99.72 million on 22 January 2016 vide a Cross Currency Swap entered into by the Company. The Company also swapped THB fixed interest rate of 5.25% per annum to USD fixed interest rate of 5.99% per annum.

Subsequently on 4 January 2017, the entire proceeds of Baht 1,960.00 million (PSL206A) were swapped into US Dollars, amounting to USD 54.90 million vide a Cross Currency Swap entered into by the Company. The Company also swapped THB fixed interest rate of 5.00% per annum to USD fixed interest rate of 5.75% per annum.

The Company is required to maintain Debt to Equity ratio not exceeding 2:1.

On 27 April 2020, the Board of Directors' Meeting No. 2/2020 of the Company approved the following proposal to amend the terms and conditions of the Debentures of Precious Shipping Public Company Limited No. 2/2016 Due 2020 (PSL206A) as follows:

- a) an extension of the maturity date for 1.5 years from 9 June 2020 to 9 December 2021;
- b) a partial upfront repayment of 20 percent on the existing maturity date (i.e. 9 June 2020);
- c) an increase in the coupon rate from 5.00 percent per annum to 6.50 percent per annum starting from 9 June 2020; and
- d) The Company will have the right to make an early redemption of the debentures (in whole or in part).

On 19 May 2020, the bondholders' meeting of PSL206A approved the abovementioned amended terms and conditions. On 9 June 2020, the Company made an upfront redemption equivalent to 20 percent of the outstanding principal or Baht 392.00 million. The outstanding balance of this debenture is Baht 1,568.00 million. Subsequently on 16 June 2020, the Company purchased a put option with a strike of Baht 30.15 to protect against the appreciation of the Thai Baht against the US Dollar, for Baht 1,250.00 million of the outstanding amount.



On 16 June 2020, the Board of Directors' Meeting No. 5/2020 of the Company approved the following proposal to amend the terms and conditions of the Debentures of Precious Shipping Public Company Limited No. 1/2016 Due 2021 (PSL211A):

- a) an extension of the maturity date by 1.5 years from 22 January 2021 to 22 July 2022;
- b) a partial upfront redemption payment of 20 percent on or before the existing maturity date (i.e. 22 January 2021);
- c) an increase in the coupon rate from 5.25 percent per annum to 6.75 percent per annum starting from 22 January 2021; and
- d) The Company will have the right to make an early redemption of the debentures (in whole or in part).

On 30 July 2020, the bondholders' meeting of PSL211A approved the above amended terms and conditions.

During the fourth quarter of 2020, the Company exercised its' right to redeem a further Baht 627.20 million, which is equivalent to 40% of PSL206A's outstanding balance of Baht 1,568.00 million, and 20% of PSL211A's original Baht 3,590.00 million issue size, which is equivalent to Baht 718.00 million. After these redemption payments, the remaining balance for PSL206A is Baht 940.80 million and the remaining balance for PSL211A is Baht 2,872.00 million.

On 5 January 2021, the Company exercised its' right to redeem a further Baht 282.24 million, which is equivalent to 30% of PSL206A's outstanding balance of Baht 940.80 million. PSL206A's remaining balance after this redemption payment is Baht 658.56 million. On 10 February 2021, the Company disclosed to the SET that the Company will exercise its' right to redeem a further Baht 329.28 million, which is equivalent to 50% of PSL206A's outstanding balance of Baht 658.56 million on 12 March 2021. The balance remaining after this redemption payment will be Baht 329.28 million.

20. Leases

The Group as a lessee has lease contracts for various items of assets used in its operations. Leases generally have lease terms between 4-8 years.

**a) Right-of-use assets**

Movements of right-of-use assets which are buildings for the year ended 31 December 2020 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
As at 1 January 2020	29,171	24,491
Depreciation for the year	(5,515)	(4,298)
Translation adjustment	503	175
As at 31 December 2020	<u>24,159</u>	<u>20,368</u>

b) Lease liabilities

(Unit: Thousand Baht)

As at 31 December 2020

	Consolidated financial statements	Separate financial statements
Lease payments	28,556	24,343
Less: Deferred interest expenses	(3,691)	(3,342)
Total	24,865	21,001
Less: Portion due within one year	(5,326)	(4,137)
Lease liabilities - net of current portion	<u>19,539</u>	<u>16,864</u>

c) Expenses relating to leases that are recognised in income statement

(Unit: Thousand Baht)

For the year ended 31 December 2020

	Consolidated financial statements	Separate financial statements
Depreciation expense of right-of-use assets	5,515	4,298
Interest expense on lease liabilities	1,444	1,267



21. Provision for maritime claims

(Unit: Thousand Baht)

	Consolidated financial statements	
	2020	2019
Balance at beginning of year	46,240	59,786
Increase during the year	47,769	33,379
Decrease (including actual claims) during the year	(26,117)	(43,068)
Translation adjustment	(823)	(3,857)
Balance at end of year	<u>67,069</u>	<u>46,240</u>

22. Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensation payable on employees' retirement, was as follows.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Provision for long-term employee benefits at beginning of year	165,911	112,129	129,517	89,758
Included in income statement:				
Current service cost	11,751	9,914	7,599	6,486
Interest cost	2,254	3,191	1,704	2,486
Past service cost	-	32,601	-	26,885
Included in other comprehensive income:				
Actuarial loss arising from				
Financial assumptions changes	-	13,470	-	9,047
Experience adjustments	-	1,897	-	1,798
Benefits paid during the year	(13,612)	(7,141)	(13,612)	(6,888)
Translation adjustment	(240)	(150)	(211)	(55)
Provision for long-term employee benefits at end of year	<u>166,064</u>	<u>165,911</u>	<u>124,997</u>	<u>129,517</u>

The Group expects to pay Baht 35.39 million of long-term employee benefits during the next year (The Company only: Baht 34.20 million) (2019: Baht 17.32 million, The Company only: Baht 17.32 million).

As at 31 December 2020, the weighted average duration of the liabilities for long-term employee benefit is 10 years (The Company only: 10 years) (2019: 10 years, The Company only: 10 years).



Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Discount rate	1.50	1.50	1.50	1.50
Salary increase rate	6.50	6.50	6.50	6.50

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2020 and 2019 are summarised below:

	(Unit: Thousand Baht)			
	As at 31 December 2020			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase	Decrease	Increase	Decrease
	1.0%	1.0%	1.0%	1.0%
Discount rate	(11,255)	12,905	(7,069)	8,070
Salary increase rate	14,135	(12,521)	8,837	(7,870)

	(Unit: Thousand Baht)			
	As at 31 December 2019			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase	Decrease	Increase	Decrease
	1.0%	1.0%	1.0%	1.0%
Discount rate	(11,043)	12,656	(7,392)	8,439
Salary increase rate	13,861	(12,286)	9,240	(8,230)

23. Share capital

On 4 April 2019, the Annual General Meeting of the Shareholders passed a resolution approving the reduction of the registered capital of the Company in the amount of Baht 51,965,068 from Baht 1,611,256,930 to Baht 1,559,291,862 by way of cancellation of 51,965,068 unissued shares at Baht 1 par value per share. The unissued shares are mainly due to the unexercised warrants. On 9 April 2019, the Company completed the registration of the aforementioned reduction of the registered capital with the Ministry of Commerce.



24. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5% of its profit for the year after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

According to Section 1202 of the Thai Civil and Commercial Code, a subsidiary (incorporated under Thai Laws) is required to set aside a statutory reserve equal to at least 5% of its profit each time the company pays out a dividend, until such reserve reaches 10% of its registered share capital. The statutory reserve can neither be offset against deficit nor used for dividend payment.

25. Corporate social responsibility (CSR) reserve

The Company has earmarked 0.5% of its profit for the year as a reserve towards CSR activities. The Company expects to earmark amounts based on the same percentage of profit annually on a cumulative basis, but subject to a minimum of Baht 1.75 million and a maximum of Baht 25.00 million per year. The reserve was approved by a meeting of the Board of Directors of the Company on 14 August 2008.

During the year 2020, the Company set aside Baht 1.75 million (2019: Baht 1.75 million) to a reserve for CSR activities and reversed Baht 1.68 million (2019: Baht 1.45 million) from the reserve when the Company made related payments against the reserve.

26. Finance cost

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Interest expense on borrowings	539,087	667,598	276,258	286,764
Interest expense on lease liabilities	1,444	-	1,267	-
Interest expense from derivatives designated as hedging instruments in cash flow hedge	21,354	-	2,115	-
Others finance cost	35,264	35,703	8,054	7,941
Total	597,149	703,301	287,694	294,705

**27. Expenses by nature**

Significant expenses by nature are as follows.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Salary, wages and other benefits of employees and crews	1,283,214	1,388,709	142,891	221,849
Rental expenses from operating lease agreements	470	6,092	57	4,579

28. Income tax

No corporate income tax was payable for the years 2020 and 2019, since the Company had tax losses.

Local subsidiaries

- a) In accordance with the Director - General's Notification on Income Tax No. 72 dated 20 March 1998, the local subsidiaries are exempted from the payment of income tax on their marine transportation income. In addition, the subsidiaries are exempted from the payment of income tax on their marine transportation business under the provisions of the Investment Promotion Act B.E. 2520.
- b) Corporate income tax for the year ended 31 December 2020 has been calculated at a rate of 20% (2019: 20%) on net profit, after adding back certain provisions and expenses which are disallowed for tax computation purposes.

Overseas subsidiaries and associate

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

As at 31 December 2020, the Group has deductible temporary differences, mainly arising from exchange difference occurring while translating financial statements in functional currency into presentation currency and unused tax losses totaling Baht 6,704.00 million (2019: Baht 7,699.53 million) (The Company only: Baht 3,459.67 million (2019: Baht 3,915.21 million)). However, the Group did not recognise deferred tax assets as the Group believes that it is not probable that future taxable profit will be available to allow the entire deferred tax assets to be utilised.



Details of expiry date of unused tax losses are summarised as below:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
31 December 2020	-	211,584	-	-
31 December 2021	630,480	1,281,172	-	195,559
31 December 2022	534	431,385	-	410,489
31 December 2023	393,216	759,113	-	365,697
31 December 2024	550,884	923,193	-	372,130
31 December 2025	2,516,072	-	1,692,649	-
	<u>4,091,186</u>	<u>3,606,447</u>	<u>1,692,649</u>	<u>1,343,875</u>

As at 31 December 2020, Precious Shipping (Singapore) Pte. Limited (“PSSP”), an overseas subsidiary, has unused tax losses totaling Baht 11.12 million (2019: Baht 10.15 million). The Inland Revenue Authority of Singapore (IRAS) rules stipulate that unused tax losses have no expiry date.

As at 31 December 2020, the Group has temporary difference arising from investment in associate held by a subsidiary which deferred tax liability has been recognised, aggregating Baht 1.97 million (2019: nil).

29. Promotional privileges

The Company has been granted promotional privileges under the Investment Promotion Act, as approved by the Board of Investment under BOI certificate No. 1405/2550 dated 23 March 2007. Subject to certain imposed conditions, the significant privileges are the rights to employ skilled foreigners to work within the scope of duties approved by the Board of Investment and for the period for which they are permitted to stay in Thailand, permission to own land in an amount considered appropriate by the Board of Investment, and permission to transfer funds in or out of Thailand in foreign currencies.

Under the provisions of the Investment Promotion Act B.E. 2520, the local subsidiaries were granted certain promotional privileges for their marine transportation. The promotional privileges include, among other things, exemption from the payment of income tax for a period of 8 years commencing as from the date of first earning operating income on the condition that the vessels owned by the subsidiaries are registered in Thailand. During the year ended 31 December 2020, the subsidiaries have 14 vessels (2019: 17 vessels) under investment promoted operations.



Revenues and expenses for 2020 and 2019 classified between promoted and non-promoted operations can be summarised below.

(Unit: Thousand Baht)

	Promoted operations		Non-promoted operations				Eliminations		Total	
	2020	2019	Director-General's Notification on Income Tax No. 72		Other non-promoted operations		2020	2019	2020	2019
			2020	2019	2020	2019				
Revenues	976,183	1,752,723	814,851	282,109	2,875,727	2,484,945	(904,891)	(310,897)	3,761,870	4,208,880
Costs and expenses	(1,055,400)	(1,622,465)	(1,007,275)	(321,981)	(4,066,320)	(2,799,640)	1,072,268	310,877	(5,056,727)	(4,433,209)

30. Earnings per share

Basic earnings per share is calculated by dividing loss for the year attributable to the equity holder of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

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 Group's operations involve the business of owning and internationally operating Handysize, Supramax and Ultramax dry bulk vessels on a tramp shipping basis (i.e. without any set routes). This is the main industry segment that the Company operates in and almost all revenues are derived from it. As such, no segmental bifurcation is applicable since the operations are almost entirely limited to this one main segment.

The business activity in the segment, i.e. the chartering of the vessels, is undertaken in two ways, viz., Time charter and Voyage charter. Under Time charter, the charterer (customer) pays charter hire (at an agreed daily rate, almost always in US Dollars) to operate the vessel for an agreed time period. In this case, the charterer bears all voyage expenses including port disbursements and costs of bunker fuel. Under Voyage charter, the charterer pays freight on a per ton basis (almost always in US Dollars) to transport a particular cargo between two or more designated ports. In this case, the Group bears all the voyage expenses. The voyage expenses are presented in the financial statements as voyage disbursements and bunker consumption. Under Time charter, the vessel routes are determined or controlled exclusively by the charterers and under Voyage charters, the route varies from time to time for each voyage, which is determined by a number of factors which are totally beyond the Groups' control. As such, reporting by geographical segments would not be practical or meaningful, and could in fact be misleading.



In view of the above, segment information is limited to the bifurcation of the total vessel operating income (and voyage expenses in respect of Voyage charter) derived from Time charter and Voyage charter presented as “Time charter income” and “Voyage charter income” respectively.

The following table presents net vessel operating income from Time charter and Voyage charter of the Group for the years ended 31 December 2020 and 2019.

(Unit: Thousand Baht)

	Consolidated financial statements									
	Time charter		Voyage charter		Total		Elimination		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Time charter income	2,874,426	3,334,213	-	-	2,874,426	3,334,213	-	-	2,874,426	3,334,213
Voyage charter income	-	-	1,003,238	970,064	1,003,238	970,064	(151,368)	(159,994)	851,870	810,070
Total vessel operating income	2,874,426	3,334,213	1,003,238	970,064	3,877,664	4,304,277	(151,368)	(159,994)	3,726,296	4,144,283
Voyage disbursements	-	-	(314,539)	(314,233)	(314,539)	(314,233)	151,368	159,994	(163,171)	(154,239)
Bunker consumption	-	-	(288,484)	(258,786)	(288,484)	(258,786)	-	-	(288,484)	(258,786)
Total voyage expenses	-	-	(603,023)	(573,019)	(603,023)	(573,019)	151,368	159,994	(451,655)	(413,025)
Net vessel operating income/time charter equivalent income	2,874,426	3,334,213	400,215	397,045	3,274,641	3,731,258	-	-	3,274,641	3,731,258

For the year 2020, the Group has revenues from two major customers for amount of Baht 1,135.53 million.

For the year 2019, the Group has revenues from one major customers for amount of Baht 776.66 million.

32. Provident fund

The Group and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Group contributed to the fund monthly at the rate of 5% of basic salary. For employees, the maximum allowable contribution has been increased from 5% to 15% of basic salary. The fund, which is managed by Kasikornbank Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2020 amounting to approximately Baht 5.39 million (2019: Baht 5.38 million) were recognised as expenses. (The Company only: Baht 2.42 million, 2019: Baht 2.51 million).

**33. Fair value hierarchy**

As at 31 December 2020 and 2019, the Group had the assets and liabilities that were measured at fair value or for which fair value was disclosed using different levels of inputs as follows:

(Unit: Thousand Baht)				
Consolidated financial statements				
As at 31 December 2020				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Derivatives				
Cross currency swaps contracts - Loans	-	17,838	-	17,838
Cross currency interest rate swaps contracts			-	
- Debenture	-	485,991		485,991
Put option - Debenture	-	29,871	-	29,871
Financial assets measured at fair value through other comprehensive income				
Investment in equity instrument of non-listed company	-	-	16,295	16,295
Liabilities measured at fair value				
Derivatives				
Interest rate swaps contracts - Loans	-	82,621	-	82,621

(Unit: Thousand Baht)				
Consolidated financial statements				
As at 31 December 2019				
	Level 1	Level 2	Level 3	Total
Assets for which fair value are disclosed				
Derivatives				
Cross currency swaps contracts - Loans	-	27,334	-	27,334
Cross currency interest rate swaps contracts				
- Debentures	-	916,640	-	916,640
Liabilities for which fair value are disclosed				
Debentures	-	5,580,677	-	5,580,677
Derivatives				
Interest rate swaps contracts - Loans	-	36,295	-	36,295



(Unit: Thousand Baht)

	Separate financial statements			
	As at 31 December 2020			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Derivatives				
Cross currency interest rate swaps contracts				
- Debenture	-	485,991	-	485,991
Put option - Debenture	-	29,871	-	29,871
Financial assets measured at fair value through other comprehensive income				
Investment in equity instrument of non-listed company				
	-	-	16,295	16,295

(Unit: Thousand Baht)

	Separate financial statements			
	As at 31 December 2019			
	Level 1	Level 2	Level 3	Total
Assets for which fair value are disclosed				
Derivatives				
Cross currency interest rate swaps contracts				
- Debentures	-	916,640	-	916,640
Liabilities for which fair value are disclosed				
Debentures				
	-	5,580,677	-	5,580,677

34. Financial instruments

34.1 Derivatives and hedge accounting

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2020	2019	2020	2019
Derivative assets				
Derivative assets not designated as hedging instruments				
Cross currency swaps contracts - Loans				
	-	27,334	-	-
Cross currency interest rate swaps contracts				
- Debenture	-	916,640	-	916,640
Put option - Debenture	8,961	-	8,961	-
Derivative assets designated as hedging instruments				
Cross currency swaps contracts - Loans				
	17,838	-	-	-
Cross currency interest rate swaps contracts				
- Debenture	485,991	-	485,991	-
Put option - Debenture	20,910	-	20,910	-
Total derivative assets	533,700	943,974	515,862	916,640



	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Derivative liabilities				
Derivative liabilities not designated as hedging instruments				
Interest rate swaps contracts - Loans	-	36,295	-	-
Derivative liabilities designated as hedging instruments				
Interest rate swaps contracts - Loans	82,621	-	-	-
Total derivative liabilities	82,621	36,295	-	-

Derivatives designated as hedging instruments

Cash flow hedges

Foreign currency risk and Interest rate risk

The Group uses hedging instruments to hedge cash flows as follows:

- Cross currency interest rate swaps as hedging instruments to hedge cash flows on fixed-rate debentures not denominated in the functional currency. These are defined as a combined hedge of currency risk and interest rate risk.
- Cross currency swaps and put option as hedging instruments to hedge cash flows on loans and debentures not denominated in the functional currency. These are defined as a combined hedge of currency risk.
- Interest rate swaps as hedging instruments to hedge cash flows on variable rate loans in foreign currencies. The Group receives a variable rate LIBOR of interest and pays interest at a fixed-rate. These are defined as a hedge of interest rate risk.

There is an economic relationship between the hedged items and the hedging instruments as the terms of cross currency interest rate swaps contracts, cross currency swaps contracts, interest rate swaps contracts and put option match those of the conditions of loans and debentures (i.e., notional amount, maturity and expected payment date). To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.



Hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows of the hedged items and the hedging instruments
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items
- Changes to the forecasted amount of cash flows of hedged items and hedging instruments

The Group is holding the following derivatives as hedging instruments as at 31 December 2020:

	Maturity		
	Less than 1 year	1 to 5 years	Total
Cross currency interest rate swaps			
Notional amount (Unit: Thousand Baht)	2,872,000	-	2,872,000
Average fixed rate (%)	5.99	-	5.99
Average exchange rate (Baht : US dollar)	36.00	-	36.00
Cross currency swaps			
Notional amount (Unit: Thousand Baht)	125,195	93,897	219,092
Average exchange rate (Baht : US dollar)	32.34, 33.15	32.34, 33.15	32.34, 33.15
Put option			
Notional amount (Unit: Thousand Baht)	658,560	-	658,560
Strike rate (Baht : US dollar)	30.15	-	30.15
Interest rate swaps			
Notional amount (Unit: Thousand USD)	12,711	42,049	54,760
Average fixed rate (%)	4.95 - 5.33	4.95 - 5.33	4.95 - 5.33

The impact of hedged items on the consolidated statement of financial position as at 31 December 2020 is, as follows:

	Change in fair value used for measuring ineffectiveness	Cash flow hedge reserve		Cost of hedging reserve
		Continuing hedges	Discontinued hedges	
		(Unit: Thousand Baht)		
Loans - Interest rate swaps contracts	(50,062)	(47,640)	-	-
Loans - Cross currency swaps contracts	(16,150)	(16,150)	-	2,542
Debenture - Cross currency interest rate swaps contracts	(198,235)	(198,235)	-	54,121
Debenture - Put option	13,144	4,590	(13,955)	11,682



The impact of the hedging instruments on the consolidated statement of financial position as at 31 December 2020 and the effect of the cash flow hedge in the statement of comprehensive income for the year ended 31 December 2020 are, as follows:

	Notional amounts	Carrying amount	Line item in the consolidated statements of financial position	Changes in fair value used for measuring ineffectiveness	Effectiveness recognised in equity	Ineffectiveness recognised in income statement	Line item in income statement	Cost of hedging recognised in equity	Amount of cash flow hedge reserve reclassified to income statement	Line item in income statement	Exchange losses, Finance cost
Gross currency interest rate swaps - hedge the risk arising from debenture	2,872,000	485,991	Current derivative assets	(198,235)	(198,235)	-	-	54,121	105,772	Exchange losses,	Finance cost
Gross currency swaps - hedge the risk arising from loans	219,092	17,838	Non-current derivative assets	(16,150)	(16,150)	-	-	2,542	8,598	Exchange losses	
Interest rate swaps - hedge the risk arising from loans	USD 54,760 thousand	82,621	Non-current derivative liabilities	(48,692)	(47,640)	(1,018)	Losses on ineffective portion of cash flow hedge on fair value adjustment of hedging instruments	-	4,528	Finance cost	
Put option - hedge the risk arising from debenture	658,560	29,871	Current derivative assets	13,144	4,590	-	-	11,682	(53,760)	Exchange losses	
Total				(249,933)	(257,435)	(1,018)		68,345	65,138		



Effect from interest rate benchmark reform

The Group has exposures to benchmark InterBank Offered Rates (IBORs) on its financial instruments that will be replaced or reformed. The Group anticipates that IBOR reform will impact its risk management and hedge accounting. The Group elects to early adopt the amendments to TFRS 9 and TFRS 7 to those hedging relationships directly affected by IBOR reform.

Hedging relationships impacted by IBOR reform may experience ineffectiveness attributable to market participant's expectations of when the shift from the existing IBOR benchmark rate to an alternative benchmark interest will occur. The Group is monitoring and managing the Group's transition to alternative benchmark rates whether such contracts will need to be amended as a result of IBOR reform and how to manage communication about IBOR reform with counterparties.

34.2 Financial risk management

The Group's financial instruments principally comprise cash and cash equivalents, trade and other receivables, investments, trade and other payables, debentures 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, deposits with banks and financial institutions, loans to and other financial instruments. Except for derivatives, the maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position.

Trade and other receivables

The Group is exposed to credit risk primarily with respect to trade and other receivables. The Group manages the risk by adopting a credit policy whereby they evaluate the creditworthiness of charterers and other parties and restricts dealings to financially sound parties, and strictly attend to the preparation and completeness of documentation and therefore do not expect to incur material financial losses. In addition, the Group does not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables as stated in the statement of financial position.

**Financial instruments and cash deposits**

The credit risk on cash deposits and derivatives of the Group is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Market risk**Interest rate risk**

The Group's exposure to interest rate risk relates primarily to its cash at banks, long-term loans to subsidiary, debentures and long-term loans. The management mitigates part of its interest rate risk by using interest rate swaps contract and cross currency interest rate swaps contract as hedging instruments to hedge cash flows on variable rate loans, as described in Note 34.1 to the financial statements. The interest rate risk is expected to be minimal.

Significant financial assets and liabilities classified by type of interest rates 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: Thousand Baht)

Consolidated financial statements									
As at 31 December 2020									
	Fixed interest rate			Floating		Total	Interest rate (% p.a.)		
	Within 1 year	1 - 5 years	Over 5 years	interest rate	Non-interest bearing		Fixed USD	Floating USD	Baht
Financial assets									
Cash and cash equivalents	49,866	-	-	993,529	57,095	1,100,490	0.01 - 0.26	0.04 - 0.60	0.05 - 0.13
Total	49,866	-	-	993,529	57,095	1,100,490			
Financial liabilities									
Lease liabilities	5,326	18,088	1,451	-	-	24,865	5.28 - 5.53	-	-
Debentures	935,515	2,855,650	-	-	-	3,791,165	5.99 - 6.50	-	-
Long-term loans	287,914	1,257,168	-	4,685,265	-	6,230,347	4.95 - 5.33	2.42 - 4.21	4.65
Total	1,228,755	4,130,906	1,451	4,685,265	-	10,046,377			



(Unit: Thousand Baht)

Consolidated financial statements									
As at 31 December 2019									
	Fixed interest rate			Floating		Total	Interest rate (% p.a.)		
	Within 1 year	1 - 5 years	Over 5 years	interest rate	Non-interest bearing		Fixed USD	Floating USD Baht	
Financial assets									
Cash and cash equivalents	612,776	-	-	454,516	113,889	1,181,181	1.85 - 2.47	0.01 - 1.04	0.22 - 0.38
Total	612,776	-	-	454,516	113,889	1,181,181			
Financial liabilities									
Debentures	1,947,630	3,565,212	-	-	-	5,512,842	5.75 - 5.99	-	-
Long-term loans	201,735	1,682,521	-	5,264,894	-	7,149,150	3.43 - 5.33	3.09 - 4.98	5.51
Total	2,149,365	5,247,733	-	5,264,894	-	12,661,992			

(Unit: Thousand Baht)

Separate financial statements									
As at 31 December 2020									
	Fixed interest rate			Floating		Total	Interest rate (% p.a.)		
	Within 1 year	1 - 5 years	Over 5 years	interest rate	Non-interest bearing		Fixed USD	Floating USD Baht	
Financial assets									
Cash and cash equivalents	-	-	-	611,603	1,121	612,724	0.01 - 0.05	0.05	0.05 - 0.13
Long-term loan to subsidiaries	1,067,407	1,694,989	615,998	-	-	3,378,394	5.00	-	-
Total	1,067,407	1,694,989	615,998	611,603	1,121	3,991,118			
Financial liabilities									
Lease liabilities	4,137	15,413	1,451	-	-	21,001	5.28 - 5.53	-	-
Debentures	935,515	2,855,650	-	-	-	3,791,165	5.99 - 6.50	-	-
Total	939,652	2,871,063	1,451	-	-	3,812,166			

(Unit: Thousand Baht)

Separate financial statements									
As at 31 December 2019									
	Fixed interest rate			Floating		Total	Interest rate (% p.a.)		
	Within 1 year	1 - 5 years	Over 5 years	interest rate	Non-interest bearing		Fixed USD	Floating USD Baht	
Financial assets									
Cash and cash equivalents	275,688	-	-	166,496	1,067	443,251	1.85 - 2.00	0.05 - 1.04	0.22 - 0.38
Long-term loan to subsidiaries	-	-	-	-	4,652,762	4,652,762	-	-	-
Total	275,688	-	-	166,496	4,663,829	5,096,013			
Financial liabilities									
Debentures	1,947,630	3,565,212	-	-	-	5,512,842	5.75 - 5.99	-	-
Total	1,947,630	3,565,212	-	-	-	5,512,842			



Interest rate sensitivity

The following table demonstrates the sensitivity of the Group's income statement to a reasonably possible change in interest rates on that portion of the floating rate long-term loans from affected and equity changes as a result of an increase or decrease in the fair value of the cash flow hedges of interest rate swaps contracts as at 31 December 2020.

	Increase/decrease	Effect on income statement	Effect on equity
	(%)	(Thousand Baht)	(Thousand Baht)
US Dollars borrowing	+1	(46,919)	40,673
	-1	46,919	(40,673)

The above analysis has been prepared assuming that the amounts of the floating rate long-term loans from and all other variables remain constant over one year. Moreover, the floating legs of these long-term loans are assumed to not yet have set interest rates. As a result, a change in interest rates affects interest receivable/payable for the full 12-month period of the sensitivity calculation. This information is not a forecast or prediction of future market conditions and should be used with care.

Foreign currency risk

Almost all revenues and expenditures of the Group is denominated in US Dollars, which provide a natural hedge against the currency risk associated with transactions in US Dollars. Consequently, the Group is exposed to a currency risk in respect of financial instruments denominated in other currencies. However, the Group's management has decided to maintain an open position with regard to this exposure but endeavors to limit this exposure to the minimum possible amounts by not holding significant amounts of financial instruments denominated in other currencies or use derivative instruments, as and when it considers appropriate, to manage such risks.

The Group's exposure to the foreign currency risk relates primarily to long-term loans and Thai baht debentures. When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of the derivative to match the terms of the hedged exposure. The Group does not use foreign currency forward contracts or purchased currency options for trading purposes.



Foreign currency sensitivity

The following tables demonstrate the sensitivity of the Group's income statement and equity to a reasonably possible change in Thai Baht exchange rates, with all other variables held constant. The impact on the Group's income statement and equity is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and derivatives designated as cash flow hedges as at 31 December 2020. The Group's exposure to foreign currency changes for all other currencies is not material.

Currency	Increase/decrease	Effect on income statement	Effect on equity
	(%)	(Thousand Baht)	(Thousand Baht)
Thai Baht	+1	(3,029)	(2,676)
	- 1	(4,536)	(26,483)

This information is not a forecast or prediction of future market conditions and should be used with care.

The Group has the following significant financial liabilities denominated in foreign currencies (currencies other than US Dollars which is the Group's functional currency).

Foreign currency	Consolidated financial statements			
	Financial liabilities as at 31 December		Average exchange rate as at 31 December	
	2020	2019	2020	2019
	(Million)	(Million)	(USD per 1 foreign currency unit)	
Baht loan	219.09	344.29	0.0331	0.0330
Baht Debenture	2,872.00	3,590.00	0.0331	0.0330
Baht Debenture	940.80	1,960.00	0.0331	0.0330

Foreign currency	Separate financial statements			
	Financial liabilities as at 31 December		Average exchange rate as at 31 December	
	2020	2019	2020	2019
	(Million)	(Million)	(USD per 1 foreign currency unit)	
Baht Debenture	2,872.00	3,590.00	0.0331	0.0330
Baht Debenture	940.80	1,960.00	0.0331	0.0330



Foreign currency swaps contracts outstanding are summarised below.

		As at 31 December 2020	
<u>Bought amount</u>	<u>Sold amount</u>	<u>Contractual exchange rate</u>	<u>Contractual maturity date</u>
		(USD per 1 foreign currency unit)	
<u>The Company</u>			
Baht 2,872.00 million	USD 79.78 million	0.0278	January 2021
<u>Subsidiaries</u>			
Baht 219.09 million	USD 6.69 million	0.0302, 0.0309	Quarterly corresponding to the loan repayment schedule upto September 2022

		As at 31 December 2019	
<u>Bought amount</u>	<u>Sold amount</u>	<u>Contractual exchange rate</u>	<u>Contractual maturity date</u>
		(USD per 1 foreign currency unit)	
<u>The Company</u>			
Baht 3,590.00 million	USD 99.72 million	0.0278	January 2021
Baht 1,960.00 million	USD 54.90 million	0.0280	June 2020
<u>Subsidiaries</u>			
Baht 344.29 million	USD 10.52 million	0.0302, 0.0309	Quarterly corresponding to the loan repayment schedule upto September 2022

Put option outstanding is summarised below.

		As at 31 December 2020	
<u>Bought amount</u>	<u>Sold amount</u>	<u>Contractual exchange rate</u>	<u>Contractual maturity date</u>
		(USD per 1 foreign currency unit)	
<u>The Company</u>			
Baht 1,250.00 million	USD 41.46 million	0.0332	December 2021

Liquidity risk

The Group manages liquidity risk by spreading out debt maturities, raising debt that is both amortising and non-amortising, maintaining sufficient cash reserves, tightly controlling operating costs, ensuring adequate insurance cover, limiting single counterparty exposure to no more than 25% of revenues and limiting exposure to the short-term market through fixing ships on long term charters. Approximately 30% of the Group's debt will mature in less than one year at 31 December 2020 (2019: 35%) based on the carrying value of borrowings reflected in the financial statements. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding.



The table below summarises the maturity profile of the Group's non-derivative financial liabilities and derivative financial instruments as at 31 December 2020 based on contractual undiscounted cash flows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	Less than 1 year	1 to 5 years	Over 5 years	Total
Non-derivatives				
Trade and other payables	113,676	-	-	113,676
Lease liabilities	6,022	20,778	1,755	28,555
Long-term loans	1,712,529	4,635,584	577,103	6,925,216
Debentures	996,323	3,171,751	-	4,168,074
Total non-derivatives	2,828,550	7,828,113	578,858	11,235,521
Derivatives				
Derivative assets	515,862	17,838	-	533,700
Derivative liabilities	-	82,621	-	82,621
Total derivatives	515,862	100,459	-	616,321

(Unit: Thousand Baht)

	Separate financial statements				
	On demand	Less than 1 year	1 to 5 Years	Over 5 years	Total
Non-derivatives					
Trade and other payables	-	281	-	-	281
Lease liabilities	-	4,726	17,862	1,755	24,343
Debentures	-	996,323	3,171,751	-	4,168,074
Advances received from related parties	1,825,509	-	-	-	1,825,509
Total non-derivatives	1,825,509	1,001,330	3,189,613	1,755	6,018,207
Derivatives					
Derivative assets	-	515,862	-	-	515,862
Total derivatives	-	515,862	-	-	515,862



34.3 Fair values of financial instruments

Since the majority of the Group's financial assets and liabilities are short-term in nature or carrying interest at rates close to the market interest rates, except debentures, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

The carrying value and fair value of debentures and derivative instruments as at 31 December 2019 are presented below.

(Unit: Thousand Baht)

	As at 31 December 2019			
	Consolidated		Separate	
	financial statements		financial statements	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets (liabilities)				
Debentures	(5,517,558)	(5,580,677)	(5,517,558)	(5,580,677)
Derivatives				
Interest rate swaps contracts				
- Loans	-	(36,295)	-	-
Cross currency swaps contracts				
- Loans	29,142	27,334	-	-
Cross currency interest rate swaps contracts				
- Debentures	921,749	916,640	921,749	916,640

The methods and assumptions used by the Group in estimating the fair value of financial instruments are as follows.

- a) For debentures, fair value is derived from quoted market prices of the Thai Bond Market Association at the close of the business on the reporting date.
- b) For derivatives, their fair value has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as yield curves of the respective currencies and interest rate yield curves. The Group had considered to counterparty credit risk when determining the fair value of derivatives.

During the current year, the Group has adopted TFRS 9 which requires that the carrying amount of derivatives are presented at fair value. In addition, there are changes in the terms of the condition of debentures, as described in Note 19 to the financial statements. Therefore, there was no stated fair value of debentures from quoted market prices of the Thai Bond Market Association.



34.4 Reconciliation of recurring fair value measurements, of assets and liabilities, categorised within Level 3 of the fair value hierarchy

	(Unit: Thousand Baht)
	Consolidated and Separate financial statements
	<hr/>
Investment in equity instrument of non-listed company	
Balance as of 1 January 2020	17,047
Net loss recognised into other comprehensive income	(752)
Balance as of 31 December 2020	<hr/> <hr/> 16,295

35. Capital management

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

The Group manages its capital position with reference to its debt-to-equity ratio also to comply with a condition in the long-term loan agreements, which require the Group to maintain a consolidated debt-to-equity ratio of not more than 2:1.

As at 31 December 2020, the Group's debt-to-equity ratio was 1.11:1 (2019: 1.17:1) and the Company's was 0.61:1 (2019: 0.74:1) which is calculated from USD functional currency financial statements.

36. Functional currency financial statements

The USD functional currency statements of financial position as at 31 December 2020 and 2019 and income statements for the years ended 31 December 2020 and 2019 are as follows.

**Precious Shipping Public Company Limited and its subsidiaries****Statement of financial position****As at 31 December 2020**

(Unit: Thousand USD)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Assets				
Current assets				
Cash and cash equivalents	36,638	39,172	20,399	14,700
Trade and other receivables	5,616	6,056	121,460	115,397
Short-term loans to a subsidiary	-	-	-	4,300
Bunker oil	1,153	5,853	-	-
Derivative assets	17,174	-	17,174	-
Other current assets				
Advances to vessel masters	2,427	2,437	-	-
Claim recoverables	327	353	-	-
Others	1,181	1,861	487	544
Total other current assets	3,935	4,651	487	544
Total current assets	64,516	55,732	159,520	134,941
Non-current assets				
Long-term loans to subsidiaries	-	-	112,474	150,000
Derivative assets	594	-	-	-
Receivables from cross currency swap contracts	-	31,534	-	30,568
Investments in subsidiaries	-	-	233,720	200,254
Investment in associate held by a subsidiary	2,474	2,258	-	-
Investment in equity instrument of non-listed company	543	568	543	568
Property, plant and equipment	636,698	666,497	253	221
Right-of-use assets	804	-	678	-
Intangible assets	230	224	219	224
Other non-current assets				
Claim recoverables - maritime claims	1,540	818	-	-
Advances for vessel constructions	-	67,900	-	67,644
Deferred contract costs	4,843	5,398	-	-
Others	105	157	80	132
Total other non-current assets	6,488	74,273	80	67,776
Total non-current assets	647,831	775,354	347,967	449,611
Total assets	712,347	831,086	507,487	584,552



Precious Shipping Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2020

(Unit: Thousand USD)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2020	2019	2020	2019
Liabilities and shareholders' equity				
Current liabilities				
Trade and other payables				
Trade and other payables	3,785	2,345	9	446
Advances received from related parties	-	-	60,775	58,028
Accrued crew accounts	2,765	2,811	-	-
Accrued expenses	2,669	11,209	767	1,980
Accrued employee bonus	-	1,141	-	816
Total trade and other payables	9,219	17,506	61,551	61,270
Advances received from charterers	20,177	2,490	-	-
Current portion of long-term loans	49,938	70,878	-	-
Current portion of debentures	31,145	64,590	31,145	64,590
Current portion of lease liabilities	177	-	138	-
Income tax payable	53	50	-	-
Other current liabilities	463	759	307	442
Total current liabilities	111,172	156,273	93,141	126,302
Non-current liabilities				
Long-term loans - net of current portion	157,483	166,210	-	-
Debentures - net of current portion	95,071	118,234	95,071	118,234
Lease liabilities - net of current portion	650	-	561	-
Derivative liabilities	2,751	-	-	-
Deferred tax liabilities	65	-	-	-
Provision for maritime claims	2,233	1,533	-	-
Provision for long-term employee benefits	5,529	5,502	4,161	4,295
Total non-current liabilities	263,782	291,479	99,793	122,529
Total liabilities	374,954	447,752	192,934	248,831
Shareholders' equity				
Share capital				
Registered share capital	51,055	51,055	51,055	51,055
Issued and paid-up share capital	51,055	51,055	51,055	51,055
Paid-in capital				
Premium on ordinary shares	63,290	63,290	63,290	63,290
Premium on treasury stock	4,819	4,819	4,819	4,819
Retained earnings				
Appropriated				
Statutory reserve - the Company	2,802	2,802	2,802	2,802
- subsidiaries	14,460	14,460	-	-
Corporate social responsibility reserve	553	552	553	552
Unappropriated	205,556	248,797	192,294	213,203
Other components of shareholders' equity	(5,143)	(2,442)	(260)	-
Equity attributable to owners of the Company	337,392	383,333	314,553	335,721
Non-controlling interests of the subsidiaries	1	1	-	-
Total shareholders' equity	337,393	383,334	314,553	335,721
Total liabilities and shareholders' equity	712,347	831,086	507,487	584,552

**Precious Shipping Public Company Limited and its subsidiaries****Income statement****For the year ended 31 December 2020**

(Unit: Thousand USD, except basis earnings per share expressed in USD)

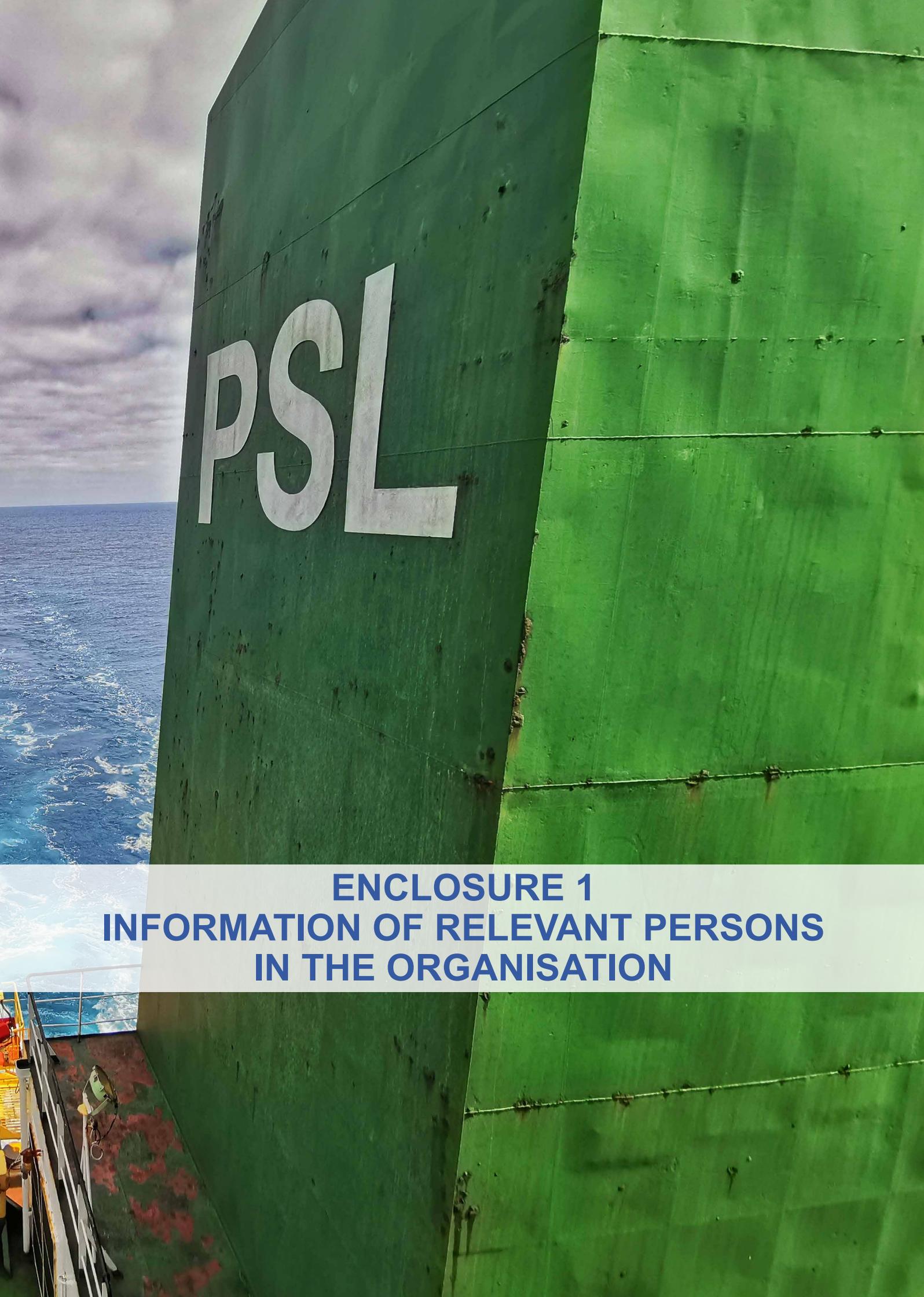
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2020	2019	2020	2019
Revenues				
Vessel operating income				
Time charter income	91,915	107,767	-	-
Voyage charter income	27,160	26,283	-	-
Total vessel operating income	119,075	134,050	-	-
Service income	120	250	2,869	2,874
Interest income	270	960	6,110	373
Dividend income	-	13	1,600	13
Gain on liquidation of subsidiaries	-	-	220	-
Gain on derivative	371	-	427	-
Other income	15	22	1	-
Total revenues	119,851	135,295	11,227	3,260
Expenses				
Vessel operating costs				
Vessel running expenses	49,741	50,729	-	-
Voyage disbursements	5,190	4,998	-	-
Bunker consumption	9,163	8,395	-	-
Total vessel operating costs	64,094	64,122	-	-
Depreciation	38,711	38,228	246	99
Cost of services	127	168	-	-
Administrative expenses	8,863	14,702	6,303	10,717
Management remuneration including perquisites	1,821	2,970	1,924	3,033
Losses on settlement agreement	27,400	-	27,144	-
Losses on impairment of investments in subsidiaries	-	-	155	-
Expected credit losses/Bad debts and doubtful accounts	283	20	937	-
Exchange losses	501	194	377	30
Losses on ineffective portion of cash flow hedge on fair value adjustment of hedging instruments	33	-	-	-
Total expenses	141,833	120,404	37,086	13,879
Operating profit (loss)	(21,982)	14,891	(25,859)	(10,619)
Share of profit from investment in associate held by a subsidiary	346	646	-	-
Finance cost	(19,021)	(22,692)	(9,168)	(9,519)
Loss before income tax expenses	(40,657)	(7,155)	(35,027)	(20,138)
Income tax expenses	(145)	(90)	-	-
Loss for the year	(40,802)	(7,245)	(35,027)	(20,138)
Loss attributable to:				
Equity holders of the Company	(40,802)	(7,245)	(35,027)	(20,138)
Non-controlling interests of the subsidiaries	-	-	-	-
Loss for the year	(40,802)	(7,245)	(35,027)	(20,138)
Basic earnings per share				
Loss attributable to equity holders of the Company	(0.0262)	(0.0046)	(0.0225)	(0.0129)



37. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 19 February 2021.





PSL

**ENCLOSURE 1
INFORMATION OF RELEVANT PERSONS
IN THE ORGANISATION**



THE BOARD OF DIRECTORS



Mr. Chaipatr Srivisarvacha

- Chairman of the Board of Director
- Independent Director



Mr. Kamtorn Sila-On

- Chairman of Audit and Corporate Governance Committee
- Chairman of the Risk Management Committee
- Chairman of the Remuneration Committee
- Nomination Committee Member
- Independent Director



Ms. Pensri Suteerasarn

- Chairperson of the Nomination Committee
- Independent Director



Professor Dr. Pavidia Pananond

- Audit and Corporate Governance Committee Member
- Remuneration Committee Member
- Risk Management Committee Member
- Independent Director



Ms. Lyn Yen Kok

- Audit and Corporate Governance Committee Member
- Nomination Committee Member
- Risk Management Committee Member
- Independent Director



Mr. Khalid Moinuddin Hashim

- Executive Director
- Managing Director
- Risk Management Committee Member
- Director



Mr. Kirit Shah

- Remuneration Committee Member
- Director



Mr. Gautam Khurana

- Executive Director
- Director



Mr. Khushroo Kali Wadia

- Director



Ms. Nishita Shah

- Director



Mr. Ishaan Shah

- Director



Ms. Sirasa Supawasin

- Director



BOARD OF DIRECTORS - PROFILE

MR. CHAIPATR SRIVISARVACHA

POSITION	Chairman of the Board of Directors / Independent Director <i>(Appointed as the Chairman of the Board of Directors with effect from 8 July 2020)</i>
DATE OF APPOINTMENT ON THE BOARD	14 March 2011
AGE	61 years
EDUCATION	
• 1984	Illinois Benedictine College, MBA (Finance).
• 1981	Lehigh University, Bachelor of Science (Metallurgy).
TRAINING	
• 2017	Certificate, Advanced Audit Committee Program, Class 25/2017, Thai Institute of Directors Association (IOD), March 2017
• 2015	Certificate, Corporate Governance for Capital Market Intermediaries 3/2015, Thai Institute of Directors Association (IOD)
• 2015	Certificate, CMA-GMS 1, Capital Market Academy Executive Education 27 March - 12 April 2015, The Stock Exchange of Thailand
• 2012	Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand
• 2005	Certificate, Chairman 2000, Thai Institute of Directors Association (IOD).
• 2003	Diploma, Directors Certification Program (DCP), Thai Institute of Directors Association (IOD).
EXPERIENCE TO REVIEW CREDITIBILITY OF THE FINANCIAL STATEMENTS	
• 2003 - 2013	Independent Director and Audit Committee, The Brooker Group Public Co. Ltd.
• September 2018 - February 2019	Chairman, Audit Committee The Stock Exchange of Thailand
• 2013 - 2014	Member, Audit Committee The Stock Exchange of Thailand
• 2010 - November 2011	Independent Director and Chairman of the Audit Committee, Dhanarak Asset Development Company Limited.
• 2001 - 2007	Independent Director and Audit Committee, Thanachart Bank Public Company Limited.
OTHER EXPERIENCE	
• July 2020 - Present	Chairman of the Board of Directors, Precious Shipping Public Company Limited
• August 2019 - Present	Director, JKN Global Media Public Co., Ltd.
• May 2019 - February 2021	Director, Scentimental (Thailand) Co., Ltd.
• October 2018 - February 2021	Director, SE Digital Co., Ltd.
• March 2017 - 9 September 2020	Director, Innconnect Social Enterprise Co., Ltd.
• March 2017 - February 2021	Director, Absolute Yoga Co., Ltd.
• March 2017 - May 2017	Director, Scentimental (Thailand) Co., Ltd.
• May 2016 - March 2019	Director, TSFC Securities Public Company Limited.
• March 2016 - February 2021	Director, Lumpini Asset Management Company Limited.
• 11 September 2020 - February 2021	Chief Executive Officer, Lumpini Asset Management Company Limited
• December 2015 - 7 August 2020	Chairman of the Board of Director, Thaifoods Group Public Company Limited.
• November 2011 - February 2021	Authorized Director, Innotech Asset Management Co., Ltd.
• May 2015 - August 2019	Governor, The Stock Exchange of Thailand.
• June 2012 - June 2013	Director, Thailand Futures Exchanges Public Company Limited.
• March 2011 - July 2020	Independent Director and Chairman of Nomination Committee, Precious Shipping Public Company Limited.
• May 2009 - February 2021	Director, KT ZMICO Securities Company Limited.
• May 2009 - July 2019	Chief Executive Officer, KT ZMICO Securities Company Limited.
• May 2007 - February 2021	Authorized Director, Seamico Securities Public Company Limited.
• 22 May 2007 - 10 September 2020	Vice Chairman & Chief Executive Officer, Seamico Securities Public Company Limited
• Present	Vice Chairman & Secretary, The Srivisarvacha Foundation.
• Present	Director, Population and Community Development Association (PDA).
• 2004 - 2009	Director (Independent), G Steel Public Company Limited.
• 2003 - 2008	President of the Board, New International School of Thailand (Affiliated with United Nations).
• 1999 - 2003	Director (Independent), Pacific Assets Public Company Limited.
• 1999	Director and Executive Director, Krung Thai Bank Public Company Limited.



- 1995 - 1999 Director and Head of Thailand Investment Banking, Salomon Smith Barney.
- 1995 - 1999 Director, Phoenix Pulp & Paper Public Company Limited.
- 1991 - 1995 Director, Head of Thailand Investment Banking, Swiss Bank / SBC Warburg.
- 1988 - 1989 Manager, Investment Banking Department, Phatra Thanakit.
- 1985 - 1988 Business Development Officer, Industrial Finance Corporation of Thailand.
Company Director

OCCUPATION**DIRECTORSHIP AND POSITIONS HELD IN OTHER COMPANIES AND OTHER ORGANISATIONS**

CONNECTED COMPANIES	Nil
NON-CONNECTED COMPANIES	LISTED COMPANIES: 1. Director, JKN Global Media Public Co., Ltd. 2. Director, TSFC Securities Public Company Limited.
	NON - LISTED COMPANIES: Nil
OTHER RELATED COMPANIES (SUBSIDIARIES / ASSOCIATED COMPANIES)	Nil
OTHER ORGANISATIONS	1. Vice Chairman & Secretary, The Srivisarvacha Foundation. 2. Director, Population & Community Development Association (PDA).

NO. OF SHARES HELD (SHARES) AS OF YEAR END 2020:

Description	As of 1 Jan 2020	Acquisition in 2020	Disposal in 2020	Increase (Decrease) in 2020	As of 31 Dec 2020
By himself	-	-	-	-	-
By his spouse and minor children (if any)	-	-	-	-	-

No family relationship with any of the other Directors or any of the Management Team.

MR. KAMTORN SILA-ON**POSITION**

Chairman of Audit & Corporate Governance Committee* / Chairman of Remuneration Committee / Chairman of Risk Management Committee / Nomination Committee Member / Independent Director

DATE OF APPOINTMENT ON THE BOARD

14 March 2011

AGE

50 years

EDUCATION

- 1995 - 1997 MIT Sloan School, Massachusetts, USA Master of Business Administration; Financial Engineering Track GPA: 4.6/5.0.
- 1988 - 1992 Imperial College of Science Technology and Medicine, London, England Master of Engineering; Chemical Engineering; Associate of the City and Guilds Institute Upper Second Class Honours.

TRAINING

- 2017 Completed Leading in a Disruptive world (LDW) by Stanford University & Silicon Valley, California
- 2017 Completed Business Revolution and Innovation Network (BRAIN) training program by Federation of Thai Industries (FTI).
- 2016 Top Executive Program in Commerce and Trade (TEPCoT)
- 2012 Audit Committee Program (ACP) by Institute of Directors (IOD).
- 2011 Director Certification Program (DCP) by Institute of Directors (IOD).
- 2008 Completed Executive Development Program (EDP) by the Capital Markets Academy and Thai Listed Companies Association.

EXPERIENCE

- February 2020 - Present Chairman of Risk Management Committee, Precious Shipping Public Company Limited.
- April 2017 - Present Chairman of Audit and Corporate Governance Committee, Precious Shipping Public Company Limited.
- January 2017 - Present President - Production and Finance, S&P Syndicate Public Company Limited.
- July 2014 - 2016 Chief Supply Chain Officer, S&P Syndicate Public Company Limited.



- March 2011 - Present
Chairman of Remuneration Committee, Independent Director and Nomination Committee Member, Precious Shipping Public Company Limited.
- 2011 - April 2017
Audit and Corporate Governance Committee Member, Precious Shipping Public Company Limited.
- 2011 - 2014
Deputy Managing Director, Head of Private Client Investment Management Group, Bualuang Securities Plc., Bangkok, Thailand.
- 2004 - 2011
Deputy Managing Director, Co-head of Investment Banking, Bualuang Securities Plc., Bangkok, Thailand.
- 1999 - 2004
Senior Vice President, Investment Banking Asset Plus Securities Plc., Bangkok, Thailand.
- 1997 - 1999
Associate, Global Investment Banking Chase Securities, Inc., New York, USA and Singapore.
- 1994 - 1995
Analyst, Investment Banking Dept. SCB Securities Co., Ltd., Bangkok, Thailand.
- 1992 - 1994
Manager, Money Market Dept. Tisco Plc., Bangkok, Thailand.
President - Production and Finance, S&P Syndicate Public Company Limited.

OCCUPATION**DIRECTORSHIP AND POSITIONS HELD IN OTHER COMPANIES AND OTHER ORGANISATIONS**

CONNECTED COMPANIES	Nil
NON-CONNECTED COMPANIES	LISTED COMPANIES: President - Production and Finance, S&P Syndicate Public Company Limited. NON - LISTED COMPANIES: Director, Chaophraya Express Boat Co., Ltd.
OTHER RELATED COMPANIES (SUBSIDIARIES / ASSOCIATED COMPANIES)	Nil
OTHER ORGANISATIONS	Member of Academic Committee, Department of International Business, Logistics and Transport, Thammasat Business School, Thammasat University.

NO. OF SHARES HELD (SHARES) AS OF YEAR END 2020:

Description	As of 1 Jan 2020	Acquisition in 2020	Disposal in 2020	Increase (Decrease) in 2020	As of 31 Dec 2020
By himself	-	-	-	-	-
By his spouse and minor children (if any)	-	-	-	-	-

* Note: Audit Committee Member who has adequate expertise and experience to review creditability of the financial statement. No family relationship with any of the other Directors or any of the Management Team.

MS. PENSRI SUTEERASARN**POSITION**

Chairperson of Nomination Committee / Independent Director
(Appointed as the Chairperson of Nomination Committee with effect from 8 July 2020)

DATE OF APPOINTMENT ON THE BOARD

8 July 2020

AGE

52 years

EDUCATION

BA (Cost Accounting), Chulalongkorn University
MBA, California State University, Hayward, USA

TRAINING

- 2019
Leadership through Performance, INSEAD Future Leader Summit, Singapore
- 2018
Leading Disruptive Innovation with Design Thinking, Stanford Center for Professional Development, USA
- 2017
People, Culture, and Performance: Strategies from Silicon Valley, Stanford University, USA
- 2017
GNH and Business Journey in Bhutan, GNH Center Bhutan
- 2015
Proteus: Creative Encounters to Inspire Leaders, London Business School, UK
- 2011
Breakthrough Program for Senior Executives, IMD, Switzerland
- 2010
Successful Formulation and Execution Strategy (SFE),
Thai Institute of Directors (IOD)
- 2007
Director Certificate Program (DCP), Thai Institute of Directors (IOD)

EXPERIENCE

- 2020 - Present
Chairperson of Nomination Committee / Independent Director, Precious Shipping Public Company Limited
- 2001 - 2005
Financial Advisor on the Privatization of State-Owned Enterprises Project, State Enterprise Policy Office, Ministry of Finance



- 1998 - 2001 Associate Director, Investment Banking Department, Dresdner Kleinwort Benson
- 1993 - 1998 Manager, Investment Banking Department, SBC Warburg

OTHER POSITION

- December 2018 - Present Board of Directors and Audit Committee and Remuneration Committee, Ready Planet Co., Ltd.
- April 2018 - Present Board of Directors and Audit Committee, Sabina PLC
- 2016 - Present Selection Committee for Alumni Award, Faculty of Commerce and Accountancy, Chulalongkorn University Alumni Association
- 2015 - Present Judges' Committee of Business Ethics Standard Test Award, Thai Chamber of Commerce
- 2014 - Present Selection Committee of the Public Service Executive Development Program (PSED), Office of the Public Sector Development Commission
- 2012 - Present Committee, Anti-Corruption Organization of Thailand (ACT)
- 2007 - Present Sub-Committee on Consideration of Regulations on Issuance and Offering of Equity Instruments and Governance of Securities Issuing Companies, Securities and Exchange Commission (SEC)
- 2007 - Present CGR Steering Committee, Thai Institute of Directors (IOD)
- 2007 - Present Secretary General and President, Thai Listed Companies Association (2006 - Present)

OCCUPATION**DIRECTORSHIP AND POSITIONS HELD IN OTHER COMPANIES AND OTHER ORGANISATIONS**

CONNECTED COMPANIES	Nil
NON-CONNECTED COMPANIES	LISTED COMPANIES: Board of Directors and Audit Committee, Sabina Public Company Limited. NON - LISTED COMPANIES: Board of Directors and Audit Committee and Remuneration, Ready Planet Co., Ltd.
OTHER RELATED COMPANIES (SUBSIDIARIES / ASSOCIATED COMPANIES)	Nil
OTHER ORGANISATIONS	1. Selection Committee for Alumni Award, Faculty of Commerce and Accountancy, Chulalongkorn University Alumni Association 2. Judges' Committee of Business Ethics Standard Test Award, Thai Chamber of Commerce 3. Selection Committee of the Public Service Executive Development Program (PSED), Office of the Public Sector Development Commission 4. Committee, Anti-Corruption Organization of Thailand (ACT) 5. Sub-Committee on Consideration of Regulations on Issuance and Offering of Equity Instruments and Governance of Securities Issuing Companies, Securities and Exchange Commission (SEC) 6. CGR Steering Committee, Thai Institute of Directors (IOD)

NO. OF SHARES HELD (SHARES) AS OF YEAR END 2020:

Description	As of 1 Jan 2020	Acquisition in 2020	Disposal in 2020	Increase (Decrease) in 2020	As of 31 Dec 2020
By herself	-	-	-	-	-
By her spouse and minor children (if any)	-	-	-	-	-

No family relationship with any of the other Directors or any of the Management Team.

**PROFESSOR DR. PAVIDA PANANOND**

POSITION	Independent Director / Audit and Corporate Governance Committee Member* / Remuneration Committee Member / Risk Management Committee Member
DATE OF APPOINTMENT ON THE BOARD	14 March 2011
AGE	53 years
EDUCATION	
• 2001	Doctor of Philosophy, Department of Economics, University of Reading, United Kingdom.
• 1992	Master of Business Administration (International Business), Diploma in Management (Asian Studies), McGill University, Canada.
• 1989	Bachelor of Accountancy (Accounting), Chulalongkorn University.
TRAINING	
• 2020	Successful Formulation & Execution of Strategy (SFE) 32/2020 by Institute of Directors (IOD).
• 2020	Attended (as an observer) the risk management workshop held by the Risk and Internal Control Club, Thai Listed Companies Association (TLCA)
• 2013	Financial Statements for Director (FSD 22) by Institute of Directors (IOD).
• 2012	Audit Committee Program (ACP 41) by Institute of Directors (IOD).
• 2011	Director Certificate Program (DCP 148) by Institute of Directors (IOD).
AWARDS AND SCHOLARSHIPS	
• 2018	ASEAN @ 50 Fellow, Southeast Asia Centre of Asia-Pacific Excellence and Ministry of Foreign Affairs and Trade, New Zealand
• 2015	Thammasat University Award for Researcher with Highest Number of International Publication (2013-2014)
• 2015	Fulbright Thai Visiting Scholar, Fulbright Thailand Thailand - United States Education Foundation
• 2013 - 2014	Thailand Research Fund Grant Number 5610054 (Assessing the merit of home-country support for outward foreign direct investment in neighboring countries)
• 2013	Department Nominee for Thammasat University's 2014 Best Teacher in Social Sciences
• 2009 - 2012	Thailand Research Fund Grant Number 5280032 (Competitive Strategies of Thai Multinationals in the Global Economy).
• 2008	Best Teacher Award, Thammasat Business School, Thammasat University.
• 1996 - 2001	Doctoral scholarship from Thammasat Business School, Thammasat University.
• 1992 - 1994	MBA scholarship from Thammsat Business School, Thammasat University.
EXPERIENCE	
• February 2020 - Present	Risk Management Committee Member, Precious Shipping Public Company Limited.
• October 2018 - Present	Professor, Thammsat Business School, Thammasat University.
• March 2011 - Present	Independent Director, Audit and Corporate Governance Committee Member and Remuneration Committee Member, Precious Shipping Public Company Limited.
• 2010 - 2012	Department Head, Department of International Business, Logistics and Transport, Thammasat Business School, Thammasat University.
• 2006 - September 2018	Associate Professor, Thammasat Business School, Thammasat University.
• 2003 - 2006	Assistant Professor, Thammasat Business School, Thammasat University.
• 1992 - 2003	Lecturer, Thammasat Business School, Thammasat University.
OTHER POSITIONS	
• 2018 - 2019	Track Chair (Managing the Global Value Chain), Academy of International Business Annual Conference 2019, Copenhagen, Denmark
• 2017 - Present	Honorary Adviser, Asia New Zealand Foundation, Auckland, New Zealand
• 2015 - Present	Associate Member, John Dunning Centre for International Business, Henley Business School, University of Reading, United Kingdom.
• 2015 - Present	Affiliate Member, Emerging Market Internationalization Research Group, The University of Sydney Business School, University of Sydney, Australia
• 2013 - 2014	Conference Chair, Euro-Asia Management Studies Association Annual Conference 2014, Bangkok, Thailand.
• 2013 - 2014	Track Chair (Home Economies and the MNE), Academy of International Business Annual Conference 2014, Vancouver, Canada.
• April 2013	Visiting Fellow, Henley Business School, University of Reading, United Kingdom.
• 2013 - Present	Vice President (Asia), Euro-Asia Management Studies Association.
• 2010 - 2013	Member of Advisory Board, Euro-Asia Management Studies Association.
• 2009 - Present	Member of Editorial Advisory Board, Southeast Asia Research.



OCCUPATION University Professor.

DIRECTORSHIP AND POSITIONS HELD IN OTHER COMPANIES AND OTHER ORGANISATIONS

CONNECTED COMPANIES	Nil
NON-CONNECTED COMPANIES	Nil
OTHER RELATED COMPANIES (SUBSIDIARIES / ASSOCIATED COMPANIES)	Nil
OTHER ORGANISATIONS	1. Vice President (Asia), Euro-Asia Management Studies Association. 2. Member of Editorial Advisory Board, Southeast Asia Research.

NO. OF SHARES HELD (SHARES) AS OF YEAR END 2020:

Description	As of 1 Jan 2020	Acquisition in 2020	Disposal in 2020	Increase (Decrease) in 2020	As of 31 Dec 2020
By herself	-	-	-	-	-
By her spouse and minor children (if any)	-	-	-	-	-

* Note : Audit Committee Member who has adequate expertise and experience to review creditability of the financial statement.
No family relationship with any of the other Directors or any of the Management Team.

MS. LYN YEN KOK

POSITION

Audit and CG Committee Member* / Nomination Committee Member /
Risk Management Committee Member / Independent Director

DATE OF APPOINTMENT ON THE BOARD

4 April 2017

AGE

54 years

EDUCATION

- 1984 - 1988

Bachelor of Arts (BA) (Honors), Economics and Political Science, University of Toronto (Trinity College).

- 1980 - 1984

Lawrence Park Collegiate Institute (Toronto).

TRAINING

- 2019

YPO Global Family Enterprise Programme, INSEAD.

YPO Value Creation and Investing Programme, Columbia University Business School.

- 2018

Executive Programme, Singularity University.

Block Chain Strategy Programme, University of Oxford.

YPO Building Legacies Programme, INSEAD.

- 2017

Executive Programme - Corporate Innovation, Stanford Graduate School of Business.

- 2012

Graduate member of Thai Institute of Directors (IOD) – Completed

“Directors Certificate Program”(DCP), Class 159/2012

AWARDS

- 2012

Best Foreign Company CEO, Bloomberg

EXPERIENCE

- April 2017 - Present

Director, Precious Shipping Public Company Limited.

- July 2010 - September 2016

President & CEO, Thailand & Greater Mekong, Standard Chartered Bank, Bangkok, Thailand

- May 2003 - July 2010

Managing Director, Standard Chartered Bank (China), Beijing, China

- March 2001 - May 2003

Senior Executive Vice President, Corporate & Institutions, Standard Chartered Bank (Nakornthon), Bangkok, Thailand

- May 1997 - March 2001

Head, Corporate & Institutions Sales, Standard Chartered Bank (Malaysia), Kuala Lumpur, Malaysia

- June 1995 - May 1997

Vice President, Chase Manhattan Bank (Singapore), Singapore

- November 1993 - May 1995

Vice President, Chase Manhattan Bank (Hong Kong), Hong Kong

- January 1990 - November 1993

Senior Account Manager, Standard Chartered Bank (Hong Kong), Hong Kong

- June 1988 - January 1990

Account Manager, CIBC, Toronto, Canada.

OTHER POSITIONS

- January 2020 - Present

Executive Committee for YPO SEA Angels

- June 2017 - Present

Executive Committee for YPO ASEAN United

- May 2014 - Present

Board member, Ronald McDonald House Charities (Bangkok)

- 2015 - 2016

Chairman, Standard Chartered Bank, Vietnam

- February 2015 - September 2016

Board Member, UKTI ASEAN Regional Board

- June 2011 - April 2016

Vice President and Chair of Cross Sectoral Working Issues, European Association for Business and Commerce



- July 2010 - September 2016 First Vice Chair, Association of International Banks
 - 2010 - 2016 Ambassador, Living with HIV, Standard Chartered Bank
 - 2012 - 2015 Member of Global Diversity & Inclusion Council
 - 2003 - 2010 Vice President of Board of Directors European Chamber of Commerce and Board member of British Chamber of Commerce, China
 - 1997 - 1999 Committee member, Malaysian Youth Orchestra Foundation, chaired by Mirzan Mahathir
- OCCUPATION Banking and Finance Professional

OCCUPATION**DIRECTORSHIP AND POSITIONS HELD IN OTHER COMPANIES AND OTHER ORGANISATIONS**

CONNECTED COMPANIES	Nil
NON-CONNECTED COMPANIES	Nil
OTHER RELATED COMPANIES (SUBSIDIARIES / ASSOCIATED COMPANIES)	Nil
OTHER ORGANISATIONS	Nil

NO. OF SHARES HELD (SHARES) AS OF YEAR END 2020:

Description	As of 1 Jan 2020	Acquisition in 2020	Disposal in 2020	Increase (Decrease) in 2020	As of 31 Dec 2020
By herself	-	-	-	-	-
By her spouse and minor children (if any)	-	-	-	-	-

* Note: Audit Committee Member who has adequate expertise and experience to review creditability of the financial statement.

No family relationship with any of the other Directors or any of the Management Team.

MR. KHALID MOINUDDIN HASHIM

POSITION	Managing Director / Executive Director / Risk Management Committee Member
DATE OF APPOINTMENT ON THE BOARD	11 January 1994
AGE	67 years
EDUCATION	Master's Degree in Management Studies specializing in Finance, University of Bombay.
TRAINING	
• 2005	Graduate member of Thai Institute of Directors (IOD) – Completed "Directors Certificate Program" (DCP), Class 57/2005.
EXPERIENCE	
• February 2020 - Present	Risk Management Committee Member, Precious Shipping Public Company Limited.
• 1994 - Present	Managing Director, Precious Shipping Public Company Limited.
• 1991 - 1993	Managing Director, Precious Shipping Limited. (Converted into Public Company Limited in 1994)
• 1984 - 1991	Head of Shipping Department, Geepee Corporation Limited.
• 1979 - 1983	Senior Executive, Pan Ocean Navigation & Trading Pte. Ltd.
OCCUPATION	Managing Director and Executive Director, Precious Shipping Public Company Limited.

DIRECTORSHIP AND POSITIONS HELD IN OTHER COMPANIES AND OTHER ORGANISATIONS

CONNECTED COMPANIES	Nil
NON-CONNECTED COMPANIES	Nil
OTHER RELATED COMPANIES (SUBSIDIARIES / ASSOCIATED COMPANIES)	Director in the Company's 53 subsidiaries (Subsidiary Companies Nos. 1-53 on page 54-55 of this Annual Report)
OTHER ORGANISATIONS	1. Deputy Chairman of the Board of Directors, The Swedish Club, Sweden. 2. Regional Committee Member, American Bureau of Shipping. 3. Austral - Asia Regional Committee Member, Bureau Veritas. 4. Trustee, Sackhumvit Trust, Bangalore, India.

NO. OF SHARES HELD (SHARES) AS OF YEAR END 2020:

Description	As of 1 Jan 2020	Acquisition in 2020	Disposal in 2020	Increase (Decrease) in 2020	As of 31 Dec 2020
By himself	131,486,275	40,000	-	40,000	131,526,275 (8.44% of total paid up shares)
By his spouse and minor children (if any)	-	-	-	-	-

No family relationship with any of the other Directors or any of the Management Team.



MR. KIRIT SHAH

POSITION	Director / Remuneration Committee Member
DATE OF APPOINTMENT ON THE BOARD	24 April 2007
AGE	67 years
EDUCATION	Studied Commerce from H.R. College of Commerce, Bombay, India.
TRAINING	
<ul style="list-style-type: none"> • 2005 	Graduate member of Thai Institute of Directors (IOD) - Completed "Directors Certificate Program" (DCP), Class 57/2005.
EXPERIENCE	
<ul style="list-style-type: none"> • 2018 - Present • 2007 - Present • 1999 - 2003 • 1989 - 2002 • 1980 - 2003 	Director, Gammon Engineering and Contractors Private Limited, India. Director, and Remuneration Committee Member, Precious Shipping Public Company Limited. Vice Chairman and Executive Director, Phoenix Pulp and Paper PCL, Bangkok. Director, Precious Shipping PCL, Bangkok. Managing Director, G. Premjee Ltd., Bangkok. Company Executive.
OCCUPATION	

DIRECTORSHIP AND POSITIONS HELD IN OTHER COMPANIES AND OTHER ORGANISATIONS

CONNECTED COMPANIES	LISTED COMPANIES: 1. Director & Vice-Chairman, Christiani & Nielsen (Thai) Public Company Limited. 2. Director, Mega Lifesciences Public Company Limited. NON - LISTED COMPANIES: 1. Director, Globex Corporation Limited. 2. Executive Director, Graintrade Limited. 3. Director, Premthai International Limited. 4. Director, Unistretch Limited.* (Lessor of the main operations office space leased by the Company) 5. Director, Maxwin Builders Ltd.* (Provider of hotel and management services) 6. Director, Maestro Controls Limited.* (Service provider of management of the offices leased and apartments owned by the Company and its subsidiary respectively) 7. Director, Gammon Engineering and Contractors Private Limited, India. *Note: Please refer to "CONNECTED TRANSACTIONS" on page 171-172 of this Annual Report.
NON-CONNECTED COMPANIES	Nil
OTHER RELATED COMPANIES (SUBSIDIARIES / ASSOCIATED COMPANIES)	Nil
OTHER ORGANISATIONS	Nil

NO. OF SHARES HELD (SHARES) AS OF YEAR END 2020:

Description	As of 1 Jan 2020	Acquisition in 2020	Disposal in 2020	Increase (Decrease) in 2020	As of 31 Dec 2020
By himself	-	-	-	-	-
By his spouse and minor children (if any)	-	-	-	-	-

Mr. Kirit Shah is the father of Ms. Nishita Shah and Mr. Ishaan Shah but has no family relationship with any of the other Directors or any of the Management Team.

MR. GAUTAM KHURANA

POSITION	Director / Executive Director / Director (Finance)* <i>(*The person who takes the highest responsibility of finance and accounting in the Company)</i>
DATE OF APPOINTMENT ON THE BOARD	11 February 2020
AGE	44 years
EDUCATION	MBA, INSEAD, France Chartered Financial Analyst, CFA Institute, USA BA Economics, University of Rochester, USA
TRAINING & SEMINARS	
<ul style="list-style-type: none"> • December 2020 • December 2020 • September 2020 	Attended the TLCA CFO Professional Development Program (TLCA CFO CPD) No. 7/2020 Topic "Data privacy law and cyber security law" by Thai Listed Companies Association (TLCA) Speaker at the Capital Link Hong Kong Maritime Forum Attended the TLCA CFO Professional Development Program (TLCA CFO CPD) No. 5/2020 by Thai Listed Companies Association (TLCA)



- September 2020
- December 2019 - January 2020
- July 2019
- May 2019

Directors Accreditation Program (DAP 173/2020) by Institute of Directors (IOD)
E-Learning CFO Orientation Course held by the Stock Exchange of Thailand
Attended the CFO Innovation Thailand Forum in Bangkok
Speaker at the Capital Link International Shipping Forum in Shanghai

EXPERIENCE

- 2020 - Present
- 2019 - Present
- 2018 - 2019
- 2017 - 2018
- 2015 - 2016
- 2004 - 2014
- 2000 - 2003
- 1998 - 1999

Director/ Executive Director, Precious Shipping Public Company Limited
Director (Finance), Precious Shipping Public Company Limited
Chief Financial Officer, Precious Shipping Public Company Limited
Director, Drewry Financial Research Services, UK
Senior Consultant, Galway Group, India
Senior Vice President, DVB Bank, London, Singapore
Manager, Pacific Shipping, Mumbai, India
Associate Consultant, Synygy, Philadelphia, USA

OCCUPATION

Director (Finance) and Executive Director, Precious Shipping Public Company Limited.

DIRECTORSHIP AND POSITIONS HELD IN OTHER COMPANIES AND OTHER ORGANISATIONS

CONNECTED COMPANIES	Nil
NON-CONNECTED COMPANIES	Nil
OTHER RELATED COMPANIES (SUBSIDIARIES / ASSOCIATED COMPANIES)	Director in the Company's 53 subsidiaries (Subsidiary Companies Nos. 1-53 on page 54-55 of this Annual Report)
OTHER ORGANISATIONS	Nil

NO. OF SHARES HELD (SHARES) AS OF YEAR END 2020:

Description	As of 1 Jan 2020	Acquisition in 2020	Disposal in 2020	Increase (Decrease) in 2020	As of 31 Dec 2020
By himself	-	-	-	-	-
By his spouse and minor children (if any)	-	-	-	-	-

No family relationship with any of the other Directors or any of the Management Team.

MR. KHUSHROO KALI WADIA**POSITION**

Director

DATE OF APPOINTMENT ON THE BOARD

20 August 1999

AGE

57 years

EDUCATION

Bachelor's Degree in Science, University of Bombay.
Chartered Accountant, Institute of Chartered Accountants of India.

TRAINING

- 2005

Graduate member of Thai Institute of Directors (IOD) - Completed "Directors Certificate Program" (DCP), Class 64/2005.

EXPERIENCE

- 2018 - Present
- 2013 - Present
- 1999 - Present
- 1999 - 2019
- 1994 - 1999
- 1997 - 1998
- 1990 - 1994
- 1988 - 1990

Director, Gammon Engineering and Contractors Private Limited, India.
Managing Director, Christiani & Nielsen (Thai) Public Company Limited.
Director, Precious Shipping Public Company Limited.
Director (Finance) and Executive Director, Precious Shipping Public Company Limited.
Director (Finance & Accounts), Maxwin Group of Companies.
Vice President (Finance & Administration), Suretex Limited.
Financial Controller, Maxwin Group of Companies.
Assistant Manager, A.F. Ferguson & Co.

OCCUPATION

Managing Director, Christiani & Nielsen (Thai) Public Company Limited.
Director, Precious Shipping Public Company Limited.
Executive Director, Maxwin Builders Ltd.


DIRECTORSHIP AND POSITIONS HELD IN OTHER COMPANIES AND OTHER ORGANISATIONS

CONNECTED COMPANIES	LISTED COMPANIES: Director on the Board of Directors and Managing Director - Christiani & Nielsen (Thai) Public Company Limited. NON - LISTED COMPANIES: 1. Director and Executive Director, Maxwin Builders Ltd.* (Provider of hotel and management services) 2. Director, The Atrium Hotel Ltd. 3. Managing Director, Christiani & Nielsen (Myanmar) Limited 4. Chairman of the Board of Directors, Christiani & Nielsen (Cambodia) Co., Ltd. 5. Director, CNT Holdings Ltd. 6. Director, Christiani & Nielsen Energy Solutions Co., Ltd. 7. Director, CNES D1 Company Limited 8. Non-Executive Director, Gammon Engineering and Contractors Private Limited, India. *Note: Please refer to CONNECTED TRANSACTIONS on page 172 of this Annual Report.
NON-CONNECTED COMPANIES	Nil
OTHER RELATED COMPANIES (SUBSIDIARIES / ASSOCIATED COMPANIES)	Nil
OTHER ORGANISATIONS	Nil

NO. OF SHARES HELD (SHARES) AS OF YEAR END 2020:

Description	As of 1 Jan 2020	Acquisition in 2020	Disposal in 2020	Increase (Decrease) in 2020	As of 31 Dec 2020
By himself	1,117,650	600,000	1,100,000	(500,000)	617,650 (0.03% of total paid up shares)
By his spouse and minor children (if any)	-	-	-	-	-

No family relationship with any of the other Directors or any of the Management Team.

MS. NISHITA SHAH

POSITION	Director
DATE OF APPOINTMENT ON THE BOARD	23 August 2002
AGE	40 years
EDUCATION	Bachelor of Science in Business Administration; concentration in Finance and Business Law, Boston University, School of Management.
TRAINING	<ul style="list-style-type: none"> • 2015 Transformation & Change - Managing Culture for Success - Thai Listed Company Association, the RBL Group, and ADGES Consulting • 2007 Graduate member of Thai Institute of Directors (IOD) - Completed "Directors Certificate Program" (DCP) Class 83/2007. • 2006 Completed "Director Accreditation Program" (DAP), Class 57/2006 of Thai Institute of Directors (IOD). • 2004 Completed "Anatomy of Shipping" course, Seatrade Academy / Cambridge Academy of Transport.
EXPERIENCE	<ul style="list-style-type: none"> • September 2016 - Present Director / Executive Director, Golden Lime Public Co., Ltd. • 2002 - Present Director, Precious Shipping Public Company Limited.
OCCUPATION	Management, GP Group of Companies.

**DIRECTORSHIP AND POSITIONS HELD IN OTHER COMPANIES AND OTHER ORGANISATIONS**

CONNECTED COMPANIES	LISTED COMPANIES: Director / Executive Director, Golden Lime Public Co., Ltd. NON - LISTED COMPANIES: 1. Director, Globex Corporation Limited. 2. Director, Graintrade Limited. 3. Director, Unistretch Limited.* (Lessor of the main operations office space leased by the Company). 4. Director, Ambika Tour Agency Limited.* (Seller of air-tickets to the Company) 5. Director, Maestro Controls Limited.* (Provider of maintenance and management services for the air-conditioning systems of Company's main operations offices and apartments owned by a subsidiary) 6. Director, Maxwin Builders Ltd.* (Provider of hotel and management services) *Note: Please refer to "CONNECTED TRANSACTIONS" on page 171-172 of this Annual Report.
NON-CONNECTED COMPANIES	Nil
OTHER RELATED COMPANIES (SUBSIDIARIES / ASSOCIATED COMPANIES)	Director in the Company's 31 subsidiaries (Subsidiary Companies Nos. 1-31 on page 54 of this Annual Report)
OTHER ORGANISATIONS	Nil

NO. OF SHARES HELD (SHARES) AS OF YEAR END 2020:

Description	As of 1 Jan 2020	Acquisition in 2020	Disposal in 2020	Increase (Decrease) in 2020	As of 31 Dec 2020
By herself	108,054,537	-	-	-	108,054,537 (6.93% of total paid up shares)
By her spouse and minor children (if any)	-	-	-	-	-

Ms. Nishita Shah is the daughter of Mr. Kirit Shah and the elder sister of Mr. Ishaan Shah but has no family relationship with any of the other Directors or any of the Management Team.

MR. ISHAAN SHAH

POSITION	Director
DATE OF APPOINTMENT ON THE BOARD	14 March 2011
AGE	32 years
EDUCATION	
• 2010	Bachelor of Science in Business Administration, Concentrations in Finance and Law, University of Southern California, Los Angeles, CA, The United States.
• 2006	Rugby School, Rugby, The United Kingdom.
TRAINING	
• 2011	Director Certificate Program (DCP) by Institute of Directors (IOD).
• 2011	Seatrade Academy, University of Cambridge, The United Kingdom.
EXPERIENCE	
• October 2016 - Present	Director, Geepee Corporation Limited
• March 2013 - Present	Director, Mega Lifesciences Public Company Limited.
• January 2012 - Present	Director, Christiani & Nielsen (Thai) Public Company Limited.
• March 2011 - Present	Director, Precious Shipping Public Company Limited.
• 2008 - Present	Director, Globex Corporation Limited.
• 2008 - Present	Director, Graintrade Limited.



OCCUPATION Company Director

DIRECTORSHIP AND POSITIONS HELD IN OTHER COMPANIES AND OTHER ORGANISATIONS

CONNECTED COMPANIES	<p>LISTED COMPANIES:</p> <ol style="list-style-type: none"> 1. Director, Christiani & Nielsen (Thai) Public Company Limited. 2. Director, Mega Lifesciences Public Company Limited. <p>NON - LISTED COMPANIES:</p> <ol style="list-style-type: none"> 1. Director, Globex Corporation Limited. 2. Director, Graintrade Limited. 3. Director, Unistretch Limited.* (Lessor of the main operations office space leased by the Company). 4. Director, Ambika Tour Limited.* (Seller of air-tickets to the Company). 5. Director, Maxwin Builders Ltd.* (Provider of hotel and management services). 6. Director, Maestro Controls Limited.* (Service provider of management of the offices leased and apartments owned by the Company and its subsidiary respectively). 7. Director, InsurExcellence Life Insurance Brokers Limited* (Life Insurance Broker) 8. Director, InsurExcellence Insurance Brokers Limited* (Insurance Broker) 9. Director, Eastern Energy Chartering Pte Ltd.*, Singapore (Ship Chartering & Operation services) 10. Director, Geepee Corporation Limited. <p>*Note: Please refer to "CONNECTED TRANSACTIONS" on page 171-173 of this Annual Report.</p>
NON-CONNECTED COMPANIES	Nil
OTHER RELATED COMPANIES (SUBSIDIARIES / ASSOCIATED COMPANIES)	Director in the Company's 32 subsidiaries (Subsidiary Companies Nos. 1-31 and 54 on page 54-55 of this Annual Report)
OTHER ORGANISATIONS	Nil

NO. OF SHARES HELD (SHARES) AS OF YEAR END 2020:

Description	As of 1 Jan 2020	Acquisition in 2020	Disposal in 2020	Increase (Decrease) in 2020	As of 31 Dec 2020
By himself	-	-	-	-	-
By his spouse and minor children (if any)	-	-	-	-	-

Mr. Ishaan Shah is the son of Mr. Kirit Shah and the younger brother of Ms. Nishita Shah but has no family relationship with any of the other Directors or any of the Management Team.

MS. SIRASA SUPAWASIN

POSITION	Director / Vice President (Legal)
DATE OF APPOINTMENT ON THE BOARD	8 July 2020
AGE	37 years
EDUCATION	Bachelor's Degree in Law, Thammasat University Lawyer License, Lawyers Council of Thailand Notarial Service Attorney License, Lawyers Council of Thailand
TRAINING	<ul style="list-style-type: none"> • April 2018 Completed "Directors Certificate Program" (DCP) Class 254/2018 • October 2013 Attended the training course "CSR Knowledge Management" held by Corporate Social Responsibility Institute (CSRI) • February 2013 Attended the training course "New CG Principles 2012" held by IOD and the SET • October 2010 Effective Minute Taking Program, the Thai Institute of Directors • October 2008 Business Law Training Course, Faculty of Law, Thammasat University • October 2007 Company Secretary Program, the Thai Institute of Directors • September 2006 Human Resource Law Training Course, Faculty of Law, Thammasat University
EXPERIENCE	<ul style="list-style-type: none"> • 2020 - Present Director, Precious Shipping Public Company Limited • 2019 - Present Vice President - Legal, Precious Shipping Public Company Limited • 2017 - 2018 Assistant Vice President - Legal, Precious Shipping Public Company Limited • July 2011 - 2016 Senior Legal and Compliance Manager, Precious Shipping Public Company Limited



- 2007 - 2011
- 2005 - 2006

Senior Legal Officer, United Thai Shipping Corporation Limited

Legal Officer, Daikin Industries (Thailand) Limited

Vice President (Legal) and Director, Precious Shipping Public Company Limited.

OCCUPATION**DIRECTORSHIP AND POSITIONS HELD IN OTHER COMPANIES AND OTHER ORGANISATIONS**

CONNECTED COMPANIES	Nil
NON-CONNECTED COMPANIES	LISTED COMPANIES: Nil
	NON-LISTED COMPANIES: 1. Director, Quantum PPP Consulting Limited 2. Director, QIC (Thailand) Limited
OTHER RELATED COMPANIES (SUBSIDIARIES / ASSOCIATED COMPANIES)	Nil
OTHER ORGANISATIONS	Nil

NO. OF SHARES HELD (SHARES) AS OF YEAR END 2020:

Description	As of 1 Jan 2020	Acquisition in 2020	Disposal in 2020	Increase (Decrease) in 2020	As of 31 Dec 2020
By herself	-	-	-	-	-
By her spouse and minor children (if any)	-	-	-	-	-

No family relationship with any of the other Directors or any of the Management Team.



MANAGEMENT TEAM-PROFILE

Mr. Khalid Moinuddin Hashim* Managing Director
Mr. Gautam Khurana* Director (Finance)
Ms. Sirasa Supawasin* Vice President (Legal)

(*For profile and shareholding changes, please refer to **BOARD OF DIRECTORS – PROFILE**)

MR. KODAKARAVEETIL MURALI MENON

POSITION Executive Director / Director (Technical)
(Retired from the Company with effect from 1 January 2021)

AGE 65 years

EDUCATION Bachelor of Engineering (Marine), Marine Engineering College, India
 Qualified for membership of the Institute of Chartered Shipbrokers

TRAINING
 • 2018 Director Certification Program (DCP) by Institute of Directors (IOD)

EXPERIENCE
 • 2017 - Present Director (Technical), Precious Shipping Public Company Limited
 • 2005 - 2017 Vice President (Technical), Precious Shipping Public Company Limited
 • 1998 - 2004 Assistant Vice President (Technical), Precious Shipping Public Company Limited
 • 1992 - 1998 Superintendent (Technical), Precious Shipping Public Company Limited
 • 1988 - 1992 Chief Engineer, Precious Shipping Public Company Limited
 • 1984 - 1988 Chief Engineer, Seaarland Ship management, Austria

POSITIONS HELD IN OTHER COMPANIES Nil

NO. OF SHARES HELD (SHARES) AS OF YEAR END 2020:

Description	As of 1 Jan 2020	Acquisition in 2020	Disposal in 2020	Increase (Decrease) in 2020	As of 31 Dec 2020
By himself	374,096	-	-	-	374,096 (0.02% of total paid up shares)
By his spouse and minor children (if any)	-	-	-	-	-

No family relationship with any of the Directors or any of the others in Management Team.

MR. SHRILAL GOPINATHAN

POSITION Vice President (Commercial)

AGE 63 years

EDUCATION Bachelor of Commerce, the University of Bombay, India
 Diploma in Shipping, the Norattam Morarjee Institute of Shipping, Bombay, India

EXPERIENCE
 • 1999 - Present Vice President (Commercial), Precious Shipping Public Company Limited
 • 1989 - 1998 Chartering Manager, Precious Shipping Public Company Limited

POSITIONS HELD IN OTHER COMPANIES Nil

NO. OF SHARES HELD (SHARES) AS OF YEAR END 2020:

Description	As of 1 Jan 2020	Acquisition in 2020	Disposal in 2020	Increase (Decrease) in 2020	As of 31 Dec 2020
By himself	856,500	-	-	-	856,500 (0.05% of total paid up shares)
By his spouse and minor children (if any)	-	-	-	-	-

No family relationship with any of the Directors or any of the others in Management Team.

**MR. NEELAKANTAN VASUDEVAN**

POSITION Vice President (Risk Management)
AGE 59 years
EDUCATION Post Graduate Diploma in International Trade from Indian Institute of Foreign Trade, New Delhi, India
 Master's Degree in Management Studies (M.M.S), University of Bombay, Mumbai, India

EXPERIENCE

- 2005 - Present Vice President (Risk Management), Precious Shipping Public Company Limited
- 1999 - 2004 Assistant Vice President (Risk Management), Precious Shipping Public Company Limited
- 1995 - 1998 Insurance & Claims Manager, Precious Shipping Public Company Limited
- 1985 - 1995 Deputy Manager, Shipping Corporation of India Limited

POSITIONS HELD IN OTHER COMPANIES

Nil

NO. OF SHARES HELD (SHARES) AS OF YEAR END 2020:

Description	As of 1 Jan 2020	Acquisition in 2020	Disposal in 2020	Increase (Decrease) in 2020	As of 31 Dec 2020
By himself	215,082	100,000	-	100,000	315,082 (0.02% of total paid up shares)
By his spouse and minor children (if any)	28,550	-	-	-	28,550 (0.00% of total paid up shares)

No family relationship with any of the Directors or any of the others in Management Team.

MR. NISHIKANT GOVIND DESAI

POSITION Vice President (Projects)
(Retired from the Company with effect from 1 December 2020)
AGE 68 years
EDUCATION Naval Architecture Engineering, Indian Institute of Technology (IIT-Kgp), India

EXPERIENCE

- November 2010 - Present Vice President (Projects) of Precious Shipping Public Company Limited
- 1998 - November 2010 Assistant Vice President (Projects) of Precious Shipping Public Company Limited
- 1995 - 1998 Project Manager (New Building) at CKMI Shipyard, Korea

POSITIONS HELD IN OTHER COMPANIES

Nil

NO. OF SHARES HELD (SHARES) AS OF 30 NOVEMBER 2020:

Description	As of 1 Jan 2020	Acquisition in 2020	Disposal in 2020	Increase (Decrease) in 2020	As of 30 Nov 2020
By himself	70,377	-	-	-	70,377 (0.00% of total paid up shares)
By his spouse and minor children (if any)	-	-	-	-	-

No family relationship with any of the Directors or any of the others in Management Team.



MR. PRASHANT MAHALINGAM

POSITION	Vice President (Technical) <i>(Appointed as Executive Director and Director (Technical) with effect from 1 January 2021)</i>
AGE	57 years
EDUCATION	Directorate of Marine Engineering Training Bachelor's degree in Marine Engineering Diploma in Ship Management; Lloyd's Maritime Academy, UK
EXPERIENCE	<ul style="list-style-type: none"> • 2017 - Present Vice President (Technical), Precious Shipping Public Company Limited • May 2013 - 2017 Vice President (Procurement), Precious Shipping Public Company Limited • 1995 - 2013 Senior Manager (Technical), Precious Shipping Public Company Limited • 1994 - 1995 Chief Engineer, Precious Shipping Public Company Limited • 1993 - 1994 Engineer, Precious Shipping Public Company Limited
POSITIONS HELD IN OTHER COMPANIES	Director in the Company's 53 subsidiaries <i>(Subsidiary Companies Nos. 1 - 53 on page 54-55 of this Annual Report)</i>

NO. OF SHARES HELD (SHARES) AS OF YEAR END 2020:

Description	As of 1 Jan 2020	Acquisition in 2020	Disposal in 2020	Increase (Decrease) in 2020	As of 31 Dec 2020
By himself	858,069	85,000	-	85,000	943,069 (0.05% of total paid up shares)
By his spouse and minor children (if any)	39,018	65,000	35,000	30,000	69,018 (0.00% of total paid up shares)

No family relationship with any of the Directors or any of the others in Management Team.

MR. SEBASTIAN ARCANJO CARDOZO

POSITION	Vice President (Fleet Personnel Management)
AGE	60 years
EDUCATION	Bachelor of Science (Nautical Science), India Master Mariner, India
EXPERIENCE	<ul style="list-style-type: none"> • 2017 - Present Vice President (Fleet Personnel Management), Precious Shipping Public Company Limited. • 2014 - 2016 Assistant Vice President (Fleet Personnel Management), Precious Shipping Public Company Limited. • 2004 - 2014 Marine Superintendent - Lead Auditor Quality Systems (ISM Team), Precious Shipping Public Company Limited. • 1992 - 2004 CAPTAIN - Precious Shipping Public Company Limited. • 1977 - 1992 Officer on Ships
POSITIONS HELD IN OTHER COMPANIES	NIL

NO. OF SHARES HELD (SHARES) AS OF YEAR END 2020:

Description	As of 1 Jan 2020	Acquisition in 2020	Disposal in 2020	Increase (Decrease) in 2020	As of 31 Dec 2020
By himself	50,000	75,000	-	75,000	125,000 (0.00% of total paid up shares)
By his spouse and minor children (if any)	-	-	-	-	-

No family relationship with any of the Directors or any of the others in Management Team.

**MR. CHANDRASEKHAR SIVARAMAN VENKATRAMAN**

POSITION	Vice President (Technical & Information Systems)
AGE	58 years
EDUCATION	First Class Marine Engineer Bachelor's degree in Marine Engineering, India
EXPERIENCE	<ul style="list-style-type: none"> 2018 - Present: Vice President (Technical & Information Systems), Precious Shipping Public Company Limited 2017 - 2018: Assistant Vice President (Technical), Precious Shipping Public Company Limited 2003 - 2016: Senior Manager (Technical), Precious Shipping Public Company Limited 1995 - 2003: Technical Superintendent, Precious Shipping Public Company Limited 1992 - 1995: Chief Engineer, Precious Shipping Public Company Limited Second Engineer, Precious Shipping Public Company Limited 1986 - 1992: Engineer on ships, SISCO India & Anglo Eastern Ship Management Company Hong Kong
POSITIONS HELD IN OTHER COMPANIES	Nil

NO. OF SHARES HELD (SHARES) AS OF YEAR END 2020:

Description	As of 1 Jan 2020	Acquisition in 2020	Disposal in 2020	Increase (Decrease) in 2020	As of 31 Dec 2020
By himself	1,075,000	-	-	-	1,075,000 (0.07% of total paid up shares)
By his spouse and minor children (if any)	3,014	-	-	-	3,014 (0.00% of total paid up shares)

Mr. Chandrasekhar Sivaraman Venkatraman is the spouse of Ms. Wimonwan Jaysrichai.

MS. SOMPRATHANA THEPNAPALERN

POSITION	Assistant Vice President (Finance & Accounts), Company Secretary
AGE	50 years
EDUCATION	Master of Science in Accounting, Thammasat University Bachelor of Business Administration in Accounting, Thammasat University Certified Public Accountant of Federation of Accounting professions
TRAINING	<ul style="list-style-type: none"> September & November 2019: Workshop for TFRS 9 Financial Instruments: Classification, Measurement, Impairment, Disclosure and Hedge Accounting of Financial Instruments held by Federation of Accounting Profession June 2018: Attended the training course on the topic "Sustainability Evaluation and Data Management" held by the Stock Exchange of Thailand February 2017: Completed "Director Accreditation Program" (DAP 134/2017) of Thai Institute of Directors (IOD) June 2010: Attended the training course on the topic "Effective Minute Taking" held by the Thai Institute of Directors October 2004: Attended the training course on the topic "Company Secretary Program" held by the Thai Institute of Directors
EXPERIENCE	<ul style="list-style-type: none"> May 2008 - Present: Company Secretary, Precious Shipping Public Company Limited 1999 - Present: Assistant Vice President (Finance & Accounts), Precious Shipping Public Company Limited 1996 - 1999: Finance Executive, Precious Shipping Public Company Limited 1992 - 1996: Senior Auditor, SGV-Na Thalang & Co., Ltd.


POSITIONS HELD IN OTHER COMPANIES Nil

NO. OF SHARES HELD (SHARES) AS OF YEAR END 2020:

Description	As of 1 Jan 2020	Acquisition in 2020	Disposal in 2020	Increase (Decrease) in 2020	As of 31 Dec 2020
By herself	215,000	-	-	-	215,000 (0.01% of total paid up shares)
By her spouse and minor children (if any)	-	-	-	-	-

No family relationship with any of the Directors or any of the others in Management Team.

MS. WIMONWAN JAYSRICHAJ
POSITION

Assistant Vice President - Group Accounts*
*(*The person who supervises accounting in the Company)*

AGE

47 years

EDUCATION

Master Degree in Financial Accounting from Chulalongkorn University
 Bachelor Degree in Commerce and Accountancy from Thammasat University
 Certified Public Accountant of Federation of Accounting professions

TRAINING

- November 2020 Corporate Finance, held by Federation of Accounting Profession (FAP) (total 7 hours)
- May 2020 Cash Flow, e-Learning program, held by Department of Business Development (DBD), Ministry of Commerce (MOC) (total 6 hours)
- September 2019 TFRS 9 Workshop: Impairment of Financial instruments, held by Federation of Accounting Profession (FAP)
 TFRS 9 Workshop: hedge accounting held by FAP
 TFRS 9 Workshop: classification and measurement of financial assets, held by FAP (total 18 hours)
- July 2019 Preparing for TFRS 16 Lease and understanding audit reports, held by Department of Business Development (DBD), Ministry of Commerce (MOC) (total 7 hours)
- June 2019 TAS 8 Accounting policies, accounting estimates and errors to reflect corrections of prior period errors and tax effects, held by DBD, MOC (total 6 hours)
 Comprehensive summary of TFRS 9, TFRS 15 and TFRS 16 including impacts and case studies, held by SET (total 14 hours)

EXPERIENCE

- 2019 - Present Assistant Vice President - Group Accounts, Precious Shipping Public Company Limited
- August 2015 - 2019 Senior Manager : Group Accounts, Precious Shipping Public Company Limited
- 1999 - July 2015 Senior Manager : Accounts, Precious Shipping Public Company Limited
- 1995 - 1999 Senior Auditor, PricewaterhouseCoopers ABAS Ltd. (PwC)

POSITIONS HELD IN OTHER COMPANIES Nil

NO. OF SHARES HELD (SHARES) AS OF YEAR END 2020:

Description	As of 1 Jan 2020	Acquisition in 2020	Disposal in 2020	Increase (Decrease) in 2020	As of 31 Dec 2020
By herself	3,014	-	-	-	3,014 (0.00% of total paid up shares)
By her spouse and minor children (if any)	1,075,000	-	-	-	1,075,000 (0.07% of total paid up shares)

Ms. Wimonwan Jaysrichai is the spouse of Mr. Chandrasekar Sivaraman Venkatraman.

**MS. NALINTHIP SANTINANON**

POSITION Senior Manager (Accounts & MIS)
AGE 38 years
EDUCATION Master Degree in Accounting from Thammasat University
 Bachelor Degree in Accountancy from Chulalongkorn University
 Certified Public Accountant of Federation of Accounting professions

EXPERIENCE

- August 2015 - Present Senior Manager (Accounts & MIS), Precious Shipping Public Company Limited
- August 2009 - July 2015 Manager - Accounts, Precious Shipping Public Company Limited
- April 2003 - July 2009 Auditor, EY Office Limited

POSITIONS HELD IN OTHER COMPANIES

Nil

NO. OF SHARES HELD (SHARES) AS OF YEAR END 2020:

Description	As of 1 Jan 2020	Acquisition in 2020	Disposal in 2020	Increase (Decrease) in 2020	As of 31 Dec 2020
By herself	-	-	-	-	-
By her spouse and minor children (if any)	-	-	-	-	-

No family relationship with any of the Directors or any of the others in Management Team.

None of the Directors or anyone from the Management Team have been penalized for criminal and/or civil offences by the SEC under the Securities and Exchange Act B.E. 2535 and all relevant laws and regulations.



OTHER RELEVANT PERSONS IN THE ORGANISATION

- **Authorized Directors of the Company: Mr. Khalid Moinuddin Hashim, Mr. Kirit Shah, Mr. Ishaan Shah and Mr. Gautam Khurana** (Signing Power: any two of the Authorized Directors with the Company's Seal).
- **The person who takes the highest responsibility of finance and accounting in the Company: Mr. Gautam Khurana** (*his detailed profile is disclosed hereunder the sub-section of "Board of Directors - Profile" of this Enclosure 1: Information of Relevant Persons in the Organisation.*)
- **The person who supervises accounting in the Company: Ms. Wimonwan Jaysrichai** (*her detailed profile is disclosed hereunder the sub-section of "Management Team - Profile" of this Enclosure 1: Information of Relevant Persons in the Organisation.*)
- **Company Secretary: Ms. Somprathana Thepnaplern** (*her detailed profile is disclosed hereunder the sub-section of "Management Team - Profile" of this Enclosure 1: Information of Relevant Persons in the Organisation.*)

In keeping with good corporate governance, the Company designated a Company Secretary viz. Ms. Somprathana Thepnaplern, having duties and responsibilities in accordance with the Securities and Exchange Act and to be responsible for overseeing and advising the Board and the Management regarding applicable laws, rules, regulations and good corporate governance, and responsible for holding the Board and shareholders' meetings. The additional tasks include assisting the Board to comply with resolutions and safeguard the Company's documents and information. The Company Secretary also provides any newly appointed director with the background of the Company's business, profile and industry along with all the relevant documents such as the Director's handbook, the Company's corporate documents, CG Policy Manual, Business Ethics and Code of Conduct Manual, Anti-Corruption Policy, laws, regulations and practices which are related to the trading of Company's shares.

- **Head of Legal and Compliance Department: Ms. Sirasa Supawasin** (*her detailed profile is disclosed hereunder the sub-section of "Board of Directors - Profile" of this Enclosure 1: Information of Relevant Persons in the Organisation.*)
- **Head of the Internal Audit Department: Ms. Panida Satjadechachai**

POSITION	Internal Audit Manager
AGE	44 years
EDUCATION	Master's Degree in Accounting, Thammasat University
TRAINING	
November 2020	Accounting and Tax planning in general business held by Federation of Accounting Professions (FAP)
August 2020	Sustainable Supply Chain Management held by Corporate Social Responsibility Institute (CSRI)
June 2019	Company Secretary Program held by the Thai Institute of Directors (IOD)
November 2018	Anti-Corruption Working Paper Program held by Collective Action Coalition



June 2018	Against Corruption (CAC) and Federation of Accounting Professions (FAP) Sustainability Risk and Materiality Analysis held by Corporate Social Responsibility Institute (CSRI)
December 2017	Cyber Incident Management for Executive Committees of Listed Companies held by SEC and the Business Software Alliance (BSA)
October 2015	Anti-Corruption for Business Corporation held by PACT Network, Investment Banking Club and PwC Consulting (Thailand) Limited
June - September 2014	Attended the training course "Certification Program Internal Auditors (Thailand)" held by the Institute of Internal Auditors of Thailand
January 2014	COSO Internal Control Framework 2013 held by Federation of Accounting Professions (FAP)

EXPERIENCE

August 2012 - Present	Internal Audit Manager, Precious Shipping Public Company Limited
2006 - 2012	Assistant Internal Audit Manager, Precious Shipping Public Company Limited

NO. OF SHARES HELD (SHARES) AS OF YEAR END 2020:

Description	As of 1 Jan 2020	Acquisition in 2020	Disposal in 2020	Increase (Decrease) in 2020	As of 31 Dec 2020
By herself	-	-	-	-	-
By her spouse and minor children (if any)	-	-	-	-	-

No family relationship with any of the Directors or any of the others in Management Team.



Enclosure 2 - Information on Directors in Subsidiaries

(as of 31 December 2020)

Details Name	PSL	Subsidiaries	Subsidiaries	Subsidiaries	Subsidiaries	Subsidiaries	Subsidiaries
		Nos. 1-31	Nos. 32-44	No. 45	No. 46	Nos. 47-51	Nos. 52-53
(1) Mr. Chaipatr Srivisarvacha	X						
(2) Mr. Kamtorn Sila-On	/						
(3) Mr. Khalid Moinuddin Hashim	//	/	/	/	/	/	/
(4) Mr. Gautam Khurana	//	/	/	/	/	/	/
(5) Mr. Khushroo Kali Wadia	/						
(6) Ms. Nishita Shah	/	/					
(7) Mr. Kirit Shah	/						
(8) Professor Dr. Pavida Pananond	/						
(9) Mr. Ishaan Shah	/	/					
(10) Ms. Lyn Yen Kok	/						
(11) Ms. Pensri Suteerasarn	/						
(12) Ms. Sirasa Supawasin	/						
(13) Mr. Kodakaraveettil Murali Menon <i>(Retired from the Company with effect from 1 January 2021)</i>	//						
(14) Mr. Prashant Mahalingam <i>(Appointed as Executive Director with effect from 1 January 2021)</i>		/	/	/	/	/	
(15) Mr. Surapong Putmuang		/					
(16) Mr. Henry Charles Mytton Mills			/	/		/	
(17) Mr. Ajaib Hari Dass			/			/	

Remarks: / = Director X = Chairman // = Executive Director



Enclosure 3 - CORPORATE GOVERNANCE POLICY MANUAL

Introduction

Precious Shipping Public Company Limited (“The Company”) recognizes that Good Corporate Governance is important and necessary for sustainable growth in business and long term shareholder value. We will manage all our business affairs in accordance with the highest principles of Good Governance.

The Board of Directors has reinforced corporate governance by including policies and directions on operating the business, set up adequate internal controls and internal audit systems and monitoring management to perform effectively under the policy to ensure long term interests of shareholders under applicable laws with full transparency and correct business ethics. A Corporate Governance Policy Manual outlining its features has been drawn up by the Company according to the principles and practices as set out in the latest Corporate Governance Code (CG Code) issued by the Thailand Securities and Exchange Commission (“SEC”) and already circulated to the Company’s employees for the recognition of the necessity of Good Corporate Governance.

The Board of Directors conducts an annual review of Corporate Governance Policy and evaluation of the policy implementation so that the Corporate Governance Policy of the Company is up to date and appropriate with the current situation.

Definition

Corporate Governance is a set of structure and process of relationships between company’s management, its board and its shareholders to enhance its competitiveness towards business prosperity and long-term shareholder value taking into consideration the interests of other stakeholders.

The main components of the Company’s Corporate Governance Policy are as follows:

1. Rights of Shareholders
2. Equitable treatment of Shareholders
3. Role of Stakeholders
4. Information Disclosure and Transparency
5. Responsibilities of the Board
6. Supervision of subsidiaries and associated companies
7. Controlling Systems and Risk Management Policy
8. Business Ethics



1. Rights of Shareholders

The Board of Directors is expected to be careful and circumspect in discharging its responsibilities with full awareness of all shareholders' rights and the need for equitable treatment and maintain a smooth working relationship to safeguard the best interests of all the shareholders.

The Company's Shareholders shall have the rights as follows:

- Right to buy /sell or rights to transfer shares.
- Right to share in profits of the Company.
- Right to obtain relevant and adequate information on the Company in timely manner.
- Right to participate and vote in the shareholders meetings to elect or remove members of the Board, appoint the external auditor and make decisions on any transactions that affect the Company such as dividends payment, amendments to the Company's articles of association or the Company's byelaws, capital increases or decreases, and the approval of extraordinary transactions, etc.
- Right to propose agenda items for shareholders meeting and nominate suitable candidates to be a member of the Board of Directors of the Company.

Shareholders are fully informed of the criteria and procedures governing shareholder meetings. Sufficient information regarding the issues to be decided in each agenda item has been provided in advance of the meeting. Shareholders are able to query Directors both in the meeting and by sending their questions in advance. The Board of Directors recognizes and values shareholders rights and avoids any action that violates those rights.

Shareholders' Meeting

- The Board of Directors publicly discloses policies to encourage all Shareholders including institutional ones, to attend the Company's shareholders meeting.
- Shareholders receive adequate and complete meeting information in advance of the shareholders meeting and can access the information via the Company's website one month prior to the meeting.
- All arrangements are made for Shareholders to participate in the meeting. Conveniences like registration and barcode based vote-count system, proxy form that allow Shareholders to exercise their voting right and convey their decision without attending the meeting. List of Independent Directors that Shareholders can grant proxy to, refreshment, language translation services, etc., are provided for the convenience of both, Local as well as International Shareholders.
- The Shareholders meeting shall proceed in accordance with the meeting notice. In the election of Directors, Shareholders can propose, vote for or against each nominated candidate individually. During the meeting, Shareholders are open to inquire or express points of view, and concerned Directors will explain adequately. There will be a precise resolution outlining the conclusion after each agenda's vote casting.
- The Board encourages the Company to appoint an independent party of scrutinizers/inspectors to count and/or validate votes at the shareholders' meeting. These scrutinizers are disclosed at the meeting and recorded in the minutes.
- For the sake of transparency and future reference, the Board encourages the use of voting cards for important agenda items such as related party transactions or acquisitions or disposal of significant assets.
- All Directors should attend the shareholder meetings. Shareholders are able to ask questions directly to the chairpersons of the committee responsible for any specific issue.
- The Company prepares minutes of shareholders' meetings, which are clear and complete and include the names of Board members' who attended the meeting. The minutes also include a correct and complete record of questions/answers, voting method, vote counting procedure and voting results.



2. Equitable Treatment of Shareholders

The Company takes care and treats all shareholders, both major shareholders and minority shareholders as well as foreign shareholders on a fair and equal basis. The Board ensures that all shareholder rights are protected and that they all get fair treatment.

Release of information before the Shareholders' meeting

- The Board of Directors ensures that the Company releases its annual general meeting notice, with detailed agenda and explanatory notes, at least four weeks before the date of the meeting.
- The Board ensures that the company informs shareholders of meeting procedures and voting criteria, including the voting rights.
- The Company's notice of shareholders meeting is fully translated into English and published at the same time as the local language version.

Protection of Minor Shareholders' Rights

- The Board defines the procedures and provides an opportunity for Shareholders to propose agenda items and to nominate candidates to be Director in advance for the Annual General Meeting of Shareholders (AGM) through various channels including the Company's website.
- The Board provides an opportunity for Shareholders to elect Directors by voting on the given ballot papers for each of the Directors separately.
- The Board is committed to not adding any new agenda item without notice to shareholders in advance.

Protection against abuse of inside information

Pursuant to section 59 of the Securities and Exchange Act B.E. 2535, all Directors and Management Team members are required to report the changes in their shareholding to the Office of the Securities and Exchange Commission within 3 business days from the date of trading/transfer of the Company's shares and/or warrants (as the case may be). Such reporting shall extend to any change in shareholding of any Director/Management Team member's: (i) spouse, (ii) cohabiting partner, (iii) minor children, and (iv) any juristic person in which such Director/Management Team member holds more than 30% of the total voting rights of such juristic person (including that of his/her spouse, cohabiting partner and minor children), ((i) to (iv) referred to as "Relevant Persons"). The changes in the shareholding of the Directors are reported to the Board of Directors at the quarterly Board meetings.

To prevent abuse of inside information, the Company does not allow the following persons to trade/transfer the Company's shares/warrants (as the case may be) during the period of one month before and two days after any financial announcement of the Company and also at least 5 days before the Company makes any other significant announcement:

- All Directors and Management Team members including their Relevant Persons; and
- The Company's personnel in the Finance & Accounts Department, the Legal Department, the Internal Audit Department, the Information Systems Department and the Investor Relations Department who are close to the relevant inside information of the Company.

Moreover, all Directors and Management Team members are encouraged to inform the Company their intention (including that of their Relevant Persons) to trade/transfer the Company shares/warrants (as the case may be) at least a day in advance.

Conflict of interest

The Board has established guidelines to prohibit a Director/Executive, who has conflict of interest on a particular issue, from participating in the decision – making process.



Any transaction which could lead to a potential conflict of interest and/or a related party transaction is considered very carefully by the Board of Directors with a view to full compliance with the relevant rules and regulations of the Stock Exchange of Thailand (“SET”) and the SEC, Thailand, apart from compliance with the internal policies and guidelines set up by the Company. Moreover, such transactions are entered into strictly on an “Arms-Length” basis. The terms and conditions of such transactions are always in compliance with generally acceptable, standard commercial terms and conditions and appropriate disclosure regarding the details of the transactions viz. value, counter-party, reason and necessity of the transaction is made in the Annual Report and also in Form 56-1.

3. Role of Stakeholders

Board of Directors is expected to be aware, careful and circumspect of the stakeholders’ rights as provided by law and encourage cooperation between the Company and stakeholders to create wealth, jobs, financial stability and sustainability of the business. Stakeholders should have access to necessary information.

The Company defines clear measures on how stakeholders can launch their complaints, opinions, and suggestions, or raise complaints about illegal or unethical conduct by the Company’s employees or other stakeholders.

The Company sets guidelines for treatment of stakeholders based on fair and equitable treatment.

The above measures/guidelines are explained in Business Ethics and Code of Conduct Manual of the Company.

4. Information Disclosure and Transparency

- Board has a duty to disclose information whether it is related to financial matters or not. The disclosure should be accurate, complete, adequate, reliable and timely so that the company’s shareholders and stakeholders (if required) are well versed with the information equally as stipulated by laws, state agencies and concerned organizations.
- Company information must be compiled with care, clarity, and should be concise, linguistically simple and transparent. Important information must be disclosed regularly, both, on the positive and negative side, but due care must be exercised not to confuse and mislead users. More attention must be paid to the content than the form, and all efforts must be made to completely spell out the conditions or assumptions made.
- Company must maintain information dispensing channels that are easy for users to access information in a timely manner. The result should be worth the cost.
- The Board must set up an Investor Relations unit to assist in communicating with the shareholders, investors, as well as securities’ analysts. The Board should provide for adequate resources to help develop executives’ knowledge and abilities in presenting information and enhancing their communication skills.

Silent Period

For a period of two weeks prior to the planned release of financial reports (known as the “silent” or “quiet” period), the spokesperson as a representative of the Company will not discuss matters related to the Group’s future financial performance or expectations with financial media, analysts and investors.



5. Responsibilities of the Board

5.1 Leadership and Vision

The Board of Directors is the main driver in defining the direction of the Company's performance, achieving its goals and objectives and to define the Company Mission, Vision, Core Values, Strategy, Business Plan, appointment of competent and effective management and managing the Company's affairs with Good Corporate Governance in order to achieve its objectives in accordance with the Company's policy and in accordance with the law. The Board of Directors comprises of persons who have the knowledge, expertise, business experience and backgrounds which qualify them to perform their duties and responsibilities in accordance with the highest standards of business ethics.

5.2 Set-up of clear Structure, Rules, Duties, responsibilities and Independence of the Board of Directors

The Company has 6 Boards/ Committees as follows:

5.2.1 The Board of Directors

Board Composition

- The Board of Directors is composed of at least five and not more than twelve Directors out of which at least one - third are Independent Directors, which shall not be less than 3 Directors.
- The Company considers increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. The Board members represent diversity from a range of perspectives including gender, age, educational background, skills, knowledge and professional experience.
- The Chairman of the Board and Managing Director are separate persons in order to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The Chairman of the Board is an Independent Director, the leader of the Board, and has duties as the chairman of both Board and shareholders' meetings. The Managing Director is the head and leader of the Company's executives and is responsible to the Board for managing the Company in order to achieve all planned objectives.
- The Director's term is defined in the Company's articles of association. A Director who has completed his/her term is eligible for re-election by Shareholders.

Board Diversity

The Company considers increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and sustainable development. The Board members represent diversity from a range of perspectives including gender, age, educational background, skills, knowledge and professional experience. And for selection of new directors, the Board of Directors will consider candidate's qualifications, having regard to the mix of skills, diversity and in line with the Company's strategic direction.

Qualifications of Directors

- Qualified according to the Public Limited Companies Act, Securities and Exchange Act including other relevant laws and regulations and in accordance with the Good Corporate Governance Policy of the Company.
- Knowledgeable, possess good background experience, capable, independent to perform director's duties with care and loyalty, and able to attend Directors' meetings regularly.
- Having knowledge in one or more of the following fields: Shipping, International Trading, Business Strategy, International Accounting, International Finance, Law and Corporate Governance.



- Not holding board positions in more than 5 listed companies (including the Company).
- Not holding position or involved in any competing maritime business.
- Completed the Thai IOD Director's Certification Program within 6 months of appointment.
- Age not more than 70 years unless specifically extended.

Independent Directors

An Independent Director is a Director who is independent from management of the Company and/or its subsidiaries, who does not have any related business or activities, and has no business with the Company, which may compromise the interests of the Company and/or the Shareholders, and has the full qualifications prescribed by the announcements of the SEC and SET. An Independent Director shall serve a three years term. The appropriate term for Independent Director is no more than three consecutive terms except for when a director is deemed suitable to hold the position for a longer period. The Board will consider the independence and effectiveness of the Independent Director who is under consideration and defend their decision to the shareholders, if required.

Roles of Independent Director

- At least one-third of the Board of Directors is comprised of Independent Directors and there are at least 3 Independent Directors on the Board.
- The Chairman is an Independent Director.
- The Audit & Corporate Governance Committee is entirely comprised of Independent Directors.

Qualifications of Independent Directors

- The Independent Director must not hold shares exceeding 0.5 percent each, including shares held by a related person, of paid-up capital of the Company, a subsidiary or of an affiliated, associated or a related company.
- The Independent Director must not be involved in the day-to-day management and must not be an executive director, employee or advisor who receives salary or other kinds of compensation from the Company, its subsidiaries, or affiliated companies, associated companies or related companies or with the major shareholders of the Company during the period of two (2) years before the date of appointment as Independent Director.
- The Independent Director must not have any business relationship pursuant to the regulations of the Securities and Exchange Commission and also must be free of any present, direct or indirect, financial or other interest in the management and business of the Company, its subsidiaries, associated companies, or its major shareholders during the period of two (2) years before the date of appointment as Independent Director.

The term 'business relationship' under the above paragraph, such as any normal business transaction, rental, or lease of immovable properties, transaction relating to assets or services, or grant or receipt of financial support through receiving or extending loans, guarantee, providing assets as collateral, including any other similar action whose value exceeds 20 MB or more than 3% of the net tangible assets, whichever is lower.

- The Independent Director must not be the external auditor of the Company, its subsidiaries, or affiliated companies, associated companies or related companies, or with its major shareholders nor be a significant shareholder, a controlling person or a partner of such audit firm which employs external auditors of the Company, its subsidiaries, or affiliated companies, associated companies or related companies, or with its major shareholders during the period of two (2) years from the date of appointment as Independent Director.



- The Independent Director must not be a provider of any professional services, such as legal advisor, financial advisor or asset appraisal who receives service fees exceeding Baht 2,000,000 per year from the Company, its subsidiaries or affiliated companies, associated companies or related companies, or with its major shareholders during the period of two (2) years from the date of appointment as Independent Director.
- The Independent Director must not be a blood relative or legal relative of any Executive Director, executive officer, major shareholder or significantly influential person in/of the Company.
- The Independent Director must not be acting as a nominee or representative of any director, major shareholder or shareholders, who are a relative of any major shareholders of the Company.
- The Independent Director must be able to carry out their duties, exercise their judgment, and report the committee's performances, which are assigned by the Board of Directors without being influenced by Executive Directors or major shareholders of the Company, including related persons or relatives.

Independent Directors' Roles and Duties

- Independent Directors should gain access to financial and other business information adequately for them to perform their duties effectively.
- They are expected to regularly attend every board meeting, including committee meetings, and raise good questions to ensure the interests of company's shareholders' and the protection of rights of other stakeholders', and ensure that the Company complies with best practices.
- Independent Directors are expected to possess abilities and display willingness to learn company's business and are also expected to express their views independently, as well as dedicate time and attention to the company as needed.
- Independent Directors are expected to regularly hold meetings among themselves, and try in every way possible to look for opportunities in which they can discuss business management issues with the management.
- Independent Directors are expected to submit a confirmation letter to the company verifying their independence in accordance with the company's definition; on the date they accept the appointment and every subsequent year if required.
- There should be specific terms given to Independent Directors, and no Director must stay on beyond a certain time limit. Nonetheless, the difficulties of searching an appropriate replacement and the benefits of the working relationship built up over the years within the Independent Directors and their understanding of the business must also be taken into account. Accordingly, at present no time limit has been set up for the Independent Directors apart from the statutory limits placed under applicable law.

Powers, duties and responsibilities of the Board of Directors are as follows

- The Board of Directors performs its duties in conformity with applicable laws, and carries on the business of the Company in accordance with the laws, the Company's objectives and the articles of association as well as the resolutions of the shareholders' meetings. The Board of Directors is authorized to carry out the Company's activities as prescribed in the memorandum or those related thereto under the Public Limited Companies Act B.E. 2535. The Board of Directors is responsible to the Company's shareholders. Each Director represents all shareholders and takes part in supervisory and regulatory functions in the Company's operations, in an independent and impartial manner, for the benefit of all shareholders and other stakeholders.
- The Directors, in their business conduct, are expected to generally act with care to preserve the interest of the Company.



- The quorum for the Board of Directors meeting is at least two-thirds of Board size. However, in emergency cases, this can be waived and the quorum required by the Articles and Law will be followed.
- The Board of Directors or the Shareholders at their meeting is entitled to designate the authorized Directors to bind the Company and accordingly, any two of the following with the Company's Seal are the present authorized signatories:
 - 1) Mr. Khalid Moinuddin Hashim
 - 2) Mr. Kirit Shah
 - 3) Mr. Ishaan Shah
 - 4) Mr. Gautam Khurana
- The Board of Directors is inter alia authorized to sell or mortgage any of the Company's immovable properties, to let any of the Company's immovable properties for the period more than three years, to make a gift, to compromise, to file complaints to the Court and to submit the dispute to the Arbitration.
- Annually review and approve the Vision & Mission Statement, Core Values and Code of Business Conduct.
- Review and discuss Management's proposed strategies and options and approve major decisions in respect of the Company's business direction and policies. The Board of Directors also reviews and approves the Business and performance goals proposed by the Management.
- Monitor the implementation of the Company's strategies including monitoring the Company's performance and progress toward achieving set objectives as well as compliance with the laws, regulations and related policies.
- Ensure the existence of an effective internal control system and appropriate risk management framework.
- Ensure the establishment and communication of policy and programme relating to anti-corruption.
- Ensure an effective audit system executed by both internal and external auditors.
- Approve quarterly and annual financial reports to ensure that the reports are prepared under generally accepted applicable accounting standards.
- Ensure that the Company has a proper system in place to communicate effectively with all stakeholders and the public.
- Define policy and guidelines for risk management and monitor the management to ensure the efficiency of risk management system.
- Define policy and guidelines for good corporate governance and ensure that the duties and responsibilities of Directors and the management comply with Corporate Governance principles.
- Define policy and guidelines to implement Corporate Social Responsibility.

The Chairman of the Board of Directors and the Managing Director

The Chairman of the Board of Directors is an Independent Director and has no relationship with the Management, as defined by the Stock Exchange of Thailand. The Chairman is not the same person as the Managing Director of the Company nor is he related in any way to the Managing Director of the Company in order to segregate the duties between the policy maker and the policy manager.

The Chairman of the Board is the leader of the Board, and has duties as the chairman of both Board and shareholders' meetings. His role includes promoting corporate governance and



compliance, and ensuring its effectiveness. He engages directly with the Managing Director to monitor performance and oversees the implementation of the Company strategies.

The Managing Director is the head and leader of the Company's executives and is responsible to the Board for managing the Company in order to achieve all planned objectives.

Powers, roles and duties of the Chairman of the Board of Directors

- Provides leadership to the Board of Directors;
- Presides over the Board of Directors meetings, Non-Executive Directors meetings and Shareholders meetings;
- Facilitates open and constructive communication between members of the Board and encourages their contribution to Board deliberations;
- Promotes the highest standards of corporate governance, ethics and corporate social responsibilities;
- Consult with the Managing Director and Company Secretary to arrange the schedule and agendas of the Board of Directors' meetings;
- Ensure that the Company has effective communication with its shareholders and relevant stakeholders.

Powers, roles and duties of Managing Director

- The day-to-day management of the Company and its business is the responsibility of the Managing Director, supported by the executive team;
- Develops and recommends the Company's vision, mission, strategy and business plan for the Board's approval;
- Manages the Company in accordance with strategy, business plans and policies approved by the Board of Directors;
- Reports on the Company's operation results to the Board of Directors as well as other work in progress to achieve the Company's objectives;
- Ensures that all Directors are properly informed and that sufficient information is provided to enable the Directors to form appropriate judgments;
- Builds and maintains an effective top management team capable of delivering the Company's strategy and objectives, and identifies and recruits new talent to ensure effective succession to top management positions;
- Ensures communication with shareholders and relevant stakeholders;
- Undertakes any other roles and duties assigned by the Board of Directors.

Company Secretary

The Company designated the Company Secretary who has duties and responsibilities in accordance with the Securities and Exchange Act and is responsible for overseeing and advising the Board and the Management regarding applicable laws, rules, regulations and Good Corporate Governance, and also responsible for holding the Board and shareholders' meetings. The additional tasks include assisting the Board to comply with resolutions and safeguard the Company's documents and information.

Board of Directors' Meetings

- The Board of Directors' meetings are scheduled in advance to convene at least 5 times per year, but extraordinary or special meetings, if required, may be called at any time during the



year. For each meeting, throughout the year, an agenda is clearly predetermined by both, the Chairman of the Board of Directors and Managing Director.

- The Company Secretary sends the notice of the meeting and relevant documents to all Directors at least 7 days prior to the meeting date, so as to allow sufficient time for them to review the information before joining the meeting.
- All Directors devote their time and attention to the Company's business and are prepared to attend meetings regularly.
- The Chairman of the Board of Directors ensures that the Board has adequate time for the management's information presentation, including their deliberation, questions and debate of significant issues.
- The Board of Directors has established a guideline to prohibit a director/executive, who has a conflict of interest on any issue, to participate in its decision-making process pertaining to the same. Normally a director/executive, who has a conflict of interest on an issue, will leave the meeting and join back once the issue has been discussed and a decision is made.
- In every meeting, the minutes of the meeting are recorded, reviewed and adopted by the Board of Directors. The minutes of the meeting are kept with the Company Secretary for ready reference and review by other concerned parties.
- The Non-Executive Directors hold meetings among themselves for discussing the business management issues and performance of the Executive Directors and are expected to notify the Managing Director of the meeting outcomes.

Board's and Sub-Committees' Self-Assessment

The Board and its sub-committees shall perform an annual self-assessment to be used as a framework for reviewing their performance. The result will be reported to the Board by the Company Secretary and disclosed in Corporate Governance Report section in the Annual Report.

Director and Management Training

The Board of Directors continues to try and enhance their value by participation in activities, courses and events which add to their knowledge base in the continually changing business environment to ensure that they are updated and possess full knowledge.

Director's orientation

If someone is newly appointed on the Board of Directors by the shareholders, the Company Secretary informs and provides relevant documents such as Director's handbook, the Company's corporate documents, CG Policy Manual, Business Ethics and Code of Conduct Manual, Anti-Corruption Policy, laws, regulations and practices which are related to the trading of Company's shares.

Directors' Remuneration Criteria

- The Directors' Remuneration must be agreed by Board of Directors and recommended to the Shareholders for their approval.
- The Directors' Remuneration shall be a fixed amount per annum.
- The remuneration criterion shall include consideration of financial status and performance of the Company and in accordance with International Standards and comparable with other listed companies in general and should also be comparable with listed companies in the same sector in Thailand and abroad.



Nomination, Selection, Appointment and Re-election of Directors.

Directors' Nomination Criteria

The Company recognises that diversity at the Board level is an essential element in supporting the attainment of its strategic objectives and its sustainable development. All Board appointments are based on meritocracy, and candidates are considered against appropriate criteria which are as follows;

- Consideration is based on a range of diversity perspectives, including gender, age and education background, skills, knowledge, and professional experience, and devotion of potential candidates expected to add value to the Board.
- Consideration of the qualities of leadership, vision, ethics, and honesty to uphold the highest principles of Good Corporate Governance.
- The candidate should not be a person blacklisted by any organization (including the SEC) or convicted of any crime.
- The candidate as an Independent Director must be qualified in accordance with the independent director's qualification.
- Consider other qualifications as may be advisable.

Procedure for selection and appointment of new directors

The procedure when selecting and appointing new directors varies depending upon the circumstances of the Company at the particular time. In general, when the Board of Directors intends to appoint a new director (as a vacancy occurs or as an additional member on the Board), the following procedure is followed in selecting and appointing a new director to the Board of Directors:

- The Nomination Committee evaluates the range of skills, experience, expertise and diversity of the existing Directors, and identifies other appropriate qualifications giving consideration in line with the Company's strategic direction, and gaps which need to be filled. Consideration is given to the balance of independent Directors on the Board and the best practice recommendations as set out in the SET Corporate Governance Principles.
- For seeking suitable candidates, the Nomination Committee may utilize the personal network of the Board members and Senior Management of the Company and may consider the proposals from the Shareholders or may engage an external search firm or may use Director Pool information from the Thai Institute of Directors (IOD).
- The Nomination Committee screens the Director candidates, and then interviews each interested preferred candidate to identify those individuals who best fit the target candidate profile. Once the Nomination Committee has identified an appropriate candidate for the Board to consider, it may also arrange the Board members to meet with the candidate.
- The Nomination Committee submits its recommendations to the Board of Directors, which is proposed for the shareholders' approval at the shareholders' meeting or which is proposed for the Board's approval as a temporary replacement if a director resigns during his or her term in office and a casual vacancy is created.

Procedure for Re-election of Directors who retire by rotation

In accordance with Section 71 of the Public Limited Companies Act B.E. 2535 and Article No.17 of the Articles of Association of the Company, at every Annual General Meeting, at least one-third of the Directors, or, if their number is not a multiple of three, then the number nearest to one-third, must retire from office. In every subsequent year, the Director who has been longest in



office shall retire. A retiring Director is eligible for re-election. The following procedure is followed for re-election of a director who retires by rotation:

- The Nomination Committee considers the past performance of the retiring directors e.g. attendance, participation in meetings and other contributions to the activities undertaken by the Board of Directors.
- After reviewing, the Nomination Committee submits its recommendations to the Board of Directors, which is proposed for the shareholders' approval at the shareholders' meeting.

Criteria to nominate/appoint Top Executives including the Managing Director

The Nomination Committee considers the following criteria below when determining whether to nominate/appoint a top executive, including the Managing Director.

- Skills, knowledge, relevant qualification and professional experience in business operations.
- Leadership potential, integrity and vision.
- No blacklisting by any organization (including the SEC) or criminal conviction.
- After review, the Nomination Committee submits its recommendations to the Board of Directors for consideration and approval.

5.2.2 The Executive Board of Directors

The Executive Board of Directors consists of 3 Directors and is appointed by the Board of Directors.

Qualification of Executive Directors

- Qualified according to the Public Limited Companies Act, Securities and Exchange Act including other relevant laws and regulations and in accordance with the Good Corporate Governance Policy of the Company.
- Knowledgeable, possess good background experience, capable, independent to perform director's duties with care and loyalty, and able to attend Directors' meetings regularly.
- Having knowledge in respective field of appointment as part of Senior Management.
- Not holding board positions in more than 3 listed companies (including the Company).
- Not holding any position or involved in any competing maritime business.
- Not holding any other executive position in a full-time capacity.
- Completed the Thai IOD Director's Certification Program Course.
- Age not more than 70 years unless specifically extended.

Powers, duties and responsibilities of the Executive Board of Directors are summarized hereunder:

- To manage the Company's business under the resolutions / regulations of the Board of Directors.
- To execute any agreements / contracts binding the Company the terms and conditions of which must be in their scope of authority vested by the Board of Directors. Such agreements / contracts must be affixed with signatures of any two Executive Directors together with the Company's seal.
- To generally act on behalf and in the interest of the Company and its subsidiaries as may be required to carry on the business.



- The Executive Board of Directors shall report on the business operations conducted by the Executive Board to the Board of Directors for acknowledgement and discussions. However, policy-related issues, or issues likely to have significant and major impact on the Company's business, or issues requiring action by the Board of Directors in compliance with laws, or the Company's Articles of Association, must be approved by the Board of Directors. This also includes issues for which the Executive Board of Directors considers it appropriate to seek the approval of the Board of Directors on a case-by-case basis, or per the criteria designated by the Board of Directors.
- Prepare and review strategic objectives, financial plans and key policies of the Company, to be submitted to the Board of Directors for approval.
- Review management authority in various aspects stipulated in the approval authority hierarchy, to be submitted for approval to the Board of Directors.
- Appoint, monitor and evaluate the performance of employees from the level of department head down to middle managers.
- Monitor and report on the Company's operating results to the Board of Directors as well as on other work in progress to achieve the Company's objectives.
- Communicate with external stakeholders, per designated authority, and as deemed appropriate.
- Prepare and review policy and guidelines for risk management and monitor the management to ensure the efficiency of risk management system.
- Prepare and review policy and guidelines for good Corporate Governance and guidelines to implement Corporate Social Responsibility.
- Develop and implement anti-corruption systems, as well as encourage employees at all levels and related parties to follow the anti-corruption policy in order to create an anti-corruption culture.

5.2.3 The Audit & Corporate Governance Committee

The Audit and Corporate Governance Committee was appointed by Board of Directors with the objective of having a mechanism to assist the Board independently in accordance with the regulations and the recommendations in respect of Good Corporate Governance, to give opinion of company's financial report's correctness, credibility and transparency, to encourage the good corporate governance including coordination with the Board of Directors for risk management and internal control systems in the Company. This is expected to create efficiencies in operations and also provide for an independent check on the functioning of the Management of the Company including checks on conflict of interest issues and connected party transactions, if any.

Composition of Audit & Corporate Governance Committee

- There must be at least 3 persons in the Committee.
- The Company's Chairman is not the Chairman of the Committee nor a member.
- A secretary may be appointed by the Audit and Corporate Governance Committee to assist the Audit Corporate Governance Committee. Accordingly, the Company Secretary is also presently acting as the Audit and Corporate Governance Committee Secretary.
- Audit & Corporate Governance Committee members shall serve a two years term and shall be eligible for reappointment.

Qualifications of Audit & Corporate Governance Committee Members

- Must be appointed by the Board of Directors or by the shareholders in a shareholders meeting.
- All the members must be Independent Directors.



- Not a Board member of parent company or subsidiary company which is also a listed company.
- Not holding shares exceeding 0.5 percent of the total number of shares issued by the Company or its affiliates or associates or any other related Companies, including shares held by a related person.
- Be free of any past (for a period of 2 years) or present, direct or indirect, financial or other interest in the management and business of the listed company, its subsidiaries and associated companies and also that of the listed company's substantial shareholders.
- Not related to or a close relative of any executive Director, executive officer or major shareholder of the listed company.
- Not a Board member assigned to make decisions on business operations in the listed company, its parent company, subsidiaries or associated companies, or in a juristic person with possible conflicts of interest.
- Be able to freely perform and give opinions, or report the result of the duties assigned by the Board of Directors without being controlled by the management or major shareholders or any other related persons.
- Having duties and responsibilities in accordance with the rules and regulations of the SET.
- At least 1 committee member must have knowledge, understanding or experience in accounting or finance fields.

Powers, duties and responsibilities of the Audit & Corporate Governance Committee are summarized hereunder:

- To review the Company's financial reporting process to ensure accuracy with adequate and complete disclosure.
- To ensure that the Company has an appropriate and efficient internal control system subject to internal audit and to also ensure that there is an efficient internal audit system in place and to ensure the independence of internal audit department, including approval of the selection, promotion, rotation or termination process of the internal audit head.
- Review risk management system of the Company and recommend improvements on a regular basis.
- Review guidelines for the Company's Corporate Governance as compared with those of International organizations and present its recommendations to the Board of Directors.
- To review the performance of the Company to ensure compliance with the securities and exchange law, regulations of the Exchange and other laws relating to the business of the Company.
- To select and nominate for the shareholders' approval or discharge, the external auditor of the Company, including recommendation of remuneration of the external auditor after considering the independence of the external auditor and to freely discuss significant matters, the Audit & Corporate Governance Committee shall meet privately with the external auditor at least once a year, without the management team being present.
- To review connected party transactions that may lead to conflict of interest to comply with all related rules and to ensure the transactions are reasonable and for the full benefit of the Company and to ensure accurate and complete disclosure of the same.
- To oversee the Anti-Corruption policy and annually review the Company's Anti-corruption procedures to ensure the effective compliance with the guidelines of the Collective Action Coalition Against Corruption (CAC).



- To review the Company's compliance with its Whistleblowing Policy and Procedures for Reporting and Investigation of Misconduct and/or Fraud, and consider all instances (if any) of misconduct or fraud and the final investigation report.
- To prepare a report on the monitoring activities of the Audit & Corporate Governance Committee, in accordance with the required details per SET regulations and disclose it in the annual report, such report to be signed by the Chairman of the Audit & Corporate Governance Committee.
- To perform any other acts as delegated by the Board of Directors and accepted by the Audit & Corporate Governance Committee.

5.2.4 The Risk Management Committee

The Board of Directors has appointed a Risk Management Committee to prescribe risk management policies that cover the entire organization and to ensure that risk management procedures or systems are in place to appropriately mitigate the impact of the risks on the businesses of the Company. Composition, authority, duties and responsibilities of the Risk Management Committee are prescribed to ensure their efficient performance as assigned by the Board of Directors.

Composition of Risk Management Committee

- There must be at least 3 Directors in the Committee.
- The Company's Chairman must be neither the Chairman nor a member of the Committee.
- A secretary may be appointed by the Risk Management Committee to assist the Risk Management Committee. Accordingly, the internal auditor is also presently acting as the Risk Management Committee Secretary.
- The Risk Management Committee members shall serve a two years term and shall be eligible for reappointment.

Qualifications of Risk Management Committee Members

- Must be appointed by the Board of Directors.
- At least one (1) member must be an Independent Director.

Meeting

- The Risk Management Committee plans to hold a meeting at least four times a year.

Roles, Duties and Responsibilities of the Risk Management Committee

The Risk Management Committee is responsible for duties assigned by the Board of Directors as follows:

- Prescribe risk management policy, framework and procedures to cover the entire organization.
- Identify the various risks that the Company is exposed to in the business environment.
- Suggest measures for the appropriate and efficient management of the risks associated with and identified by the Company.
- Oversee the risk management process to ensure that both external and internal factors which may impede the achievement of Company objectives are considered during risk identification, the impact and likelihood properly assessed, risks properly prioritized, and appropriate risk mitigation methods identified.
- Annually review the risk management policies and procedures.
- Follow up on and evaluate the performance in accordance with the organization-wide risk management framework, including recommendation of a framework for internal controls.



- Report the Company's major risks, status, progress of measures taken to mitigate these risks and performance to the Board of Directors.
- Communicate, collaborate and share information with Audit and Corporate Governance Committee on risk management and internal control.
- Perform any other acts as delegated by the Board of Directors.

5.2.5 The Remuneration Committee

The Remuneration Committee has been appointed by the Board of Directors as a mechanism to assist the Board in independently proposing the criteria of and setting guidelines for the Remuneration of Directors and senior management and to propose the remuneration the Board of Directors who will then act (accept fully, partially or reject totally) act in accordance with the regulations and good governance practices based on the proposals made by the Remuneration Committee. The Board of Directors are not empowered to fix the Remuneration of the Directors but are required to place their recommendations on the same to the shareholders for their approval.

Composition of Remuneration Committee

- There shall be at least 3 Directors as members on the Remuneration Committee.
- The Majority of the Committee shall always be comprised of Independent Directors.
- The Chairman of the Committee shall always be an Independent Director.
- The members of remuneration committee who do not fall in (2) and (3) above shall be Non - Executive Directors.
- The Company's Chairman shall not be the Chairman of the Committee nor a member.
- Remuneration Committee members shall serve a two years term and shall be eligible for reappointment.

Qualifications of Remuneration Committee Members

- They must not hold shares exceeding 0.5 percent of paid-up capital of the listed company or of an affiliated or an associated company.
- They must not be involved in the day-to-day management of the Company or an affiliated company or an associated company.
- They must be free of any present, direct or indirect, financial or other interest in the management and business of the Company, its subsidiaries or associated companies.
- They must not be a relative of any Executive Director or an executive officer of the Company or its subsidiaries or associates.
- They must not be acting as a nominee or representative of any Executive Director or an executive officer of the Company.
- They must be able to carry out their duties, exercise their judgment, and report the committee's performances, which are assigned by the Board of Directors without being influenced by Executive Directors or executive officers of the Company or its subsidiaries or associates.

Powers, duties and responsibilities of the Remuneration Committee are summarized hereunder:

The Remuneration Committee is responsible for duties assigned by the Board of Directors as follows:

- Set out compensation guidelines for Directors and Senior Management and propose the same to the Board of Directors.



- Propose the Directors' Remuneration for the Board to make its recommendations and express its opinion for approval in shareholders' meeting.
- Update the Board of Directors about compensation norms being followed by Companies in Thailand and abroad.
- Other specific jobs assigned by the Board of Directors.

5.2.6 The Nomination Committee

The Nomination Committee has been appointed by the Board of Directors in order to set up a mechanism to assist the Board to independently propose the criteria and set guidelines for nomination of new Directors and recruitment and selection of top executives, and thereafter propose to the Board of Directors who could then consider the proposal and decide to accept or reject the same or amend it for further approval by shareholders if required (for the appointment of Directors).

Composition of Nomination Committee

- All the members of the Committee are Independent Directors.
- The Chairman of Committee is an Independent Director.
- The Company's Chairman is not the Chairman of the Committee nor a member.
- Nomination Committee members shall serve a two years term and shall be eligible for reappointment.

Qualifications of Nomination Committee Members

- The Qualifications are exactly similarly to that of the Independent Directors.

Powers, duties and responsibilities of the Nomination Committee are summarized hereunder:

- Set out selection and nomination guidelines of appropriate persons and propose the same to the Board of Directors.
- Review the Board structure and propose a succession plan for Directors and Senior Management.
- Propose to the Board, names of potential candidates for appointment as Directors.
- If requested by the Board of Directors, assist in the process of review of performance of Directors.
- Prepare specific reports on latest trends and practices in the appointment of the Directors and Senior Management for consideration by the Board of Directors.
- Other jobs assigned by the Board of Directors.

6. Supervision of subsidiaries and associated companies¹

This Corporate Governance Policy, the Business Ethics and Code of Conduct as well as other company policies govern not only the Company, but also extend to its subsidiaries and associated companies¹ (where applicable) so as to ensure that all business operating entities of the Company, irrespective of their business locations, comply with these policies uniformly. In addition, the Company shall at all times, ensure that all the subsidiaries' and associated companies¹ are in compliance with applicable laws and regulations. The Board has set up the following mechanism in order to supervise and monitor corporate governance of the Company's subsidiaries and associated companies¹.

- The Company shall nominate directors in each subsidiary as appropriate for the business operations of such subsidiary and the governing laws and regulations. For associated companies¹, director appointment shall be as per an investment agreement (if any).
- The Executive Directors on the Executive Board of Directors the Company are generally appointed as directors in the Company's subsidiaries. However, the number of directors in each subsidiary depends on business requirements and governing laws.



- Directors of the subsidiaries perform their duties in conformity with applicable laws, and ensure that the business of the subsidiaries operate in accordance with applicable laws. The Directors, in their business conduct, are expected to generally act with care to preserve the interest of the Company.
- Financial performance of the subsidiaries shall also be reported to and considered by the Company's Board of Directors on a regular basis.
- The internal control systems and policies of the Company shall extend to its subsidiaries.

¹ "associated company" means:

- a company whose shares are held by the parent company or the subsidiary company in an aggregate number of more than twenty percent but not exceeding fifty percent of the total number of shares with voting rights of the company being held;
- a company in which the parent company or the subsidiary company has power to participate in making decisions on financial policies and operational matters of the company but not insomuch as to have control over such policies and not deemed as subsidiary company or joint venture

7. Controlling Systems and Risk Management Policy

The Board of Directors recognizes the importance of Risk Management and is responsible directly on Risk Management of the organization with the objectives to support the work performance of the management of the Company to be efficient and to achieve the goals, that the organization may have to face under business uncertainties that may affect the goals or objectives of the Company.

The Board of Directors has specified policy and framework for Risk Management concerning all aspects and cover business risk factors by determining guidelines within the Company by considering the probability and the likely impact of such a risk on the business and also determine preventive and mitigation measures, reporting structures, monitoring procedures and processes and assessment with steps laid down for regular follow up including the focus on early warning signs. Currently, the Company has classified the various risk factors into 4 categories as follows:

1. Operating Risk
2. Financial Risk
3. Market Risk
4. Capacity Replacement and Expansion Risk

The Company has disclosed and explained significant risk factors in the Annual Report.

The Board of Directors assigned the Audit & Corporate Governance Committee to be responsible for reviewing internal control systems and internal audit to ensure the effectiveness of the work which internal audit department conducts to evaluate the risk and control activities in the operations within the organization including the review of the financial statements and risk management information to the Audit & Corporate Committee every quarter.

The Board of Directors has appointed a Risk Management Committee to prescribe risk management policies that cover the entire organization and to ensure that risk management procedures or systems are in place to appropriately mitigate the impact of the risks on the business of the Company.

8. Business Ethics

It is the collective responsibility of the entire Board of Directors to provide and comply with a code of conduct which ensures that all the Company's activities are conducted legally according to applicable laws and in keeping with good moral principles and the Directors and employees must be made aware of the code of conduct. The code of conduct should be continuously monitored with a view to maintaining the changing expectations of the Company and its shareholders and is disclosed in details in the Business Ethics and Code of Conduct Manual of the Company.



Enclosure 4 - BUSINESS ETHICS AND CODE OF CONDUCT MANUAL

MESSAGE FROM THE BOARD OF DIRECTORS ON BUSINESS ETHICS & CODE OF CONDUCT MANUAL

To all Directors, Executives and Staff members:

The Company is committed to conducting business on the basis of morality and to create added value to its shareholders and also to put unwavering efforts to ensure that all stakeholders are fairly treated. Therefore, the Company has set up a Business Ethics and Code of Conduct Manual to commit to the key principles of integrity, ethical business conduct and accountability for Directors, Executives and staff as a guideline to carry out their respective work for the Company in a transparent, honest, faithful and justifiable manner.

With the business environment evolving constantly, we assess our Business Ethics and Code of Conduct on a regular basis to ensure that it reflects global best practices and meets the expectations of all stakeholders.

The Company has clearly announced that it is the duty and responsibility of all Directors, Executives and staffs to faithfully follow the Business Ethics and comply with the policies and practices stated in this Code of Conduct. The Company's ultimate goal is to achieve its business objectives for the benefit of all stakeholders including the shareholders and the society.

**For and on behalf of the Board of Directors of
Precious Shipping Public Company Limited**

Mr. Chaipatr Srivisarvacha

Chairman of the Board of Directors

Mr. Khalid Moinuddin Hashim

Managing Director



Business Ethics & Code of Conduct

Definitions

Business Ethics are the qualities of virtue, truth, justice and righteousness that business conduct should follow.

Code of Conduct is a code of behavior to be followed to maintain and promote dignity and reputation.

Our Principles

We are committed to:

- **Honesty**

Company executives should be truthful to people involved. They should not intentionally mislead or deceive others by distorting information, exaggerating or giving partial truth. Nor should they discriminate against people by doing or abstaining from doing something required to be done.

- **Integrity**

Company executives should exhibit their personal integrity and courage to uphold their convictions by doing things they perceive as right despite pressures favoring the opposite. They should be respectable, impartial, and committed to their principles. They should fight for their beliefs and never compromise their principles for any objective that would turn them into deceivers or immoral persons.

- **Trust worthiness**

Executives should disclose and provide related information, as well as correct any misunderstanding on facts. They should try in every proper way to fulfill their promises. They should not abuse technical or legal interpretation as an excuse not to cooperate or comply with contractual obligations.

- **Loyalty**

Our executives should exhibit their loyalty to the company by dedicating themselves to their respective duties and to its people by providing support and assistance whenever required. They should not use or disclose confidential information for personal advantage. On the contrary, they should maintain the ability to make decisions independently as professionals, avoiding inappropriate conduct and conflict of interest, as well as being faithful to the company and their colleagues. If the executives intend to leave and work somewhere else, they should notify appropriately in advance and treat the company information as important and confidential. They should not exploit their former positions for their own benefit.

- **Fairness**

All executives should be fair and just towards all people. They should not use their power deliberately, neither should they resort to cheating or inappropriate tactics to obtain or maintain benefits or advantages from misled or distressed people. Fair-minded executives should disclose the agreements set for consideration and treat everyone equally, be open to disagreeable opinions, willing to admit the mistakes they make, and ready to shift positions and beliefs to appropriate and correct ones, if the situation demands.

- **Concern for others**

Our executives should be considerate, sympathetic, kind, and well intentioned to others. As the golden rule says, "Treat others the way you want to be treated", executives should provide the help that people need. They should also pursue proper means to achieving business objectives in a way that the business objectives are aligned with the objectives and interests of people.



- **Respect for International Human Rights Principles**

Company executives should mutually respect each other's honor, freedom, privacy, legal and human rights, as well as the interests of stakeholders. In making their decisions, executives should be gentle and treat everyone as equal without discrimination by gender, class, or race.

All directors, the management and staff strictly respect International human rights laws including those that relate to forced labor or child labor. The Company does not tolerate any violations thereof. All stakeholders are treated fairly and in a dignified manner, without any discrimination on the basis of national origin, race, gender, age, skin color, religion, physical condition, status, or birth.

- **Commitment to Excellence**

Executives should excel in their performance, i.e., should be equipped with knowledge, be prepared, and should work hard to enhance knowledge and skills to cope with every issue under one's responsibilities.

- **Leadership**

All executives should be aware of their own responsibilities and leadership requirements and should seek and comply with code of conduct models that would benefit themselves and the organization when put to work. They should also attempt to create an environment in which principles and ethical decision-making are given utmost importance.

- **Reputation and Morale**

Senior executives should create and defend company's reputation, as well as employees' morale, by singly and collectively avoiding any action that would hurt the inter-relation between the company and employees. On the other hand, all employees must singly and collectively do everything necessary to correct and prevent any wrongdoing committed by others.

- **Accountability**

Executives should be aware of, and accountable in following ethics when making any decision and omission for the company, themselves, their colleagues, and the community.

Business Ethics

1. Policy on Compliance with the Law and Relevant Rules and Regulations

The Company is committed to complying with all relevant laws, rules and regulations everywhere it operates and has established the policies as follows:

- Directors, executives and staff must comply with local laws, rules, regulations as well as customs and traditions of the country in which the Company operates.
- Directors, executives and staff must comply with the announcements and stipulations of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC).
- Directors, executives and staff must comply with the Company's rules and regulations.
- Directors, executives and staff must not assist, support or conspire to avoid any legal or regulatory compliance.
- Directors, executives and staff must cooperate with supervisory agencies as well as report information on violation of or non-compliance with existing laws or regulations to concerned persons.



2. Policy on Conflict of Interests

The Company has set up an important policy concerning the conflict of interests and related transactions for Directors, Executives and staff as laid down under the following guidelines:

- Avoid any transaction related to oneself, which may lead to a conflict of interest with the Company.
- If it is necessary to carry out such transaction for the Company's benefit, conduct it as if it is a transaction done with a third party. However, any such transaction must be fully disclosed and approved by the relevant authority within the Company in advance. Furthermore, Directors and Executives or staff having an interest in a transaction must not be involved in its approval process.
- If a transaction is considered as a related party transaction under the SET notification, Director, Executive and staff must strictly comply with the rules and procedures regarding information disclosure by listed companies for such transactions.
- If a Director, Executive, staff or a member of their family is involved with or becomes a shareholder in a business in competition with the Company or any other business that may cause a conflict of interest with the Company, he/she must inform the Board in writing.
- If a Director, Executive and staff becomes a Director, partner, advisor or participant in any other capacity in another company or business organization, such position must not conflict with the Company's business or that person's direct responsibilities in the Company.

3. Policy on Confidentiality of Information

The Company has set up an important policy concerning the use of information of the Company in compliance with Good Corporate Governance and relevant regulations. The Company has advised the Directors, Executives and staff to focus on confidential information especially internal information not yet disclosed to public or any data or information that may affect the business of the Company or its share price. The guidelines are as follows:

- Directors, executives and staff must not use information they receive from their directorships or employment for personal benefit or for conducting business or other activities in competition with the Company.
- Directors, executives and staff must not use information which is not generally known and which may influence the share price (inside information) and must refrain from dealing in the shares of the Company at sensitive times pending major announcements in accordance with the specific policy laid down from time to time specifying the moratorium on share trading during certain periods. Inside information shall also not be given to any third party for the purpose of dealing in the shares of the Company.
- Directors, executives and staff must not disclose business secrets to any third party especially to competitors even after a Director, Executive or staff member has left the Company.

4. Policy on safeguarding Company Property

The Company expects executives and staff to utilise the Company's resources and assets in a most efficient manner, to increase corporate competitiveness and to provide the best possible service to its customers in accordance with the following guidelines:

4.1 Protection of the Company's properties and assets

- Executives and staff should use the Company's resources and assets in a cost-efficient manner for maximum benefit of the Company.
- Executives and staff should help protect the Company's properties and assets from improper depreciation or loss.
- Provide and follow proper preventive systems and procedures and effectively insure the same against any fire, natural calamities, burglary and other risk or damage.



4.2 Documentation

- Executives and staff are to prepare documents with honesty and prudence while meeting stipulated standards.
- Executives and staff are prohibited from falsifying the Company's letters, reports or documents.

4.3 Use of Computer and Information Technology

- All computer, information technology and information and data relating to its operation are the property of the Company. Executives and staff should not use the Company's computers and information technology for personal interests.
- Executives and staff are prohibited from disclosure to others of their password for access to the Company's information system.
- Executives and staff are prohibited from disclosure of any information or data in the Company's information system to other parties without proper authorization.
- Executives and staff are prohibited from changing, copying, deleting or destroying the Company's information or data without proper authorization.
- Executives and staff are prohibited from using illegal software for any reason and from using copyright protected software without the permission of the copyright owner.
- Executives and staff are prohibited from using the Company's electronic mail system to transmit derogatory, offensive, pornographic, abusive or annoying messages.
- Executives and staff may only use the internet to seek information and knowledge related to their work and shall not access illegal or immoral websites.
- Staff should use all communication equipment such as telephones, facsimile machines and mobile phones provided by the Company, with appropriate sense of responsibility and care, taking the Company's interests into consideration.

5. Ethics for Intellectual Properties Rights

The Company requires that all of its directors, the management and staff respect the intellectual property rights of others with care and caution, whether in trademarks, patents, copyrights, classified commercial information, or other stipulated categories of intellectual property.

6. Policy on preventing corruption and offering a bribe

The Company has a policy prohibiting all form of bribery or corruption, either directly or indirectly to advance its business interests or those of its associates. The Company has a zero tolerance policy for fraudulent and/or corrupt behavior and takes corruption and bribery transactions if any, very seriously. Any violation of this policy is regarded as a serious matter by the Company and will result in disciplinary action, including termination, consistent with local law.

The Company has established channels for reporting any misconduct, fraudulent act or corruption and provides protection and remedies for any person who files a complaint or cooperates in the investigation of the charge.

7. Policy on Giving and Accepting Gifts and excessive or undue Hospitality

Business decisions should never be based on gifts, benefits and/or excessive/undue hospitality received or offered through our business relationships. Selection of suppliers and business partners, and similar choices made by our customers, must be based on objective factors such as price, quality, service, and value. The Company requires Directors, executives and staff to abide by this Guideline to avoid conflict of interest or the appearance of conflict of interest for either party in on-going or potential business dealings between the Company and external parties since a gift/benefit/excessive or undue hospitality can be seen as a bribe that may blemish the Company's reputation or be in violation of anti-bribery and/or corruption laws.

The following Company Guidelines concerning the giving and accepting gifts and excessive or undue Hospitality should be followed:

- Directors, executives and staff are strictly prohibited from demanding any gift, benefit and/or hospitality from any trading parties or other external parties with whom the Company is doing business.



- Directors, executives and staff are strictly prohibited from offering any gift, benefit and/or hospitality to any trading parties or other external parties in any attempt to persuade them to commit a fraudulent action.
- Directors, executive and staff are not allowed to give/accept any gifts, benefits, and/or excessive or undue hospitality to/from any trading parties or other external parties (including government agencies, quasi-government agencies, suppliers, banks, service providers), with whom the Company is doing business. However, if necessary, corporate gifts bearing the gift-giver's or company's corporate logo/emblem made generally (and not specifically) by the giver/company for distributing generally (and not specifically) to all or many of the giver's customers, associates, etc., and which are not related to any business commitment may be given/accepted.
- Any normal business hospitality, such as receptions, tea/coffee, meals, or other similar nature that is directly relating to business operations or trading traditions without being excessive, is excluded from this requirement but such expense should be a reasonable amount and should not be related to any business commitment.

8. Anti-Money Laundering & Counter Terrorism Financing (AML/CTF)

The Company is committed to conducting business with the highest ethical standards. This includes, to prohibit and actively prevent money-laundering or any activity that facilitates money laundering or the funding of terrorist or criminal activities. The guidelines are as follows:

- The Company will conduct business with organizations or customers who are involved in legitimate business activity and who have no known of illegitimate source of funds.
- Executives and staff shall comply with any laws and regulations related to preventing money laundering and all relevant local anti-money laundering regulations.

9. Procurement

Procurement is to be conducted according to the company's guidelines and should be fair to all involved. The procurement decisions are to be made on the basis of reasonable prices, quality, and service, and should stand scrutiny if an investigation occurs.

The following Company Guidelines concerning the procurement should be followed:

- Strictly follow the process set forth in the procurement and purchasing regulations, and act within the scope of authority provided.
- Avoid involvement in purchasing from contractors to whom you are connected, such as family members, relatives, or entities in which you have ownership or shares.
- The priority in procurement should be given to legal entities rather than individual persons, except in cases where special expertise is required from the particular individuals or where the benefit of the Company demands it.
- Avoid using the information you obtain from procurement activities for benefit of yourself or others.

10. Transactions with the Government

Transactions with the Government must not be such as to persuade the government or government officials to do anything wrong or inappropriate. Mutual acknowledgement and building relations, within the proper bounds and normal practices, such as offering congratulatory messages and flowers on public occasions is acceptable.

The following Company Guidelines concerning the transactions with the Government should be followed:

- Conduct yourself properly and honestly when in contact with government officials or agencies.
- Always remember that the laws, rules and customs of each place may have diverse conditions, procedures, or methods of proceeding.
- Comply with the laws of each country and/or of locality in matters pertaining to hiring government employees as consultants or employees of the Company. Such hiring must be transparent and appropriate.



Code of Conduct

1. Code of Conduct for Executives

- Perform duties with honesty, transparency, and fairness to ensure that the decisions and actions are made to the extent possible, in the best interests of all the stakeholders as a whole;
- Perform duties as professionals with knowledge, skill, determination, and prudence, watchful of trouble in advance; and seeking remedies for anticipated problems; and maintaining the code of conduct, including applying knowledge and skills to managing the company to the best of their abilities;
- Do not seek to benefit oneself or related persons by abusing undisclosed or confidential information inside the company or disclose to outsiders, or do anything that can be construed as a conflict of interest;
- Provide regular supervision and inspection, both inside the company and its environment to ensure compliance to set policies and processes;
- Provide for a system of accurate, complete, timely, and consistent information reporting, as well as reporting on future trends of the company, based on probability and supported by adequate data;
- Comply with concerned laws and regulations, be observant, aware up-to-date on industrial standards and set guidelines, maintaining adequate and appropriate documents for control and maintenance operations according to guidelines applicable to every level of management to ensure efficient business operations;
- Develop the business of the company to achieve objectives and standards;
- Promote company knowledge and understanding.

2. Code of Conduct for Board of Directors

- Specify the direction, goals, policy and business strategy.
- Perform duties honestly, carefully and for the benefit of the Company.
- Comply with relevant laws, rules, regulations as well as ethics and good corporate governance practices and conduct business in accordance with the articles of the Company.
- Follow-up on corporate operations to achieve all objectives.
- Consider and appoint sub-committees and determine duties and responsibilities of the sub-committees clearly and appropriately.
- Consider the important business transactions with due care and diligence.
- Set the Board meeting and consider appropriate agenda items.
- Assess the Board's performance regularly.
- Set up succession plan for Senior Management of the Company.

3. Code of Conduct for Sub-Committee

- Perform duties assigned by the Board of Directors with due care and diligence.
- Perform duties honestly, carefully and for the benefit of the Company without any conflict of interest.
- Comply with relevant laws, rules, regulations as well as ethics and good corporate governance practices and conduct business in accordance with the articles of the Company.
- Report the performance to the Board regularly.



4. Code of Conduct for Individual Directors

- Diligently perform all duties assigned by the Board of Directors.
- Perform duties honestly, carefully and for the full benefit of the Company.
- Comply with relevant laws, rules, regulations as well as ethics and good corporate governance practices and conduct business in accordance with the articles of the Company.
- Ensure management performs achievement of Company's objectives.
- Ensure confidentiality of all inside information and do not allow leaks outside the Company and act at all times without deriving any personal benefit from such inside information not yet disclosed to the Public.
- Avoid any action or decision that may lead to conflict of interest.

5. Code of Conduct for Company Secretary

- Diligently perform all duties assigned by the Board of Directors.
- Perform duties honestly, carefully and for the benefit of the Company.
- Supervise various activities of the Board and the Company in compliance with the relevant laws, rules and regulations as well as ethics and good corporate governance practices and according to Articles of Association of the Company.
- Hold shareholders' meetings, Board and sub-committee meetings and prepare minutes of meetings promptly and fully.
- Act as a good communication center between Directors and Shareholders.
- Ensure confidentiality of all inside information including minutes of meetings of the Board and sub-committees and do not allow leaks outside the Company and act at all times without deriving any personal benefit from such inside information not yet disclosed to the Public.

6. Code of Conduct for Staff

- Perform all duties honestly, carefully and for the benefit of the Company.
- Comply with relevant laws, rules, regulations and follow good ethics while doing business and otherwise.
- Ensure confidentiality of all inside information and do not leak any inside information outside the Company and act at all times without deriving any personal benefit from such inside information not yet disclosed to the Public.
- Maintain harmony among all co-workers and staff in the Company.

7. Policy and Practices toward Stakeholders

The Company recognizes the rights of all stakeholders and therefore encourages cooperation between the Company and all the stakeholders including employees, customers, trading partners, creditors, government agencies, community and society at large. Directors, Executives and staff must comply with the Code of Conduct which has been established to ensure fair and balanced dealings with all stakeholders.

The following practices may be adopted as guidelines in terms of dealing with stakeholders:

Shareholders

The Company is responsible to the shareholders and groups of financial investors and creditors in terms of information disclosure, accounting methods, internal information usage, and conflict of interests. Executives must be honest and any decision must be based on honesty and fairness to both major and minor shareholders as a whole, and for the collective benefit of all.



Customers

The Company must always act to protect customers' interests, be attentive and ultimately responsible to customers with regard to service, by setting and maintaining good standards. They should keep customers' confidential information exclusively for concerned business use, without revealing it unless required by laws, regulations, or with the consent of the information owners, including issues related to marketing, market power exercises, price setting, details of services, quality and safety.

Trading Partners and/or Creditors

The Company has a policy of equitable and fair treatment of its trading partners and/or creditors, taking into consideration the Company's interest and on the basis of mutual benefit and it intends to avoid circumstances that may lead to a conflict of interest. The Company ensures that best practices are set for procurement from suppliers, and that the Company complies with trade terms and terms of borrowing from financial creditors, objectives of using borrowed funds, repayment, collateral, and other terms and conditions. In case the Company cannot comply with any conditions of a Contract, the Company shall inform the trading partners and/or suppliers immediately to consider the ways to resolve the matter.

The following Company Guidelines for selection of suppliers shall be followed:

- Suppliers shall be selected based on their ability to service the needs of the Company in the most economical, efficient manner and consideration of their expertise, financial status and they will have strictly complied with laws and related regulations.
- Past performance of suppliers and cooperation with the Company should be important factors in supplier selection.
- Whenever the supplier base is not sufficient to fulfill the Company's needs, additional research and solicitation must be conducted by the Purchasing Department to increase vendor participation.

Competitors

The Company must act within the rules of fair trade, not destroying trade competitors' reputations with false allegations against them without truth, nor should they access competitors' confidential information using dishonest or inappropriate means. The Company is proactive in sharing information that can benefit the Shipping industry as a whole and contribute to sustainable economic, social, and environmental development of society.

Employees

The Company must provide equal opportunities in employment, job security, and career advancement, as well as follow equitable principles related to employees and employment. Also ensure that employees are adequately knowledgeable and skillful in performing company business, and understand relevant code of conduct and good practices and take action for knowledge enhancement and ability improvement leading to their development in keeping with the trends in the industry.

Community and Society

The Company has to be responsible to the community and society and should be involved in supporting community activities and be attentive to the consequences of the company's conduct that affects people around, beyond the requirements of law, and should make full efforts to gradually absorb social accountability.

The Company is expected to conduct business that will benefit the economy and society while safeguarding customs and traditions of communities in countries where it operates in. It is also the Company's policy to become a responsible corporate citizen to comply with all relevant laws, rules and regulations and to contribute to uplift quality of life by itself and/or through close collaboration with the relevant authorities and the communities.



8. Policy on Safety, Occupational Health and Environment

The Company is committed to conducting business with the highest standards of safety, occupational health and environmental conditions in accordance with the following general guidelines:

- The Company shall comply with all legislations and regulations relating to safety, occupational health and environmental requirements in all locations in which the Company operates.
- The Company shall follow practices that constantly ensure that its working environment is safe for the protection of life and property of the Company and its employees.
- The Company shall encourage health and safety awareness at all levels and promotes procedures and practices that ensure environmental protection taking into account current legislation and industry codes and practices.
- The Company shall fully disclose all information regarding its operations and standards in relation to safety, occupational health and the environment.

9. Tax Policy

The Company recognizes the importance of being a responsible taxpayer and timely tax payment, representing a social responsibility which is deemed a crucial driving force toward long-term sustainable growth and sustainable value creation for all stakeholders. The Company is committed to fair tax management practices based on the principles of accuracy, transparency, and accountability. The guidelines are as follows:

- The Company ensures that its business operations are conducted in compliance with applicable tax laws and regulations in countries in which the Company operates, including obtaining eligible tax incentives to derive maximum benefits to the stakeholders.
- The Company should remit tax payment and submit all applicable tax returns within the period specified by law.
- The Company shall assess tax implications, due to any changes in tax laws and regulations, on the Company operations.
- The Company shall consider consulting tax professionals, for any complex transactions, for the best benefits of the Company's stakeholders.
- The Company shall engage in an open, transparent dialogue and ensure cooperation with tax authorities.
- The Company encourages accounting/finance staff to attend various tax training courses to ensure that they have sufficient knowledge and understanding the operation of taxation in the Company's business.

10. Whistleblowing Policy

To ensure fair treatment of all stakeholders under this Code of Conduct, the Company has set up a channel to contact the Board of Director directly (without passing through the Management of the Company) for any business suggestions, complaints, or recommendations indicating impact or risks of impact on stakeholders arising from its business or from wrongful action, or violation of the Code of Conduct, and complaints for special cases like immoral/dishonest acts of Management, breach of Code of Conduct, illegal acts, etc. Any staff member or any other stakeholder is accordingly welcome to send a message by email or mail a letter to Mr. Chaipatr Srivisarvacha, Independent Director and Chairman of the Board of Directors, at the following address:

By mail:

Mr. Chaipatr Srivisarvacha
217/79 Crystal Garden Condominium, Soi Sukhumvit 4, Sukhumvit Road,
Klongtoey Bangkok 10110 Thailand

By e-mail:

chaipatr@capmaxx.co.th



The Company has a Complaint handling procedure as follows:

Procedure

- Upon receiving a complaint, Mr. Chaipatr Srivisarvacha, the designated person, will review and consult the Chairman of Audit & Corporate Governance Committee and/or any members of the Board of Directors. All relevant Directors above will decide whether an investigation is appropriate and, if so, what form it should take. They will decide to take no further action if a complaint appears to be trivial or malicious or due to vested interests of the complainant.
- Some concerns may be resolved by agreed action without the need for investigation and the necessary employees will be involved in those discussions.
- If an investigation is required, all relevant Directors above may designate an appropriate person(s) to investigate the matter.
- The designated person(s) shall address the complaints considering the seriousness of the issue raised and credibility of the concern and may, in their discretion, consult the Audit & Corporate Governance Committee, any Senior Management, engage outside auditors and/or legal experts who may have appropriate expertise to assist in the investigation and analysis of the results thereof.
- The designated person(s) should investigate the matter within a reasonable time frame. Investigations shall be made with the utmost respect in accordance with all relevant laws and regulations.
- If the matter is important, such as one that affects the reputation and image or financial status of the Company, or conflicts with the Company's policies for conducting business, or involves a senior executive, the designated person(s) will submit the investigated result, opinion and the appropriate course of action, to the Audit & Corporate Governance Committee and/or the Board of Directors for consideration.
- The designated person(s) may decide how to report the progress/results of the investigation or the complaint to the complainant if his/her name is revealed.

Confidentiality

The Company recognizes that some individuals who observe a Breach and wish to report it will seek to do so in confidence under this Policy. In principle, the Company will handle all reports confidentially and equally expects employees reporting a Breach keeping this confidential. Confidentiality will always be maintained to the largest extent possible. Therefore, the Company will protect the identity of an employee who discloses a Breach according to this Policy.

The Company does however acknowledge that in some circumstances the investigation process may reach a point where the employee who reported the Breach is required to make a statement or provide evidence. In such circumstances, where finding the truth would be hindered by maintaining complete confidentiality, the Company cannot guarantee complete confidentiality to the reporting employee. The Company will maintain confidentiality as much as possible in such situations. Finally, the Company will not disclose employees' identity without his/her knowledge and consent.

No Retaliation

No member of the Board, Executive or Staff who in good faith reports a violation of the Code of Conduct or reports a complaint or concern involving matters covered by this Whistleblowing Policy shall suffer harassment, retaliation or adverse employment consequence as a result of such a report. An employee who retaliates against someone who has reported a violation, complaint or concern in good faith is subject to discipline up to and including termination of employment.

This Whistleblowing Policy is intended to encourage and enable Directors, Executive and Staff and others to raise concerns within the Company and to better enable the Company to promote compliance with the Business Ethics and Code of Conduct and related policies. In the event that an employee files



a complaint which such employee knows or reasonably should know to be false, such employee will be subject to disciplinary action such as termination of employment, and such employee may be held liable for damages incurred by the Company.

False Reporting

Reporting that is proved to be based on a false premise, is a violation of the Company's Business Ethics & Code of Conduct and subject to punishment as per the company regulations and/or relevant law.

11. Enforcement of this Manual

The Company has clearly announced that it is the duty and responsibility of all Directors, Executives and staff to faithfully follow the Business Ethics and comply with the policies and practices stated in this Code of Conduct. All superiors must lead in compliance with this code and should be responsible for and consider it a priority to ensure that their subordinates truly learn, understand and comply with this Policy and Code of Conduct.



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