



GLOBAL  
CONNECTIONS  
PUBLIC COMPANY LIMITED

# ANNUAL REPORT รายงานประจำปี

2013

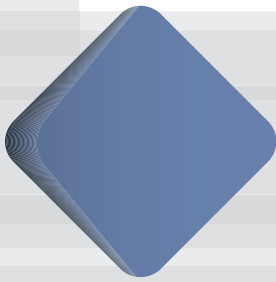
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GLOBAL CONNECTIONS PUBLIC COMPANY LIMITED  
บริษัท โกลบอล คอนเน็คชั่นส์ จำกัด (มหาชน)



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# CORPORATE VALUE

**Ethics**

**Integrity**

**Partnership**

**Professional/Focus**

**Strive for Better**

## COMPANY'S VISON

"Your best partner for solution and service in Industrial raw material supply"

## COMPANY'S MISSION

- To be an ethical public corporation along with Thai economy forever.
- Build sustainable growth of profitability and sales.
- Develop sustainable professional expertise to be market leader and maintain competitiveness.
- Market Leadership (one stop shopping, always add on new product, Quality of supplier)
- Sustainable professional Staff (by support training both formal & on the job)
- Connect the best supplier and bridge advanced technologies for customers' best value.





# 1 GENERAL INFORMATION

## Corporate Information

Company Name	Global Connections Public Company Limited (“The Company” or “GC”)
Symbol	GC
Business	Distributing agent of plastic, petrochemical and additive, which are used in petrochemical and plastic transformation process
Head Office	13/1 Moo 2 Kingkaew Rd., Rachateva, Bangplee, Samuthprakarn, 10540 Thailand
Home Page	<a href="http://www.gc.co.th">http://www.gc.co.th</a>
Telephone	+66 (0)2763-7921, +66 (0)2763-7999, +66 (0)2763-7923-42
Facsimile	+66 (0)2763-7949, +66 (0)2312-4880-1
Investor Relations	+66 (0)2763-7999 Ext. 201-204
Registration Number	0107548000153
Establishment Date	27 <sup>th</sup> September 1994
Date of Registration Public Company	17 <sup>th</sup> March 2005
Stock Listed Date	6 <sup>th</sup> December 2005
Juristic Person That Are Being Hold More Than 10% Of Their Paid-Up Capital	None
Registered (Paid Up) Capital THB	200,000,000
No. of Registered (Paid up) Shares	200,000,000

## Reference

Registrar	Thailand Securities Depository Co., LTD. The Stock Exchange of Thailand Building 62 Ratchadapisek Road, Klongtoey, Bangkok, 10110, Thailand Tel. +66 (0)2229-2800 Fax. +66 (0)2654-5427
Auditor	Ernst & Young Office Limited 33rd Floor, Lake Rajada Office Complex 193/136-137 Ratchadapisek Road, Klongtoey, Bangkok, 10110 Thailand Tel. +66 (0)2264-0777 Fax. +66 (0)2264-0789

Remark : More information about the issuer for investor who has an interest in the matter is provided in Annual Registration Statement (Form 56-1) which posted on [www.sec.or.th](http://www.sec.or.th) and also company website [www.gc.co.th](http://www.gc.co.th)

## 2 FINANCIAL SUMMARY

	2011	2012	2013
<b>Financial Position (Million THB)</b>			
Current Assets	970	983	1,147
Total Assets	1,112	1,129	1,281
Current Liabilities	707	711	870
Total Liabilities	725	726	882
Shareholder's Equity	388	403	399
<b>Operating Result (Million THB)</b>			
Sales Revenue	3,786	3,700	3,159
Gross Profit	255	233	219
Operating Profit	129	119	105
Net Profit	80	76	70
<b>Financial Ratios</b>			
Return on Assets (%)	7.55	6.80	5.80
Return on Equity (%)	19.93	19.28	17.44
Net Profit Margin (%)	2.12	2.06	2.21
Current Ratio (Times)	1.37	1.38	1.32
Debt to Equity Ratio (Times)	1.87	1.80	2.21
Book Value per Share (THB)	1.94	2.02	2.00
Net Profit per Share (THB)	0.40	0.38	0.35

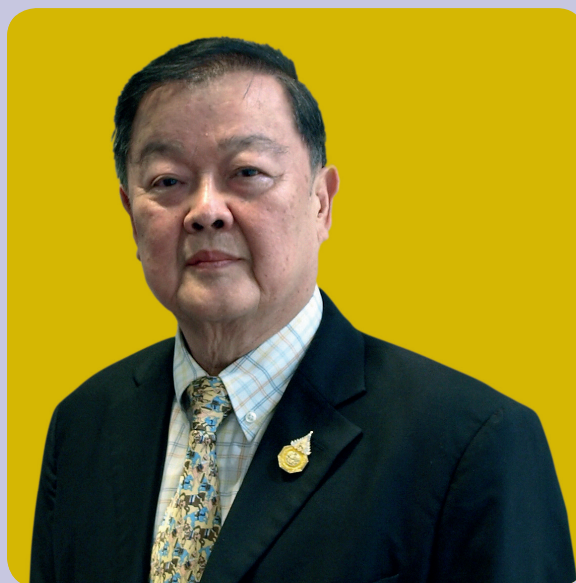
### Note :

Due to the adoption of TAS 12 Income Taxes with effective from January 1, 2013 onwards, the company has changed this accounting policy in this current period (2013) and restated some of the prior year's (2012) financial figures (total assets, shareholders' equity, net profit). Therefore, this will affect some of the 2012 financial ratios formerly presented.

### 3 MESSAGE FROM THE CHAIRMAN



GLOBAL  
CONNECTIONS  
PUBLIC COMPANY LIMITED



In 2013, Thailand has been adversely affected by ongoing political turmoil and at the same time its economy also experienced some downturns growth, which is reflected in lower annual growth targets forecasted by public and private sector. Despite some economic recovery signs from the US and Europe, as a result of a series of quantitative easing monetary policy, the US and Europe's growth is still fragile with a risk of high volatility. These factors have an unavoidable effect on our company's performance. In 2013, the company's net profit was down to THB 70 million, 8.26 percent declining from THB 76 million in 2012.

In 2014 the plastics and petrochemical industries are still likely to be under the same domestic and external factors. The company has closely monitored the impacts from the US economy, the ongoing financial crisis in Europe and the recent economic slowdown in China. Domestically, the prolonged political uncertainty could also affect the continuity of the government's economic stimulus policy. It could also undermine Thailand's trading partners' confidence.

For these reasons, this year seems to be another challenging year for our company. To maintain our performance, the company has put "Customer Satisfaction" as the key performance indicator. We are to focus on maintaining our customer base, proving high-quality services, working together with our customers for solution for any technical problems, and enhancing our customers' ability to adapt in changing environment by providing further advice and new knowledge on market trends, new technology and innovation. Furthermore, we also emphasize on adding value to our company by increasing our product variety with a selection from the world-class producers. Also, we are working in collaboration with public and private institutes on research and development of new products in response to the future market needs.

Under such uncertain working environment, the company has been operating with great caution. And various risks, including those from foreign exchanges, inventory, account receivables and others, have been managed thoroughly by several financial instruments. The company also decided to employ the Enterprise Resource Planning System (ERP) for the company's risk analysis and management. We also closely monitor the impacts of the political crisis and have prepared the Business Continuity Plan (BCP) to handle any unexpected situations.

The company also puts great efforts on building a strong and sustainable foundation, as our readiness preparation for the upcoming ASEAN Economic Community, by focusing on the development of our human resource along with organizational capacity.

In 2013, our company has been rated "Very Good" (4 STARS) for its overall scoring in the Corporate Governance Report by the Thai Institute of Directors (IOD). Despite above the average of the SET100 companies, we still strive to achieve a better governance performance. This is to be our commitment from the Board of Directors, executives and staffs, to ensure our transparent and fair treatment to our stakeholders. We also determine to uphold the corporate governance principle in our management at all levels, as well as to act as a valuable partner by promptly responding to our customer needs, which, we believe, will be our core competitive competency and sustainable growth.

Lastly, on behalf of the company's Board of Directors, I would like to express my sincere appreciation to our customers, shareholders, suppliers, financial institutions, Stock Exchange of Thailand, business alliances and all of the stakeholders for your support and trust in our company. I also would like to thank all of the management team and staffs for their dedication on building a strong foundation for the company. Such a strong foundation has helped our company to become a leading raw materials importing and distributing company for the plastics and chemical industry sector in Thailand with strong corporate governance and sustainable growth path in future.

Yours sincerely



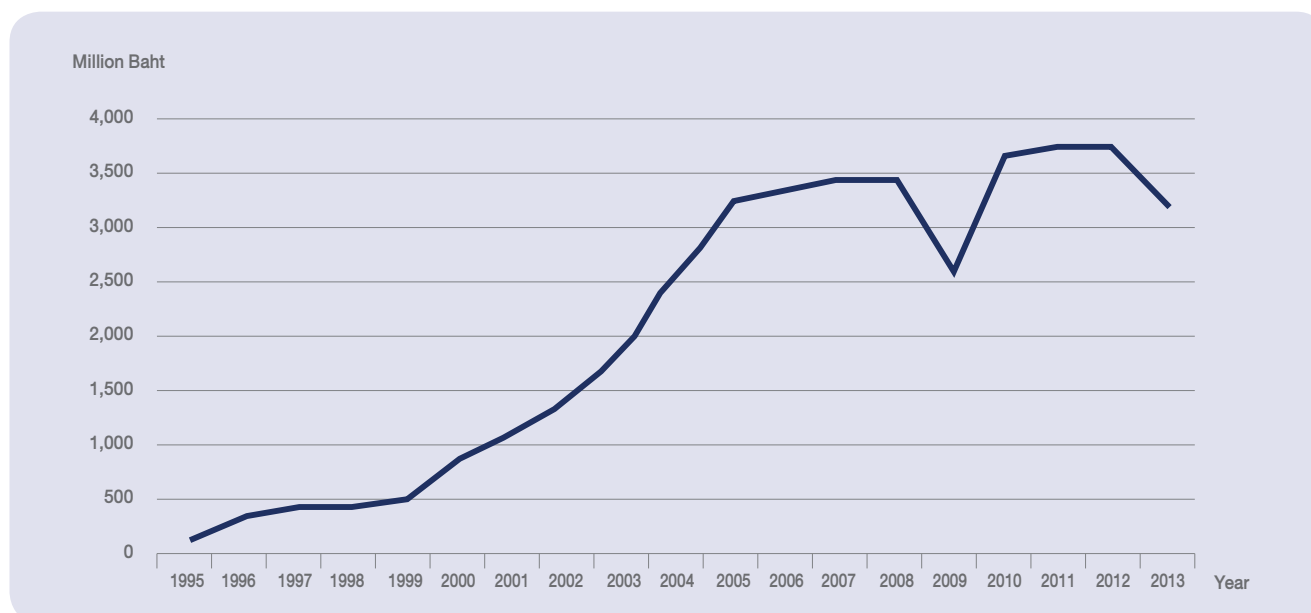
**(Mr. Virah Mavichak)**  
Chairman of the Board

## 4 POLICY AND BUSINESS OVERVIEW

The Global Connections Public Company Limited (the Company or GC) is the distributing agent of plastic, petrochemical and additive, which are used in petrochemical and plastic transformation process. The Company is the distributing agent more than 30 companies such as PTT Polymer Marketing Co., Ltd., a subsidiary of PTT group and distributor of PTT group in polymer products. PTT group who is leader of Energy and Petro Chemical business in Thailand as well as in Asian region, ExxonMobil Chemical, DuPont Performance Polymers, Siam Polystyrene Co., Ltd, Chi Mei Corporation, and etc. By this reason, the Company is considered to be the Thai distributor who provides the most variety petrochemical and plastic related products for Thailand.

The Company was established on September 27, 1994 by group of founders who each has been working in petrochemical industry for more than 20 years with the Company initial registered capital of THB 2 million and began fully commercial on April 1, 1995. The knowledge and experience of founders coincided with the rapid emerging petrochemical industry in Thailand created the continuous growth for the Company. The sale amount in 2013 was THB 3,159 million and Net Profit of THB 70 million decrease by 14.63 percent and 8.26 percent from last year respectively due to changing in distributorship of Commodity Polymer business unit's main supplier with effective from mid of 2012 onward. Moreover, the Company had problem from new supplier's plant shutdown in Q3 that caused the company to laid out mitigation plan as providing substitute goods from other sources.

### Company's revenue during 1995-2013



As per linear above; In 2009, Sales revenue decreased 22.40 percent from THB 3,427 million in 2008 to THB 2,661 million in 2009 due to USA economic crisis included stock value's decline from crude oil price fluctuation.

During 2012-2013, Decreasing in total sales revenue was the impact of changing in distributorship of Commodity Polymer business unit's main supplier with effective from mid of 2012 onwards.

The Company has product ranges from Commodity Polymer, Specialty and Engineering Polymer to special additive chemical which are covered from commodity market (Base raw materials for converting plastic product) to specialty and engineering product (Special grade plastic that are required strength, durable and other features suitable for each industrial applications.) and additive product which can create higher value for customer products by special features such as anti-oxidation, UV-protection, Anti-Bacteria or electrostatic protection etc.

The Company is one of the only two Thai distributors variety of product ranges from common commodity grades polymers to special grade polymers. The Company's revenue THB 3,172 million in 2013 contributed from Commodity Polymer (B.U.1) 44.47 percent (or THB 1,405 million), Specialty & Engineering Polymer (B.U.2) 55.00 percent (or THB 1,737 million), Specialty Chemical (B.U.3) 0.53 percent (or THB 17 million) and from other income 0.30 percent (or THB 13 million)

The Company's risk factors are Risk of depending on key supplier or few suppliers, Risk associated with the reliability on the officers, Risk associated with bad debts of accounts receivable, Risk associated with exchange rate, Risk associated with insufficient cash flow, Risk associated with the fluctuations in the price of goods in the world market, Risk associated with low gross profit margin, Risk associated with terminates the distributing agent contact, Risk from the flood, Risk from power of majority shareholders that hold over 50 percent of total shares as described in section of risk factors.

## OVERALL POLICIES

### Vision

The Company had objectives to be a sustainable organization with stable profits under good corporate governance principles and continuous knowledge development

**Vision : Your Best Partner For Solution And Service  
In Industrial Raw Material Supply**

The Company does not only be the distributor for various products in petrochemical and plastic industry, but also be the provider for knowledge and technology to customers/end users in order to form long term strategic partnership with the customers as well as the suppliers. Directions and targets as follow;

## Business Target

- Sustainable growth in both revenue and profit in line growth with industry 10-15 percent annually
- Professional organization with good corporate governance principles for the sake of the shareholders and stakeholders
- The Company emphasizes principles of systematic risk management especially bad debt of account receivables.

## Revenue and profit targets

- In 2013, the Company has confronted with the challenge both of the impact of changing in distributorship of Commodity Polymer business unit's main supplier with effective from mid of 2012 onwards and effected of new supplier's plant shutdown in Q3. The Company has laid out mitigation plan as providing substitute goods from other sources despite it cannot compensate completely. However, the Company has put more emphasis on improving and sustainable growth development. In 2014, The Company has aimed to growth 20 percent by develop new application and high value market expansion.

## Product Targets

- The Company is focusing on expanding the market and increase sales from the specialty products which is able to add customer product value and product quality improvement that will relate to higher profit margin of the Company.
- To develop comprehensive products with a full range of subjects and grades from top 3 global manufacturer in order to providing consistent service for customers
- To increase products item in order to support current customer in some segments.

## Trading's Partner Targets

- Focusing on responsible to customer needs rapidly in order to keep up with higher competitive level.
- Reliance building with customer by good cooperation with suppliers as well as customers
- To build up reliance and respect to all stakeholders
- To strengthen existing customers base and expand customers in the manner of long term alliance.
- Competition preparedness for the purpose of regional expansion.

## Human Resource Targets

The Company realizes the importance and striving to staff development for the growth of the Company. The Company had specific human resource targets as follows.

- The Company adheres to run business in accordance with the laws along with the policy of fairness employment including recruitment, hiring, placement, training and development, job rotation, promotion and remuneration and welfare.
- Human resource schemes and policies have been determined in order to achieve goal of Company's business. Staffs at all levels must comply with the policy that aimed to improve working environment with variety ideas and respect to each other. By relying on good intention of all staffs.
- To avoid conflict of interest. The Company had policy to forbid directors' spouse to work with the Company.
- The Company is strongly committed to proceed as following
  - + The Company had specific to develop succession plan for all management levels in order to strengthen business in long-run and the Company will be able to cope with unexpected situation that may affect the business
  - + Talent management development scheme is a one of human resource management tool in order to maintain and develop the "talent staff" for maximum worth and good efficiency.
  - + To provide effective staff development program and cultivating a sense of ownership to all staffs
  - + Creating opportunities for all staffs to increase their knowledge, skill and with regard their ability to perform their jobs. Which take into account the principles of equality, fairness the commitment to the Company and their career path growth together with the Company. In additional, it will lead to customer satisfaction.
  - + The Company shall promote good team working to be conscious and participation of all staffs in order to achieve the Company's target.
  - + Increasing staffs communication at all levels in order to good working cooperation.
- To provide good welfare for all staffs as follow ;

Healthy and sanitation including medical insurance to help relieve some of the costs of medical care, maternity leave, dental care, fitness and sport center for good health and annual medical check up.

  - + Financial including provident fund and cost of living
  - + Recreation including new year party and the Company outing.
  - + Others including scholarship, team building activities, training and seminar, subvention such as wedding ceremony, maternity, funeral, birthday leave etc.



## Supplier and Financial Institute Targets

- To build up relation and reliance with suppliers and financial institution in the manner of long term alliance that emphasizes on transparency, exact information disclosure and keeping up to date.
- To reduce cost and increase efficiency of suppliers by total outsource solutions including sale, marketing, technical service and logistics
- Develop business with suppliers and financial institution for mutual achievement

## STRATEGY: TEAM

<b>T</b> arget Oriented	: Working toward a target and strive for achievement
<b>E</b> xposure to Change	: Adapt to change and open for alteration
<b>A</b> lignment through whole organization	: Harmonious working environment through whole organization
<b>M</b> utual Benefit	: Respect to the sake of all stakeholders and appropriate benefit sharing.

## Trade's partners strategy.

Partnership is one of our corporate values to create sustainable benefit. The Company work as a partner to both customer and supplier by advice benefit That are useful to customers Meanwhile, we developed our producer product to Benefits both the customer and supplier. We had never have policy to keep too much stock for sale when price grow up. In the past, the Company has proved its sincerity in partnering with clients in crisis period. Since the Company was selling to customers in a fair and reasonable price and also made a proper demand allocate among customers. In the case of supplier, Most companies will represent only one product to ensure that we can enter to the market with fully capability. And to eliminate the conflict of interest that would make the production of distrust. The Company operates as a partner because the main principle that to do business for long term success relies on the success of both the customer and the producer. The Company operates base on the principle business partner to create long-term benefits for both customers and supplier by referrals and counseling aspects that are useful to customers.

The Company had policy to be "Total Solutions and Service Provider" which provides value added services for customers. The Company does not only be the distributor for various products in petrochemical and plastic industry but also be the provider for knowledge and technology to customers/end users in order to form long term strategic partnership with the customers as well as the suppliers. Another difference is that the Company joins hands with the financial institutions to solve liquidity problem of potential customers who strucks with financial problems. This policy would be able to help partner to grow along with the Company.

## Product strategy.

The Company has a wide range of products and customers base in various industries. So, the Company has consistent income without seasonal variation because it does not rely on a specific type of product or any specific customer. Nearly future, the Company will focus on specialty products due to it can generate higher gross profit margin. This is growth potential market which regards with skill and knowledge of Company's resources.

Under the ASEAN Free Trade Area (AFTA) agreement, the import tariff on plastic import from ASEAN would be decreased to 0 percent by January 1, 2010. Also furthermore, Thailand is negotiating to reduce another product items of plastic raw materials with other countries such as China, Korea etc. The result of the import duty reduction would make the Company to import goods at lower cost especially, specialty product which may lead to the demand of customers and it should enable the Company to penetrate into widely and diversely markets.

In addition, the Company has been researching and developing new products in order to respond to current market needs.

The Company is a partner with compounders group which have 50 plants in the market. They are color mixing and materials blender plants who have market information and this will be Company's advantage to reach customers demand.

## Human resource strategy

- The Company has potential staffs who growth along with rapid expansion of the Company. with sense of Company ownership Most of them graduated with bachelor's degree or aboved in petrochemical engineering and petrochemical science which aged between 25-40 years old. These staffs are young generation that can work for a long time and they will be a part of Company mechanism to drive Company for sustainable growth.
- The Company had policy to put the right man on the right job by recruit employee from petrochemical and plastic fields to drive Company's accomplishment. The Company strives to create value added services by providing advice and service to our customers starting from production level down to marketing level, 87 percent of total staffs graduated from petro chemical engineering and petrochemical science and another staffs graduated from management science with working experienced in plastic and petrochemical industry.
- The Company had policy to develop employee knowledge continuously by ensuring staffs at all levels to receive appropriate training by in-house and public lecturers that would create knowledge exchange and valuable experience sharing which appropriate with organization. In the meantime, the Company always promote staffs to get knowledge from outside such as going abroad training, Product training from oversea suppliers. Regarding to this policy, staffs in every levels will be developed and build their knowledge in order to serve need and create customer satisfaction and different from any distributor in the market

The Company plans to develop a succession plan and talent management at all levels of management in order to strengthen the sustainability of the organization and long-term business growth

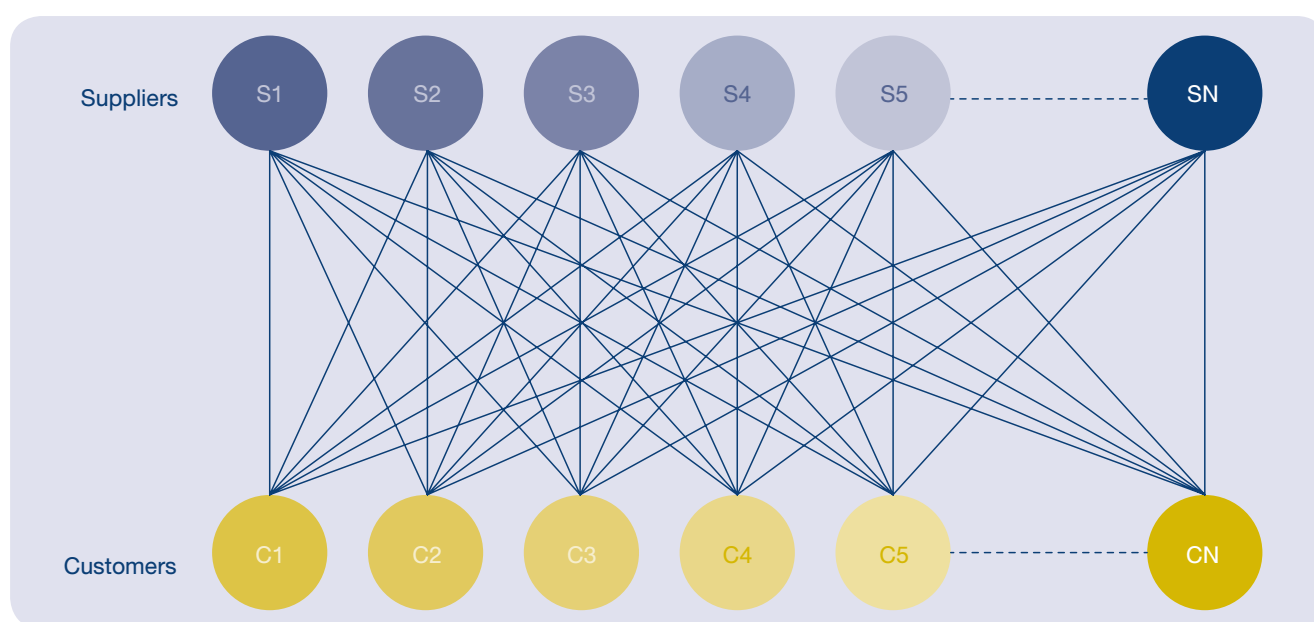
## 5 BUSINESS CHARACTERS

Global Connections Public Company Limited is the distributing agent of plastic, petrochemical and additive which is used in petrochemical and plastic transformation process. The Company is the distributing agent to local and foreign suppliers more than 30 companies who are leader in production capacity and technology. By this reason, the Company is considered to be the Best Thai distributor who can provide the most variety petrochemical and plastic to client. (Source: the Company's information) Almost local suppliers of the Company are the first-class suppliers in Thailand in each category. In addition, almost foreign suppliers of the Company are the top-three leader in production capacity of the world.

Our customers are rubber and plastic processing plants and others over 2,000 covers in various business sectors such as industrial packaging, food packaging including cosmetic packaging and personal care product, automotive parts, electronic parts, home appliance, furniture parts, Sports equipment, stationery, toys etc.

### Role of Distributing Agent

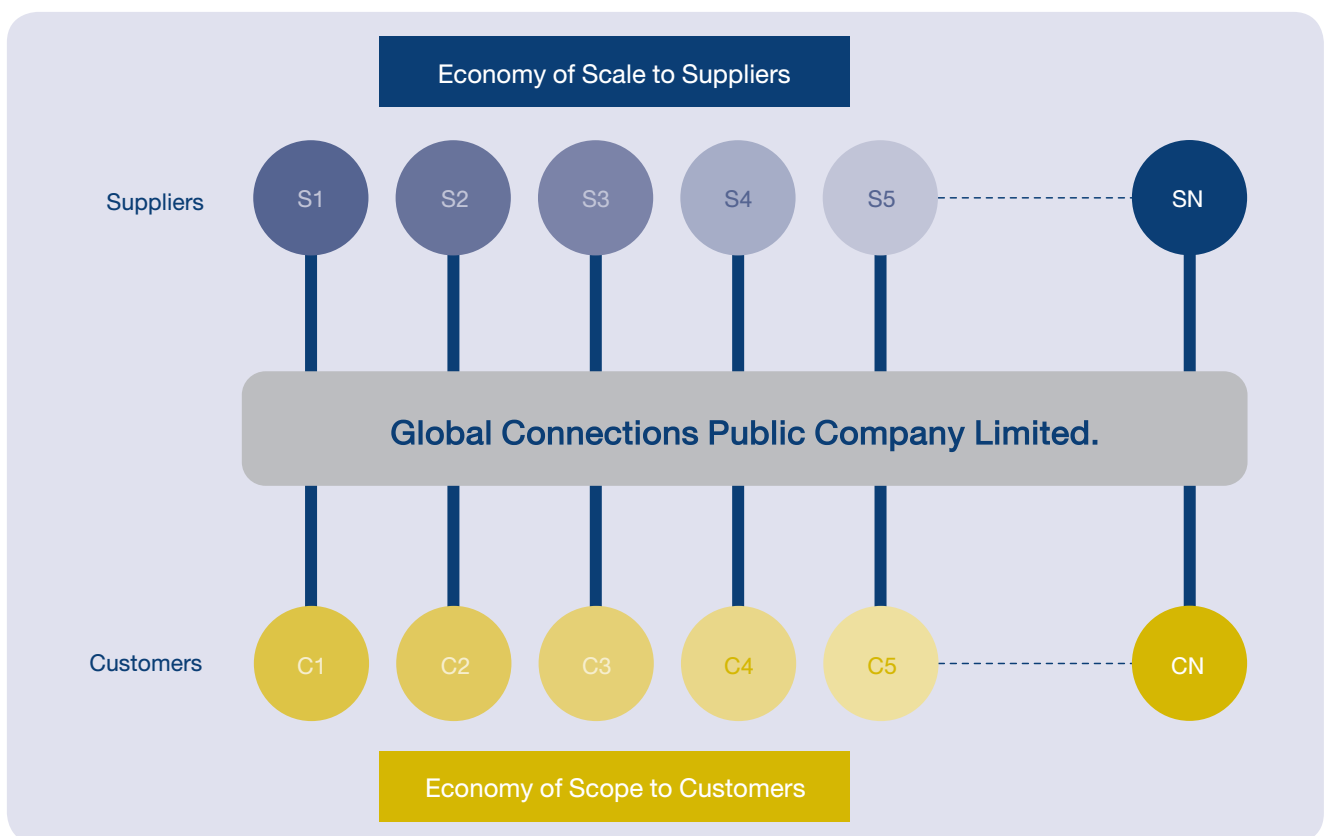
In general, the large producers such as ExxonMobil, Eastman, and Chi Mei and others in Petrochemical industry do not distribute their products by themselves because of the scatter location of end-users, high costs of each trade transaction. Furthermore, end-users of plastic are mostly used the variety of plastic raw material in the production process. As end-users perspective, it is too complicated to directly buy each raw material from each producers. The picture below shows transaction without role of distributing agent.



Trade transaction without distributing agent

The essential of distributing agents for petrochemical industry is to connect the combined product ranges from the various producers to serve the various needs of end-users/ customers, and to minimize logistic cost of each transaction. The Company can deliver value added to both suppliers and customers by satisfy economy of scope to the number of customers/ end-users and satisfy economy of scale to big producers simultaneously

The next picture shows role and benefit of distributing agent in petrochemical industry which is similar to role of distribution channel for consumer products which regularly generate trade transaction at the supermarket or hyperstore such as TescoLotus, Makro, and BigC.

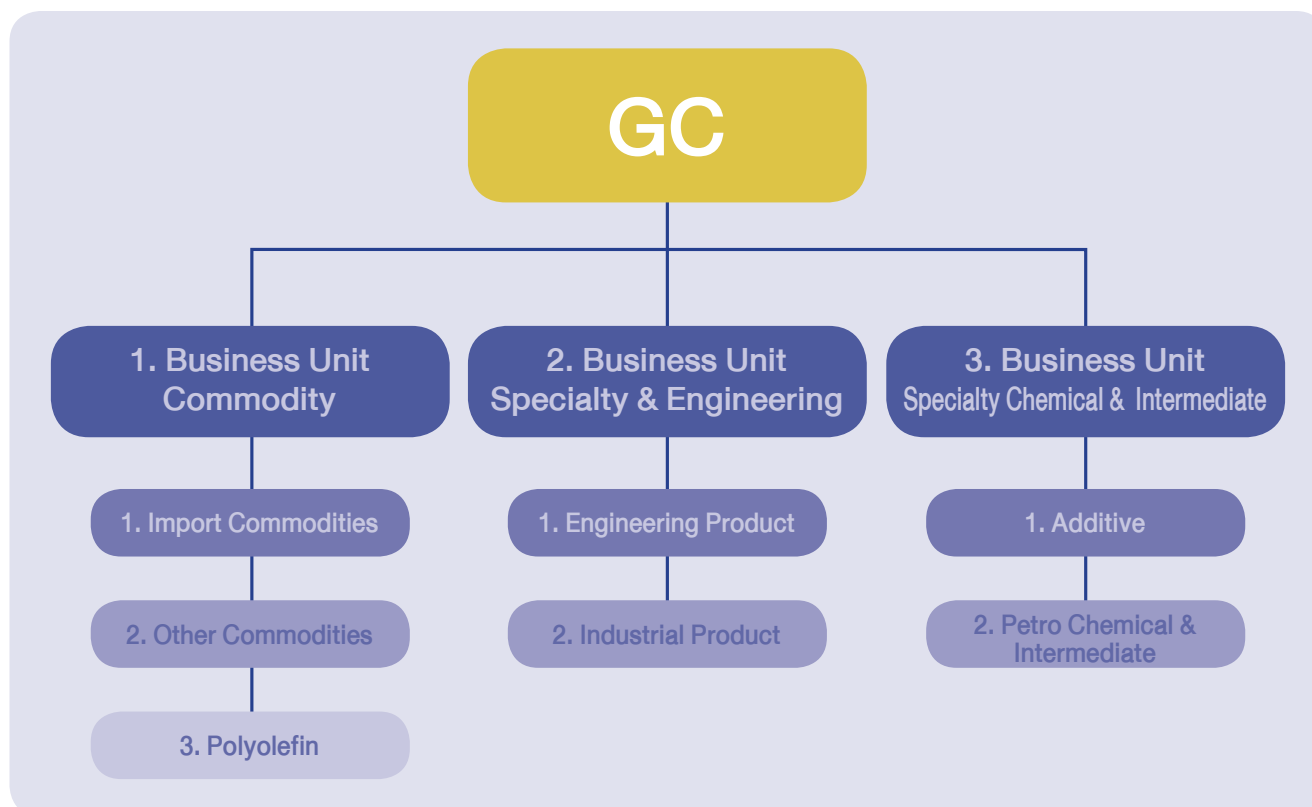


#### Role and benefit of distributing agent

In addition, the barrier for new entry in petrochemical distributing agent is that the petrochemical producers usually appoint only one or two distributing agents in each country as general practice.

## 6 REVENUE STRUCTURE

1. Business Unit 1: Commodity Polymer
2. Business Unit 2: Specialty and Engineering Polymer
3. Business Unit 3: Specialty Chemical and Intermediate



The Company's product ranges from Commodity Polymer, Specialty and Engineering Polymer to special additive chemical which contribute high profit margin, Global Connections PCL is one of the only two Thai distributors variety of product ranges from common commodity grades polymers to special grade polymers. The Company's revenue THB 3,172 million in 2013 contributed from Commodity Polymer (B.U.1) 44.47 percent (or THB 1,405 million), Specialty & Engineering Polymer (B.U.2) 55.00 percent (or THB 1,737 million), Specialty Chemical (B.U.3) 0.53 percent (or THB 17 million) and from other income 0.30 percent (or THB 13 million Baht)

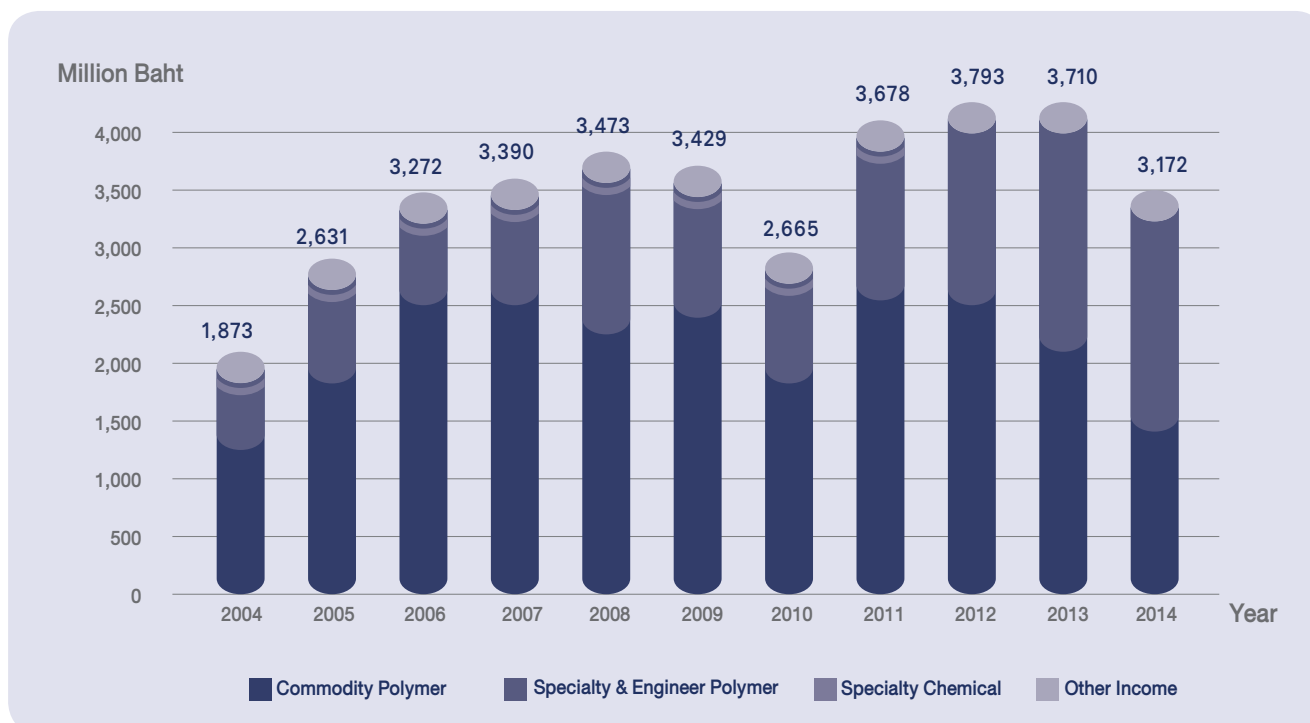
## Company Revenues Structures 2011-2013 : Break Down by Business Unit

Revenue Structure	2011		2012		2013	
	Amount (Mil THB)	%	Amount (Mil THB)	%	Amount (Mil THB)	%
Commodity polymer	2,416	64	2,041	55	1,405	44
Specialty and engineering polymer	1,357	36	1,632	44	1,737	55
Specialty chemical	13	-	27	1	17	1
Total Sale Revenue	3,786	100	3,700	100	3,159	100
Other income	7	-	10	-	13	-
Total Revenue	3,793	100	3,710	100	3,172	100
Growth rate	3%		(2%)		(14%)	

### Remark :

Other income included commission income from oversea suppliers, interest income, gain on foreign exchange and gain on disposal of asset.

## Revenue Structure During 2003 - 2013



## 7 MAJOR CHANGES AND DEVELOPMENTS

- 1994 GC was established with initial registered capital of THB 2 million on September 27, 1994.
- 1996 GC was appointed to be distributing agent of SCG Plastics Co., Ltd. (former CCC Chemical Commerce Co., Ltd., a subsidiary of Siam Cement Pcl.) by beginning as a 17th company sale ranking. Moreover GC was appointed to be distributing agent of Eastman Chemical, which was the start of specialty product distribution. GC increased its registered and paid-up capital to THB 10 million.
- 1997 GC increased its paid-up capital to THB 20 million to support the Company expansion and sales turnover. GC was appointed to be distributing agent of DuPont Performance Polymers which is the world's largest producer of Polyamide 66 or Nylon 66. As well as appointed to be distributing agent for Chi Mei Corporation which is the world's largest manufacturer of the ABS..
- 2000 GC was appointed to be distributing agent of Advanced Elastomer Systems (AES), presently acquainted by ExxonMobil, which is the world's largest manufacturer of rubber compound (Thermoplastic Elastomer) PP. GC expanded financial resources from 3 to 6 commercial banks enabling the Company to expand customers.
- 2003 GC increased its paid up capital to THB 100 million and moved its warehouse to Kingkaew road, which is the strategic location because this location is near customers and suppliers as the result of high efficiency in transportation of GC.
- GC was appointed to be distributing agent of Thai Plastic and Chemical Pcl. (TPC) the largest manufacturer of polyvinyl chloride polymer (PVC) in Asian.
- 2004 GC was appointed to be distributing agent of ExxonMobil and Rio Tinto Mineral Asia Pte., Ltd., the Company moved the headquarters to Kingkaew road to facilitate the operation.
- 2005 On March 17, 2005, GC was transformed to Public Company limited, increased its paid-up capital to THB 200 million. GC common stock was IPO and listed in The Stock Exchange of Thailand since 6 December 2005.
- 2007 GC signed a contract which is a financial support for dealer financing with Kasikorn Bank in K-Dealer Financing Program on June 6, 2007. This program will support GC's customer working capital credit facilities
- GC celebrated 10th Anniversary Strategic Partnership with DuPont on September 13, 2007 at Sukhothai Hotel.

- 2012 GC and SGC Plastics Co., Ltd have agreed to cease the distributorship effectively June 30, 2012 and GC Jointly signed agency ceremony with PTT Polymer Marketing Co., Ltd, a subsidiary of PTT group, by which GC are appointed as distributor effectively July 1, 2012.
- 2013 GC was changed management and shareholder structure, Mr. Siri Thirawattanawong resigned from the Company director due to his purpose to take an early retirement effectiely October 1, 2013



## 8 COMPETITION AND INDUSTRIAL TREND

Global Connections Public Company Limited is the distributor of Industrial raw material mainly in plastics and petrochemical industries. Hence the company sales turnover is related directly with these industries. The data from the office of industrial economic ([www.oie.go.th](http://www.oie.go.th)) as of January 9, 2014 summaries the outlook of plastics and petrochemical industries as follow:

### Plastic industry

#### • Plastic Industry Outlook

The plastic industry in 2013 found that MPI and Shipping index were slightly increased 3.74 percent and 1.25 percent respectively if compared to year 2012 due to continued growth from year 2012. Automotive manufacturing was beneficial to plastic industry in aftermath of First-time car buyer scheme and economic stimulus policy from the government such as First-time home buyer scheme, minimum wage laws etc.

### Plastic Production index : during 2011 – 2013

Production Index	2011	2012	2012				2013				2013*
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Jan-Oct	
Total	146.07	147.45	143.22	143.37	155.98	147.2	145.16	143.22	157.58	150.61	152.99
YOY (%)	2.87	0.93	(0.99)	(0.74)	(4.59)	11.78	1.35	(0.10)	1.02	1.26	3.74
QoQ (%)			8.76	0.10	8.79	(5.62)	(1.39)	(1.34)	10.02		
Plastic sheet	120.46	125.68	120.51	123.06	129.4	129.73	121.57	113.90	115.83	117.21	117.12
YOY (%)	14.63	4.32	1.10	4.53	0.87	11.22	0.87	(7.44)	(10.48)	(5.88)	(6.81)
QoQ (%)			3.32	2.12	5.15	0.26	(6.28)	(6.31)	1.69		
Plastic film	285.75	286.50	281.07	273.98	310.82	280.13	313.01	308.60	354.89	333.03	341.58
YOY (%)	6.61	0.26	(2.52)	(0.73)	1.19	3.18	11.36	12.64	14.17	14.29	19.22
QoQ (%)			3.52	(2.52)	13.45	(9.87)	11.73	(1.41)	15.01		
Plastic sack	141.96	122.77	118.22	117.96	132.36	122.53	109.73	120.35	143.10	125.01	128.22
YOY (%)	11.41	(13.51)	(3.03)	(14.85)	(33.48)	13.00	(7.18)	2.03	8.11	1.29	4.44
QoQ (%)			9.03	(0.22)	12.21	(7.43)	(10.44)	9.68	18.90		
Plastic bag	122.89	131.48	128.94	125.84	136.23	134.89	127.35	121.14	124.94	125.16	125.96
YOY (%)	(2.84)	6.98	5.52	3.38	3.78	15.91	(1.23)	(3.73)	(8.28)	(5.01)	(4.17)
QoQ (%)			10.80	(2.40)	8.26	(0.98)	(5.58)	(4.88)	3.13		
Kitchen and Bathroom appliance	110.12	110.22	103.45	116.25	116.89	105.05	103.41	102.19	115.55	108.63	110.43
YOY (%)	(0.14)	0.08	(13.23)	0.81	(0.22)	17.43	(6.10)	(12.09)	(1.14)	(3.48)	0.02
QoQ (%)			16.51	12.37	0.55	(10.80)	(6.84)	(1.18)	13.07		

Source: The Office of Industrial Economics ([www.oie.go.th](http://www.oie.go.th))

\* Estimated by The Office of Industrial Economic

## • International Trade

### *Export*

In 2013, Plastic export volume (HS : 3916-3926) was 1,058,066.40 tons with growth rate Increased 6.74 percent compared to previous year. This was from economic of Thailand's trading partner recovery and weakness of Thai Baht that affected increasing export volume. Single long fiber, Freud film, Building material and conveyor packing material were increased 41.26 percent, 12.88 percent, 6.31percent and 5.44 percent respectively compared to 2012. Thailand's major export countries are Japan, China, Malaysia, Indonesia and United State of America

### *Import*

In 2013, Plastic import volume (HS : 3916-3926) was 555,783.70 tons It was raised 3.43 percent compared to previous year owing to growth of major industries that used plastic such as automotive industry , Export growth in food industry beneficial to packing sector. And continually growth of building & construction industry especially condominium that made positive impact to import growth. Single long fiber, plastic floor, sanitary ware and building materials were increased 20.19 percent, 25.19 percent, 13.57 percent and 7.26 percent respectively. Thailand's major import countries are from Japan, China and United State of America.

### **Plastic Product : Import during 2011 – 2013**

HS Code	2011	2012	2012				2013				2013*
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Jan-Oct	
Export Volume-Plastic Product (Unit: Tones)											
Total	967,147.00	991,183.82	237,625.25	243,091.06	256,372.00	254,095.51	248,990.71	253,859.41	279,768.88	881,721.99	1,058,066.40
YOY (%)	1.90	2.49	1.81	0.35	0.78	7.16	4.78	4.42	9.13	6.55	6.74
QoQ (%)			0.21	2.30	5.46	(0.89)	(2.01)	1.95	10.21		
Import Volume-Plastic Product (Unit: Tones)											
Total	421,289.56	453,305.31	110,178.56	117,465.18	119,142.98	106,518.58	127,613.90	138,179.74	136,750.00	449,350.62	535,191.14
YOY (%)	23.93	7.60	9.50	10.53	12.52	(1.83)	15.82	17.63	14.78	18.17	18.06
QoQ (%)			1.55	6.61	1.43	(10.60)	19.80	8.28	(1.03)		

**Source:** The Office of Industrial Economics ([www.oie.go.th](http://www.oie.go.th))

\* Estimated by The Office of Industrial Economic

## • Relevant government policies

- Thai auto industry will have to produce 2.7 million units in 2014 and expected to increase volume of vehicle and automotive parts. That will drive plastic demand which use in automotive parts industry.
- The Finance Ministry got delegation to examine the appropriateness of The THB 2.2 Trillion Borrowing Bill for the Government Infrastructure Project Act. If it has clearness or it can be started in 2014. It will boost plastic industry.

#### • Summary 2013 And Outlook 2014

- Automotive production volume is still advantageous to plastic industry in aftermath of first-time car buyer scheme and economic stimulus policy from government to stimulate consumption, despite the economic recession in the United State of America and Europe. Political unrest has indicated instability that has impinged on business confidence, which has caused production, trading and expansion investment slowdowns.
- Natural disaster in the regions i.e. flooding, storm affected to agriculture and agricultural products which effected to packaging and equipment for agriculture industry.
- Increasing production capacity of PP and PE in Singapore will beneficial to Thai entrepreneur for sourcing and supply of plastic products at lower cost.

#### • Trend

- Political unrest has impacted to business confidence. Political-divide from the movement, continuous strike and political rally will affect to production and consumption volume adversely.
- Prediction of Eastern flooding in Quarter 3 will affect electronics and automotive parts industries about labor shortage problem owing to transportation problem of labor and manpower in me area. Besides, Flooding in southern may cause negative impact to plastic consumption

## Petro-Chemical Industry

### • Petrochemical Industry outlook

Petrochemical industry during first 10 months of the year 2013. (Jan.-Oct.) Asia naphtha prices are fluctuations with oil prices. The overall average price increase compared to the same period last year.

### • Production

Thailand's petrochemical industry has new construction of acrylonitrile (ACN) and methyl methacrylate (MMA) and Ammonium Sulfate (AMS) plants with annual production capacity of 200,000 tons, 70,000 tons and 160,000 tons respectively to reduce the country's dependence on imports by joint venture with Japan. And plan to increase production capacity of low density polyethylene (LDPE) in coating grade with high value added and also has high potential for expansion more 60,000 tons to 152,000 tons within 2016.

For foreign investment, plans to invest a large refinery and petrochemical complex in Vietnam. With annual capacity of aromatics and olefins's 3,700,000 tons and 6,500,000 tons, respectively, the cooperation program with Indonesia to invest in a petrochemical greenfield naphtha cracker in Indonesia with capacity of 1,000,000 tons a year are expected to begin operation in 2017, due to the emergence of Indonesia's growing middle class with huge demand. in petrochemical from tens of millions of people of middle class

## • International Trade

### *Exports*

Export of petrochemical products during the first 10 months of 2013 (Jan-Oct) from upstream to downstream total amount THB 246,702.47 million, the growth rate increased around 3.86 percent, compared with the previous year. Petrochemical products have export value THB 296,042.96 million, increased 3.11 percent compared to the previous year.

For the export of petrochemical products of the year 2013 from upstream to downstream is expected to be valued at THB 284,626.93 million with growth rate decreased by 23.67 percent compared to the year 2012.

### **Petro Chemical product Export**

Unit : Million THB	2011	2012	2012				2013				2013*
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Jan-Oct	
Export	372,868.79	287,101.75	68,227.39	72,702.59	72,831.51	73,340.27	77,230.97	70,589.98	74,979.81	246,702.47	296,042.96
YOY (%)	38.46	(23.01)	(22.85)	(26.47)	(24.85)	(17.25)	13.20	(2.91)	2.95	3.86	3.11
QoQ (%)			(23.02)	6.56	0.18	0.70	5.30	(8.60)	6.22		
Upstream	58,419.80	59,540.10	11,424.23	13,609.95	16,050.97	18,454.95	23,137.85	19,810.00	18,470.87	67,275.82	80,730.99
YOY (%)	59.47	1.92	17.13	(18.24)	9.18	39.12	102.53	45.55	15.08	46.61	35.59
QoQ (%)			(14.02)	19.13	17.94	14.98	25.37	(14.38)	(6.76)		
Intermedale	64,401.83	54,543.18	14,673.12	14,255.60	12,909.58	12,704.89	10,059.15	8,716.60	11,384.28	33,157.59	39,789.10
YOY (%)	34.25	(15.31)	3.97	(19.04)	(20.81)	(22.43)	(31.44)	(38.85)	(11.82)	(28.74)	(27.05)
QoQ (%)			(10.41)	(2.85)	(9.44)	(1.59)	(20.82)	(13.34)	30.61		
Downstream	250,047.17	173,018.47	42,130.04	44,837.04	43,870.96	42,180.43	44,033.97	42,063.38	45,124.66	146,269.06	175,522.87
YOY (%)	35.39	(30.81)	(30.41)	(30.62)	(33.44)	(28.46)	4.52	(6.19)	2.86	0.79	1.45
QoQ (%)			(28.55)	6.43	(2.15)	(3.85)	4.39	(4.48)	7.28		

**Source:** Custom

**Noted:** \*Estimated by The office of Industrial Economics ([www.oie.go.th](http://www.oie.go.th))

## Import

Import of petrochemical products during the first 10 months of 2013 (during Jan-Oct) totaled amount THB 88,736.04 million with a growth rate decreased by 10.36 percent compared to the previous year. Petrochemical product from Upstream, Intermediate and downstream have import value around THB 106,483.25 million or growth rate declined to 11.46 percent compared with the previous year

### Petro Chemical Product : Import during 2011 – 2013

Unit : Million THB	2011	2012	2012				2013				2013*
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Jan-Oct	
Import	164,314.62	120,272.14	27,545.91	30,081.70	32,154.01	30,490.52	22,189.55	27,580.59	29,788.18	88,736.04	106,483.25
YOY (%)	15.97	(26.80)	(31.70)	(29.49)	(24.16)	(21.67)	(19.44)	(8.31)	(7.36)	(10.36)	(11.46)
QoQ (%)			(29.24)	9.21	6.89	(5.17)	(27.22)	24.30	8.01		
Upstream	21,353.04	16,434.98	5,272.52	3,732.62	4,505.82	2,924.02	754.24	2,485.70	4,665.01	8,759.53	10,511.43
YOY (%)	46.33	(23.03)	60.05	(15.41)	(21.44)	(63.04)	(85.69)	(33.41)	3.54	(37.21)	(36.04)
QoQ (%)			(33.35)	(29.21)	20.71	(35.11)	(74.20)	229.56	87.68		
Intermedale	32,938.16	19,932.40	4,479.70	5,907.65	4,960.24	4,584.81	3,855.26	7,472.11	6,060.07	19,747.16	23,696.60
YOY (%)	13.00	(39.49)	(48.38)	(39.97)	(40.88)	(23.96)	(13.94)	26.48	22.18	14.11	18.88
QoQ (%)			(25.71)	31.88	(16.04)	(7.57)	(15.91)	93.82	(18.90)		
Downstream	110,023.42	83,904.76	17,793.70	20,441.43	22,687.95	22,981.69	17,580.05	17,622.78	19,063.10	60,229.35	72,275.22
YOY (%)	12.33	(23.74)	(37.25)	(28.04)	(19.74)	(8.02)	(1.20)	(13.79)	(15.98)	(11.09)	(13.86)
QoQ (%)			(28.79)	14.88	10.99	1.29	(23.50)	0.24	8.18		

Source: Custom

Noted: \*Estimated by The office of Industrial Economics ([www.oie.go.th](http://www.oie.go.th))

### • Prices

An Asian market Ethylene price in first ten month of 2013, average priced was at THB 38.86 per kilogram which in the same level of last year and Propylene price was at THB 43.63 per Kilogram, slightly increase when compare with the previous year (first 10 months) In the year 2013 (average of South East Asia CFR) polymers pricing of LDPE, HDPE, and PP at an average price of THB 46.18, THB 45.19 and THB 46.60 per kilogram, respectively. LDPE, HDPE and PP's average price increase compared to the same period.

### • Summary 2013 and Outlook 2014

Petrochemical industry in the first 10 months of the year 2013 (Jan-Oct) has slightly increased growth rate of export value because of the export market country economic has turn around and also plans to expand the capacity of production, resulting in reduced dependency on import items from Thailand but still delay to open now. However, we still need to closely follow up the EU economic problems which still protracted and also the US economic problems.

Overall of Petrochemical industry during the first 10 months (Jan to Oct.) 2013 has slower growth rate of import, due to the expansion of the production capacity of the local producer. However the political crash is still a major factor that needs to closely follow up.

### • Trend

The growth trend of petrochemical industry in Thailand for the year 2013 expected to slightly growth compared with the year 2012. The important factor should be our local economic and the main export country markets including China, Japan have slight economics growth. However the unstable recover status of the European and the US economy still the key factor to closely follow up. So in short term, Petrochemical producers have adjusted their production plans in accordance to domestic economy and the world economy. In the long term, to reduce the risk should enter to the new markets in developing countries, especially in the emerging economic regions

Petrochemical industry in 2014 is expected to increase based on the expansion of downstream industries such as plastic industry E&E and the automotive industry. In 2014 when the government has launched various policies to stimulate our domestic economy through large project investment, these will affect the growth of the industry. However, Due to economic problems of the European Union and the United States continued instability. And also our political problems have to follow up closely



## 9 RISK FACTORS

### • 9.1 Risk of depending on key supplier or few suppliers

From the past, SCG Plastics Co., Ltd. has made the high proportion of revenue of 50-60 percent as it is the key supplier. In 2012, SCG Plastics Co., Ltd. terminates the Company from the distributor, it would become a risky issue that could affect the revenues and profitability of the Company due to lack of product to distribute to customers.

On July 1, 2012, the Company has completely terminated the role as a product distributor of SCG Plastics Co., Ltd. with mutual agreement. As it directly represents our revenue of 40-50 percent so the Company steadily make a deal as a distributor with PTT Polymer Marketing Co., Ltd., a subsidiary of PTT Group effective from July 1, 2012 onwards.

In addition, the Company still remains diversify its product policy by expanding into new markets as can be seen from the expansion into the rubber industry, automotive industry and packaging industry. The Company contacts with many new suppliers as well as secure variety products from the existing suppliers to achieve the appropriate balance. At the same time, the Company is focusing on expanding the market and increase sales from the specialty products by the world's leading supplier of more than 20 companies, mostly the Company is the only dealer in Thailand which gives the higher gross margin, less risk of lower prices, high growth rate and less competition when compare to commodity.

As mentioned above, the Company can reduce the impact of the termination and significantly economic downturn as can be seen from the only 15 percent decreased on our sales value. However, net profit of the Company was decreased 8 percent only because of increasing the sales portion from the special grade

### • 9.2 Risk associated with the reliability on the officers

Due to most of the sales turnover derived from sales representatives, therefore sales volume has direct relationship with sales representatives. The Company has risk associated with the reliability on sales representatives. If they resign, their clients may follow them that may cause the decrease of sales and profit especially commodity polymer. But selling of certain specialty products may need knowledge and expertise of sales representative and technical support from suppliers. If such sales representative resigns, the Company may encounter problem. However the Company has been dealing with clients for a long time and they are impressed by Company policy so it can reduce risk from losing the clients. The Company's management has knowledge and expertise about all products and we have regular customers visit to strengthen good relation between the Company and the clients, including continuous training policy therefore sales representative can be developed to replace continuously. Moreover the Company has good clients database therefore new sales representative can track existing clients easily. One important thing is when the customers of the clients approved the quality of specialty products, they shall not change to use other product unless they have necessary reason. In addition, a certain group of customers are tied up with our specialty products which cannot be changed easily making the Company less dependent on sales representatives.

In addition, the Company plans to develop a succession plan at all levels of management in order to strengthen the sustainability of the organization and long-term business growth.

• **9.3 Risk associated with bad debts of accounts receivable**

At present, the Company sells the goods in credit term mostly. Thus, if account receivable turns to be bad debt significantly, the Company may encounter a financial liquidity risk and affect the Company's profitability. However, the Company has diversified customers and sales volume per client with value not exceed 5 percent of total sales in order to reduce risk. Moreover the Company had the policy to verify the clients' credit before providing credit to customers and closely follow up financial status as well as payment capacity of the customers. The Company has setup the credit committee to consider the credit of the clients, both new and old ones and also set the credit approval system, which separate from sale department to control the Non-performing account receivable. Moreover, the Company manages and transfers this kind of risk to trade credit insurance continuously since 2005. The insurance covers the bad debts of customers which had been approved under conditions of the insurance Company. The insurance Company set insurance coverage of each client. The Company sets the doubtful debt allowance according to the risk of accounts receivable according to the past experience and the present status of the clients. Then the Company compares the allowance for doubtful debt and insurance to verify if the Company needs to reserve more doubtful debt allowance.

• **9.4 Risk associated with exchange rate**

The Company purchases most of the goods from local suppliers except the specialty products have to purchase from foreign suppliers in US Dollar. In 2013, the Company imported the goods in foreign currency at 35 percent of its total purchase. From the foreign currency purchase, 99 percent are in US Dollar. If the exchange rate of Thai Baht against US Dollar fluctuates, it may affect the Company's profitability.

However, to protect the exchange rate risk, the Company follows the movement of the exchange rate of Thai Baht against US Dollar closely by asking the advice of the bank to determine whether the Company should buy the forward contracts. The Company has solid policy of no speculation on currency. The Company must not buy the forward contracts without the trading obligations. Moreover, the Company will not sell the goods in advance without agreement on the exchange rate with the clients or buy the forward contracts. By these reasons, the Company can prevent a certain level of risk from foreign exchange rate.

• **9.5 Risk associated with insufficient cash flow**

Since, the Company has to reserve sufficient inventory for delivery to the clients promptly couple with credit term to clients about 120 days which is longer than the credit term of suppliers of about 25 days. The Company have to maintain a number of working capital for operation, which has cash cycle of 95 days. If sale of the Company increases significantly, the Company may need to find more of source capital, which is more costly than the financial cost at the present.

In addition, currently the Company can purchase goods under credit period of 15 days with major suppliers such as PTT Polymer Marketing Co., Ltd. and can negotiate with the major suppliers to receive special long-term credit period which the Company's working capital cost may increase from interest rate. However, the Company has many financial institutions which offer lower interest rate than the major suppliers.

As at December 31, 2013, the Company had credit facilities with many financial institutions. The credit facilities are still available more than 70 percent of the total credit amount. The Company had the stronger working capital status and the Company's debt-to-equity ratio was 2.21 times as at December 31, 2013. Moreover, the Company is likely to get the better conditions from the financial institutions due to the Company's consistently good performance.

#### • **9.6 Risk associated with the fluctuations in the price of goods in the world market**

Although the Company sells the products to the domestic customers mostly, product price fluctuates with the world market because the petrochemical products are commodity which price fluctuates in accordance with demand and supply in the world market. The Company's profitability changes according to the world market price as the cycle. There is the risk in the case that the Company buys the goods at the high price and the price declines. This may lead the Company to sell inventory to the clients cheaper or lower than buying price which causes the Company's profitability's lower or loss in some cases.

However, the Company tries to lower this risk by keeping inventory of commodity in the optimal level which has high price fluctuation, and follows the changing price from the global supplier data all the time. Moreover, for the customers, who order the big volume in advance, the Company is supported about the quantity and price directly from manufacturers and/or suppliers. This can lower the risk. Furthermore, specialties products are less affected by price fluctuation because the Company sets the price according to cost plus policy.

In 2013, the Company had no reversal reduction of inventory.

#### • **9.7 Risk associated with low gross profit margin**

Gross profit margin of the Company is relatively low as more than 44.47 percent of total sales is commodity polymer. Thus, factors i.e. the fluctuation of interest rate, foreign exchange, quality of account receivable and inventory management could affect net profit margin. However, the continually improvement of the Company's performance strengthens the working capital and relatively low D/E ratio consequently enable the Company to have better offer and condition from commercial banks. Furthermore, the Company follows the exchange rate policy, customer credit policy and inventory management policy closely including cost reduction development policy, which should lower the risk of low profit margin.

Apart from that the Company also tries to increase sales on the special grade products by increasing customers' base which could reduce the risk. By the end of 2013, the total sales of the special grade product in 2012 as 44.12 percent has increased to 55.00 percent in the end of the year, THB 1,632 million in 2012 and THB 1,737 million in 2013, increased of 6.43 percent from 2012.

The gross margin before delivery expenses, increased from 6.31 percent in 2012 to 6.93 percent in 2013. However, rate of gross profit increase was not much if compared to increase of sale revenue in special grade product (B.U. 2). This was from higher price competition in commodity polymer (B.U.1) and also impact to decreased of gross profit in some items of B.U.2.

#### • 9.8 Risk associated with terminates the distributing agent contact

The period of distributing agent contracts are either yearly basis or 2 years basis which is normal practice in the petrochemical industry. Thus, the Company may face the risk from termination of agent agreement if the Company could not perform following the supplier's requirement i.e. cannot achieve the sales target or cannot maintain the required infrastructure.

However, the Company has good performance continuously and also has many regular clients, including develop new client group in various industries which satisfy the manufacturers. Moreover, the Company contacts and working with the producers closely to explain the progress of domestic sales and market development. Thus, the producers still renew the agreement although the Company may not achieve the sales target because they understand the reasons.

In some cases when business policies do not align with each other or the merger creates products duplication, the Company may need to terminate from the role of distributor of some companies. For the SCG Plastics Co., Ltd. in 2012 and BASF (Thailand) Co., Ltd. in 2011, the Company agreed to terminate the role as the distributor.

However, terminated from SCG Plastic Co., Ltd., on June 30, 2012 could directly effect to the Company and the customers so the Company simultaneously replaced SCG Plastic Co., Ltd. with PTT Polymer Marketing Co., Ltd., a subsidiary Company of PTT Group on July 1, 2012. Although, it cannot replace all as can be seen from sales of Commodity group which was dropped from the prior year amounting to THB 636 million or 31 percent of total sales. However, the executive management had assessment risk factors and planning business operations to mitigate the risk, and resulting is net profit of the Company reduced from prior year 8 percent only.

#### • 9.9 Risk from the flood

The floods in 2011, in many industrial and residential zone had caused a wide spread of damages. The Company is located on King Kaew Road. In line with Suwannabhumi Airport, as part of the Floodway where is in a flooding risky area. However, the Company was not affected during the 2011 flooding and also King Kaew Road across the street from On Nuch Road to Bangna-Trad Road.

However, as King Kaew Road is used to be the dyke line. Since we have foreseen and assessed this flood situation. So we made land filled to the same level with King Kaew Road. Or in other words, our road ground is in the same level with the dykes. The platform includes an office building and warehouse height from the ground about 1 meter and 1.3 meter respectively. The Company has been buying insurance policy covering flooding damage. In 2011, many insurance companies have paid compensation in flooding during 2011, as the result, issued a policy in limited responsibility. However, at present, the insurance companies can increase the responsibilities in flooding because they have confidence in government policy and predict that the chance of flooding is low.

#### • 9.10 Risk from power of majority shareholders that hold over 50 Percent of total shares

As of December 31, 2013. When consider individually, No Shareholder hold more than 25 percent of total shares. So, there is no concern about majority shareholder control risk. However, if considered by group of founder i.e. Mr. Somchai Kulimakin, Mr. Sumruay Tichachol, Mr. Bhiya Jriyasetapong and Mr. Aikachai Sirijuntanan that hold 129,843,930 shares (Including person under section 258) or represent 65 percent (Over 50 percent) of total shares. Therefore, founder group has majority vote in the Company controlled whether director nominative or other matter that requires majority vote except some special matter is required by law or the Company regulation that requires three-quarter majority rules. So, Minority shareholders may not balance the power of founder group.

## 10 SHAREHOLDER STRUCTURE & DIVIDEND POLICY

### Shareholder Structure

Name	As of January 11, 2013		As of December 31, 2013		Change	
	No. of shares	% of Paid up Capital	No. of shares	% of Paid up Capital	+ (-)	%
1. Mr. Somchai Kulimakin*	44,499,900	22.25	44,499,900	22.25	-	-
2. Mr. Aikachai Sirijuntanan**	28,470,730	14.24	30,326,230	15.16	1,855,500	6.52
3. Mr. Sumruay Tichachol***	27,125,000	13.56	28,892,800	14.45	1,767,800	6.52
4. Mr. Bhiya Jriyasetapong	26,125,000	13.06	26,125,000	13.06	-	-
5. Mr. Somkiat Terdtultaveedey	9,200,000	4.60	9,200,000	4.60	-	-
6. Mr. Siri Thirawattanawong	8,226,000	4.11	-	-	(8,226,000)	(100.00)
7. Mr. Monthon Kwesuwana	6,473,300	3.24	5,300,000	2.65	(1,173,300)	(18.13)
8. Mr. Itsara Kulimakin	1,578,380	0.79	4,478,480	2.24	2,900,100	183.74
9. Ms. Nawaporn Jriyasetapong	-	-	1,702,600	0.85	1,702,600	na.
10. Mr. Pornchai Ratanatripop	1,400,000	0.70	1,400,000	0.70	-	-
11. Mrs. Siwaporn Jarat	1,431,300	0.72	1,355,000	0.68	(76,300)	(5.33)
Others	45,470,390	22.74	46,719,990	23.36	1,249,600	2.75
<b>Total</b>	<b>200,000,000</b>	<b>100.00</b>	<b>200,000,000</b>	<b>100.00</b>	<b>-</b>	<b>-</b>

#### Remark:

Included related person, under section 258 of the Securities and Exchange Act B.E. 2535

- \* Mrs. Boonsri Kulimakin who hold 100 shares
- \*\* Mrs. Nisaporn Sirijuntanan who hold 3,201,230 shares
- \*\*\* Mrs. Papatsawee Thichachol who hold 1,767,800 shares

## Foreign Shareholders as of December 31, 2013

The number of foreign shareholder was three shareholders which held 530,000 shares or 0.265 percent of paid-up capital

Note: The Company has a limitation on the percentage of equity shares held by foreign shareholders stated in the article of association no. 7 that the Company equity shares are fully transfer-able unless those transferring will cause share of the Company held by the foreign shareholders exceed the 49 percent of the Company total shares, the Company have the rights to reject those transactions.

## The Issuance of Other Securities - NA

## Dividend Policy

The Company's has a dividend policy to pay out ration is respect of each financial year is 40 percent of the Company's net profit remained after taxation, and the appropriation of all kinds of reserve fund stipulated by the Company.

Year	2009	2010	2011	2012	2013
Earning per share (THB/shares)	0.48	0.62	0.40	0.39	0.35
Dividend per share (THB/shares)	0.40	0.50	0.40	0.36	0.32
Dividend payout ratio (%)	83	80	99	94	91



11

# MANAGEMENT STRUCTURE AND BOARD OF DIRECTOR



Mr. Suchart Suphayak

1

Assoc. Prof. Chawalee Pongpatirochana

2

Mr. Virah Mavichak

3

Dr. Pisit Leeahtam

4

Mr. Veera Kwanloetchit

5

Mr. Sumruay Tichachol

6

Mr. Somchai Kulimakin

7

Mrs. Pravishya Hansakul

8

Ms. Pornpimol Torpaiboon

9

Mr. Bhiya Jriyasetapong

10

Mr. Aikachai Sirijuntanan

11





## CHAIRMAN OF THE BOARD AND INDEPENDENT DIRECTOR

### MR. VIRAH MAVICHAK

Age 70

Percent of Share holding : 0.00 (0%)

### Education Background

- M.S. Chemical Engineering, University of Texas, USA
- B.S. Engineering, Chulalongkorn University

### Training Program

- Directors Certification Program (DCP) Class 26/2003,
- Role of The Chairman Program (RCP) Class 17/2007,  
Thai Institute of Directors (Thai-IOD)

### Work Experience

#### Listed companies

2008 - Present	Chairman of The Board	Global Connections PCL
2004 - 2008	Chairman of Audit	Global Connections PCL
2009 - Present	Independent Director and Chairman of Audit Committee	Srivichai Vejvivat Co., Ltd.

#### Non-listed companies

2009 - Present	Independent Director	B.S. Metal Co., Ltd
2005 - Present	Director and Environmental Advisor	Refine Tech Co., Ltd.
2008 - 2011	The Senator	Senate, Kingdom of Thailand
2008 - 2009	Chairman of The Board	TPT Petrochemical PCL
2001 - 2003	Director-General	Department of Industrial Works
2000 - 2001	Deputy Permanent Secretary	The Permanent Secretary Office of Ministry of Industry
1998 - 2000	General Inspector	The Permanent Secretary Office of Ministry of Industry



## CHAIRMAN OF THE AUDIT COMMITTEE AND INDEPENDENT DIRECTOR

### DR. PISIT LEEAHTAM

Age 63

Percent of Share holding : 3,800 Shares (0.00%)

#### Education Background

- Ph.D, Economics, Erasmus University, Netherlands
- M.S., Economics, Erasmus University, Netherlands
- B.S., Economics, Erasmus University, Netherlands

#### Training Program

- Directors Certification Program (DCP) Class 18/2002,  
Thai Institute of Directors (Thai-IOD)

#### Work Experience

##### Listed companies

2008 - Present	Chairman of Audit Committee	Global Connections PCL
2004 - 2008	Chairman of The Board	Global Connections PCL
2001 - Present	Vice Chairman and Chairman of Audit Committee	KGI Securities (Thailand) PCL
2004 - Present	Chairman of The Board	Prueksa Real Estate PCL
2005 - Present	Independent Director and Chairman of Audit Committee	Tira Thai PCL
2007 - Present	Director	The Mandarin Hotel PLC

##### Non-listed companies

2002 - Present	Association President	Association of Provident Fund (AOP)
2008 - Present	The Dean of Faculty of Economics	Chiang Mai University
2007	Member of the Constitution Drafting Committee	National Constitution Drafting Assembly



## AUDIT COMMITTEE AND INDEPENDENT DIRECTOR

**ASSOC. PROF. CHAWALEE PONGPATIROCHNA**

Age 78

Percent of Share holding : 100,000 Shares (0.05%)

### Education Background

- Equivalence to Master Degree, Business Administration, The School of Economics and Business Administration in Gothenburg, Sweden
- Bachelor Degree in Accounting, Chulalongkorn University

### Training Program

- Director Accreditation Program (DAP) Class 32/2005, Thai Institute of Directors (Thai-IOD)

### Work Experience

#### Listed companies

2004 - Present	Audit Committee	Global Connections PCL
1999 - Present	Chairman of Audit Committee	Phatra Leasing PCL

#### Non-listed companies

Present	Executive Director	Research and Development for Industry Unit, Institute of Biotechnology and Genetic Engineering, Chulalongkorn University
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## CHAIRMAN OF THE NOMINATION AND REMUNERATION, AUDIT COMMITTEE

### MR. SUCHART SUPHAYAK

Age 56

Percent of Share holding: 50,000 Shares (0.03%)

(Included related person, under section 258)

### Education Background

- Master Degree in Business Administration, Chulalongkorn University
- Bachelor Degree in Accounting, Assumption University

### Training Program

- Directors Certification Program (DCP) Class 72/2006,
- Audit Committees Program (ACP) Class 14/2006,
- Directors Diploma Examination Class 20/2006,  
Thai Institute of Directors (Thai-IOD)

### Work Experience

#### Listed companies

2008 - Present	Chairman of The Nomination and Remuneration Committee	Global Connections PCL
2006 - Present	Audit Committee	Global Connections PCL

#### Non-listed companies

2007 - Present	Financial Advisor	Rerm Udom Sugar Factory, Co., Ltd.
2011 - Present	Associate Judge	Juvenile and Family Court of Phachinburi



## VICE CHAIRMAN AND CHAIRMAN OF EXECUTIVE COMMITTEE

### MR. SOMCHAI KULIMAKIN

Age 56

Percent of Share holding: 44,499,900 Share (22.25%)

### Education Background

- Bachelor Degree in Business Administration, Assumption University

### Training Program

- Directors Certification Program (DCP) Class 62/2005,
- Finance for Non-Finance Director (FND) Class 2/2003,
- Leadership and CEO Succession Planning 4/2006,  
Thai Institute of Directors (Thai-IOD)

### Work Experience

#### Listed companies

1995 - Present	Vice Chairman and Chairman of Executive Committee	Global Connections PCL
2013 - Present	Director of The Nomination and Remuneration Committee	Global Connections PCL

#### Non-listed companies

2013 - Present	Director	Global Connections Holding Co.,Ltd.
1988 - 1995	Assistant Managing Director	Liack Seng Trading Co., Ltd.
1985 - 1988	Assistant General Manager	Central Pacific (EX-IM) GmbH, Germany
1979 - 1985	Sale Dept. Manager	Metro Co., Ltd.



## PRESIDENT

### MR. VEERA KWANLOETCHIT

Age 52

Percent of Share holding: 0.00 (0%)

### Education Background

- Master Degree of Business and Administration, Chulalongkorn University
- Bachelor Degree of Science, Major in Chemical Engineering, Chulalongkorn University

### Training Program

- Directors Certification Program (DCP) Class 141/2011,  
Thai Institute of Directors (Thai-IOD)

### Work Experience

#### Listed companies

2010 - Present	President	Global Connections PCL
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#### Non-listed companies

2006 - 2009	Managing Director	Thai Houghton 1993
2001 - 2006	General Manager	DuPont (Vietnam)
1998 - 2001	Managing Director	Xaloy Asia (Thailand)
1988 - 1998	Business Manager and Sales Manager of ASEAN to Engineering Plastic	DuPont (Thailand)W
1985 - 1988	Managing Director	The Dow Chemical (Thailand) Co., Ltd. and Pacific Plastics (Thailand) Co., Ltd.



## DIRECTOR AND NOMINATION AND REMUNERATION COMMITTEE

### MR. SUMRUAY TICHACHOL

Age 56

Percent of Share holding: 28,892,800 Shares (14.45%)

### Education Background

- Bachelor Degree in Economics, Thammasat University

### Training Program

- Directors Certification Program (DCP) Class 72/2006,
- Finance for Non-Finance Director (FND) Class 15/2005,  
Thai Institute of Directors (Thai-IOD)

### Work Experience

#### Listed companies

1995 - Present	Director and Executive Vice President	Global Connections PCL
2013 - Present	Director of The Nomination and Remuneration Committee	Global Connections PCL

#### Non-listed companies

2013 - Present	Director	Global Connections Holding Co.,Ltd.
1994 - 1996	Sale Representative	Siam Brother Import-Export Co., Ltd.
1989 - 1994	Direct Sale Manager	Thai Polyethylene Co., Ltd.
1986 - 1988	Sale Representative	Siam Cement Trading Co., Ltd.
1981 - 1986	Sale Section Manager	Metro Co., Ltd.
1980 - 1981	Officer	Bangkok Steel Industry PCL





## DIRECTOR AND EXECUTIVE VICE PRESIDENT : DEPARTMENT OF SALES AND MARKETING

### MR. BHIYA JRIYASETAPONG

Age 53

Percent of Share holding: 26,125,000 Shares (13.06%)

### Education Background

- Bachelor Degree in Business Administration, Assumption University

### Training Program

- Directors Certification Program (DCP) Class 69/2006,
- Finance for Non-Finance Director (FND) Class 15/2005,
- Director Accreditation Program (DAP) Class 30/2004,  
Thai Institute of Directors (Thai-IOD)

### Work Experience

#### Listed companies

1995 - Present	Director and Executive Vice President : Department of Sales and Marketing	Global Connections PCL
2008 - 2013	Director of The Nomination and Remuneration Committee	Global Connections PCL

#### Non-listed companies

2013 - Present	Director	Global Connections Holding Co.,Ltd
1989 - 1995	Sale Dept. Manager	Liack Seng Trading Co., Ltd.
1983 - 1989	Sale Dept. Manager	Metro Co., Ltd.





## EXECUTIVE VICE PRESIDENT : DEPARTMENT OF SALES AND MARKETING

### MR. AIKACHAI SIRIJUNTANAN

Age 49

Percent of Share holding: 30,326,230 Shares (15.16%)

### Education Background

- Master Degree in Business Administration, Chulalongkorn University
- Bachelor of Science in Industrial Chemistry,  
King Mongkut's Institute of Technology North Bangkok
- Bachelor Degree in Polymer Engineering, Rajamangala Institute of Technology

### Training Program

- Certificate Chemical Engineering, Rajamangala Institute of Technology
- Directors Certification Program (DCP) Class 69/2006,
- Finance for Non-Finance Director (FND) Class 15/2005,  
Thai Institute of Directors (Thai-IOD)

### Work Experience

#### Listed companies

1995 - Present	Executive Vice President : Department of Sales and Marketing	Global Connections PCL
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#### Non-listed companies

2013 - Present	Director	Global Connections Holding Co.,Ltd
1986 - 1995	Sale Dept. Manager	Liack Seng Trading Co., Ltd.
1986 - 1988	Instructor of Polymer	Rajamangala Institute of Engineering Faculty Technology



## VICE PRESIDENT – FINANCE AND ACCOUNTING DEPARTMENT

**MRS. PRAVISHYA HANSAKUL**

Age 50

Percent of Share holding: 100,000 Shares (0.05%)

### Education Background

- Bachelor Degree in Business Administration, Assumption University

### Training Program

- Graduate Diploma in Auditing, Thammasat University
- Directors Certification Program (DCP) Class 87/2007, Thai Institute of Directors (Thai-IOD)
- Executive Development Program (EDP) Class 2/2008, Thai Listed Companies Association

### Work Experience

#### Listed companies

2002 - Present	Vice President Finance and Accounting	Global Connections PCL
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#### Non-listed companies

2001 - 2001	Finance Planning & Accounting Manager	GlaxoSmithKline (Thailand) Limited
1998 - 2001	Accounting and Financial Controller	Block Drug Company (Thailand) Limited
1991 - 1997	Finance and Accounting Manager	C. Melchers & Co., (Thailand) Ltd.
1987 - 1990	Senior Auditor	Price Waterhouse Coopers ABAS Ltd.



## VICE PRESIDENT - LOGISTICS AND COMPANY SECRETARY

**MS. PORNPIMOL TORPAIBOON**

Age 40

Percent of Share holding: 5,000 Shares (0.00%)

### Education Background

- Master of Science Program in Corporate Governance , Chulalongkorn University
- Master of Science Program in Technology Management ,Thammasat University
- Bachelor Degree in Business Administration, Finance and Banking, Thammasat University

### Training Program

- Executive Development Program (EDP) 2010
- Mini Certified Investment & Securities Analyst Program (Mini CISA)  
by Securities Analysts Association
- Board Reporting Program (BRP) 1/2009
- Effective Minute Taking (EMT) 1/2006
- Company Secretary Program (CSP) 11/2005, Thai Institute of Directors (Thai-IOD)

### Work Experience

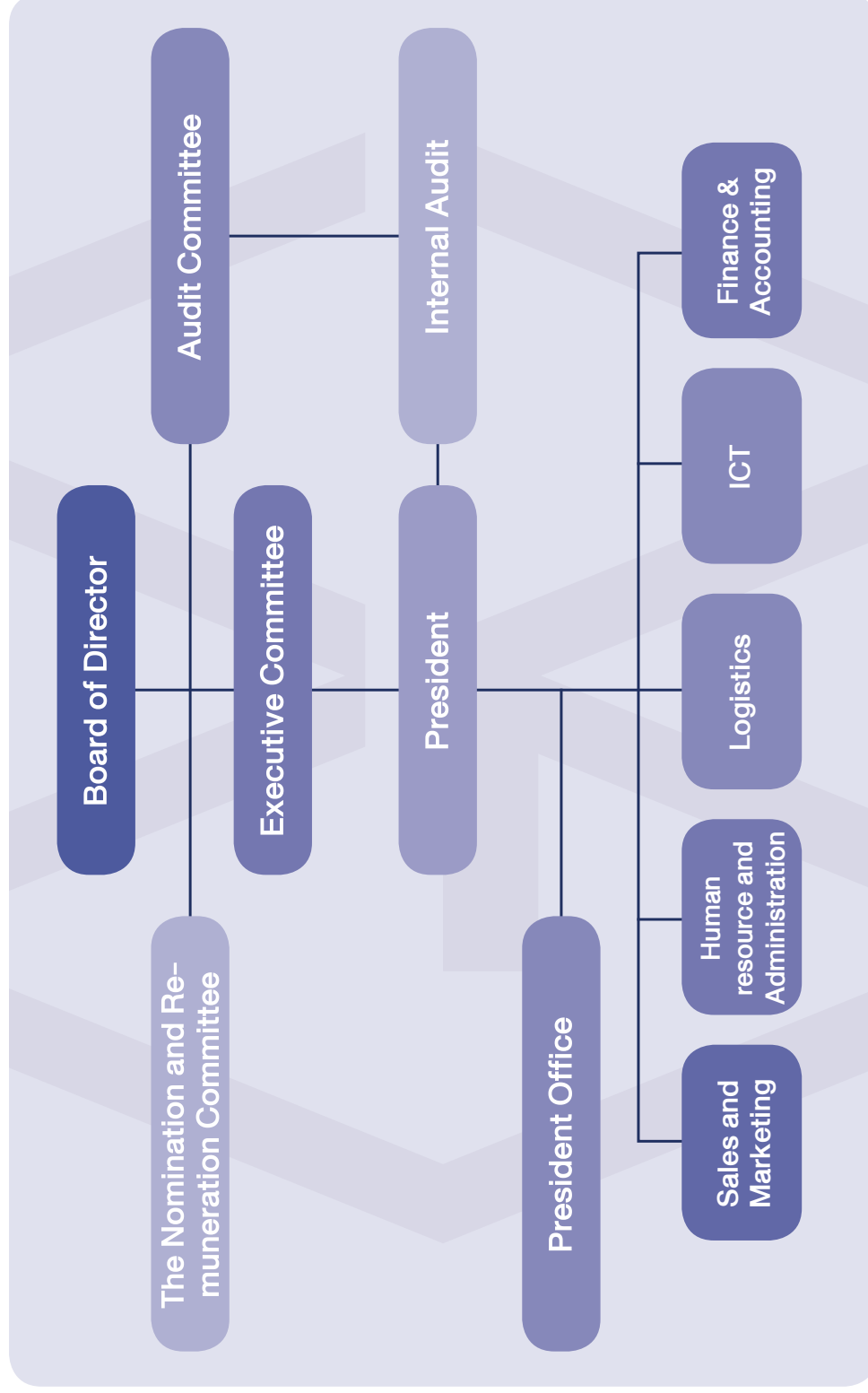
#### Listed companies

2013 – Present	Vice President – Logistics	Global Connections PCL
2005 – Present	Company Secretary	Global Connections PCL

#### Non-listed companies

2000 -2005	Investment Banking Manager	SCMB Co., Ltd.
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## 12 ORGANIZATION CHART AS OF DECEMBER 31, 2013



## 13 MANAGEMENT STRUCTURE

### 13.1 Board of Directors

Management structure comprises with four committees which are the Board of Directors, the Executive Committee, the Audit Committee and the Nomination and Remuneration Committee detail as the followings;

Members of the Board of Directors as of December 31, 2013

	Name	Position	Attendance/ Number of Meeting	
			2012	2013
1	Mr. Virah Mavichak	Chairman of the Board and Independent director	5/5	5/5
2	Dr. Pisit Leeahtam	Chairman of Audit Committee and Independent director	3/5	3/5
3	Assoc. Prof. Chawalee Pongpatirochna	Independent director and Audit Committee	5/5	5/5
4	Mr. Suchart Suphayak	Chairman of the Nomination and Remuneration Committee, Independent director and Audit Committee	5/5	5/5
5	Mr. Somchai Kulimakin	Vice Chairman and Nomination and Remuneration Committee	5/5	5/5
6	Mr. Sumruay Tichachol	Director and Nomination and Remuneration Committee	5/5	5/5
7	Mr. Bhiya Jriyasetapong	Director	4/5	4/5
8	Mr. Siri Thirawattanawong	Director	5/5	3/3
9	Mr. Aikachai Sirijuntanan	Director	5/5	5/5

#### Remark

Mr. Siri Thirawattanawong resigned from the Company director. Effectively October 1, 2013.

Company hasn't appointed any replacement director.

Dr. Pisit Leeahtam absented from the meeting due to illness 1 time and urgent task 1 time

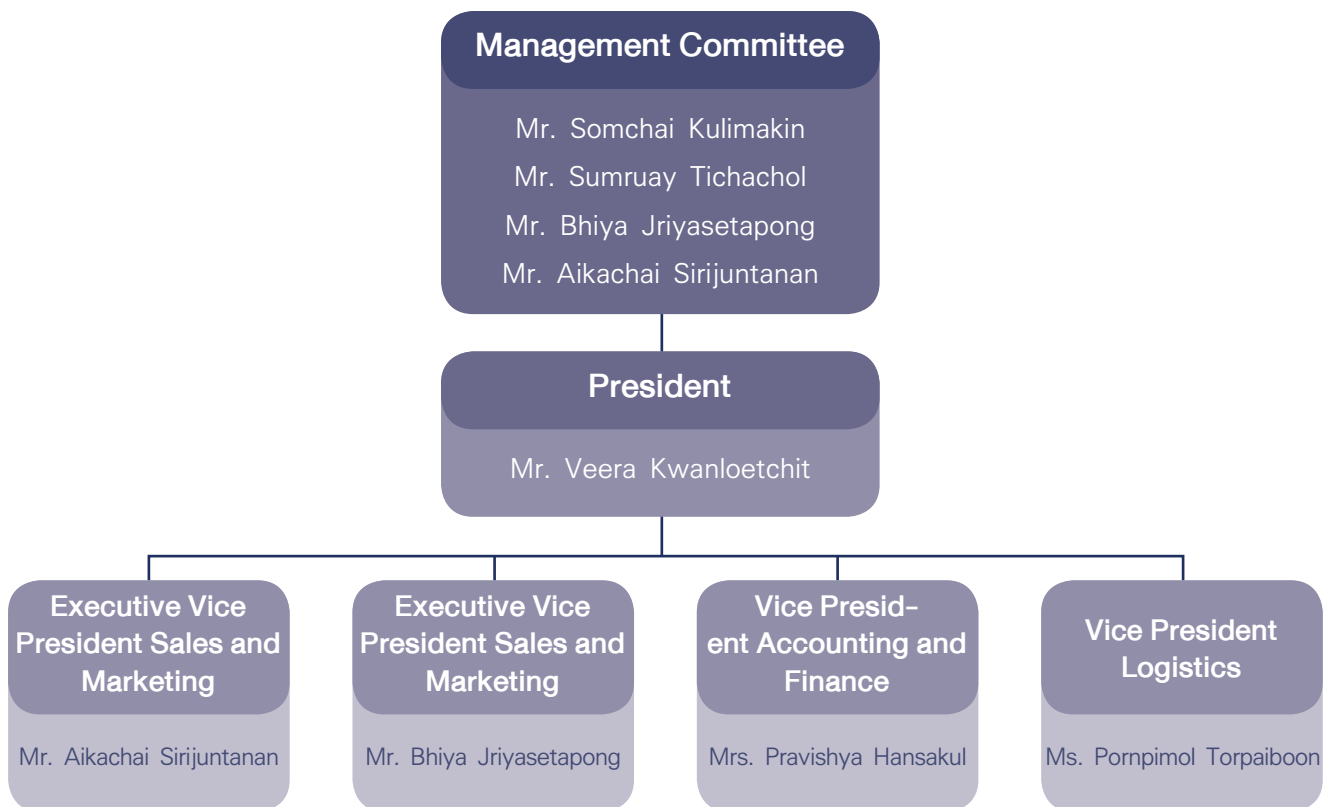
Mr. Bhiya Jriyasetapong absented from the meeting 1 time due to urgent task.

## 13.2 The Management

Members of the Management as of December 31, 2013

1. Mr. Somchai Kulimakin Chairman of Executive Committee
2. Mr. Veera Kwanloetchit President
3. Mr. Sumruay Tichachol Executive Committee
4. Mr. Aikachai Sirijuntanan Executive Vice President Department
5. Mr. Bhiya Jriyasetapong Executive Vice President Department
6. Mrs. Pravishya Hansakul Vice President Department of Accounting and Finance
7. Ms. Pornpimol Torpaiboon Vice President Department of Logistics and Company secretary

### Management organization chart as of December 31, 2013



## Statement of change in Shareholdings of directors and management executive

Unit : Share

Name	Surname	Type	December 31, 2012	Bought during fiscal period	Sold during fiscal period	December 31, 2013
Mr. Virah	Mavichak	Direct	-	-	-	-
Dr. Pisit	Leeahtam	Direct	-	3,800	-	3,800
Assoc. Prof. Chawalee	Pongpatirochna	Direct	100,000	-	-	100,000
Mr. Suchart	Suphayak	Total	50,000	-	-	50,000
Mr. Suchart	Suphayak	Direct	-	-	-	-
Mrs. Nucharin	Suphayak	Indirect	50,000	-	-	50,000
Mr. Somchai	Kulimakin	Total	44,499,900	-	-	44,499,900
Mr. Somchai	Kulimakin	Direct	44,499,800	-	-	44,499,800
Mrs. Boonsri	Kulimakin	Indirect	100	-	-	100
Mr. Sumruay	Tichachol	Total	27,125,000	1,767,800	-	28,892,800
Mr. Sumruay	Tichachol	Direct	27,125,000	-	-	27,125,000
Mrs. Papatsawee	Tichachol	Indirect	-	1,767,800	-	1,767,800
Mr. Bhiya	Jriyasetapong	Direct	26,125,000	-	-	26,125,000
Mr. Siri	Thirawattanawong	Direct	8,226,000	-	(8,226,000)	-
Mr. Aikachai	Sirijuntanan	Total	28,470,730	1,855,500	-	30,326,230
Mr. Aikachai	Sirijuntanan	Direct	27,125,000	-	-	27,125,000
Mrs. Nisaporn	Sirijuntanan	Indirect	1,345,730	1,855,500	-	3,201,230
Mr. Veera	Kwanloetchit	Direct	-	-	-	-
Mrs. Pravishya	Hansakul	Direct	100,000	-	-	100,000
Ms.Pornpimol	Torpaiboon	Direct	5,000	-	-	5,000
<b>Total</b>			<b>134,701,630</b>	<b>3,627,100</b>	<b>(8,226,000)</b>	<b>130,102,730</b>

### Remark

For the persons who didn't have indirect shareholding in the table.  
They have only direct shareholding.

### Company secretary

The Board of Directors has appointed Ms. Pornpimol Torpaiboon as Company Secretary of the company. Effectively on May 13, 2008

## 13.3 Remuneration

### • Monetary Remuneration

Remuneration for the Board of Directors from fiscal year ended December 31, 2012 and December 31, 2013, the number of meeting and the amount of annual gratuity for the Board of Directors as the followings ;

#### Meeting and Attendance

	Name	Position	Attendance/ Number of Meeting for Board of Directors		Attendance/ Number of Meeting for Audit Committee		Attendance/ Number of Meeting for Director and Nomination and Remuneration Committee	
			2012	2013	2012	2013	2012	2013
1	Mr. Virah Mavichak	Chairman of the Board and Independent director	5/5	5/5				
2	Dr. Pisit Leeahtam	Chairman of Audit Committee and Independent director	3/5	3/5	3/5	2/4		
3	Assoc. Prof. Chawalee Pongpatirochna	Independent director and Audit Committee	5/5	5/5	5/5	4/4		
4	Mr. Suchart Suphayak	Chairman of the Nomination and Remuneration Committee, Independent director and Audit Committee	5/5	5/5	5/5	4/4	1/1	1/1
5	Mr. Somchai Kulimakin	Vice Chairman and Nomination and Remuneration Committee	5/5	5/5				
6	Mr. Sumruay Tichachol	Director and Nomination and Remuneration Committee	5/5	5/5				
7	Mr. Bhiya Jriyasetapong	Director	4/5	4/5			1/1	1/1
8	Mr. Siri Thirawattanawong	Director	5/5	3/3			1/1	1/1
9	Mr. Aikachai Sirijuntanan	Director	5/5	5/5				

#### Remark

Referred to Company Board resolutions in the meeting on May 9, 2013

Mr. Bhiya Jriyasetapong and Mr. Siri Thirawattanawong resigned from Nomination and Remuneration Committee. Then The Board of directors has appointed Mr. Somchai Kulimakin and Mr. Sumruay Tichachol for replacement position.



## Meeting Fee

	Name	Position	Meeting Fee (THB)			
			Board of Directors	Audit Committee	Nomination and Remuneration Committee	Total
1	Mr. Virah Mavichak	Chairman of the Board and Independent director	250,000			250,000
2	Dr. Pisit Leeahtam	Chairman of Audit Committee and Independent director	60,000	40,000		100,000
3	Assoc. Prof. Chawalee Pongpatirochna	Independent director and Audit Committee	75,000	60,000		135,000
4	Mr. Suchart Suphayak	Chairman of the Nomination and Remuneration Committee, Independent director and Audit Committee	75,000	60,000	15,000	150,000
5	Mr. Somchai Kulimakin	Vice Chairman and Nomination and Remuneration Committee	100,000			100,000
6	Mr. Sumruay Tichachol	Director and Nomination and Remuneration Committee	75,000			75,000
7	Mr. Bhiya Jriyasetapong	Director	60,000		10,000	70,000
8	Mr. Siri Thirawattanawong	Director	45,000		10,000	55,000
9	Mr. Aikachai Sirijuntanan	Director	75,000			75,000

Besides the meeting allowances per each meeting as showed in the table above, the Company had grant monthly compensation to four independent directors as a total of THB 1.14 million per year and allocate bonus for nine directors in 2012 and eight directors in 2013 as a total of THB 1.55 million per year. Anyway all remunerations are approved by shareholder meeting in amount which is not exceeded THB 4.00 million.

(Remark : Remuneration included Management member who resigned on December 1, 2013)

### • Total remuneration for Management

Remuneration for Executive Directors and Management Committee total of seven was THB 23.97 million in form of salary and bonus for the fiscal year ended December 31, 2013. Included indefinite employment agreement for retired directors i.e. Mr. Somchai Kulimakin and Mr. Sumruay Tichachol 2 persons)

(Remark : Remuneration included Management member who resigned on December 1, 2013)

### • Other forms of remuneration

The Company has established provident fund since 2000, the Company's contribution to the provident fund for the Management Executives (The Management committee) totaled THB 3.37 million in 2012 and THB 2.27 million in 2013. The Company also provided automobile for the Management members.

(Remark : Remuneration included Management member who resigned on December 1, 2013)

### 13.4 Human resources

Details of staffs in each department as follow;

Department	No. Staff (Persons)	
	December 31, 2012	December 31, 2013
• Management	7	7
• Sales and Marketing	29	30
• Customers service and Technical support (Sales co-operation and Warehouse)	28	25
• Finance and Account	12	12
• Administration and Others	12	12
• Warehouse and Delivery (Blue-Collar worker)	25	25
<b>Total</b>	<b>113</b>	<b>111</b>

As of December 31, 2013. The Company has total 111 staffs (Permanent staffs 86 persons, Blue-collar worker 25 persons and indefinite employment agreement 2 persons)

Remuneration (Million Baht)	2011	2012	2013
Salary	47.52	50.95	48.85
Wage – Blue collar worker	2.41	3.78	3.97
Bonus	11.52	8.98	8.96
Provident fund (If any)	4.50	4.78	3.66
Others such as cost of living, Over time, Allowance Food (Blue-collar work) etc.	6.75	9.02	10.74
Compensation	2.60	3.00	3.34
<b>Total</b>	<b>75.29</b>	<b>80.51</b>	<b>79.52</b>

Besides monetary remuneration, The Company has provided company car or transportation allowance for staffs in some position

### **Provident fund**

The Company and its staffs have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both staffs and the Company contributed to the fund monthly at the rate of 4 to 15 percent of basic salary. It will be paid to staffs upon termination in accordance with the fund rules.

The Company had decided to implement “Employee’s Choice” concept that staffs are allowed to choose their own investment policy in accommodating the differences in each fund whether its risk tolerance and investment return to suit their own preferences. There are 4 investment policy i.e. International and Domestic Fixed-income policy, Equity policy , Mixed policy 90:10 and Domestic fixed-income policy 100 percent

### **Labor dispute during the past 3 years**

The Company has never had any labor dispute during past 3 years and since the Company has established

### **Employee development policy**

The Company has policy to identify and conduct individual training and development programs for new Staffs in order to help them about behaviors consistent with organizational culture. The Company has provided annual staff development training programs for staffs at all levels and also provide cross-function sale training in order to improve their knowledge about products and responsibility in every business unit.

The Company has specific to provide mentor for new staffs in first 3 months with “On the Job Training” to ensuring them to work with least mistake and utilize such knowledge and competency in appropriate period

## **CORPORATE GOVERNANCE**

### **14.1 Corporate Governance Policy**

The Board of Directors emphasize the importance of Corporate Governance (CG) which it is a practice to structure the leadership in line with transparency, responsibility, and generate business competitiveness for sustaining the capital investment of shareholders and enhance the share value back to the long term shareholders in accordance with the ethic, and responsible to both stakeholders and society as a whole.

In order to build the business growth continuously and to create the trust to investors and stakeholders, the Board of Directors had assigned management to regulate the Company's vision, mission, objective of Corporate Governance, code of conduct, employee manual, business strategic direction, business plan and budget by appointing management team to propose all issues to the Board of Directors for consideration to express and debate prior to mutual agreement and approval.

The Company had disclosed Corporate Governance Policy on company's website as following;

1. Business Ethics and Ethics of directors, management and staffs
2. Re-vision policy
3. Facilitating and Promoting the Shareholders to Attend the Shareholders' Meeting Policy
4. Policy on Use and Disclosure of Internal Information
5. Human Rights Policy
6. Policy and practice to partners and/or creditors
7. Policy on Intellectual Property and Copyright
8. Anti-Corruption-Bribery Policy
9. Business policy under environmental standard
10. Receipt of Complaints and Whistleblower Policy

Principal and Process of Selection of Directors, the Audit Committee, the Nomination and Remuneration Committee

## 14.2 Sub-committee

Management structure comprises with four committees which are the Board of Directors, the Executive Committee, the Audit Committee and the Namination and Remuneration Committee detail as the followings

### The Board of Directors

Members of the Board of Directors as of December 31, 2013

- |                 |                |                                                      |
|-----------------|----------------|------------------------------------------------------|
| 1. Mr. Virah    | Mavichak       | Chairman of The Board and Independent Director       |
| 2. Mr. Somchai  | Kulimakin      | Vice Chairman                                        |
| 3. Mr. Sumruay  | Tichachol      | Director                                             |
| 4. Mr. Bhiya    | Jriyasetapong  | Director                                             |
| 5. Mr. Aikachai | Sirijuntanan   | Director                                             |
| 6. Dr. Pisit    | Leeahtam       | Independent Director and Chairman of Audit Committee |
| 7. Assoc. Prof  |                |                                                      |
| Chawalee        | Pongpatirochna | Independent Director and Member of Audit Committee   |
| 8. Mr. Suchart  | Suphayak       | Independent Director and Member of Audit Committee   |

Secretary to the Board is Ms. Pornpimol Torpaiboon

### The Name(S) Of Authorized Directors To Sign On Behalf Of The Company

Mr. Somchai Kulimakin, Mr. Bhiya Jriyasetapong, Mr. Samruay Tichachol and Mr. Aikachai Sirijuntanan, two of forth of these directors have the power of Attorney signed with Company stamp

### Scope, Authorities and Duties of the Board of Directors

The Board of Directors has authority in management and operation of the Company's business in accordance with the laws, objectives, the Articles of Association, and the resolution of shareholders' meetings, has authority to formulate the policies and directions, the financial management, the risk management, to supervise and control the Management to compliance with the assigned policies efficiency and effectively, to be responsible to the shareholders, has to preserve the shareholders' interest, and disclose the information accurately and completely with the standard and the transparency. In addition, the Board of Directors is authorized to appoint the directors, and/or the executives to act under the scope of authority and duties of the Board of Directors, unless the acts of the following matters which shall be approved in advance by the shareholders' meeting:

- (a) Any issues stipulated by law that resolutions of shareholders must be sought.
- (b) Any transaction in which the directors have the interest and there is a law or provision of the Stock Exchange of Thailand prescribes that there must be the approval of the shareholders' meeting for such transaction.

In this connection, the director who has the interest or has the conflict of interest in any matter is not entitled to cast the vote for such matter.

## The Executive Committee

Members of the Executive Committee as of December 31, 2013

1. Mr. Somchai	Kulimakin	Chairman of Executive Committee
2. Mr. Sumruay	Tichachol	Executive Committee
3. Mr. Bhiya	Jriyasetapong	Executive Committee
4. Mr. Aikachai	Sirijuntanan	Executive Committee

## Scope, Authorities and Duties of the Executive Committee

- 1) To plan and formulate the Company's policies, directions, strategies, work plans, organization structure, management structure, and business discipline to proper with the circumstances of the economy and the market's competition for proposing to the Board of Directors' approval.
- 2) To plan and formulate the Company's business plan, annual budget, line of authority for proposing to the Board of Directors' approval.
- 3) To audit and follow the implementation of the Company's assigned policies and management directions efficiently and support the Company's business performance.
- 4) To take consideration for approval of auctions or hire of works with company or person with the budget scope not exceed THB 150 million.
- 5) To recruit or dismiss the Company's staff in management level excluding Managing Director/ President and the Company's director positions.
- 6) To supervise and check the outcome of the Company's daily operation in accordance with the Company's business plan approved by the Board of Directors.
- 7) To sign on any documents which related to withdrawal document from the Company's bank account under the conditions and limitations which approved by the Board of Directors.
- 8) To permit the Company's expenditures which the Executive Committee can approve its without any limitation on the approved annual budget by the Board of Directors.
- 9) To sign on contract which binding the Company for the period from 1-3 years and not exceed THB 150 million.
- 10) To invest or invest in capital expenditure (not exceed THB 150 million) or the transaction fixed on the annual budget approved by the Board of Directors.
- 11) To find out the financing for investment or invest in capital expenditure which was approved by the Board of Directors, or refinance the outstanding liabilities under the better terms and conditions.
- 12) To approve extra compensation for staff (Bonus) in accordance with the approved budget by the Board of Directors.
- 13) To approve the rising of staff's compensation in accordance with the approved budget by the Board of Directors.

14) To act as appropriate for any duties which shall be assigned from the Board of Directors.

However, the Executive Committee shall delegate its powers to the Management of the Company as appropriate for approving of one or more financial issues under the authorized scope of power.

Nevertheless, the above delegation of authority shall be in accordance with Thailand legislations and the Company's articles of association. Moreover, where the conflicts of interest of the Executive Director(s) occurred of the prohibited person under the provision of SEC, the Executive Committee shall present that issue to the Board of Directors for taking the consideration, and the Executive Director(s) who has the conflict of interest is not entitled to cast the vote for such matter.

Nonetheless, any transactions which were in relation or related with the receiving or selling the Company or subsidiary's assets under provision of SET, shall be approved by the shareholder's meeting and/or acted as stated in that provision.

### **The Audit Committee**

The Board of Director established the Audit Committee who is independent from management. The Audit Committee comprises of Independent Directors who are expertise and not relate with Executive and major shareholder.

Members of the Audit Committee as of December 31, 2013

1. Dr. Pisit Leeahtam	Chairman of Audit Committee
2. Assoc. Prof. Chawalee Pongpatirochna	Audit Committee
3. Mr. Suchart Suphayak	Audit Committee

All of them have adequate expertise and experience to review creditability of the financial reports of the Company. Secretary of the Audit Committee is Ms. Wallaya Watsarujakorn

### **Scope, Authorities and Duties of the Audit Committee**

- 1) To review the sufficiency and accuracy in accordance with accounting standards by coordinating with the external auditors and management who is responsible for preparing the quarterly and yearly financial reports. The audit committee may suggest issues or matters to be included for review or audit by the external auditors during its audit of the Company.
- 2) To review the adequacy and effectiveness of the internal control systems and internal audit functions by coordinating with the external auditors and internal auditors, and to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit.
- 3) To review compliance with the Securities and Exchange Acts, Regulations of the SET, and any other relevant laws.

- 4) To consider and advise the appointment of the external auditors including the audit fee by considering the independence, creditability, the adequacy of its resources, the firm's audit engagements, and the experience of its supervisory and professional staff, as well as to attend a non-management meeting with an auditor at least once a year.
- 5) To consider compliance with all connected transaction disclosures or the conflict-of-interests disclosures, to ensure that they are in compliance with the laws and the Exchange's regulations.
- 6) To take care of any other matters assigned to it by the Board of Directors, such as reviewing the Company's financial and risk management policies, reviewing compliance with the Code of Corporate Conduct of the management, and reviewing with the Company's management, all important reports which must be disclosed to the public according to the law (e.g. Management Discussion and Analysis (MD&A), etc.).
- 7) To report the activities of the Audit Committee in the Company's annual report, which must be signed by the Chairman of the Audit Committee. The following information should be included in the report.
  - 7.1) Comments on the Company's financial reporting process and the disclosure of its financial information, which must be correct, sufficient, and credible.
  - 7.2) Comments on the adequacy of the Company's internal control systems.
  - 7.3) Statements on whether the Company's auditor is suitable for re-appointment.
  - 7.4) Comments on compliance with the Securities and Exchange Acts, Regulations of the SET, and any other relevant laws.
  - 7.5) Comments on the related transaction or conflict-of-interests transaction.
  - 7.6) The number of the Audit Committee meetings, and the attendance of the meetings by each committee member.
  - 7.7) An opinion or overview comment received by the Audit Committee from its performance of duties in accordance with the charter.
  - 7.8) Other statements that shareholders and general investors deem to be considered under the scope of the functions and responsibilities assigned to them by the board.

The Audit Committee is directly responsible to the Board of Directors. The Audit Committee is subject to a three years term. Nevertheless, a retiring director is eligible for re-election in accordance with the Board of Directors deems appropriate.



## The Nomination and Remuneration Committee

Members of the Nomination and Remuneration Committee as of December 31, 2013

- |                          |                                                   |
|--------------------------|---------------------------------------------------|
| 1. Mr. Suchart Suphayak  | Chairman of Nomination and Remuneration Committee |
| 2. Mr. Somchai Kulimakin | Nomination and Remuneration Committee             |
| 3. Mr. Sumruay Tichachol | Nomination and Remuneration Committee             |

Secretary of the Nomination and Remuneration Committee is Ms. Pornpimol Torpaiboon

## Scope of duties and responsibilities of the Nomination and Remuneration Committee

- 1) To elects individual or considers candidate who is qualified to become member of the Board of Director or other committees, according to the Board of Director membership criteria for recommendation to the Board of Director.
- 2) To considers and advises suitability of the Committees' size, structure, and qualification which had diversified acknowledge, ability, and experience in accordance with the Company's business.
- 3) To plans and elects for the succession of the Company's Managing Director or the Company's President to propose the Board of Directors.
- 4) The Nomination and Remuneration Committee regularly reports performance and submit it to the Board of Directors.
- 5) Regularly review the appropriateness of principle to considerate remuneration to align them with the Company's goals and the interests of the shareholders.
- 6) Considerate appropriate remuneration or other benefits of Board of Director and Managing Director/President and propose to Board of Directors and shareholders' Meeting for approval that considerate factor as follows :
  - 6.1) Best practice in industry for considerate remuneration.
  - 6.2) Performance and size of the Company.
  - 6.3) Responsibility, knowledge and experience of director.
- 7) Disclose the remuneration policy and available options and comments from the Nomination and Remuneration Committee in the Annual Report
- 8) Considerate appropriate remuneration to attract executive for a long time in line with the Company's performance and shareholder's benefit.
- 9) Perform other duties as assigned by the Board of Directors.

The Nomination and Remuneration Committee is directly responsible to the Board of Directors. In addition, the Chairman and members of the Nomination and Remuneration Committee have a term of three years.

The authority of the Nomination and Remuneration Committee shall not include the authority to approve transactions which may cause a conflict of interest with the Company or any transaction in which members of the Nomination and Remuneration Committee or their connected persons have an interest or benefit that causes a conflict of interest according to the SET's regulations. The approval of said transactions is required to be proposed to the Board of Directors and/or Shareholders of the Company for their consideration and approval in accordance with the Company's Articles of Association or relevant laws, except for the approval of transactions in the normal course of business which are already covered by existing guidelines approved by the Board.

### **14.3 The finding for the Board of Directors**

According to the Company's regulations, The Nomination and Remuneration Committee shall select qualified persons to become directors. The Board of Directors consists of at least 5 Directors who appointed by the Shareholder Meeting with Majority decision in respect to the rules and measures as follows:

- 1) Individual election by the shareholders
- 2) Under 1., there is an one vote per one share
- 3) The sequence of persons who being appointed started from the highest votes shall be appointed respectively as the Director(s) as equal as the total number of the Directors which will be appointed or elected in that period. However, when there are two or more persons getting the same amount of votes which caused to exceed the sum of appointing or electing of the Directors in that period, the decision of the Chairman of election shall prevail.

There is a number of one-third of the Board of Directors shall retire in each annual general meeting. Where the number of the Board of Directors cannot exactly divide by three, the total number of retiring Director(s) shall be the closet number of one-third. The retiring Director(s) in the first and second years after Company's transforming shall be selected by the lucky draw. Otherwise, the longer Directors shall be retired. However, the retiring Director(s) under this clause may be re-elected.

Except for the number of the Board of Directors is not enough for the completion of its meeting, Where there is the unoccupied Director(s) caused by any reasons other than from the duration expired, the Board of Directors shall appoint the person(s), who qualified, and not prohibited by laws, to be the replaced Director(s) in the next Board of Directors' meeting. In case of the duration of the replaced Director(s) is less than 2 months left, the replacing Directors(s) shall be on that position as long as the left duration of the replaced Director(s).

Where the number of the Board of Directors is not enough of the completion of its meeting, the rests of the Board of Directors shall manage, on behalf of the Board of Directors, merely for setting up the Shareholder's meeting for election of the entire unoccupied Director(s).

## Qualification of Independent Directors

- 1) Holding shares in total not more than zero point five percent of total shares with voting rights of the Company, its Parent Company, its Subsidiary, its Affiliate or other juristic person which may have Conflicts of Interest provided that the share held by related person of independent directors shall be inclusive;
- 2) Not being a director having participation in the management, an employee, staff, advisor who receives a regular salary, or Controlling Person of the Company, its Parent Company, its Subsidiary, a subsidiary in the same level, its Affiliate or other juristic person which may have Conflicts of Interest, except for having passed from such the position for not less than two years before appointment;
- 3) Not being a related person by blood or registration under laws, such as father, mother, spouse, sibling or children including spouses of children of Executives, Major Shareholders, Controlling Person, or such other person who will be nominated to take up the position of Executives or Controlling Person of the Company or its Subsidiary;
- 4) Having no business relationship with the Company, its Parent Company, its Subsidiary, its Affiliate or other juristic person which may have Conflicts of Interest in the manner which may interfere his or her use of independent judgment as well as not being Major Shareholder, a director who is not an independent director, or an Executive of a person who have business relationship with the Company, its Parent Company, its Subsidiary, its Affiliate or other juristic person which may have Conflicts of Interest, except for having passed from such the position for not less than two years before appointment;
- 5) Not being an auditor of the Company, its Parent Company, its Subsidiary, its Affiliate or other juristic person which may have Conflicts of Interest, and not being a major shareholder, a non-independent director, an executive or a managing partner of an audit firm for which the auditors of the Company, its Parent Company, its Subsidiary, its Affiliate or other juristic person which may have Conflicts of Interest work; except for having passed from such the position for not less than two years before appointment;
- 6) Not being a professional service provider, including a legal consultant or financial advisor who receives wages of more than THB two million per year from the Company, its Parent Company, its Subsidiary, its Affiliate or other juristic person which may have Conflicts of Interest. In case the professional service provider is a juristic person, a major shareholder, a non-independent director, an executive and a managing partner of the professional service provider shall be inclusive, except for having passed from such the position for not less than two years before appointment;
- 7) Not being a director appointed as a representative of the Company's Board of Directors, Major Shareholders or shareholders who are related to the Company's Major Shareholder; and
- 8) Not having other characteristics which result in not capable to provide independent opinion with regard to the Company's businesses

## **14.4 Corporate Governance for subsidiary company or related company**

– None

## **14.5 Policy on Use and Disclosure of Internal Information**

Company recognizes to importance of use of internal information by adhering to the principles of good corporate governance, integrity moral and ethical business practices. Accordingly, the Company has set a regulation of internal data usage and a procedure of trading securities of directors, executives, and staffs to conform to the Securities and Exchange Act to ensure that business transparency and investors receive all information fairly and timely, summarized as follows:

- 1) Directors, executives, and staffs at all levels are forbidden to use internal data containing crucial information that has significant impact to the stock price and has not yet been declared to the public or the Stock Exchange of Thailand for trading to the advantage of self or others. Furthermore, the aforementioned parties are to avoid or refrain from trading the Company's stock for 7 days prior to the date of the Company's results announcement date.
- 2) The Company is responsible for announcing to the public information regarding the Company key decisions and/or actions in a manner congruent with the rules and regulations set out by the Stock Exchange of Thailand and the disclosure policy of the Company fairly and timely, instantly and thoroughly, via appropriated and acceptable media and channel of the Stock Exchange of Thailand.
- 3) Directors and executives shall report all securities ownership issued by the Company, including those that pertain to self, spouse, and/or underage children, to the Securities and Exchange Commission in conformity with the section 59 of the Public Company Act B.E. 2535 and to the Board of Director on quarterly basis.
- 4) The Company specifies a strict policy regarding the protection of Company is confidential information, and the prohibition of using company unpublished information for any benefits to personal interest and others.

## **14.6 Auditor's Fee**

Fiscal year ended December 31, 2013. Audit's Fee of Ernst & Young Office Limited was THB 780,000 without any Non-audit Fee.

Referred to resolution from Board meeting no.1/2014 on February 21, 2014. The Board of directors considered that it appropriate for the meeting to appoint the auditors to audit company financial statement 2014 namely Mrs. Chonlaros Suntiasvaraporn auditor license No. 4523, or Ms. Siraporn Ouaanunkun, auditor license No. 3844, or Ms. Supanee Triyanantakul, auditor license No. 4498 of Ernst & Young Office Limited as the Company's auditor with the audit fee not more than THB 780,000 (comparing with THB 780,000 for the last year).

Since there were none inquiries from the shareholders, the Chairman then proposed the Meeting to consider and approve the matter.

## 14.7 Good corporate governance policy in the year 2013

The Company duly complied with the principles of good corporate governance for listed companies 2006. In 2013, the Company was evaluated Corporate Governance by the Thai Institute of Directors Association (IOD) which corporate-governance scores rated “Very good” (4 STAR) benchmark.

In 2013, the Company has continuously observed the good corporate governance policy.

- **Rights of shareholders:** The Company allowed minor shareholders to propose agendas and name of directors for the Annual General Meeting of Shareholders in advance during on September 26, 2013 to December 27, 2013. The Company established the transparent procedures and criteria and publicized them on the Company's website and notified the shareholders through the Stock Exchange of Thailand which shareholders able to propose more than 3 months.
- **Equitable treatment of shareholders:** The Company organized the shareholders' meeting on Thursday April 5, 2013 at meeting room of the Global Connections Public Company Limited. The Company provided a van to facilitate shareholders to join AGM from The Stock Exchange of Thailand.

The Company also made available the letters of invitation as well as the agenda items of the meeting on the Company's website to enable the shareholders to study all the information for decisions at least 30 days. The document materials included the directors' opinions for each agenda item and proxy authorization letter, including the details of document required for authorization to facilitate the shareholders

For the shareholders who could not attend the meeting, the Company recorded the shareholders' meeting to produced VCD for shareholders' request and released it on the Company's website to inform them of the meeting in addition from the minutes of the meeting available to the shareholders through the Stock Exchange of Thailand and the Company's website.

- **Roles of Stakeholders:** The Company reviewed and rectified its code of conduct and posted on Company's website. The code of conduct was printed and delivered to all staffs for compliance. Moreover, the Company has set the channels to receive complaints on CG ethical conduct. There was no petition in 2013.
- **Disclosure and Transparency:** The Company informs performance of the Company to Analysts and investors in Opportunity day of the Stock Exchange of Thailand every quarter. The Company discloses its information, financial statements and other notices through the Stock Exchange of Thailand or the Company's website. Investors can reach Company's Investor Relations Department at telephone or e-mail.

- **Responsibilities of the Board of Directors :** The Board of directors resolved to upgrade the good corporate governance standard in accordance with the Good Corporate Governance Standard of the listed companies in 2006. In 2013, the Company organized the meeting of Board of Directors 5 times. Directors always attend more than 80 percent for meeting of Board of Directors. The Company also organized meeting between Non-Executive Directors (NED) to discuss interested issues without management in attendance. The NED meeting was schedule held before the Board of Directors meeting regularly. The Company is also considering for proportion of independent director more than 50 percent with the Good Corporate Governance Policy.

The Board of Directors has continued to strengthen its commitment in good corporate governance principles for the sake of the shareholders and stakeholders with an aim to develop the standard to internationally-accepted levels according to the guideline and direction related to The Stock Exchange of Thailand (SET) and Securities and Exchange Commission as the following,

### **Section 1 Rights and Equitable Treatment of Shareholders**

Realize the importance of shareholders' equitable rights as follow :

- **Shareholders shall obtain relevant material of company information on a timely, sufficient and appropriate for decision making.**

The Company has policy to send the invitation letter together with the relevant documents and information on each agenda item to the shareholders not less than 14 days prior to the meeting and will record the minutes of the meeting correctly for shareholders inspection, the Company realizes the importance of shareholders' right in access to company's information. The Company will add details of issues for consideration, reasons and impacts of each agenda.

- **Participate and vote in shareholders' meetings**

All shareholders possess equal rights to express their opinion and/or concern to acquire explanations and ask additional question in association with the operation of business.

- **Right of equitable Treatment**

Besides above-mentioned , All shareholders possess equal basic rights such as rights to receive share certificates and rights to transfer shares, rights to elect and remove directors, rights to approve the appointment of auditors and rights to share in profit of the Company.

- **Shareholders Meeting**

Shareholders should receive letter of invitation to the meeting and the letter contains information relating to the location, date, time and agenda. Shareholders may request to directors to add additional agenda of meeting and may pose questions in advance prior to meeting date. This can be seen from the opportunity for shareholders to propose agenda for the meeting and to propose nominee for the period of three months before the end of each fiscal year with the proportion of shares held one percent only.

Besides, The Chairman of the Board of Directors, Executive Directors, Audit Committee, Auditor and legal adviser had participate in the shareholders' meetings to answer questions. The minutes of Shareholders Meeting will be presented in the next Shareholders Meeting for acknowledgement.

After the minute has been approved by the meeting, the Company shall keep it in a safe place for verification by concerned party.

## **Section 2 Rights of Stakeholders**

The Company believes in good relationship and well cooperation between the Company and the stakeholders will enable the Company to bring sustainable growth. Hence the Board of Directors assigns the code of conduct that emphasizes the importance of stakeholders' rights. The Board of directors announces the code of conduct to the directors, executives and all staffs as guideline for regular practice.

### **• Principles and core Values**

These thirteen principles have been approved by the Board of Directors. It is expected that all directors and each employee follow these principles in all their activities for the Company.

1. Honesty
2. Promise-keeping and Trust Worthiness
3. Keep Confidential Business information
4. Professionalism
5. Integrity
6. Leadership
7. Compliance to law & Regulations
8. Loyalty
9. Fairness
10. Empathy
11. Respect to others
12. Commitment to Excellence
13. Reputation and Honor

### **• Treatment of stakeholder**

1. Policies and practices toward shareholders
2. Policies and practices toward staffs
3. Policies and practices toward customers
4. Policies and practices toward trading partners and/or creditors
5. Policies and practices toward competitors
6. Responsibility to the community and Society
7. Environment, Health and Safety in work place

- **Conflict of interest**

On the subject of conflict of interest, all staffs have to comply with the policy to avoid any activity, investment or any form of benefit, that result in losses of integrity or reputation of the Company and also of staffs.

- **Company's right of ownership of Information**

All of us strictly comply with policy, rules and regulations including any guidance by the Company to save its information.

- **The gathering of information relevant to the competitors, including productive and technical information**

We comply the policies which concern about finding the information of competitors, including productive and technical information. We will not perform any procedure that is prohibited by law (Theft, Bribes) or not authorized by code of conduct in order to obtain the competitor's information

- **Political Activity and Participation**

The basic policy of the Company specify that the Company will not contribute money or any resource of the Company for encouraging political action to political parties, candidates except if it is allowed by the law and supports democracy. The Company complies with related laws and regulation to ensure that the right of stakeholders is well taken care of.

- **Anti-Bribery**

In general, do not offer anything to a government official-directly or indirectly-in return for favorable treatment. You must obtain prior approval from authorized before providing anything of value to a government official. Ensure that any such payments are properly recorded in the appropriate Company account

Bribery of government officials is legislation criminalizing. The sanctions for violating these laws can be severe, including significant individual and corporate fines, and even imprisonment. So bribes are prohibited

A bribe is giving or offering to give anything of value to a government official to influence a discretionary decision. Examples of bribes include payment to a government official to encourage a decision to award or continue business relations, to influence the outcome of a government audit or inspection, or to influence tax or other legislation. Other payments to government officials also may constitute bribes in some jurisdictions.



### **Section 3 Information Disclosure and Transparency**

The Board of Directors values the importance of disclosure of accurate, adequate, regular and timely information of the Company. Therefore the Company has the policies to organize financial statements which display the Company's financial status and performance, share holders structure and the Corporate Governance Policy that is transparent and auditable. Furthermore, the Company has established an Investor Relation Division to disseminate information to shareholders and securities analysts to understand the Company on equal basis.

The Board of Directors is responsible for financial reports of the Company and the financial information in its Annual Report. The financial report is prepared in accordance with Generally-Accepted Accounting Principles (GAAP in Thailand by choosing an appropriate policy and practice on regular basis). In addition, all relevant information will be adequately disclosed in the remarks to financial statements.

The Company has appointed the audit committee to verify financial report and internal audit system to ensure efficiency and transparency of the operation, including following the Company policies and related laws, considering nomination and remuneration of auditor.

### **Section 4 Responsibilities of the Board**

- **Board of Directors composition**

The Board of Directors shall consist 8 directors, a chairman, a vice chairman and directors, of which 4 of 8 are independent directors as 50 percent of the entire Board of Directors which comply by law and regulation. No less than one-third of directors shall be Independent directors who have no business relationship or any other relationship with the Company which may affect the director's independent exercise of discretion.

- **Duration of the term of service of director**

The Board of Directors has set the duration of the term of service of director in accordance with the Articles of Association of the Company. In every AGM, one-third of the Board of Directors, or if their number is not a multiple of three, then the number nearest to one-third will have to retire from the post. The Company's directors, who must be retired in the first year and in the second year after the Company registration, shall be selected by means of lot drawing whereas, in the subsequent years, the director who has been in the position for the longest period will be retired. The retiring director may be reelected again.

- **Position Holding in other Companies by President**

In order to allow the President to devote adequate time for his/her responsibilities in the Company and increase the management efficiency. The Board of Directors has the policy and determine how the President who will be engaged in the any position of other companies. In accordance with the Good Corporate Governance, the President is required to report the information of company name, type of business and position to the Executive Committee to consider approving. In addition to the interested report.

- **Separation of positions**

The chairman of the Board of Directors is an independent director who does not have a management position under the principle of segregation of roles in policy formulation and oversight from those in operations management. Beside, the Company has the audit committee that consist 3 independent directors. The function of the audit committee is to balance and review operation management

- **Sub-committees**

The sub-committees comprise of 2 committees, the Audit Committee and the Nomination and Remuneration Committee. The Audit Committee consists of 3 independent directors for Corporate Governance. The authority of this Audit Committee is described under the management structure section. The Audit Committee holds meetings regularly once in every 3 months and report directly to the Board of Directors.

The Nomination and Remuneration Committee consists of 3 members. The authorities of the Nomination and Remuneration Committee are described under the management structure section.

For the Corporate Governance Committee and the Risk Management Committee, the Company has not established policy because the establishment must take into account several factors so they are concerned in monthly executive meeting.

- **Board of Directors' meeting**

The Company's policy arrange at least 4 times per year for a Board of Director meeting which was hold 5 times in 2013 and Executive committee meeting at least once every month for considering short term and long term strategy. There shall be directors attending the meeting not less than half of the total number of directors to complete the quorum. The secretary to the Board of Director will inform and send the notice of the meeting to the Board of Directors. The secretary to the Board of Directors will inform and send the notice of the meeting which contains details of date, time and place together with agenda and related documents to the Board of Directors 7 days prior to the meeting for an appropriate consideration. The member of the Board is able to raise more agenda and present idea openly and directly. The Company's secretary will record and take minutes of the meeting.

The Board of Directors appoints a company's secretary to support the function of the Board of Directors. The secretary's duty is prepare agenda, invitation for meeting and arrange meeting, including advising about law, rule and the regulation for the meeting and prepare minutes of the meeting for the chairman's approval prior to submitting for the meeting acknowledgement.

## • **Report of the Board of Directors**

The Board of Directors are required by the Securities and Exchange Commission, to report their Company's share selling or buying including their spouse and immature children. The Company Secretary shall consequently keep such reports for references. Moreover, they need to disclose information regarding their own interests and any interests of their related persons to the Company's Secretary. This information will enable the Company to duly prepare its disclosure report on related parties' transactions, which could cause conflict of interest.

In quarterly the Board of Directors' meeting, the Company Secretary always report any change in their GC securities holding of all directors and Executives.

## • **The remuneration of directors and the management**

- Directors' remuneration: the Company has specified directors' and management's remuneration clearly and with transparency. The remuneration of directors will be comparable with similar industry and will be appealing enough to attract and retain qualified directors. Moreover the director who is assigned more responsibility will obtain more appropriate remuneration accordingly.
- The managements' remuneration: the managements' remuneration is based on the policy that set by the Company's Board of Directors in conjunction with the performance of the Company and each individual director.

The Board of Directors assigns the Nomination and Remuneration Committee to consider compensation of the director. The directors' remuneration should be comparable with similar industry and take into account the performance of the Company as well.

## • **Succession policy**

The Board of Directors assigns the Nomination and Remuneration Committee to prepare a succession plan for the position of CEO/President to ensure that the Company is managed at all the time by CEO with appropriate competency and skills. The Company is also as signed Human Resource Department provide a succession plan for executive and management level position in order to prepare in case they cannot perform.

## • **Orientation for New Directors and Enhancement of Business Knowledge**

The Board of Directors assigns the secretary of the Board of Directors to prepare information for all new directors so as to inform them of the business information of the Company, a director's roles, duties and responsibilities and compliance with the Company's Corporate Governance Policy and practices. Simultaneously encourage all directors to have better knowledge and understanding of company's business to enhance their role as efficient directors. Moreover, the Company has policy to improve knowledge to directors regularly.

- **Assessment of Performance of the Board of Directors and President**

To ensure that operation is in line with the set goals, the Board of Directors requires that the management reports the results of actual operation in comparison with set targets on a regular basis. In the event that operation fails to perform as planned, the Board of Directors shall request the management to propose plans to resolve the situation and shall provide corrective strategic directions.

The Board of Directors has policy to assess the annual performance of the Board themselves. The criteria for such evaluation will be related to the performance and annual business plan in short and long term.

For the annual evaluation of the President which was primary considered by the Executive Committee. The assessment is not only comprises the potential performance of the president that relate with the Company competency and also the comparing of company performance with the target and the Company annual business plan. The assessment result was presented to the Nomination and Remuneration Committee to determine his remuneration and incentives as appropriate.

#### **Section 5 Conflict of interest**

In order to protect any occurrence of conflict of interests, the Company has policy which prohibits the directors, executives and staffs to take advantages of their roles and their duties for benefits. In the event of the transactions with conflict of interest may possibly occur, the Board of Directors will carefully take into consideration in the interest of the Company. Moreover a Policy and Procedure on the approval of related transactions such as purchasing or selling between juristic company and persons involved will be conducted under the rules and conditions which were conducted with the same standard as that of an external vendor. In case of the gather these information to propose to the Audit Committee for consideration and giving opinion that they have been conducted according to the Company's normal practice with the fair price before they will be perused by the Board of Directors once again. In addition, the Company shall be obliged to comply strictly with securities trading law and related rules and regulations governing the Securities and Exchange.

In any connected transaction with concerned persons may raise a conflict of interest. To ensure transparency and equitable treatment of shareholders, the vote of interest persons will be excluded.

## Section 6 Internal Control and Internal Audit systems

- **Internal Control and Internal Audit systems :** The Board of Directors and the Audit Committees have reviewed the internal control systems of the Company with executives regularly and gave its opinion that the Company has an adequate appropriate internal control systems and sufficient to protect its assets from serious misconduct or other irregularities in management of the Company such as setting authorization and writing operational regulations as well as recognition of the importance of internal control systems. An independent Internal Audit Office is established to ensure that all operation units of the Company are in compliance with operating procedures and to coordinate with external auditor. The Internal Audit Office reports directly to the Audit Committee.

Furthermore, the Company has system to keep important documents for verification of the auditor and legislative authority.

- **Utilization of Internal Information:** The Company has a policy governing utilization of the Company's internal information by employee, directors and executives for personal gain, disclosure it to other persons including selling or buying securities. As well as all directors and executives must comply strictly with securities trading law of the Office of Securities and Exchange Commission regarding disclosure their trading of securities of the Company as follows

The Company's policy is to uphold ethics and conduct its business with integrity to customers, suppliers and the shareholders of the Company within its regulations and Code of Conduct. In case of internal information of the Company is utilized by the executives or staffs for personal gain or revelation confidential information to outsiders including making transactions that may pose potential conflict of interest, these actions are serious misconduct and disciplinary punishment may be taken.

The Company will notify the board of directors and executives who perceive internal information that may affect the price of securities. to refrain from trading their shares of the Company one week before and 24 hours after financial statement has been revealed to the public and prohibit disclosure of internal information to others.

The Company has instructed its directors and executives to report any change in their holding of securities of company in accordance with section 59 and provisions on penalties section 275 stipulated of Securities and Exchange Act B.E 2535 and the regulations of the SET including to their spouses and children less than 21 years of age. The directors and Executives must submit one copy of the securities disclosure report to the Company and the Securities and Exchange Commission on the same day.

## **Section 7 Risk Management**

The Company gives importance to risk management system by assessing and setting the Company's risk constantly relating to business operation risk and financial risk of the Company. The Company has initiated management meeting consist of management team and all support functions in every month to settle strategies and policies to reduce the Company's risk and assign related departments to monitor risk and report to management team. The Executive Committee has taken care of the risks of the Company therefore, the Executive Committee retard to set the Risk Management Committee which will impact to higher expense.

## 15 CORPORATE SOCIAL RESPONSIBILITIES (CSR)

### Overall policy.

Throughout 2013, the Company keeps concentrating on the execution of Corporate Social Responsibility strategy to all shareholders, i.e. customers, staffs, community, and shareholders, for sustainable growth along with business growth. We do encourage staffs to engage in working processes for efficiency and effectiveness which lead to customer satisfaction. The Company realize values of integrity, transparency, and accountability as follow;

The Board of Directors has the policy and has conducted on treating with partners equally and fairly with honesty. To respect the right of intellectual property, promotion of political right and to follow the bond to people with interest of the Company as follows.

### 15.1 Business operation with fairness

- **Fair competition:** To follow the various conditions agreed with the seller or creditor strictly is according to the various agreements that have been given the agreement in conducting the business together.

#### **The operating guideline**

- 1) Specify the condition and various agreements in the purchase and sale agreement and follow the various conditions having to the customers strictly. In the case that any condition cannot be followed, it must be notified to a customer urgently in order to consider and find a way to solve problems.
- 2) To give news and recommendation that is correct, sufficient and up-to-date to customers so that they would know about the goods and service.
- 3) To deliver quality products consistent with the agreement of customers in a fair price and do not conduct business to have excessive profit

- **To promote the social responsibility in trading partners:**

It is our policy to treat partners and / or creditors equally and fairly and attain the best interest of the Company and a fair return of both parties without any conflict of interest. Using correct information to solve the problem and find a solution based on the business relationship.

#### **The operating guideline**

- 1) Do not accept or pay any bribes in the dealings with suppliers, partners and / or creditors.
- 2) Any bribes are offered or raised, disclosure to partners and/or creditors must be executed and joint solution must be acted fairly and quickly.

3) Agreed commitment must be complied strictly, we shall notify any concerned conditions to partners and/ or creditors in advance to jointly find solutions.

4) Manage the repayment of loans and interest expenses to the lender according to the due date and compliance with the terms of the loan agreement.

- **Respect the right in property:** Promote and strictly comply with the right in property, intellectual property, copyright, patent, moral right

#### **The operating guideline**

1) Specify policy in the ethics and work regulation in the work procedure regarding customer treatment

2) Promote executives, staffs to use resource and property of the Company efficiently in order to increase the competition ability and to provide a good service to customers, to use products and service with legal copyright and do not support products or action that is intellectual property right infringement

- **To relate to politics in a responsible way:** The Company would operate the business with no political bias and will not participate and get involved in any political party or any people with political power and not use the fund or resource of the Company to support directly or indirectly to any political party or politicians. Executives and personnel are not allowed to use the power to manipulate, threaten and force.

#### **The operating guideline**

1) To have campaign and promote personnel to have knowledge through communication channel

2) Open an opportunity for personnel to use political right independently without persuasion and domination

## **15.2 Anti-Corruption**

- **Anti-Corruption-Bribery Policy**

The Company conducts its business with fairness based on a philosophy and compliance with laws and regulations that the Company shall demonstrate a keen sense to social responsibility and the best interests of its stakeholders in alignment with the principle of Corporate Governance.

Integrity as the Company will demonstrate personal integrity and follow what we believe. By doing what is right. The Company do not allow any influence to have the patience or restraint the benefits are offered. The Company is firmly committed to the principles to behave honorably and fairly. The Company will not abandon the principle of integrity.



The laws and regulations as the Company expects all staffs adhere to the decision and business operations under the law. Requirements and regulations are strictly related and behave in a moral good.

- **Anti-Corruption-Bribery Policy**

In general, do not offer anything to the government directly or indirectly in exchange for special treatment. You must have prior approval from the authorities before providing anything of value to government officials and be sure to record the expenditure in the accounts of the Company properly.

The law requires that bribery of public officials is illegal and there are severe penalties for violating these laws. The penalty is imprisonment for individuals and companies who bribe of public officials.

- **Corruption as giving / receiving a bribe**

Bribery as the Company gives anything to a government officer who shall take-back beneficiaries to the Company. For example, the Company paid money to a government officer, in order to receive new projects reward or to receive a better business relation ship or to have influence over accounting audit and tax charge or other laws.

### **Roles and Responsibilities**

- 1) The Board of Directors is responsible for determining the policy, monitoring, and forming an effective system supporting Anti-Corruption-Bribery act in order to affirm that the Management Team intensively concerns, emphasizes, and cultivates such anti and mindset as the Company's culture.
- 2) Audit Committee is responsible for revision of financial and accounting report, internal control, internal audit function, and risk management so that such operations are concise, appropriate, and effective.
- 3) President and director committee are responsible for determining Anti-Corruption-Bribery system, promoting, and encouraging Anti-Corruption-Bribery manner conveyed to all staffs and related parties. This also includes reconsideration on system or regulation in order to best adjust with business changes, regulation, standard, and laws.
- 4) President and directors committee are responsible for fraud assessment at least 1 time per year.
- 5) Internal Audit Manager is responsible for auditing, assessment, and evaluations in business transactions whether they are accurate and complied with guidelines, Approval Authority, standard laws, and policy in such monitored department in order to assure that the internal controls are sufficient and suitable for probable risk in corruption. This shall be directly reported to the Audit Committee.

### **The operating guideline**

- 1) Directors, executives and all staffs in every level must follow with Anti-Corruption-Bribery Policy and code of conduct of the Company by avoiding involving with any course of corruption in direct or indirect manner.
- 2) The Company has orientation course for new staffs to understand knowledge of Anti-Corruption-Bribery Policy.
- 3) All staffs in every level shall not be negligent in any corruption conditions involved directly with the Company. All staffs must notify such act to supervisors or responsible person, including collaborate with investigation. Any queries or questions are needed to be consulted by the supervisor or a responsible person who monitors the Company's code of conduct compliance provided in particular channels.
- 4) The Company shall provide fairness and safeguard staff who denies or informs corruption related cases to the Company by applying Protection Policy for appellant or persons who incorporate with Anti-Corruption information as stated in the Whistle blower Policy.
- 5) A person who commits the corruption is equivalent to misconduct in the Company's code of conduct. This means such person is needed to consider discipline followed by the Company standard. Conviction on laws may be applied in case such act violates the laws.
- 6) The Company strives to create and sustain organization's culture representing that corruption and bribery is unacceptable in every business transaction dealing with all persons.

### **15.3 Respect for Human Rights**

Global Connections Public Company Limited recognizes the importance of respect to human rights internationally. Consequently, the Company has determined that directors, executives, and all staffs will join with the respect to human rights, workplace rights, and organization rights, summarized as follows:

- 1) The Company encourages all staffs to exercise their rights of citizenship in accordance with the constitution and relevant laws.
- 2) Staffs' personal information shall be kept with utmost discretion and confidentiality. Disclosure of personal information such as employee's biography, health record, working experience or any other personal information to non-related party without the permission of such staff is considered a violation of the Code of Conduct and may result in a range of disciplinary action except when it is done in accordance with the Company's regulations or legal requirements.
- 3) The Company shall not involve in infringement human right and corruption.

- 4) Staffs must refrain from any deliberate discrimination or harassment in word or action against other based on the basis of race, gender, religion, education, age, marital status, sexual orientation, gender identity and/or sexual expression, physical or mental disability, opinions and work styles. The Company will emphasize to staffs do not overlook the opinions or a different concept of others because the creative solution is crucial to the success of the Company.

#### **Receipt of complaints of human rights violations**

If you are aware a violation of human rights, you can report the issues via the following:

- Department head/ supervisor hierarchy
- Human resource department
- Office of the president

E-mail [pornpimolt@gc.co.th](mailto:pornpimolt@gc.co.th)

- Postal mail

The office of president

Global Connections Public Company Limited

13/1 Moo 2 Kingkaew Rd., Rachateva, Bangplee, Samuthprakarn 10540

When the Company receives the complaints of prohibited acts, the Company shall consider and take action as appropriate and shall take appropriate measure to protect confidentiality and privacy of all individuals involved in the investigation. However, the Company cannot guarantee the confidentiality perfectly because the Company may contact to a person who may be involved in the prohibited operation and may be witnesses to such acts. Finally, if violation of this policy was occurred, staffs who are the offenders shall be subject to disciplinary action up to and including the termination.

## **15.4 Fair Treatment to Labor**

### **• Variety and Opportunity of Fair Treatment**

Respect the right in the work according to the rule of human rights without discriminating the work employment and does not force people who do not want to work and not use child labor and respect the right and freedom of staffs.

#### **The operating guideline**

- 1) Specify the policy to not discriminating and the fairness of opportunity without limiting race, color, gender, religion, nationality, background, political opinion, age or disability as a factor in the consideration and decision to employ.
- 2) To place importance with the development of personnel in order to train for skill and increase potential by creating an opportunity for every personnel to learn regularly.
- 3) To create a way for personnel to make a complaint in the case they don't have fairness or to notify the clue on the thing that might be illegal and to have correcting measure and protecting measure of notifying employee that is systematic and fair.

- **Unfair employment**

The Company recognizes in fairness employment with regard their ability to perform their jobs. Which take into account the principles of equality, fairness the commitment to the Company and their career path growth together with the Company.

To treat staffs like family members is the Company aspect. By providing good welfare for staffs which are better than standard laws enforcement i.e. basic requirement, training and development and retirement plan as following;

Basic requirement	Training and Development	Work – Life balance	Retirement Plan
<ul style="list-style-type: none"> <li>- Cost of living</li> <li>- Medical Insurance</li> <li>- Dental care</li> <li>- Uniform</li> <li>- Maternity benefit</li> <li>- Home-loan</li> <li>- Funeral support</li> <li>- Natural Disaster help</li> </ul>	<ul style="list-style-type: none"> <li>- Scholarship</li> <li>- In-houseand Public training.</li> <li>- English Training</li> </ul>	<ul style="list-style-type: none"> <li>- Entertainment</li> <li>- Fitness</li> </ul>	<ul style="list-style-type: none"> <li>- Provident Fund</li> </ul>

- **Healthy and Safety**

Due to the Company concerned for the safety and health of staffs is all staffs are our most valuable resource. The Company has adopted the occupational Health and Safety policy as part of business strategy to achieve maximum efficiency and effectiveness should not harmful to health, be treated fairly and based on the work of the employees happiness by the policy is as follows.

**The operating guideline**

- 1) Protect the health and safety of staffs, customers who come into contact at office and people who may be affected. To conduct all activities in a manner that is responsible for the environment.
- 2) Safety is the first responsibility of every staffs in the performance. However, there were 3 cases of work-related disease or 3 percent of total staffs in 2013.
- 3) The Company will contribute to improved working conditions and environment for both physical security and conducive to good mental health in the workplace
- 4) The Company shall promote safety activities to be conscious and participation of all staffs, such as motivation, training, etc.
- 5) Supervisors at all levels to act as a good model for leadership training, coaching and motivating staffs with a safe

- 6) All staffs must concern safety for their own, colleague and the assets of the Company is constantly working.
- 7) Staffs shall maintain a clean and orderly work area. Safety and hygiene of all staffs.
- 8) Staffs shall maintain and to cooperate in projects relating to occupational safety and health of the Company.
- 9) The Company shall provide for the survey and monitoring the implementation of the policy set forth above by the person who responsible.

- **To strengthen the capacity and commitment of the staff**

People are the most important company's resources; they are critical in driving the business forward and maintain its leadership in the business and sustainable growth. The Company is providing a software development with operations in the field of human resource development in a systematic way. This covers all staffs in the target group. And provide adequate funding for the development. Last year budget in 2013, we utilize over THB 700,000 for staff development training programs, both in houses and public course, including more than 50 courses in order to create solid foundation for our staff development to be "the one with professional, responsible and good attitude" who has knowledge, skills, good attitudes and behaviors consistent with or ganizational culture in order to meet customer satisfaction with the Company's employee development program to support their work. The Company provides a comprehensive program to improve by the position. Employee can take action immediately;

Including curricula for sales skills, personality development courses, professional and technical courses are offered. The Company also encourages staffs to learn in other ways or activities such as the Knowledge Sharing activities in small groups among staffs (Group Activity), which all learning is also promoting the development of their career growth (Career Management) and led us to the Learning Organization for development to contribute profession advancement.

- **The development of the Company**

English proficiency development : Nowadays, English has emerged as the business and connecting. The Company recognizes of the importance of human resource development and provides welfare for English course for employee at all level that will be paid in accordance with the fund rules.

## 15.5 Responsibility to consumers

The Company still used the principle and follow the policy that would respond to the satisfaction of customers who buy the products and have received direct service from the Company including consumers who uses the said product to be confident that apart from receiving the goods and service with fair price with good quality so the Company would realized the safety that would affect society and environment and an action that would violate or cause customers to lose a right.

### The operating guideline

- 1) The right to receive basic need: The Company has specified the operating guideline according to the condition to customers strictly. In the case that the condition cannot be followed, one must notify to customers in order to find a way to solve the problems.
- 2) The right on safety: The Company has safe data storage system of customers and has secrete protection measure of customers and not sending information without a customer's consent and will not use information of customers for personal gain or for others illegally.
- 3) The right of news: The Company has specified operating guideline in giving news and correct recommendation and is up-to-date to customers so that they would know about goods and services.
- 4) The right to choose: The Company has policy to not sell for excessive profit and specify the price that is fair and has quality that responds to the satisfaction of customers.
- 5) The right to express opinions: Create a system and process that customers can make a complaint on quality, quantity, safety of products and service and the speed in delivery and utmost operation so that customers would receive a quick response.
- 6) The right to receive compensation: The Company has the policy for customers to receive fairness from receiving goods and service that is not according to the standard by specifying goods guaranty form under suitable time condition and to follow the consumer protection act.
- 7) The right of education: The Company has the policy for customer to receive news, information, knowledge, understanding necessary for the consideration to order goods.

## 15.6 Business policy under environmental standard

The Company is well aware of the our full accountability and responsibility to the environment and the community. Therefore, we have developed guidelines to focus on pollution reduction alongside environment improvement which will ultimately preserve the natural environment though the commitment of the Company's environmental policy as below.

- 1) The Company is engaged and complied in environmental laws and regulations.
- 2) The Company will manage and control the product distribution procedures to prevent any harm that may occur to company staffs, customer and community in terms of safety and health.
- 3) The Company will effectively utilize natural resources and energy by promoting energy-saving activity, voluntarily alleviate the global warming problem and enhancing the environmental friendly atmosphere.
- 4) The Company will strengthen the knowledge and lead the engagement of staffs for valuable contribution to environment through various activities and training.

## 15.7 Social Development

The Company recognizes that social responsibility is vital drive for the Company. Sustained growth. The Company try to interfere a sense of social responsibility in every work processes for delivering quality products in order to serve need and create stakeholder satisfaction, thus the Company set priority of CSR in process for working process development.

The Company continued doing CSR Activities by support public organizations such as public schools and government unit in term of scholarships to schools in neighboring communities by the year 2013 with a list of scholarships is encouraged. By such activities purpose to support the creation of a public society to have a good result in the future social development.

### 1. The Company continued doing CSR

**Activities by support public organizations such as public schools and government unit in term of scholarships to schools in neighboring communities by the year 2012 with a list of scholarships is encouraged.**

1. Wat Tongkung School
2. Nakha Di Memorial School
3. KlongKanya School
4. Klong Bang Kaew School
5. Wat Bangplee Yai-Nai School
6. Wat Pan Prasit Tharam School
7. Pak Klong Mor School





## 2. Donation : educational aid and office equipment to Child development center at Kaboktia, Noen Kham District, Chai Nat

The Company recognizes the importance the improving the quality of children. In 2013, The Company has explored and founded that “Child development center – Kaboktia” is still lacking of education aid and office equipment. So, the Company has donated 2nd hands computer in good condition in order to develop and support children education.



## 3. Campaign “Learning and health care room building” at Khlong Latkrabang School

Khlong Latkrabang School was founded in 1941. It is kindergarten and primary school, located behind the Company. There are 150 students and most of them live in community area.

To develop community and society. The Company has surveyed of demand of school and founded that the school is still lacking of learning center room and school infirmary. The Company realizes that school is like a second home of the children. Apart from good education, health and sanitation are also important and have to look after as well. Therefore, the Company has to set up “Project of Learning and Healthy center room in school” to develop our community.





#### 4. Uniform by Elephant's world foundation

The Company has the policy to promote staffs to participate in working for society and environment by arranging an activity to help "Elephant's world" foundation at Kanchanaburi which is a non-profit refuge for "sick, old, disabled, abused, illegal and street elephants". Most foundation income is from souvenir and donation.

To promote foundation, the Company has put logo of foundation "Elephant's world" on Company's uniform sleeve.

In addition, the Company has donated THB 14,000 to help foundation.



#### 15.8 CSR Innovation and Diffusion of CSR Innovation

To support government's policy about clean energy. The Company joined hands with DuPont Performance Polymers (Thailand) to organized seminar on September 4, 2013 for entrepreneurs and other interesting parties about knowledge of Solar PV rooftop.

#### 15.9 To made a report of sustainability development

The Company has made a report of sustainability development and diffusion on the website of the Company (www.gc.co.th). The content has been developed in order to cover the responsibility and direction of organization, necessary information of organization, supervision, scope and content index, environment and safety, society with the objective to develop sustainability report

This Sustainability Development Report is intended to communicate the policy, management strategy and the economic, social and environmental performance during the period January 1, 2013 to December 31, 2013 by the reporting application to report on the sustainability of the Global Reporting Initiative (GRI)

## 16 MAJOR EVENT IN 2013

### **“Understand more about Thermoplastic Elastomer (TPV) for Automotive applications”**

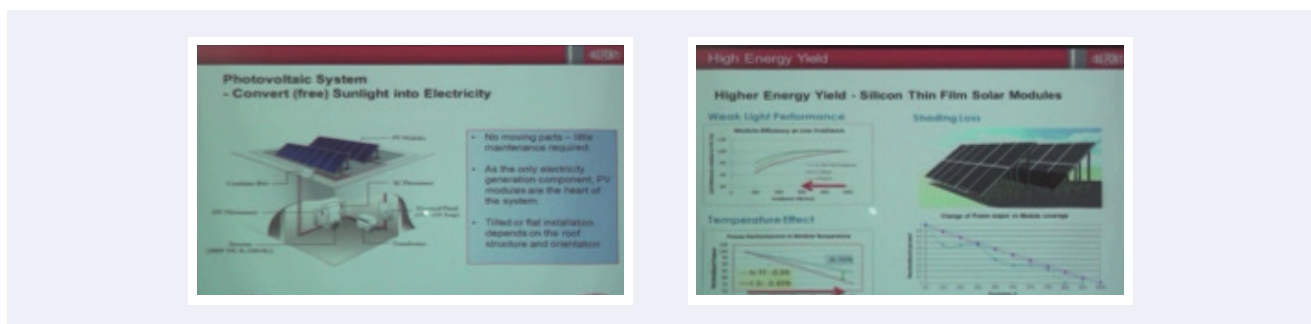
#### **With Santoprene TPV Technology from ExxonMobil Chemical**

The Company joined hands with ExxonMobil Chemical in the product technology and manufacturing techniques training seminar for our customer on December 26-27, 2013 at Bangkok International Trade & Exhibition Centre (BITEC) which gets attention from event participants. This was diffusion of important innovation of petrochemical for continuous product development and maximum benefit in response to global market demand.



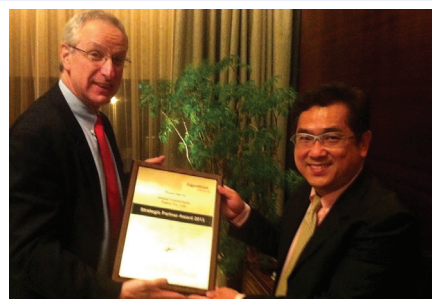
## “Solar PV Rooftop by Dupont”

To support government's policy about clean energy. The Company joined hands with DuPont Performance Polymers (Thailand) to organized seminar on September 4, 2013 for entrepreneurs and other interesting parties about technology of Solar PV rooftop.



## “ 2013 Strategic Partner Award to GC by ExxonMobil ”

On May 20, 2013, ExxonMobil Chemical by Mr. Stuart Agler, SEB Global Sales Manager rewards the 2013 Strategic Partner Award to Global Connections Co., Ltd. (Thailand) (GC). The Award is given to encourage us to keep up the good work and recognition to the efforts to achieve the sales performance in 2012 among distributors in the Asia-Pacific and South Asia region.



Left : Mr. Stuart Agler, SEB Global Sales Manager, ExxonMobil and  
Right: Mr.Aikachai Sirijuntanan EVP of Global Connection PCL

## Guest speaker in Seminar

Mr. Aikachai Sirijuntanan Executive Vice President of Global Connection PCL. Beside of business management. He was honoured to be guest speaker in seminar about of Plastic and petrochemical industry. In 2013, He has joined seminar as follow;

- September 4–5, 2013. Invited from Plastic Institute of Thailand for guest speaker in seminar “Development of Plastic and Rubber in Thailand” that Mr. Aikachai Sirijuntanan was honored to describe on “Trend of Plastic technology in the future”
- Invited from Petroleum Institute of Thailand for guest speaker in “Engineering Plastics & Nylon Business” held on September 23-24, 2013



## Award of pride

The Company contested the establishment of good industrial relations and labor welfare. Department of Labor Protection and Welfare for the year 2013 and the Award for excellence at the national level.



Award for excellence at the national level from Department of Labor Protection and Welfare in 2012 and 2013

## 17 INTERNAL CONTROL AND RISK MANAGEMENT

Board of Director and executive management recognizes that internal control system is important mechanism in reducing business risk and increasing efficient business operation which is included resource allocation appropriately and achieve objective of the Company.

Board of Director commissioned the Audit Committee has a duty and responsibility in review the appropriateness and effectiveness of internal control system which the executive management provided it to ensure that the Company has adequate internal control system in the risk management, protect the Company's assets from lost or used by unauthorized person, compliance with laws and regulations, and correctness and assurance of the financial statement. In addition, the Audit Committee considers the independence of the internal audit department, and considers the appropriateness and adequacy of personnel in such department, and approves the appointment or dismissal internal audit manager.

Audit Committee reviewed appropriate and efficient the internal control system and the internal audit by considered in conjunction with the internal auditor and reported to Board of Director to inform or consider in quarterly. In the prior year, Audit Committee has expressed their opinion and recommendation to executive management on matters material. Furthermore, the external auditor, who is Ernst & Young Company Limited and audited financial statement of the Company for the year ended 2013, have jointed meetings with Audit Committee and expressed the opinion that the internal control system of the Company was satisfactory level and not found error/weakness to have significant impact on the opinion of the external auditor.

In Board of Director meeting No. 1/2014 as at February 21, 2014, Audit Committee attended the meeting. Board of Director has assessed the adequacy of internal control system annually by the Securities and Exchange Commission's form in accordance with COSO (The Committee of Sponsoring Organizations of the Tradeway Commission) which included the control environment, the risk management, the control activities, the information and communication, and the monitoring activities. Board of Direct agreed that the Company performed to COSO appropriately.

### **Different opinions during the Audit Committee and the Board of Director Committee**

Opinion of Audit Committee and Board of Director Committee is consensus on the internal control system of the Company.

### **Information of head of internal audit unit and head of compliance unit**

The Company has appointed Ms. Wallaya Watsarujakorn as internal audit manager since May 1, 2012, which was approved by Audit Committee. The committee had considered her qualification, knowledge, and experience of internal audit task, had concluded that she has the right to perform duties appropriately.

In order to consider and approve the appointment, transfer and dismissal of the incumbent internal audit manager of the Company must be approved by the Audit Committee.

## 18 RELATED TRANSACTIONS

Related Company / Person	Description of Relations	Description of Transactions	Size of 2012 Transactions (Mil Baht)	Size of 2013 Transactions (Mil Baht)	Necessity and Reasons of Transactions
Integrity Plastics Co.,Ltd	Mrs. Nisaporn Sirijuntanan (wife of Mr. Aikachai Sirijuntanan the major shareholder and director of the GC) was the major shareholder and director of the Integrity Plastics Company.	Trade the instant petrochemical products, on the date of December 31, 2012 and 2013 has the sum of the debts at THB 2.72 million and THB 8.23 million, respectively	16.79	15.77	There were normal businesses and transactions of the GC Company with its customers. Therefore, the Audit Committee found that they were normal businesses and transactions of GC Company and they were in relation with the related market prices
		Purchase the instant petrochemical products, on the date of December 31, 2012 and 2013 has the sum of the debts at THB 1.09 million and THB 1.57 million, respectively	13.51	11.37	The Company is necessary to hire Integrity Plastics Co.,Ltd, who compound the products and keep secret formula to respond customer's satisfaction. Integrity Plastics Co.,Ltd. purchase raw material with the related market prices from GC Company and it will be sold back to the GC Company with costs of raw material and mixture. Therefore, the Audit Committee found that they were normal businesses and transactions of GC Company and they were in relation with the related market prices.
		December 31, 2012 and 2013 has the sum of the advance payment for goods at THB 5.25 million and THB 7.42 million, respectively	16.78	33.54	Supplier's policy is sold in some product to converter only without agency therefore; the Company procures from Integrity Plastics Co.,Ltd who is converter and sell product to the Company with cost plus margin to response customers' needs. the Audit Committee found that they were normal businesses and transactions of GC Company and they were in relation with the related market prices.

Related Company / Person	Description of Relations	Description of Transactions	Size of 2012 Transactions (Mil Baht)	Size of 2013 Transactions (Mil Baht)	Necessity and Reasons of Transactions
New Modern Superpack Co.,Ltd.	Mr. Wichan Nanthananonchai, The major shareholder of New modern is an elder brother of Mrs. Boonsri Kulimakin (shareholder of 100 shares) who is a wife of Mr. Somchai Kulimakin (major shareholder and director of the GC Company) and also be a director of New Modern Company	Trade the instant petrochemical products, on the date of December 31, 2012 and 2013 has the sum of the debts at THB 0.71 million and THB 0.75 million, respectively	24.00	13.82	There were normal businesses and transactions of the GC Company with its customers. found that they were normal businesses and transactions of GC company and they were in relation with the market related prices.
Mr. Somchai Kulimakin	Director	Indefinite employment agreement for retired director	-	2.40	This related transaction was approved by Board of Directors in meeting no.1/2013, February 22, 2013 and It was reported to SET already.
Mr.Sumruay Tichachol	Director	Indefinite employment agreement for retired director	-	2.40	This related transaction was approved by Board of Directors in meeting no.1/2013, February 22, 2013 and It was reported to SET already.
GC company's directors who are - Mr. Somchai Kulimakin - Mr.Sumruay Tichachol - Mrs. Pravishya Hansakul - Ms.Pornpimol Torpaiboon	Company's directors and executives	Sell car in the position to all directors and executives which had set in rule of the Company since 2006	1.15	2.26	The Audit Committee found that they were normal transactions of GC company and they were in rule of the Company.



## 19 REPORT OF THE AUDIT COMMITTEE

### To: The Shareholders

The Audit Committee of Global Connections Public Company Limited has been appointed by the Board of Director's meeting. The committee consists of three independent directors as follows:

- |                                         |                             |
|-----------------------------------------|-----------------------------|
| 1. Dr. Pisit Leeahtam                   | Chairman of Audit Committee |
| 2. Assoc. Prof. Chawalee Pongpatirochna | Audit Committee             |
| 3. Mr. Suchart Suphayak                 | Audit Committee             |

In 2013, the committee performed their duties cautiously and independently without the restriction to achieve the Company's information. The committee held totally 4 meetings and joined the discussion with the internal auditor and the external auditor, as summarized as follows;

1. The committee reviewed quarterly and annual financial statements for the year 2013. Each time quarterly and annual financial statements were examined with the external auditor presented. The committee concluded that the Company's financial statements had complied with accounting standard requirements under generally accepted accounting principal, and that adequate, complete, reliable information had been disclosed in the financial statements, and that the external auditor performed optimally in accordance with professional accounting standard.
2. The committee reviewed and approved the annual internal audit plan for the year 2014. The committee concluded that the plan was prepared appropriately, and had covered with operating activities and significant risk factors in accordance with the Company's risk assessment.
3. The committee reviewed the internal audit activities to ensure that comply with the approved internal audit plan, and had meetings with the internal auditor independently to inquiry, provide useful recommendations for the Company, and follow up significant issues as reported in the internal audit report. The committee concluded the Company's internal control system was appropriate for its business.
4. The committee reviewed the internal control system of the Company and provided recommendations on developing the internal control system and risks that may arise with the Company. The committee concluded the Company had appropriate the internal control system in order to protect and reduce significant risks that may occur, and had compliance with the internal control system.
5. The committee reviewed compliance with regulations of The Securities and Exchange Commission, The Stock Exchange of Thailand, and other laws which related to the Company's business. The committee concluded the Company had complied with related laws and regulations.



6. The committee reviewed the connected transactions or transactions of potential conflicts of interest, including the disclosure of certain transactions. The committee concluded such transactions had reasonability, compliance with the Company's normal operating business, and an adequate disclosure in accordance with the regulations of The Stock Exchange of Thailand.
7. The committee considered and proposed the appointment of Ernst & Young Company Limited as the Company's external auditor to the Board of Directors, which will in turn submit it, together with its fees, for shareholders' approval at the AGM. The committee had considered the performance, the independence and the qualities of the audit task and recommended the appointment of Mrs. Chonlaros Suntiasvaraporn or Ms. Siraporn Ouannunkun or Ms. Supanee Triyanantakul, Certified Public Accountant (Thailand) No. 4523, 3844 and 4498, respectively for the year ended December 31, 2014.

On the whole, the committee had performed and fulfilled according to the Audit Committee Charter which was approved by the Board of Directors. The committee agreed that the Company had an accurate accounting and financial reporting practices and the disclosure connected transactions, an appropriate internal control system, a compliance with good corporate governance, laws and regulations related to the Company's business, and with an ongoing operating system development plan for quality enhancement appropriate for the Company's environment and business.



(Dr. Pisit Leeahtam)

Chairman of Audit Committee

Global Connections Public Company Limited

## 20 STATEMENT OF BOARD OF DIRECTORS RESPONSIBLE FOR THE FINANCIAL STATEMENT

The Board of Directors has realized the importance of its role and responsibility on implanting the corporate governance principle into the Company's management. This also means to ensure that the Company's financial statement and financial information in the annual report is accurate, complete and in line with the accounting standard; thus, reflecting the actual financial status and operational results of the Company and disclosing adequate important information to stakeholders and investors.

In this regard, the Board of Directors has focused on improving the management structure and internal control systems to boost the creditability of the Company's financial statement. Such improvement also helps guarantee that the Company is equipped with an effective system to monitor its assets and to prevent serious misconducts and other operational irregularities of the Company.

The Board of Directors has appointed the Audit Committee comprising of a number of independent directors, who are fully qualified under the requirements by the Stock Exchange of Thailand. The Audit Committee is mainly responsible for maintaining the quality of the financial report and internal control systems. It is also responsible for any disclosure of connected transactions. The Committee's reviews on such matters will appear in this Annual Report and form 56-1 under the Audit Committee's Report.

The Board of Directors is of the opinion that the overall internal control systems of the Company can be regarded as "satisfying". Therefore, the Board is confident that the Company's financial statement as of December 31, 2013 reliable and is audited in line with the universally accepted auditing standards by the company's auditor; so it reflects an accurate financial status and operational results of the Company as required by most accounting standards that are generally accepted.



(Mr. Virah Mavichak)  
Chairman of The Board



(Mr. Somchai Kulimakin)  
Chairman of Executive Committee

## 21 MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATING RESULTS AND FINANCIAL POSITION

### 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 THB 3,159 million in 2013, decreased THB 541 million from last year or equivalent to 14.63 percent. The sales value of Commodity Polymer business unit was reduced by 31.18 percent. The sales value of Specialty and Engineering Polymer business unit was increased by 6.42 percent. And the sales value of Specialty Chemicals business unit was decreased by 36.61 percent. The 14.63 percent decrease in total sales revenue was the impact of changing in distributorship of Commodity Polymer business unit's main supplier with effective from mid of 2012 onwards.

### Financial Operating Results

In 2013, total cost of sales and operating expenses were THB 3,067 million, decreased by THB 524 million from THB 3,591 million of 2012 or equivalent to 14.59 percent. Our major expense was costs of goods sold, a decrease of THB 527 million or 15.20 percent from last year's which was in line with sales decline rate.

The gross profit in 2013 was decreased from THB 233 million to be THB 219 million or equivalent to 6.16 percent. This was due mainly to the decrease in sales volume of Commodity Polymer business unit as described above. However, the gross profit margin in 2013 was increased from 6.31 percent to be 6.93 percent. This was due to the slow moving products sold out with negative margin in 2012 whereas some product items in 2013 had lower purchasing cost from big lot order.

Total selling and administrative expenses increased from THB 125 million in 2012 to be THB 128 million in 2013, or 2.31 percent increased. This was due to a reversal of reduction of inventory to net realisable value amounting to THB 2 million in 2012. In addition, there was an increase in warehouse rental amounting to THB 2 million resulting from higher inventory volume.

The interest expenses in 2013 was THB 17 million, or 10.64 percent decreased from THB 19 million of 2012. This was due to the lower interest rate in 2013.

The corporate income tax rate was decreased from 23.00 percent in 2012 to be 20.00 percent in 2013. This was in accordance with the Royal Degree regarding corporate income tax reduction.

As a result of the discussed factors, our net profit was THB 70 million in 2013 versus THB 76 million in 2012 or equivalent to 8.26 percent decreased.

## Comparison of Financial Position ( Year 2013 & Year 2012)

**Assets:** As of December 31, 2013, GC recorded total assets of THB 1,281 million, representing an increase of THB 152 million from December 31, 2012. This was mainly due to the increase in both trade accounts receivable and inventories. The assets with major changed were as follows :

As of December 31, 2013 total current assets showed THB 1,147 million, an increase of THB 164 million or 16.69 percent increased from 2012. This was mainly due to the increase in trade accounts receivable of THB 86 million from THB 481 million in 2012 to be THB 567 million in 2013 resulting from extending longer credit term to our customers.

While inventory showed THB 520 million as of December 31, 2013, an increase of THB 68 million or 15.06 percent from last year. This was due to higher inventory purchased volume especially the imported items.

**Liabilities:** As of December 31, 2013, GC recorded total liabilities of THB 882 million, an increase of THB 156 million or 21.51 percent increased from the previous year-end. The major liabilities was short-term loans from financial institutions and trade accounts payable. The ending 2013 balance of short-term loan was THB 625 million versus 505 million as of 2012 or equivalent to 23.76 percent increased. The trade accounts payable as of 2013 was THB 224 million, an increase of THB 39 million from THB 185 million of ending 2012. And the Debts to Equity Ratio as of 2013 was 2.21 times compared to 1.80 times of ending 2012.

**Sources of Funds:** The structure of GC's funds in 2013 was not much different from those of 2012 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 December 31, 2013, the portion of shareholders' equity amounted to THB 399 million, a decrease of THB 4 million, or 1.00 percent, derived from net profit from operations of 2013 THB 70 million deducted dividend paid out THB 74 million.

**Liquidity:** In 2013 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 2013 GC had a current ratio at 1.32 times compared to 1.38 times in ending 2012, which was due to the rise in short-term loans from financial institutions and trade accounts payable.

**GLOBAL CONNECTIONS PUBLIC COMPANY LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**31 DECEMBER 2013**

## **INDEPENDENT AUDITOR'S REPORT**

### **To the Shareholders of Global Connections Public Company Limited**

I have audited the accompanying financial statements of Global Connections Public Company Limited, which comprise the statement of financial position as at 31 December 2013, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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.

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Global Connections Public Company Limited as at 31 December 2013, its financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

## Emphasis of matter

I draw attention to Note 4 to the financial statements regarding the change in accounting policy due to the adoption of Thai Accounting Standard 12 Income Taxes. The Company has restated the financial statements for the year ended 31 December 2012, presented herein as comparative information, to reflect the adjustment resulting from such change. The Company has also presented statement of financial position as at 1 January 2012 as comparative information, using the newly adopted accounting policy for income taxes. My opinion is not qualified in respect of this matter.



Thipawan Nananuwat

Certified Public Accountant (Thailand) No. 3459

Ernst & Young Office Limited

Bangkok: 21 February 2014

# 23 FINANCE STATEMENT YEAR 2013

## GLOBAL CONNECTIONS PUBLIC COMPANY LIMITED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

(Unit: Baht)

	Note	As at 31 December 2013	As at 31 December 2012 (Restated)	As at 1 January 2012
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	8	47,616,885	42,462,585	41,387,393
Trade and other receivables	7, 9	567,783,390	481,259,793	567,145,463
Inventories	10	520,293,512	452,202,112	358,539,091
Other current assets	7	<u>11,290,239</u>	<u>7,011,447</u>	<u>2,967,537</u>
<b>Total current assets</b>		<u>1,146,984,026</u>	<u>982,935,937</u>	<u>970,039,484</u>
<b>Non-current assets</b>				
Investment properties	11	-	4,774,059	5,283,382
Property, plant and equipment	12	124,065,894	131,571,471	136,868,893
Intangible assets	13	4,945,657	-	-
Deferred tax assets	21	3,578,922	3,745,722	5,127,428
Other non-current assets		<u>1,692,500</u>	<u>6,140,176</u>	<u>203,095</u>
<b>Total non-current assets</b>		<u>134,282,973</u>	<u>146,231,428</u>	<u>147,482,798</u>
<b>Total assets</b>		<u>1,281,266,999</u>	<u>1,129,167,365</u>	<u>1,117,522,282</u>

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



# GLOBAL CONNECTIONS PUBLIC COMPANY LIMITED

## STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2013

(Unit: Baht)

	Note	As at 31 December 2013	As at 31 December 2012 (Restated)	As at 1 January 2012
<b>Liabilities and shareholders' equity</b>				
<b>Current liabilities</b>				
Short-term loans from				
financial institutions	14	625,000,000	505,000,000	466,414,343
Trade and other payables	7, 15	235,561,683	194,410,616	226,032,220
Current portion of liabilities under				
finance lease agreements	16	1,597,360	2,238,363	2,080,496
Income tax payable		5,928,713	8,352,393	10,712,290
Other current liabilities		<u>1,890,915</u>	<u>1,409,202</u>	<u>1,660,285</u>
<b>Total current liabilities</b>		<u>869,978,671</u>	<u>711,410,574</u>	<u>706,899,634</u>
<b>Non-current liabilities</b>				
Liabilities under finance lease				
agreements - net of current portion	16	2,204,351	3,801,712	3,037,461
Provision for long-term employee benefits	17	<u>9,894,610</u>	<u>10,728,610</u>	<u>14,624,510</u>
<b>Total non-current liabilities</b>		<u>12,098,961</u>	<u>14,530,322</u>	<u>17,661,971</u>
<b>Total liabilities</b>		<u>882,077,632</u>	<u>725,940,896</u>	<u>724,561,605</u>

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

# GLOBAL CONNECTIONS PUBLIC COMPANY LIMITED

## STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2013

(Unit: Baht)

	Note	As at 31 December 2013	As at 31 December 2012 (Restated)	As at 1 January 2012
<b>Shareholders' equity</b>				
Share capital				
Registered				
200,000,000 ordinary shares of Baht 1 each (31 December 2012: 260,000,000 ordinary shares of Baht 1 each)	18	<u>200,000,000</u>	<u>260,000,000</u>	<u>200,000,000</u>
Issued and fully paid up 200,000,000 ordinary shares of Baht 1 each		200,000,000	200,000,000	200,000,000
Share premium		56,034,035	56,034,035	56,034,035
Retained earnings				
Appropriated - statutory reserve	19	24,000,000	24,000,000	20,000,000
Unappropriated		<u>119,155,332</u>	<u>123,192,434</u>	<u>116,926,642</u>
<b>Total shareholders' equity</b>		<u>399,189,367</u>	<u>403,226,469</u>	<u>392,960,677</u>
<b>Total liabilities and shareholders' equity</b>		<u>1,281,266,999</u>	<u>1,129,167,365</u>	<u>1,117,522,282</u>
		-	-	-

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

# GLOBAL CONNECTIONS PUBLIC COMPANY LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2013

(Unit: Baht)

	Note	2013	2012 (Restated)
<b>Profit or loss:</b>			
<b>Revenues</b>			
Sales		3,158,684,159	3,699,903,811
Other income		<u>13,242,054</u>	<u>10,557,824</u>
<b>Total revenues</b>		<u>3,171,926,213</u>	<u>3,710,461,635</u>
<b>Expenses</b>			
Cost of sales		2,939,671,004	3,466,516,106
Reversal of reduction of inventory to net realisable value		<u>-</u>	<u>(2,000,000)</u>
		2,939,671,004	3,464,516,106
Selling expenses		26,323,955	26,547,030
Administrative expenses		<u>101,344,252</u>	<u>100,234,082</u>
<b>Total expenses</b>		<u>3,067,339,211</u>	<u>3,591,297,218</u>
<b>Profit before finance cost and income tax expenses</b>		104,587,002	119,164,417
Finance cost		<u>(17,339,085)</u>	<u>(19,404,431)</u>
<b>Profit before income tax expenses</b>		87,247,917	99,759,986
Income tax expenses	21	<u>(17,285,095)</u>	<u>(23,494,194)</u>
<b>Profit for the year</b>		<u>69,962,822</u>	<u>76,265,792</u>
<b>Other comprehensive income for the year</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<u>69,962,822</u>	<u>76,265,792</u>
<b>Earnings per share</b>	22		
Basic earnings per share		<u>0.35</u>	<u>0.38</u>

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

# GLOBAL CONNECTIONS PUBLIC COMPANY LIMITED

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2013

(Unit: Baht)

	Note	Issued and fully paid up ordinary shares	Share premium	Retained earnings		Total
				Appropriated - statutory reserve	Unappropriated	
<b>Balance as at 31 December 2011 - as previously reported</b>		200,000,000	56,034,035	20,000,00	111,799,214	387,833,249
Cumulative effect of change in accounting policy for income taxes	4	-	-	-	5,127,428	5,127,428
<b>Balance as at 31 December 2011 - as restated</b>		200,000,000	56,034,035	20,000,000	116,926,642	392,960,677
Transfer of retained earnings to statutory reserve	19	-	-	4,000,000	(4,000,000)	-
Dividend paid	25	-	-	-	(32,000,000)	(32,000,000)
Interim dividend paid	25	-	-	-	(34,000,000)	(34,000,000)
Total comprehensive income for the year (Restated)		-	-	-	76,265,792	76,265,792
<b>Balance as at 31 December 2012 - as restated</b>		<u>200,000,000</u>	<u>56,034,035</u>	<u>24,000,000</u>	<u>123,192,434</u>	<u>403,226,469</u>
						-
<b>Balance as at 31 December 2012 - as previously reported</b>		200,000,000	56,034,035	24,000,000	119,446,712	399,480,747
Cumulative effect of change in accounting policy for income taxes	4	-	-	-	3,745,722	3,745,722
<b>Balance as at 31 December 2012 - as restated</b>		200,000,000	56,034,035	24,000,000	123,192,434	403,226,469
Dividend paid	25	-	-	-	(37,999,924)	(37,999,924)
Interim dividend paid	25	-	-	-	(36,000,000)	(36,000,000)
Total comprehensive income for the year		-	-	-	69,962,822	69,962,822
<b>Balance as at 31 December 2013</b>		<u>200,000,000</u>	<u>56,034,035</u>	<u>24,000,000</u>	<u>119,155,332</u>	<u>399,189,367</u>
						-

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

# GLOBAL CONNECTIONS PUBLIC COMPANY LIMITED

## CASH FLOW STATEMENT

### FOR THE YEAR ENDED 31 DECEMBER 2013

(Unit: Baht)

	2013	2012
<b>Cash flows from operating activities</b>		
Profit before tax	87,247,917	99,759,986
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities :-		
Depreciation and amortisation	12,564,209	14,032,617
Reversal of reduction of inventory to net realisable value	-	(2,000,000)
Gain on sales of investment properties	(3,106,922)	-
Gain on sales of motor vehicles and equipment	(2,891,611)	(1,130,020)
Loss on write-off of equipment	-	14,137
Unrealised (gain) loss on exchange	8,663	(27,023)
Long-term employee benefit expenses	2,348,700	3,000,000
Interest expenses	<u>17,339,085</u>	<u>19,404,431</u>
Profit from operating activities before changes in operating assets and liabilities	113,510,041	133,054,128
Operating assets (increase) decrease		
Trade and other receivables	(86,523,597)	85,885,670
Inventories	(68,091,400)	(91,663,021)
Other current assets	(4,278,793)	(4,043,909)
Other non-current assets	(1,500,000)	10,595
Operating liabilities increase (decrease)		
Trade and other payables	41,053,917	(31,382,711)
Other current liabilities	481,712	(251,083)
Provision for long-term employee benefits	<u>(3,182,700)</u>	<u>(6,895,900)</u>
Cash flow from operating activities	(8,530,820)	84,713,769
Cash paid for interest expenses	(16,937,787)	(19,248,019)
Cash paid for corporate income tax	<u>(19,541,975)</u>	<u>(24,472,385)</u>
<b>Net cash flows from (used in) operating activities</b>	<u>(45,010,582)</u>	<u>40,993,365</u>

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

**GLOBAL CONNECTIONS PUBLIC COMPANY LIMITED**  
**CASH FLOW STATEMENT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

(Unit: Baht)

	2013	2012
<b>Cash flows from investing activities</b>		
Acquisition of motor vehicles and equipment	(4,299,477)	(3,995,543)
Acquisition of computer software	(233,550)	-
Proceeds from sales of investment properties	7,829,743	-
Proceeds from sales of motor vehicles and equipment	3,419,263	1,424,657
Advance payment for computer software	-	(5,947,676)
<b>Net cash flows from (used in) investing activities</b>	<u>6,715,979</u>	<u>(8,518,562)</u>
<b>Cash flows from financing activities</b>		
Increase in short-term loans from financial institutions	120,000,000	38,585,656
Cash paid for liabilities under finance lease agreements	(2,551,173)	(3,985,267)
Dividend paid	(37,999,924)	(32,000,000)
Interim dividend paid	(36,000,000)	(34,000,000)
<b>Net cash flows from (used in) financing activities</b>	<u>43,448,903</u>	<u>(31,399,611)</u>
<b>Net increase in cash and cash equivalents</b>	5,154,300	1,075,192
Cash and cash equivalents at beginning of year	<u>42,462,585</u>	<u>41,387,393</u>
Cash and cash equivalents at end of year	<u><u>47,616,885</u></u>	<u><u>42,462,585</u></u>
	-	-
<b>Supplemental cash flows information :-</b>		
Non-cash transactions		
Motor vehicles purchased under finance lease agreements	-	4,539,103

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

# GLOBAL CONNECTIONS PUBLIC COMPANY LIMITED

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2013

#### **1. Corporate information**

Global Connections Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the wholesale of plastic and plastic-related products. The registered office of the Company is at 13/1 Moo 2 King-Kaew Road, Rachateva, Bangplee, Samuthprakarn.

#### **2. Basis of preparation**

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

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

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

#### **3. New accounting standards**

Below is a summary of accounting standards that became effective in the current accounting year and those that will become effective in the future.

##### **(a) Accounting standards that became effective in the current accounting year**

##### **• Accounting standards:**

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

##### **• Financial Reporting Standard:**

TFRS 8	Operating Segments
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• **Accounting Standard Interpretations:**

TSIC 10	Government Assistance - No Specific Relation to Operating Activities
TSIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

Accounting Treatment Guidance for Transfers of Financial Assets

These accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance do not have any significant impact on the financial statements, except for the following accounting standard.

**TAS 12 Income Taxes**

This accounting standard requires an entity to identify temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base and recognise the tax effects as deferred tax assets or liabilities subjecting to certain recognition criteria. The Company has changed this accounting policy in this current year and restated the prior year's financial statements, presented as comparative information, as though the Company had initially recognised the tax effects as deferred tax assets or liabilities. The cumulative effect of this change in accounting policy has been presented in Note 4 to the financial statements.

**(b) Accounting standards that will become effective in the future**

Effective date

• **Accounting Standards:**

TAS 1 (revised 2012)	Presentation of Financial Statements	1 January 2014
TAS 7 (revised 2012)	Statement of Cash Flows	1 January 2014
TAS 12 (revised 2012)	Income Taxes	1 January 2014
TAS 17 (revised 2012)	Leases	1 January 2014
TAS 18 (revised 2012)	Revenue	1 January 2014
TAS 19 (revised 2012)	Employee Benefits	1 January 2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	1 January 2014



		<u>Effective date</u>
TAS 24 (revised 2012)	Related Party Disclosures	1 January 2014
TAS 28 (revised 2012)	Investments in Associates	1 January 2014
TAS 31 (revised 2012)	Interests in Joint Ventures	1 January 2014
TAS 34 (revised 2012)	Interim Financial Reporting	1 January 2014
TAS 36 (revised 2012)	Impairment of Assets	1 January 2014
TAS 38 (revised 2012)	Intangible Assets	1 January 2014

• **Financial Reporting Standards:**

TFRS 2 (revised 2012)	Share-based Payment	1 January 2014
TFRS 3 (revised 2012)	Business Combinations	1 January 2014
TFRS 4	Insurance Contracts	1 January 2016
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations	1 January 2014
TFRS 8 (revised 2012)	Operating Segments	1 January 2014

• **Accounting Standard Interpretations:**

TSIC 15	Operating Leases - Incentives	1 January 2014
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2014
TSIC 29	Service Concession Arrangements: Disclosures	1 January 2014
TSIC 32	Intangible Assets - Web Site Costs	1 January 2014

• **Financial Reporting Standard Interpretations:**

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2014
TFRIC 4	Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2014
TFRIC 7	Applying the Restatement Approach under TAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>	1 January 2014
TFRIC 10	Interim Financial Reporting and Impairment	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014
TFRIC 17	Distributions of Non-cash Assets to Owners	1 January 2014
TFRIC 18	Transfers of Assets from Customers	1 January 2014

The Company's management believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied.

#### 4. Cumulative effect of change in accounting policy due to the adoption of new accounting standard

During the current year, the Company made the changes described in Note 3 to the financial statements to its significant accounting policies, as a result of the adoption of Thai Accounting Standard 12 Income Taxes. The cumulative effect of the change in the accounting policy has been separately presented in the statements of changes in shareholders' equity.

The amounts of adjustments affecting the statements of financial position and the statements of comprehensive income are summarised below.

(Unit: Thousand Baht)

	As at 31 December 2013	As at 31 December 2012	As at 1 January 2012
<b>Statements of financial position</b>			
Increase in deferred tax assets	3,579	3,746	5,127
Increase in unappropriated retained earnings	3,579	3,746	5,127

(Unit: Thousand Baht except earnings per share expressed in Baht)

	For the year ended 31 December	
	2013	2012
<b>Statements of comprehensive income</b>		
<b>Profit or loss:</b>		
Increase in income tax	167	1,382
Decrease in profit for the year	(167)	(1,382)
Decrease in basic earnings per share (Baht)	(0.001)	(0.007)

## 5. Significant accounting policies

### 5.1 Revenue recognition

#### *Sales of goods*

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

### 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 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 experiences and analysis of debt aging.

### 5.4 Inventories

Inventories are valued at the lower of cost (weighted average method) and net realisable value.

### 5.5 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to the cost of buildings on the straight-line basis over estimated useful lives of 20 years. Depreciation of the investment properties is included in determining income.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

### 5.6 Property, plant and equipment and depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Buildings	-	20, 30 years
Office equipment	-	3, 5 years
Furniture and fixtures	-	5, 10 years
Tools and equipment	-	5 years
Motor vehicles	-	5 years

Depreciation is included in determining income.

No depreciation is provided on land and land improvements

## 5.7 Intangible assets

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

Intangible assets with finite useful lives are computer software which have finite useful lives of 5 years.

## 5.8 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

## 5.9 Long-term leases

Leases of assets which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the useful life of the asset.

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Operating lease payments are recognised as expense in profit or loss on a straight-line basis over the lease term.

## 5.10 Foreign currencies

The financial statements are presented in Baht, which is also the Company's functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period, with the exception of those covered by forward exchange contracts, which are translated at the contracted rates.

Gains and losses on exchange are included in determining income.

### 5.11 Impairment of assets

At the end of reporting period, the Company performs impairment reviews in respect of the property, plant and equipment whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

### 5.12 Employee benefits

#### *Short-term employee benefits*

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

#### *Post-employment benefits*

##### Defined contribution plans

The Company and its staffs have jointly established a provident fund. The fund is monthly contributed by staffs and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

##### Defined benefit plans

The Company has obligations in respect of the severance payments it must make to staffs upon retirement under labor law. The Company 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 profit or loss.

### 5.13 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

### 5.14 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

#### **Current tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

## **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company recognises deferred tax liabilities for all taxable temporary differences while it recognises 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 Company reviews and reduce 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 Company records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

## **6. Significant accounting judgements and estimates**

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant accounting judgements and estimates are as follow:

### **Leases**

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

### **Allowance for doubtful accounts**

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, debt collection history, aging profile of outstanding debts and the prevailing economic condition.

### **Reduction of inventory to net realisable value**

In determining a reduction of inventory to net realisable value, the management needs to make judgement and estimates based upon, among other things, slow-moving inventories and net realisable value.

### **Property, plant and equipment/Depreciation**

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

#### **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. Related party transactions**

During the years, the Company 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 and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	2013	2012	Transfer pricing policy
<b>Transactions with related companies</b>			
Sales of finished goods	30	41	Similar to market price
Purchases of finished goods	45	30	Cost plus margin
<b>Transactions with management and directors</b>			
Sales of assets	2	1	At a rate set in the Company's regulation



As at 31 December 2013 and 2012, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	2013	2012
<b>Trade and other receivables - related parties (Note 9)</b>		
Integrity Plastics Company Limited	8,226	2,721
New Modern Super Pack Company Limited	754	714
Total	8,980	3,435
<b>Advance payment for goods - related party (Included in other current assets)</b>		
Integrity Plastics Company Limited	7,415	5,251
Total	7,415	5,251
<b>Trade payables - related party (Note 15)</b>		
Integrity Plastics Company Limited	1,565	1,087
Total	1,565	1,087

#### Directors and management's benefits

Directors and management benefit expenses are benefits paid to directors and executives of the Company. Executives of the Company are as defined by the regulation of the Securities and Exchange Commission and comprise all directors, the managing director, the four most senior executives below the managing director, and all executives holding equivalent positions to the fourth most senior executive.

During the years ended 31 December 2013 and 2012, the Company had employee benefit expenses of its directors and management as below.

(Unit: Thousand Baht)

	2013	2012
Short-term employee benefits	34,550	36,100
Post-employment benefits	2,084	2,432
Total	36,634	38,532

## 8. Cash and cash equivalents

(Unit: Thousand Baht)

	2013	2012
Cash	60	60
Bank deposits	47,557	42,403
Total	47,617	42,463

As at 31 December 2013, bank deposits in saving accounts carried interests between 0.05 and 0.10 percent per annum (2012: between 0.05 and 0.10 percent per annum).

## 9. Trade and other receivables

(Unit: Thousand Baht)

	2013	2012
<b>Trade receivables – unrelated parties</b>		
Aged on the basis of due dates		
Not yet due	395,263	333,415
Past due		
Up to 1 month	151,943	131,781
1 - 3 months	11,994	10,804
3 - 6 months	-	1,999
6 - 12 months	-	-
Over 12 months	6,104	6,451
Total	565,304	484,450
Less: Allowance for doubtful accounts	(7,000)	(7,000)
Total trade receivables – unrelated parties, net	558,304	477,450
<b>Trade receivables – related parties</b>		
Aged on the basis of due dates		
Not yet due	8,226	2,721
Past due		
Up to 1 month	754	-
1 - 3 months	-	714
Total trade receivables – related parties	8,980	3,435
Total trade receivables, net	567,284	480,885
<b>Other receivables – unrelated parties</b>	499	375
Total trade and other receivables, net	567,783	481,260

## 10. Inventories

(Unit: Thousand Baht)

	Cost		Reduce cost to net realisable value		Inventories-net	
	2013	2012	2013	2012	2013	2012
Finished goods	458,755	407,601	(8,000)	(8,000)	450,755	399,601
Goods in transit	69,539	52,601	-	-	69,539	52,601
Total	<u>528,294</u>	<u>460,202</u>	<u>(8,000)</u>	<u>(8,000)</u>	<u>520,294</u>	<u>452,202</u>

## 11. Investment properties

The net book value of investment properties as at 31 December 2013 and 2012 is presented below.

(Unit: Thousand Baht)

	2013	2012
Cost	-	12,140
Less: Accumulated depreciation	-	(7,366)
Net book value	<u>-</u>	<u>4,774</u>

A reconciliation of the net book value of investment properties for the years 2013 and 2012 is presented below.

(Unit: Thousand Baht)

	2013	2012
Net book value at beginning of year	4,774	5,283
Depreciation charged for the year	(51)	(509)
Disposals during the year - net book value at disposal date	<u>(4,723)</u>	<u>-</u>
Net book value at end of year	<u>-</u>	<u>4,774</u>

As at 31 December 2012, the fair value of investment properties is approximately Baht 6.4 million which has been determined based on valuations performed by an independent professional valuer, using the market approach.

## 12. Property, plant and equipment

(Unit: Thousand Baht)

	Land and land improvements	Buildings	Office equipment, furniture and fixtures	Tools and equipment	Motor vehicles	Total
<b>Cost:</b>						
1 January 2012	52,715	93,740	13,190	10,009	39,798	209,452
Additions	-	-	2,634	1,362	4,539	8,535
Disposals/write-off	-	-	(57)	-	(5,147)	(5,204)
31 December 2012	52,715	93,740	15,767	11,371	39,190	212,783
Additions	-	-	970	2,307	1,022	4,299
Disposals/write-off	-	-	(25)	-	(11,675)	(11,700)
31 December 2013	52,715	93,740	16,712	13,678	28,537	205,382
<b>Accumulated depreciation:</b>						
1 January 2012	-	29,509	10,345	6,766	25,963	72,583
Depreciation for the year	-	3,602	2,004	1,220	6,698	13,524
Depreciation on disposals/ write-off	-	-	(43)	-	(4,853)	(4,896)
31 December 2012	-	33,111	12,306	7,986	27,808	81,211
Depreciation for the year	-	3,562	1,855	1,392	4,469	11,278
Depreciation on disposals/ write-off	-	-	(20)	-	(11,153)	(11,173)
31 December 2013	-	36,673	14,141	9,378	21,124	81,316
<b>Net book value:</b>						
31 December 2012	52,715	60,629	3,461	3,385	11,382	131,572
31 December 2013	52,715	57,067	2,571	4,300	7,413	124,066
<b>Depreciation for the year</b>						
2012 (included in selling and administrative expenses)						13,524
2013 (included in selling and administrative expenses)						11,278

As at 31 December 2013, the Company has motor vehicles under finance lease agreements with net book value amounting to approximately Baht 5 million (2012: Baht 8 million).

As at 31 December 2013, certain equipment items have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht 25 million (2012: Baht 26 million).

### 13. Intangible assets

These represent computer software which its net book value as at 31 December 2013 is presented below.

(Unit: Thousand Baht)

Computer software - cost	6,181
Less: Accumulated amortisation	(1,235)
Net book value	<u>4,946</u>

A reconciliation of the net book value of intangible assets for the year 2013 is presented below.

(Unit: Thousand Baht)

Net book value as at 1 January 2013	-
Increase	6,181
Amortisation	(1,235)
Net book value as at 31 December 2013	<u>4,946</u>

### 14. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate		2013	2012
	2013 (percent per annum)	2012		
Promissory notes	Market rate	Market rate	625,000	505,000
Total			<u>625,000</u>	<u>505,000</u>

As at 31 December 2013, the short-term credit facilities of the Company which have not yet been drawn down amounted to Baht 1,010 million (2555: Baht 1,169 million).

### 15. Trade and other payables

(Unit: Thousand Baht)

	2013	2012
Trade payables - unrelated parties	222,392	183,453
Trade payables - related party	1,565	1,087
Accrued expenses	11,604	9,871
Total trade and other payables	<u>235,561</u>	<u>194,411</u>

## 16. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	2013	2012
Liabilities under finance lease agreements	4,140	6,691
Less: Deferred interest expenses	(338)	(651)
Total	3,802	6,040
Less: Portion due within one year	(1,598)	(2,238)
Liabilities under finance lease agreements - net of current portion	2,204	3,802

The Company has entered into the finance lease agreements with leasing companies for rental of motor vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally between 4 and 5 years.

Future minimum lease payments required under the finance lease agreements were as follows:-

(Unit: Thousand Baht)

	As at 31 December 2013		
	Less than 1 year	1-5 years	Total
Future minimum lease payments	1,789	2,351	4,140
Deferred interest expenses	(191)	(147)	(338)
Present value of future minimum lease payments	1,598	2,204	3,802

(Unit: Thousand Baht)

	As at 31 December 2012		
	Less than 1 year	1-5 years	Total
Future minimum lease payments	2,551	4,140	6,691
Deferred interest expenses	(313)	(338)	(651)
Present value of future minimum lease payments	2,238	3,802	6,040

## 17. Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensations on staffs' retirement, was as follows:

(Unit: Thousand Baht)

	2013	2012
<b>Defined benefit obligation at beginning of year</b>	10,729	14,625
Current service cost	3,024	2,408
Interest cost	320	592
Actuarial gain	(995)	-
Benefits paid during the year	(3,183)	(6,896)
<b>Defined benefit obligation at end of year</b>	<u>9,895</u>	<u>10,729</u>

Long-term employee benefit expenses included in the profit or loss was as follows:

(Unit: Thousand Baht)

	2013	2012
Current service cost	3,024	2,408
Interest cost	320	592
Actuarial gain	(995)	-
<b>Total expense recognised in profit or loss</b>	<u>2,349</u>	<u>3,000</u>
Line items under which such expenses are included in profit or loss		
Selling expenses	105	137
Administrative expenses	2,244	2,863

Principal actuarial assumptions at the valuation date were as follows:

(Unit: Thousand Baht)

	2013 (% per annum)	2012 (% per annum)
Discount rate	3.3	3.5
Future salary increase rate	3.0 - 6.0	3.0 - 6.0

Amounts of defined benefit obligation for the current and previous two periods are as follows:

	Defined benefit obligation	Experience adjustments on the obligation
Year 2013	9,895	(2,631)
Year 2012	10,729	-
Year 2011	14,625	-

## 18. Share capital

On 3 April 2012, the Annual General Meeting of the Company's shareholders passed a resolution to increase the Company's registered capital under a General Mandate from Baht 200 million to Baht 260 million, through the issuance of 60 million additional ordinary shares with a par value of Baht 1 each.

Subsequently, on 5 April 2013, the Annual General Meeting of the Company's shareholders passed a resolution to reduce the Company's registered capital from Baht 260 million to Baht 200 million by canceling 60 million unissued ordinary shares with a par value of Baht 1 each, or a total of Baht 60 million, which is the same amount as the share capital increase approved by the 2012 Annual General Meeting of the shareholders under a General Mandate.

## 19. 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 percent of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

## 20. Expenses by nature

Significant expenses by nature are as follow:

(Unit: Thousand Baht)

	2013	2012
Salaries and wages and other employee benefits	78,686	80,511
Depreciation and amortisation	12,564	14,033
Rental expenses from operating lease agreements	8,168	5,646
Purchase of inventories	2,974,060	3,530,909
Changes in inventories of finished goods	(51,154)	(81,721)



## 21. Income tax

Income tax expenses for the years ended 31 December 2013 and 2012 are made up as follows:

(Unit: Thousand Baht)

	2013	2012 (Restated)
<b>Current income tax:</b>		
Current income tax charge	17,118	22,112
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	167	1,382
<b>Income tax expense reported in the statement of comprehensive income</b>	<b>17,285</b>	<b>23,494</b>

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2013 and 2012.

(Unit: Thousand Baht)

	2013	2012 (Restated)
Accounting profit before tax	87,248	99,760
Applicable tax rate	20%	23%
Accounting profit before tax multiplied by applicable tax rate	17,450	22,945
Effects of changes in the applicable tax rates	-	90
Effects of non-deductible expenses	22	562
Effects of additional expense deductions allowed	(187)	(103)
Income tax expenses reported in the statement of comprehensive income	<b>17,285</b>	<b>23,494</b>

The components of deferred tax assets are as follows:

(Unit: Thousand Baht)

	As at 31 December 2013	As at 31 December 2012 (Restated)	As at 1 January 2012
<b>Deferred tax assets</b>			
Reduce cost of inventories to net realisable value	1,600	1,600	2,060
Provision for long-term employee benefits	1,979	2,146	3,131
Difference of translation of foreign creditors with covered by forward exchange contracts	-	-	(64)
<b>Total</b>	<b>3,579</b>	<b>3,746</b>	<b>5,127</b>

In October 2011, the cabinet passed a resolution to reduce the corporate income tax rate from 30 percent to 23 percent in 2012, and then to 20 percent from 2013. In addition, in order to comply with the resolution of the cabinet, in December 2011, the decreases in tax rates for 2012 - 2014 were enacted through a royal decree. The Company has reflected the changes in the income tax rates in its deferred tax calculation, as presented above.

## 22. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

The following table sets forth the computation of basic earnings per share:

	2013	2012 (Restated)
Profit for the year (Thousand Baht)	69,963	76,266
Weighted average number of ordinary shares (Thousand shares)	200,000	200,000
Earnings per share (Baht/share)	0.35	0.38

## **23. 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.

For management purposes, the Company is organised into business units based on its product categories and has the following three reportable segments:

- The Commodity Polymer business unit, which is the segment for distribution of commodity polymers used in the transformation process of general plastic-products.
- The Specialty and Engineering Polymer business unit, which is the segment for distribution of special grade polymers that have unique characteristics, such as enabling hardness, durability, refractory and resistance to chemical substances.
- The Specialty Chemical business unit, which is the segment for distribution of special additive products that add value to products and add unique characteristics to additive compounded products.

The Company has aggregated all operating segments and presented them as the reportable segment. The aggregated operating segments have similar economic characteristics and are similar in the other respects required by the standard. The Company's operation is carried out from the single geographic area of Thailand. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

For the year 2013 and 2012, the Company has no major customer with revenue of 10 percent or more of an entity's revenues.

## **24. Provident fund**

The Company and its staffs have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both staffs and the Company contributed to the fund monthly at the rate of 4 to 15 percent of basic salary. The fund, which is managed by Bualuang Securities Public Company Limited, will be paid to staffs upon termination in accordance with the fund rules. During the year 2013, the Company contributed Baht 4 million (2012: Baht 5 million) to the fund.

## 25. Dividends

Dividends declared in 2013 and 2012 and already recorded consist of the followings:-

(Unit: Baht)

	Approved by	Total dividends	Dividend per share
Dividends for 2012	Annual General Meeting of the shareholders on 5 April 2013	37,999,924	0.19
Interim dividends for 2013	A Meeting of the Company's Board of Directors on 6 August 2013	36,000,000	0.18
Total for 2013		<u>73,999,924</u>	<u>0.37</u>
Dividends for 2011	Annual General Meeting of the shareholders on 3 April 2012	32,000,000	0.16
Interim dividends for 2012	A Meeting of the Company's Board of Directors on 7 August 2012	34,000,000	0.17
Total for 2012		<u>66,000,000</u>	<u>0.33</u>

## 26. Commitments and contingent liabilities

### 26.1 Operating lease commitments

The Company has entered into several lease agreements in respect of the lease of warehouse and equipment. The terms of the agreements are generally between 1 and 4 years.

Future minimum lease payments under these lease agreements were as follows.

(Unit: Million Baht)

	As at 31 December	
	2013	2012
<b>Payable:</b>		
in up to 1 year	7	8
in over 1 and up to 4 years	14	6

### 26.2 A commitment under trade credit insurance policy

The Company has entered into a commitment under trade credit insurance policy with an insurance company in which the Company is to pay the minimum insurance premium amounting to approximately Baht 1 million in 2014.

### 26.3 Guarantees

As at 31 December 2013, there were outstanding bank guarantees of approximately Baht 50 million (2012: Baht 88 million) issued by the banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business. These are letters of guarantee to guarantee payments due to creditors.

## 27. Financial instruments

### 27.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, short-term loans, trade and other payables and liabilities under finance lease agreements. The financial risks associated with these financial instruments and how they are managed is described below.

#### *Credit risk*

The Company is exposed to credit risk primarily with respect to trade accounts receivable. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company 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 trade accounts receivable as stated in the statement of financial position.

#### *Interest rate risk*

The Company's exposure to interest rate risk relates primarily to its short-term borrowings, cash at banks and liabilities under finance lease agreements. However, since short-term borrowings bear fixed interest rates which are close to the market rate and most of the Company's financial assets and liabilities bear non-interest, the interest rate risk is expected to be minimal.

#### *Foreign currency risk*

The Company's exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The Company manages its exposure to foreign currency risk by considering purchase/sale of forward contracts from time to time so as to reduce exposure to the foreign currency risk which may incur.

As at 31 December 2013, the Company had foreign currency-denominated trade accounts payable of USD 2.4 million and had outstanding forward exchange contracts as presented below.

	Amount (million)	Maturity date	Contractual exchange rate (Baht per 1 foreign currency unit)
<b>Buy</b>			
US dollar	0.8	30 May 2014 - 3 July 2014	32.34 - 33.11

As at 31 December 2012, the Company's foreign currency-denominated trade accounts payable amounting to approximately USD 3 million was unhedged.

## **27.2 Fair values of financial instruments**

Since the majority of the Company's financial assets and liabilities are short-term in nature and loans are bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

## **28. Capital management**

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

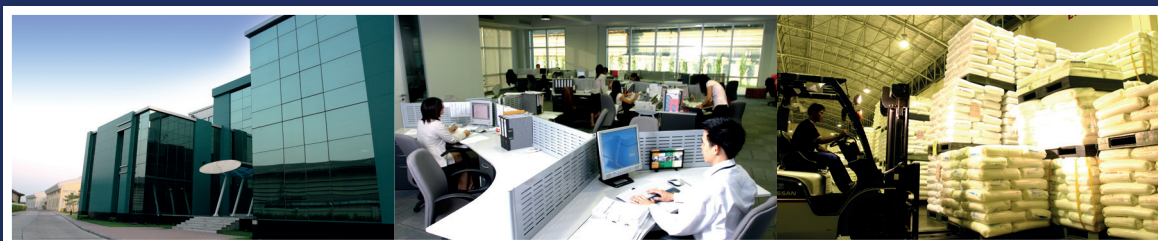
The Company manages its capital position with reference to its debt-to-equity ratio. As at 31 December 2013, the Company's debt-to-equity ratio was 2.21:1 (2012: 1.80:1).

## **29. Event after the reporting period**

On 21 February 2014, the Board of Directors passed a resolution to propose the payment of a dividend in respect of the 2013 earnings of Baht 0.32 per share, or a total of Baht 64 million to its shareholders. The Company paid an interim dividend of Baht 0.18 per share, or a total of Baht 36 million, in September 2013. The remaining of Baht 0.14 per share, or a total of Baht 28 million will be paid and recorded after being approved by the Annual General Meeting of the shareholders.

## **30. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 21 February 2014.



**GLOBAL  
CONNECTIONS**  
PUBLIC COMPANY LIMITED

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