

February 20, 2018

Subject : Yearly Management Discussion and Analysis of 2017
Attention : President of The Stock Exchange of Thailand

We attach herewith the financial statements of Global Connections Public Co., Ltd. (GC) for the year-ended 31 December 2017 which had been audited by the Independent Auditor and would like to clarify more details on the Yearly Management Discussion and Analysis as follows :

FINANCIAL SUMMARY

| | 31.12.15 | 31.12.16 | 31.12.17 |
|--|-----------------|-----------------|-----------------|
| FINANCIAL POSITION (MILLION BAHT) | | | |
| Current Assets | 1,246 | 1,228 | 1,119 |
| Total Assets | 1,378 | 1,361 | 1,242 |
| Current Liabilities | 936 | 914 | 784 |
| Total Liabilities | 956 | 930 | 797 |
| Shareholder's Equity | 422 | 431 | 445 |
| OPERATING RESULT (MILLION BAHT) | | | |
| Sales Revenue | 3,646 | 3,979 | 3,727 |
| Gross Profit | 229 | 258 | 247 |
| Operating Profit | 113 | 131 | 126 |
| Profit for the year | 79 | 93 | 90 |
| Other comprehensive income | 0 | 0.5 | 0 |
| Total comprehensive income for the year | 79 | 93 | 90 |
| FINANCIAL RATIOS | | | |
| Return on Assets (%) | 6.22 | 6.76 | 6.88 |
| Return on Equity (%) | 19.56 | 21.69 | 20.44 |
| Net Profit Margin (%) | 2.17 | 2.33 | 2.40 |
| Current Ratio (Times) | 1.33 | 1.34 | 1.43 |
| Debt to Equity Ratio (Times) | 2.27 | 2.16 | 1.79 |
| Book Value per Share (Baht) | 2.11 | 2.16 | 2.22 |
| Net Profit per Share (Baht) | 0.40 | 0.46 | 0.45 |

Yearly Management Discussion and Analysis

Analysis of Overall Performance

The distribution business of the plastic resins, plastic, and petrochemical related products needs relatively high working capital. The key success factors of this business depend on the inventory management, the logistic systems that meet the clients' needs in time, cost of capital, receivables management and sales revenue. Due to this business has low gross profit margin, to build up more sales revenue will result in good net profit.

Sales revenue

The Company had total sales revenue of Baht 3,727.5 million in 2017, decreased Baht 251.0 million from Baht 3,978.5 million of 2016 or equivalent to 6.31%. The sales value of Commodity Polymer business unit was reduced by 13.59%. The sales value of Specialty and Engineering Polymer business unit was risen by 3.22%. And the sales value of Specialty Chemicals business unit was increased by 20.62%. The 6.31% decrease in total sales revenue was mainly due to the decline in sales value of Commodity Polymer business unit as a result of shrinking in purchasing power.

Financial Operating Results

In 2017, total cost of sales and operating expenses were Baht 3,615.0 million, decreased by Baht 239.3 million from Baht 3,854.3 million of 2016 or equivalent to 6.21%. Our major expense was costs of goods sold, a decrease of Baht 240.8 million from Baht 3,720.9 million of 2016 to be Baht 3,480.1 million in 2017 or 6.47% decreased from last year's which was in line with sales dropping rate.

The gross profit in 2017 was decreased from Baht 257.7 million to be Baht 247.3 million or equivalent to 4.00% which was lower than sales declining rate resulting from the risen in gross profit margin from 6.88% in 2016 to be 7.05%. This was derived from the higher selling price in 2H/2017 resulting from plant maintenance shutdown of some producers.

Total selling and administrative expenses increased from Baht 133.4 million in 2016 to be Baht 134.8 million in 2017, or 1.06% increased. This was due to the increase in commission expense amounting Baht 1.0 million. In addition, there was an increase of reduction cost of inventory to net realizable value amounting of Baht 1.0 million in 2017, whereas there was no such transaction in 2016.

The interest expenses in 2017 was Baht 14.3 million, or 4.26% decreased from Baht 15.0 million of 2016. This was due to lower short term loan requirement level in the second half of 2017 resulting from the lower of both trade accounts receivable and inventory.

In 2016 the transaction in other comprehensive income was Actuarial gain less income tax effect amounting Baht 0.5 million, whereas there was no such transaction in 2017.

As a result of the discussed factors, our total comprehensive income for the year 2017 was Baht 89.5 million versus Baht 93.1 million in 2016 or equivalent to 3.79% decreased.

Comparison of Financial Position (FY 31.12.2017 VS 31.12.2016)

Assets: As of 31 December 2017, GC recorded total assets of Baht 1,242 million, representing a decrease of Baht 119 million from Baht 1,361 million of 31 December 2016 or equivalent of 8.74% decreased. The assets with major changed were as follows :

As of 31 December 2017 total current assets showed Baht 1,119 million, a decrease of Baht 109 million or 8.87% decreased from year-end 2016. This was mainly due to the decrease in both trade accounts receivable and inventory. The trade accounts receivable was decreased by Baht 89 million from Baht 701 million in year-end 2016 to be Baht 612 million in 2017, or 12.70% decreased resulting from slowdown of sales volume.

While inventory showed Baht 467 million as of 31 December 2017, a decrease of Baht 11 million from Baht 479 million of last year-end, or equivalent to 2.37% decreased. This was due to lower inventory purchased volume in accordance with sales forecast volume during the last quarter of 2017.

Liabilities : As of 31 December 2017, GC recorded total liabilities of Baht 797 million, a decrease of Baht 133 million or 14.25% decreased from the previous year-end's. The major liabilities were short-term loans from financial institutions and trade accounts payable. The ending 2016 balance of short-term loan was Baht 662 million versus 575 million as of 2017 or equivalent to 13.15% decreased resulting from the decline in both trade accounts receivable and inventory. The trade accounts payable as of 2017 was Baht 179 million, a decrease of Baht 44 million from Baht 223 million of ending 2016 or 19.65% decreased. As a result, the Debts to Equity Ratio as of 2017 was 1.79 times compared to 2.16 times of ending 2016.

Sources of Funds : The structure of GC's funds in 2017 was not much different from those of 2016 as they were in term of short-term liabilities. The major liabilities were short-term loans from financial institutions, bank overdrafts, and trade accounts payable.

Shareholders' Equity: As of 31 December 2017, the portion of shareholders' equity amounted to Baht 445 million, an increase of Baht 14 million, or 3.14% from the previous year-end's, derived from profit for the period of 2017 Baht 90 million deducted dividend paid out Baht 76 million.

Liquidity: In 2017 GC had better liquidity. Since after listed, GC had good fund from the IPO proceeds at the end of 2005 and the working capital from deposits redemption at the beginning of 2006. This caused a better working capital management to reduce the cost of fund.

In 2017 GC had a current ratio at 1.43 times compared to 1.34 times in ending 2016, which was due to the drop in both short-term loan from financial institutions as well as trade accounts payable.

Yours truly,

(Somchai Kulimakin)

Chairman of The Executive Committee