

# PART 1

## Company's Business

### 1. Overall of business and corporate policy

Siam City Cement Public Company Limited (“**SCCC**” or “the **Company**”) was founded on 16 May 1969 as Siam City Cement Company Limited with the initial registered capital of 100 million Baht. After completion of the cement plant in Saraburi, SCCC started cement production in 1972.

After five years of continuously successful operation, the Company proudly became a listed Company in The Stock Exchange of Thailand in 1977.

In 1981, the Company's Saraburi plant was the first in the Thai cement industry to substitute imported bunker oil which was used as fuel in cement production with domestically sourced lignite coal, resulting in significant savings of its fuel cost. In 1989 with a view to reduce the electricity cost which represents a major cost of the cement production, the Company became the first cement producer in Southeast Asia to introduce a waste heat recovery system, which captured exhaust heat from the cement kilns to be reused in the production of electricity for its own production processes.

Ultimately, the Company was officially renamed “Siam City Cement Public Company Limited” in 1993 to reflect new being a fully listed Company in Thailand's stock exchange.

A new chapter was turned over in 1998 when Holcim Limited of Switzerland became a shareholder and strategic partner. In 1999, after completing restructuring, the Company increased its capital to 3 billion Baht, from which the proceeds were used to upgrade its production facilities, improve quality and operational efficiency as well as develop and introduce new products to the market.

On 21 December 2012, a change in the shareholding structure occurred when Holcim Limited through their subsidiaries Thai Roc-Cem Company Limited and HOLDERFIN B.V. sold their holdings in the amount of 21,390,000 shares in aggregate, representing 9.3 percent of the issued and outstanding share capital of the Company, to Bangkok Broadcasting and Television Limited, a Company in the Ratanarak Group. As a result, the proportion of the Ratanarak Group shareholding increased to 104,360,272 shares (or approximately 45.37 percent) of the issued and outstanding share capital.

In 2013 and 2014, SCCC acquired assets of two light-weight block plants, the 1<sup>st</sup> plant in Singburi from Superblock Public Company Limited, and the 2<sup>nd</sup> plant in Ratchaburi plant from Prosperity Concrete Company Limited.

In 2014, the Company became the first cement manufacturer in Thailand to be awarded the Carbon Footprint for Product (CFP) and Carbon Footprint Reduction labels from the Thailand Greenhouse Gas Organization (TGO). Moreover, the Company also received the Green Industry Level 5 (Green Network) Award for all of its plants, which is the highest award provided by the Ministry of Industry. This makes SCCC the first Company in the Thai

cement industry to have Green Industry Level 5 certification for all of its cement manufacturing facilities.

In February 2015, Holcim sold 57,270,000 shares or equivalent to 24.90 percent of the total issued shares of SCCC to Jardine Cycle & Carriage Limited, Singapore-listed subsidiary of Jardine Matheson Group.

In September 2015, the inception of the ASEAN Economic Community (AEC) presented us with an opportunity for regional business growth. Thus, SCCC has taken steps to expand into more overseas markets. A joint venture was created to build a cement plant in The Kingdom of Cambodia under the name Chip Mong INSEE Cement Corporation. SCCC held a 40 percent stake in this joint venture, with the remaining 60 percent held by Chip Mong Group Company Limited and three of the family members. Chip Mong INSEE Cement Corporation was officially established in December 2015 with a registered capital to be increased upon the progress of project construction up to USD 150 million and 75,000 common shares of par value of USD 2,000 per share. This cement plant, which was the most modern plant in The Kingdom of Cambodia, has the dry process cement kiln with an annual production capacity of 1.5 million tons.

At the end of 2015, SCCC was awarded 6 awards in Thailand and ASEAN energy awards in 3 categories, namely Special Submission, Off-Grid-Thermal, and Tropical Building.

Currently, SCCC Group Company's core business was to produce three kinds of cement, namely Mixed cement, Portland cement, and INSEE Mortar ready-to-use cement. SCCC Group Company has three cement plants with six kilns in Kaeng Khoi district, Saraburi province with an annual production capacity of 14.8 million tons. Other businesses were concrete and aggregate as well as other related cement businesses.

### **1.1 Corporate Vision, Corporate Mission and Commitments**

In 2015, the Board of Directors approved the new corporate vision, mission, and commitments to reinvigorate SCCC's employees and created more forward-looking SCCC that can succeed in the future.

**Corporate Vision** We will continue to build on our long heritage of shared loyalty, creating trusting relationships with our business partners, our people and our community. We want to achieve the best value and a sustainable future for all our stakeholders.

**Corporate Mission** We provides world-class construction materials and services that are vital to economic growth in Thailand and the wider region.

Combining sustainability and innovation, we strive for operational excellence and to exceed the expectations of all our stakeholders.

Our reputation is built on outstanding performance in the quality of our products and customer service, the dedication and skill of our employees, our respect for the communities in which we operate and our ambition to set the standards for the industry of tomorrow.

#### **Corporate Commitments**

- **Working as a team** One group, one vision, one team united in heart with our business partners for the good of all.
- **Doing what is right** Staying true to ourselves and each other, maintaining the highest standards of discipline and integrity in everything we say and do.

- **Challenging conventions** We are imaginative and always open to new ideas. We approach every business challenge with enthusiasm and strive to deliver innovative solutions beyond expectations.
- **Caring about our future** We are committed to creating a positive future for generations to come. Caring for our people, our environment, our community, our nation.

## **Business Growth and Development Plan**

Because it is essential to keep moving forward as technology rapidly advances, SCCC Group Company has declared its goal to retain its market share by further developing the Company's competitiveness and to pursue sustainable business practices and solutions.

Since 2012, SCCC Group Company has placed special emphasis on implementing core strategies to promote growth in all areas, from product development to production as well as new business opportunities, as divided into the following three areas:

**1. The Enhancement of Competitiveness**, which focuses on the sustainable expansion of core cement businesses and supply chain over the period 2012 to 2020.

Examples of the projects which have been successfully implemented or are being executed include the improvement of the cement kiln (K1) and the separate grinding tower for INSEE Poon Keaw, and the Waste Heat Power Generation from the cement kiln (K3) Project as well as the separation of chloride to boost alternative fuel utilization capacity.

**2. The Search for Cement-related Business Expansion and Product Development Opportunities**, including the development of the INSEE Superblock, an increase in INSEE Mortar production capacity, the expansion of the INSEE Concrete Franchise network and the innovation of INSEE Floor & Wall Solution to meet new market demand.

**3. Seeking Growth Opportunities in New Businesses**, which will help support the Company's core businesses of construction and construction materials, such as the founding of INSEE Ecocycle Company Limited (formerly known as Geocycle) to handle waste management for industrial clients, as well as the continuous expansion of the Company's environmentally friendly waste management services to clients and business partners.

### **1.2 2015 Milestone Changes in Business Operations**

Although Thailand's economy growth in 2015 was slow down, SCCC expected that the construction material market would have a good growth, mainly through the drive from government's infrastructure development project. The export market would be supported by the prosper growth of Asia Pacific economic especially The Kingdom of Cambodia, Lao People's Democratic Republic, and Republic of the Union of Myanmar, which are the key export market of SCCC. The growth in construction-material demand from aforesaid countries is increasing continuously. The milestone changes in business operations for 2015 are the business developments, the sustainable development roadmap, the acceptance as a member of the Cement Sustainability Initiative (CSI), and the revision of Code of Business Conduct.

## **Business Developments**

The inception of the ASEAN Economic Community (AEC) presented SCCC with an opportunity for regional business growth. Thus, at the end of 2015, SCCC has taken steps to expand into more overseas markets. A joint venture was created to build a cement plant in The Kingdom of Cambodia under the name Chip Mong INSEE Cement Corporation.

SCCC held a 40 percent stake in this joint venture, with the remaining 60 percent held by Chip Mong Group Company Limited and three of the family members. Chip Mong INSEE Cement Corporation was officially established in December 2015 with a registered capital to be increased upon the progress of project construction up to USD 150 million and 75,000 common shares of par value of USD 2,000 per share.

This cement plant, which was the most modern plant in The Kingdom of Cambodia, has the dry process cement kiln with an annual production capacity of 1.5 million tons. SCCC has been tasked to jointly oversee the construction of the new plant from the beginning for the highest efficiency of the plant. The plant situated on a strategic location which was perfect for the operation and offering service to the customers in Cambodia and nearby countries. In addition, SCCC has also considered investing in another project in the future.

SCCC has continually developed and improved cement formulas and all packaging. In the past year, the Company has developed Portland Composite Cement (PCC) according to industrial standards. This is a new product that offers strength on par with Ordinary Portland Cement (OPC). PCC is an environment-friendly cement that has been produced in a Clinker that emits less carbon dioxide.

In terms of packaging, the Company has improved the quality and the types of packaging materials used for INSEE Super and INSEE Tong by focusing on improving their suitability, environmental impact, and transportation and storage efficiency.

In 2015, SCCC has also introduced a new plastering cement product that offers a fine finish. In addition, SCCC has offered more dry concrete products as new alternatives and convenient options for basic concrete work. SCCC has also joined with project customers in the development of the ready-mix cement to improve the efficiency in their wall and floor building works, including the mortar spray solution, the fluid cement for floor-leveling, and the ready-mix cement for wall-casting – all of which have been tested and proven satisfactory in several pioneer projects.

In 2015, emphasis has still focally been placed on the ready-mix concrete for flooring industry in order to fulfill the requirements on the products and solutions in INSEE Floor Solution for SCCO. Apart from strength concrete for the industry and the specially smooth burnish concrete, SCCC has jointly developed a new product in flooring industrial works to correspondingly meet the clients' demands and functions such as dry shrinkage concrete in order to reduce the concrete floor cracks, fiber reinforced concrete for flooring repair works. Moreover, co-operations have been made with the Experts on industrial flooring work in order to present the full form of flooring work solution to the clients. Furthermore, the strength floor concrete has been designed and its property suitably adjusted to suit the floor of fuel service stations and that the use of such concrete has been continuously begun on the construction work of PTT and Shell fuel service stations.

SCCC implemented a new webSALES system called INSEE Connect using cloud computing, a modern technology to support the growing Digital Economy. INSEE Connect provided convenient E-commerce within SCCC Group Company with a single sign-on. In addition, the transaction was also completed via mobile phone. SCCC's customers could directly contact and provide recommendation via INSEE Connect.

## **Simple Finance**

The Company introduced SAP Simple Finance HANA on 1 October 2015 to promote SCCC's financial and accounting units towards the digital era and providing the Management with timely information. With this new innovation, SCCC would have the information of the same perspective both in finance and production. Simple Finance would give SCCC convenience in work, increased automated tasks, and timely forecast analysis, all of which would give the Company the ability to run business efficiently and to adjust business strategies, plan operations, and resolve the encountered problems in a prompt manner.

## **INSEE Power Team**

The INSEE Power Team was comprised of over 1,000 employees from the operational level at all three plants in Sara Buri Province and the Quarry division as well as from the Plant Logistics division. It was set up in order to improve operational efficiency and lower the costs of production as well as to promote work safety and conservation of the environment, as indicated in the "Good to Great" initiative. Such teamwork effectively reduced structural organizational complexity, simplified the managerial format and promoted overall efficiency. There are currently 26 INSEE Power Teams.

SCCC is proud of the success of the INSEE Power Team project. It has become a mechanism that facilitates brainstorming and has helped to contribute more than 400 creative suggestions. Over 300 projects have originated out of the "Good to Great Wave II" initiative.

## **CSI Member...Moving Towards International-Standard Sustainability**

Cement Sustainability Initiative (CSI) is a voluntary gathering of 26 major global cement producers, with operations in more than 100 countries, under the World Business Council For Sustainable Development (WBCSD), which is a CEO-led organization of forward-thinking companies that galvanizes the global business community to create a sustainable future for business, society and the environment.

The visions of the Board of Directors and the management, which explicitly show confidence in the business operations are geared towards sustainable growth and development, have entrusted SCCC working team with the study of the conditions and the regulations that all CSI members are obligated to comply in accordance with all CSI sustainability standards and the application for the CSI membership.

SCCC has found that almost of SCCC's sustainability management standards are in accordance with the international guidelines which CSI has set. Thus, the application for the membership at CSI had been smoothly processed and was officially confirmed in October 2015. CSI also praised SCCC for the determination to operate along the sustainable development guidelines and various sustainability standards SCCC has committed to and adopted.

Becoming a CSI member has never been only about the membership fee. The most important things that each member must commit to are the participation, the support and the operations which are in line with the CSI Charter – a summary of the individual member actions which emphasizes the operational standards, the cooperation to mitigate environmental impacts and the setting of standards related to all reports. Key focuses of

CSI include global climate change, alternative energy, work safety, water management, air quality management, the promotion of biodiversity and its rehabilitation, the sustainable construction, and the transparent disclosure of important information.

### **The Value of Becoming a CSI Member**

#### **The development of employees**

This is an important tool for SCCC's employees to be able to exchange "best practices" with other world's leading cement producers, through the participation in a joint team program or in various major global seminars.

#### **The development of the sustainability management to reach international standards.**

The climate change issue and the increasing of expectations of the cement industry from stakeholders. Therefore, SCCC needs to focus its work on this issue according to international standards, and being a part of CSI is a crucial strategy for its sustainability.

#### **The creation of shared value for stakeholders**

SCCC believes that CSI standards and guidelines will help SCCC to create shared value for stakeholders and SCCC's business, the society, the environment as well as the world.

#### **The promotion of good image**

The widely-recognized image of CSI at the international level, for its achievements and activities related to sustainability. SCCC's being a part of CSI will help enhance the good image of SCCC, particularly in the area of sustainable development.

### **Code of Business Conduct**

#### **Constant Development ... "Honest Operations"**

SCCC Group Company has elevated its professional practices framework for all employees to help the Company achieve outstanding corporate governance. In 2015, SCCC updated the "Code of Business Conduct" to focus more on honest work operations. This step reflects the Company's commitment to constantly develop its business and corporate governance standards to a level of excellence that is in line with international standards.

#### **4 Do's**

The employees' professional practices framework has been updated to suit present business conditions and to be in line with the Company's values in order to ensure that everyone will perform their job with honesty, and to protect the reputation and the image of the organization as well as create confidence and a positive image of the Company among the public, shareholders, investors and other relevant parties.

SCCC has implemented this "Code of Business Conduct", which was last updated in August 2015, among employees at all levels, including the executives and members of the Board of Directors, so that they will have a better understanding of how to apply all principles in their professional operations as well as add value to their professional lives by building and maintaining credibility, while also maintaining good relations with customers, suppliers, business partners and surrounding communities.

**The updated "Code of Business Conduct"** stipulates four practices as follow:

**Do the right thing;** SCCC Group Company commits to do only the right thing and expects all employees and stakeholders to do the same.

**Honesty and respect for each other;** All employees and stakeholders should always be honest and treat others with respect and honor in order to create a dignified and supportive work environment.

**Upholding the reputation of the organization;** Complying with the Code of Business Conduct on a daily basis will help uphold the organization's good reputation, which is the achievement of SCCC Group Company.

**Accountability to SCCC Group Company;** Employees must understand business ethics and the various policies of SCCC as well as laws and related regulations referred in the Code of Business Conduct so they know how to behave appropriately and be accountable for SCCC Group Company and its stakeholders.

### **INSEE Speak Up Line**

The updated Code of Business Conduct has proven that SCCC seriously recognizes the importance of **"complaints and tip-offs"**. As a result, SCCC has added more channels to allow for the reporting and the notification of any unusual or inappropriate behavior or situation. These channels include direct reporting to respective supervisors, to the People and Organizational Performance Division, to the Legal Division, and to the Internal Audit Division. SCCC has also set up the INSEE Speak Up Line to enable employees to report anything related to theft, fraud, corruption, misconduct and violation of Company's policies, and to help find solutions and improve SCCC's overall efficiency.

The INSEE Speak Up Line has been operational since September 1, 2015. It is operated by an independent, outside agency that can professionally manage the system to receive all complaints. This is intended to create confidence and assure the transparency of the system for those who wish to file complaints.

### **Recognition: Achievements and Pride**

The year 2015 was another year of pride and achievement for SCCC. Through the determination and dedication of SCCC's executives and employees and by honoring SCCC's "Working as a team" value, SCCC has moved the organization forward and been recognized at both the national and international levels with awards, such as:

#### **Personnel**

##### **The Outstanding Corporate Award in Labour Relations and Welfare**

For the ninth consecutive year, SCCC was presented with the Outstanding Corporate Award from the Ministry of Labour. This award recognizes SCCC as an organization with highly regarded labor relationship. The executives and the labor union both appreciate the significance of collaborating on the basis of understanding, sincerity, mutual respect and close cooperation.

##### **The ATD Excellence in Practice Awards 2015**

SCCC is the first cement producer in Thailand to receive international recognition for its personnel development, having been honored with the ATD Excellence in Practice Aitation 2015 under the Young Engineer Capability Enhancement Program from The Association for Talent Development (ATD), USA. ATD is a world-renowned personnel development organization with members in over 120 countries around the globe.

In the face of increasingly fierce competition within the ASEAN Economic Community (AEC) and other global challenges, this project is focused on bringing capable engineers to the engineering division of the cement product industry, which is a key driver of the business sector. This initiative also reflects the Company's commitment to quality personnel development in order to sustain the Company's growth and high standards.

## **Customer Care**

### **The Consumer Protection Thailand Call Center Awards 2015**

The INSEE Customer Service Center, a tool the Company has employed in the management of relations between SCCC and customers, has been presented with the Consumer Protection Thailand Call Center Awards from the Office of the Consumer Protection Board and the Management System Certification Institute (Thailand) for the second consecutive year.

Realizing that every minute is meaningful for customers, cloud computing-based Salesforce CRM (Customer Relationship Management) has been adopted to provide excellent service support, leading to the ability to monitor service progress and response to customers, as well as SCCC's efficient interaction with them promptly. And with systematic information management, SCCC's personnel could proactively serve customers and response to their needs in a timely manner.

### **The Thailand ICT Excellence Awards 2015**

The INSEE Mobile Sales Application – a sales tool that provides up-to-date information and connects the customer with the customer service division – has won the Thailand ICT Excellence Award 2015 from the Thailand Management Association (TMA).

## **Energy and Environment**

### **Six Awards in Thailand and ASEAN energy and environment practices**

SCCC's efforts to protect the environment by conserving energy through better industrial waste management and through the use of alternative energy and clean energy have been recognized with three prizes from the Thailand Energy Awards. SCCC was also honored to be the representative from Thailand to win these three prizes at the ASEAN Energy Awards as well.

### **Thailand Energy Awards 2015**

1. Innovation of Sludge Utilization as Alternative Fuel in Cement Kiln – The Outstanding Award in Special Submission Category
2. RDF for Co-Processing in Cement Kiln – The Outstanding Award in the Off-Grid-Thermal Category
3. The Green Park – The Outstanding Award in the Tropical Building Category

### **ASEAN Energy Awards 2015**

1. Innovation of Sludge Utilization as Alternative Fuel in Cement Kiln – The Winner in the Special Submission Category
2. RDF for Co-Processing in Cement Kiln – The First Runner-Up in the Off-Grid Thermal Category



### 3. Suan Ming Mongkol or INSEE Green Park – The Winner in the Tropical Building Category

#### **“Innovative Use of Sludge as Alternative Fuel”**

Sludge, as wastes from various kinds of industries in the form of oil drilling mud, oil sludge, colour waste most elements of which are hazardous, organic and easily evaporating substances and heavy metal, have been used as alternative fuel in cement kiln, a waste management method that poses least environmental impact with high safety. In 2014, sludge were used to replace main production fuel for as high as 15,897 tons of cement, equivalent to the use of 9,885 tons of lignite, a success in the energy savings initiative that positively impacted the environment, slashed green-house gas emissions, reduced landfill problems in Thailand.

#### **“Cement Kiln Alternative Fuel Production Project”, Alternative Fuel Outstanding Award for Off-Grid Renewable Energy**

With waste materials used as alternative fuel, not only other industrial wastes could be managed, limited fossil fuel use was slashed. Waste materials include community garbage with contaminated shreds of cloth separated were crushed and ground and then used as alternative fuel. In 2014, alternative fuel was used in the cement production process for 137,312 tons, equivalent to the use of 151,930 tons of lignite, which additionally helped reduce green-house gas emissions and landfill areas and problems in Thailand.

#### **“Green Park”, Outstanding Award for Creative Building Energy Conservation**

“The Ming Mongkol Green Park in Celebration of the King’s 84<sup>th</sup> Birthday Anniversary”, or INSEE Green Park, in Saraburi, was built to celebrate the occasion of His Majesty the King’s 84<sup>th</sup> birthday anniversary and to serve as a recreational place for locals and travellers and an environmental prototype for public park, with the “Total Green” concept of landscape architectural and building designs taking in account consistency with the nature and use of indigenous kinds of trees, SCCC Group Company’s environmentally friendly products, as well as green energy such as wind and solar energy.

### **Major Construction Projects & Value Added Solutions**

#### **Prukha Precast (Nawanakorn)**

Siam City Concrete Company Limited (“**SCCO**”) has been trusted by Prukha Real Estate Public Company Limited (“**Prueksa**”) in the production of ready-mixed concrete amounting to 1,000,000 cubic meters, over 11-year total contract period for their Precast Factory No. 6 and No.7. SCCO has successfully set up two new ready-mixed plants with maximum capacity of 100m<sup>3</sup>/hr which were designed as a closed system to enhance environmental

control. These plants are considered one of the most modern plants in Thailand and are very well equipped to serve continuous concrete demand of Pruksa.

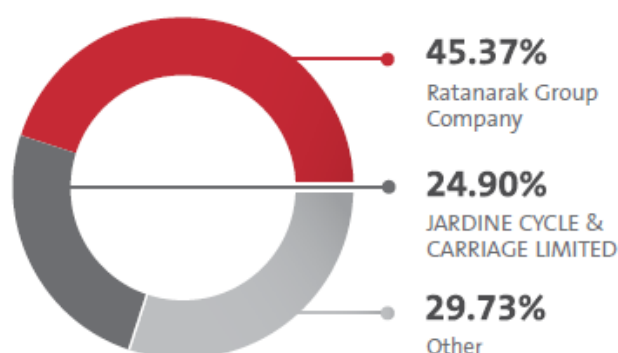
### **PTT LNG Project**

PTTLNG Company Limited (PTTLNG), as wholly owned by PTT Public Company Limited, Thailand's national oil and gas company, decided to build and operate Thailand's first LNG Receiving Terminal. Located in Rayong, this PTT LNG project is worth approximately 25 billion Baht. INSEE Concrete has been entrusted by IHI Corporation, a world-renowned main contractor from Japan, to be their ready-mixed concrete supplier to serve approximately 81,000 cubic meters.

### **Premium Outlet Chiangmai-Rimdoi**

“Premium Outlet Chiangmai-Rimdoi” Construction Project was trusted by Outlet Mall Co., Ltd., the administrator of Premium Outlet Mall, Outlet Mall and Outlet Village, under Pena House Group, to construct the Premium Outlet Chiangmai, its 10<sup>th</sup> branch with the area of 20,000 square meters. The construction specification was prescribed with the concrete grade higher than normal construction. Hence, “quality” was therefore the key element. The project was focused on the firm structure, and beautiful polished concrete floor, with quick construction time. In the relation, INSEE FloorCrete was the complete solution for both polishing and burnished floors. Its outstanding features of this new material type are the strength of the well-blended mixture and its suitability for use in wide-space area with its pleasant look, high resistance and long service life. As a result, it would save the maintenance expense and require the construction period only 8 months from 1 and a half year of normal construction.

### **The Change of Shareholding structure in the past 3 years**



In 2015, the Company's shareholding structure was adjusted to reflect Jardine Matheson Group's acquisition of 24.9 percent of shares in SCCC through Jardine Cycle & Carriage Limited, its Singapore-listed subsidiary.

### 1.3 Business Group Structure

Company	Location	Nature of Business	Share capital		% of ownership
			Issued and fully paid up (Million Baht)	Paid-up (Million Share)	
<b>Held by the Company</b>					
<b>In cement segment and support cement operation</b>					
1. Siam City Power Co., Ltd.	Thailand	Energy such as electricity generation from waste	2,000	20	99.99
2. INSEE Ecocycle Co., Ltd. (formerly known as "Energy and Environmental Services Co., Ltd.")	Thailand	Industrial waste disposal services and alternative fuel	180	1.8	99.99
3. INSEE Digital Co., Ltd.	Thailand	Technical service and information technology management and development services	100	1	99.99
<b>In concrete and aggregates segment</b>					
4. Siam City Concrete Co., Ltd.	Thailand	Ready-mixed concrete and aggregates	2,500	25	99.99
5. INSEE Superblock Co., Ltd.	Thailand	Light-weight block producer	500	5	99.99
<b>In other segment</b>					
6. Conwood Co., Ltd.	Thailand	architectural and decorative building material producer	300	3	99.99
<b>Held by Conwood Co., Ltd.</b>					
7. PT. Conwood Indonesia	Indonesia	architectural and decorative building material producer	USD 44.3 million	10	99.99
<b>Associated company</b>					
8. Lanna Resources Plc. Ltd.	Thailand	Coal Mining	525	525	44.99
9. Thai Agro Energy Plc. Ltd.	Thailand	Ethanol production and distribution	1,000	1,000	4.72
<b>Joint venture company</b>					
10. Chip Mong INSEE Cement Co., Ltd.	Cambodia	Cement manufacturing and trading	USD 60 million	0.03	40.00
<b>Investment</b>					
11. Holcim Cement (Bangladesh) Co., Ltd.	Bangladesh	Cement manufacturing and trading	Taka 8.82 million	0.09	10.42

## 2. Business Description

### Revenue Structure

Segment	2015		2014		2013	
	Million Baht	%	Million Baht	%	Million Baht	%
Net Sales						
- Cement	24,260	71	24,637	71	23,360	71
- Concrete and Aggregates	8,658	25	8,898	25	8,129	25
- Others	1,514	4	1,519	4	1,536	4
Total net sales	34,432	100	35,054	100	33,025	100
Elimination	(3,312)	(10)	(3,192)	(9)	(3,075)	(9)
Total net sales according to financial statements *	31,120		31,862		29,950	

\* Which were eliminated upon consolidation.

### Business Operation, Marketing and Competition of Each Product Line

Siam City Cement Public Company Limited (“**SCCC**” or the “**Company**”) was established as long ago as 1969 or 46 years ago. Since then, the Company has grown in leaps and bounds and has expanded its business to cover many aspects of construction and energy. On the construction and construction material areas, SCCC has incorporated into its business Siam City Concrete Co., Ltd. producer of ready-mixed concrete and aggregates, Conwood Co., Ltd. architectural and decorative building material producer, and INSEE Superblock Co., Ltd. producer of light-weight blocks. In summary, the SCCC Group Company has 3 business operations, namely cement, concrete and sandstone, and other products and services.

### Cement

#### Siam City Cement Public Company Limited

##### 2.1 Products and Services

In 2015, Siam City Cement Public Company Limited (“**SCCC**” or the “**Company**”) continued to improve products with top-of-the-class services with four key products: Portland cement, mixed cement, INSEE Mortar, INSEE Concrete Franchise.

##### Portland cement:

A quality product for standard concrete works, precast products, works that require high-performance concrete and other special concrete works in sophisticated construction projects.

##### Mixed cement:

A high-quality, application-based product suitable for bricklaying, plastering and small concreting has been developed to satisfy the highest masonry standards.

##### INSEE Mortar:

Products that are easy to use and that offer convenience, speed and efficiency for all construction works which have been developed through continuous research. As a result, we offer a quality product range that is perfect for four application groups, including:

- Plastering mortar: for general plastering, fine plastering, light-weight block plastering, fine light-weight block plastering, concrete plastering and skim coating
- Brick laying mortar: For normal bricklaying and light-weight block brick laying
- Floor leveling: For floor screeding and leveling
- Tile adhesive: For general floor and wall application and high bonding application for large tiles as well as tile-to-tile application.

#### **INSEE Concrete Franchise:**

Ready-mixed concrete services by SCCO and its strategic partners, INSEE Concrete Franchise, continuously expand its integrated network to ensure customer convenience through nationwide coverage. With experience throughout the years, the Company has gained an in-depth understanding of its customer requirement, from homeowners to international contractors, which help INSEE Concrete improve its service quality and expertise to serve each of its customers' specific needs.

## **2.2 Marketing and Competition**

### **Marketing**

In order to acquire new competitive advantages and retain the Company's market position in different areas, SCCC has focused its marketing strategy on maintaining existing strengths while adding new ones through an expansion of our customer base and the creation of new market channels. Increasing market pressures and our competitors' efforts to boost their own customer bases through new products and services not to mention the rise in the number of modern-trade entrepreneurs have all impacted our business partners who use traditional cement distribution channels. In order to cope with these changes, SCCC has worked hard to develop new products and services as well as new distribution channels to boost the Company's efficiency in supplying products to the market. At the same time, we have promoted good relationships with all our business partners, appreciating that these bonds will only make SCCC stronger. In addition, we have improved the appearance of our distributors' retail stores as well as the INSEE Concrete Franchises for the franchisees.

Although most of our business partners are traditional cement distributors, ready-mixed concrete sales representatives and other cement producers, other groups of customers and all affiliated companies remain major drivers for the Company's growth. As the construction market has shifted its focus to the issue of cost and time effectiveness, we have employed proactive moves into this market segment to boost our competitiveness further.

In addition to further developing the domestic market, SCCC has also been able to retain market bases in neighboring countries such as The Kingdom of Cambodia, the Republic of the Union of Myanmar and the Lao People's Democratic Republic by meeting their increasing demand and ensuring we have a sufficient supply of goods for exports in order to prevent competitors from taking market share there.

## **Competition**

In 2015, the Thai economy grew at a lower-than-expected rate of 2 percent as a result of declining consumer spending, a delay in the implementation of the government's infrastructure construction plans and a global economic slowdown that has resulted in a contraction of the export market.

As the contraction in the construction industry in 2015 has led to fiercer competition, the industry has also been affected by the slow implementation of the supporting policies, while residential property developers have become more cautious about introducing new projects due to waning consumer confidence and high household debt.

The cement market has also been impacted by the aforementioned factors and seen heightened competition among cement producers and distributors as a result of falling demand. Many have employed short-term pricing strategies to maintain their customer bases.

The long-term competitive outlook for cement producers, however, will continue to be based on providing customers with quality products and services that offer customers with quality products and services that offer customer satisfaction. In that spirit, we will continue to secure the positive perception of our products through various marketing activities as well as media coverage to reinforce brand awareness and create user acceptance on a broader scale.

Based on an efficient customer relation management system and our sales team's efforts to accurately meet customer demand, the close relationship between cement distributors and producers is one of the Company's in-built strengths.

In order to further develop good relationships with our business partners and to improve our distribution, we will continue providing assistance and support programs to enhance the competitiveness of our business partners, while also promoting cooperation to mitigate the impacts of the new sales and marketing strategies developed by our competitors.

## **2.3 Procurement of Raw Materials and Services**

### **Production Capacity**

The Company, as the big producer in cement industry of Thailand (27% market share), has 3 plants, 6 cement production lines, which located in Kaeng Khoi subdistrict, Saraburi province, with total clinker production capacity of 11.7 million tons per year or cement production capacity of 14.8 million tons per year.

## Raw Materials and Raw Material Suppliers

Materials	Procurement	No. of Supplier	No. of Supplier depended over 30% of total purchase amount	Risk	Purchase Ratio	
					Domestic	Overseas
Main Raw Materials						
Limestone	Own resource and production, yearly purchasing contract and occasionally purchase	4	1	None	100%	-
Shale	Own resource and production	-	-	-	-	-
Clay	Long-term purchasing contract, long-term production contract from own resource, and occasionally purchase	2	1	Age of Klang Dong Mine	100%	0%
Gypsum	Long-term purchasing contract	1	1	None	100%	0%
Copper Slag	Long-term purchasing contract for 3 years	1	1	None	0%	100%
Kraft Paper	Yearly purchasing contract and occasionally purchase	4	1	None	10%	90%
Jumbo Bag	Yearly purchasing contract and occasionally purchase	2	1	None	100%	0%
WPP Bag	Long-term purchasing contract	2	1	None	100%	0%
Main Fuels						
Coal	Yearly purchasing contract and additional occasionally purchase	3	2	Period of contract >10 years	-	100%
Lignite	Long-term purchasing contract	1	1	Period of contract >10 years	100%	-
Petroleum Coke	Occasionally purchase	1	1	None	-	100%
Diesel Oil	Occasionally purchase	5	-	None	100%	0%
Bunker Oil	Occasionally purchase	5	-	None	100%	0%

In terms of raw materials and fuels, SCCC has its own mines to supply resources as well as enters into long-term contracts with suppliers to procure other raw materials and main fuels. Those suppliers are from both domestic and overseas, which the Company has been engaged with favourable relationship for a long time. In this regard, SCCC aims not to overly depend on single supplier to prevent the risk of shortage in raw materials or fuels.

### Environmental Impact

One of the SCCC's Policies is "Social Responsibility Concern". Therefore, the business has done not only to reduce the environmental impacts from the cement production process or waste but commit to protect the environment and operate its business on sustainability concept also.

1. The business has chosen "Clean Technology" which is up-to-date, efficient, energy saving and environmental friendly technology – in the production process with the Best Available Control Technology which are one of the business' commitment to protect the environment and operate its business on sustainability concept.

2. The business has given precedence to the Best Practices with targets to reduce energy and resource utilization.
3. Aim to reduce emission to be less than the standard to comply with Thailand's legal.
4. Aim to achieve zero waste to landfill and push forward to make a value for waste by using 5Rs (Reduce Reuse Recycle Reinvent and Replace) through Green Bank Projects.
5. All plants have continuously applied and certified with ISO 14001 Environmental Management Standard.
6. Carbon Reduction label, develop Eco-Friendly Product named Green Heart Label.
7. Promote the environmental conscious to all stakeholders certified by the first cement Company in Thailand to achieve Green Industry Awards level 5 (Green Network) for all factories from the Ministry of Industry (MOI) receiving the Green Industry Mark granted by the Ministry of Industry.
8. All plants have continuously reduced water utilization by water conservation.
9. Achieve the Zero Waste Discharge in 2015 by controlling the chloride volume in water discharged to natural water resource.
10. Waste heat recovery from Clinker Cooler and Preheater to produce electrical power by clean technology without any problematical pollution at kiln line no. 4, no. 5, and no. 6 (Siam City Power Company Limited). Dust emission in waste gas and external electrical energy are reduced by this project.

## **2.4 Work in Progress**

None

## **Concrete and Aggregates**

### **Siam City Concrete Company Limited**

#### **Products and Services**

Siam City Concrete Company Limited ("**SCCO**") is a professional producer of ready-mixed concrete and aggregates, offering reliable conventional products and value added solution for concrete works. It has two business units, comprising of INSEE Concrete and INSEE Aggregates.

#### **INSEE Concrete**

INSEE Concrete is a leading ready-mixed concrete producer in Thailand with outstanding experience and world class expertise. Customer accomplishment is ensured through product development as well as production and service excellence.

In 2015, INSEE Concrete's batching plant network was widened throughout Thailand with a total of 97 plants and 800 mixer trucks, of which 700 trucks are 6-cubic-meter capacity and the remaining are small trucks or mini-mixers. The total concrete production was 3.7 million



cubic meters, with high-value specialty product (value added product) accounting for as much as 20 percent.

Ready-mixed concrete is one of the most widely used construction materials. It is used in the construction of various kinds of buildings and structures. It consists of two main parts, binding materials and mixing constituents. Concrete is mixed and produced at batching plants and afterwards transported to construction sites in the form of fresh concrete, which can be used readily.

Aggregates account for the largest portion of the concrete mix at 60-70 percent. In the past year, INSEE Aggregates' supply represented about 20 percent of aggregates used in the ready-mixed production process.

Cement is another main raw material, occupying 10-15 percent of the concrete mix. The total cement consumed was supplied solely by SCCC.

### **Environmental Impact**

INSEE Concrete continues to strive to prevent all environmental impacts by introducing new initiatives such as the building of a cover for the mixing machine to prevent the leakage from the mixture, the adoption of the water-dripping technique on the mortar to minimize the dispersal of dust around the production unit, and the cleaning of cement mixer trucks prior to their departure from the production unit.

### **INSEE Aggregates**

INSEE Aggregates was established to support the expanding in-house ready-mixed concrete business and external customers. The business strategy is to consistently provide quality sand and crushed rock while being backed by dependable supply chain management and logistic services that underpins the clients' success. This is to serve a variety of customer requirements including concrete product manufacturing, land filling, and other construction applications.

INSEE Aggregates has invested in privilege resources, referring to quality and location, in order to efficiently supply customers in the key markets, Greater Bangkok and the Eastern Seaboard.

In 2015, there were four active operation sites as follows:

1. INSEE Suphanburi – A quarry with a crushing plant with the total capacity of 2.0 million tons per year;
2. INSEE Ayudhya – A sand pit with two production lines with the total capacity of 1.0 million tons per year;
3. INSEE Angthong – A sand pit with the total capacity of 1.0 million tons per year; and
4. INSEE Chonburi – A sand pit with the total capacity of 100,000 tons per year. (Operations shutdown since August 2015)

### **Environmental Impact**

In accordance with SCCC Group Company's pledge to be accountable for all environmental impacts, INSEE Aggregates has ensured that canvasses will be used to cover all delivered

products to prevent the dispersal of dust. We have also been emphasizing the significance of the rehabilitation of any quarry that is no longer in use by filling it with soil and planting trees in order to restore it to its original, natural condition. INSEE Aggregates has also designated a zone to take care of all animals living on INSEE Aggregates' premises.

In 2015, SCCO achieved a total revenue of 7,149 million Baht, of which 96.6 percent was contributed by INSEE Concrete and the remaining of 3.4 percent was from INSEE Aggregates.

### **Market and Competition**

Government spending and investment were vital for the growth of the ready-mixed concrete market in 2015 and will continue to be in coming years, as private investment has not signaled any recovery yet. Most property developers, for example, have postponed the launch of new projects due to weakening consumer purchasing power and a serious oversupply situation in the market. Moreover, commercial banks have become more rigid when it comes to loan approvals and that has accordingly slowed down loan growth.

These factors have also impacted the overall picture and the growth momentum of the ready-mixed concrete market in 2015, when public investment has not been effective in driving market growth. Consequently, price competition has become fiercer as many companies cut their prices. Such conditions have forced INSEE Concrete to adjust its own strategy and put more emphasis on pushing products with high value into the market in order to make up for the weakening profit outlook of our regular products.

However, the ready-mixed concrete market has benefited from a number of large-scale construction projects from the Department of Rural Roads and the Department of Royal Irrigation, which have given a boost to the aggregates market, particularly in regards to the demand for crushed stone.

Also notable is the western region of Thailand has emerged to take a bigger market share, as a result of improved logistics costs and a quality issue arising from stone sources in the eastern region.

### **INSEE Concrete business:**

INSEE Concrete's 2015 marketing policy emphasized quality and services to strengthen customer confidence in our brands. INSEE Concrete has divided our customers according to different categories, including residence, commerce and industry. These account for approximately 80 percent of the total customers of INSEE Concrete, with the remaining 20 percent comprised by precast concrete and infrastructure customers.

We have also developed our new product and service group – "INSEE Solution" – for a new segment of customers who have higher technical demands – INSEE Floor Solution and INSEE Wall Solution, for instance.

INSEE Concrete's distribution has been through direct channels and through our distributors, our franchise network and Mini Mix in order to facilitate customers in every possible way.

Our market condition projection for 2016 suggests that INSEE Concrete will see price competition at least during the first half of the year, and expect private investment to grow

markedly, both in the residential property sector and in the commercial property sector, across the country.

### **INSEE Aggregates business:**

The 2015 marketing policy of INSEE Aggregates emphasized the preparation of a sufficient supply of quality and reliable products to meet customer demand. We have divided our customers into two groups: customers of main products and customers of by-products. The target customers for our main products are all precast concrete works, franchisees and small-scale concrete entrepreneurs. For our by-product customers, we have targeted all road construction and general construction works.

INSEE Aggregates' distribution has been through direct channels, the franchise network and SCCC. The major group of customers of INSEE Concrete, which is INSEE Aggregates' major product, account for around 70 percent of all customers.

Competition in 2015 has been fierce, but we have been able to retain our customers by focusing on the quality and the availability of our products and both pre- and post-sale services, which include programs such as the technical training and quality development training for all INSEE Aggregates customers.

In 2016, we have assessed that market demand for our products should remain at the same level as seen during the second half of 2015, while there may be a positive development in demand for materials for road construction. We will continue our strategy of emphasizing the development of products and service quality without engaging in any price competition, while striving to maintain all customers whose primary focus is quality.

### **INSEE Superblock Company Limited**

#### **Products and Services**

INSEE Superblock Company Limited ("INSEE Superblock") is a lightweight concrete products maker under the 'INSEE Superblock' brand. INSEE Superblock products are AAC type (Autoclaved Aerated Concrete). The production processes could produce items with customized dimensions as required by customers. Our products are suitable for all types of construction, such as factory, hotel, hospital, government building and infrastructure.

INSEE Superblock was the first in the industry to receive the Thai Industrial Standard (TIS 1505-2541) and also the first light weight concrete producer to be certified ISO 9001:2008. INSEE Superblock is the first and only lightweight concrete producer to be certified Green Label in Thailand from the Thailand Environment Institute (TEI).

INSEE Superblock is the distributor of SCCC's INSEE Mortar which is bundled with lightweight concrete products and some accessories for lightweight concrete product works such as metal straps.

#### **Marketing Direction and Competition**

INSEE Superblock's policy is focusing on the high quality product market with leading developers as its target customers. We aim to develop innovative products that serve as solutions to customers' needs. INSEE Superblock also assures the strength of its products to project owners, architects and contractors who are the decision makers. The major policy of INSEE Superblock can be described as below.

- **Product Quality**

We produce lightweight concrete with considerably higher quality than the majority of similar products in the market. High grade lightweight concrete products possess better properties such as longer fire resistance, higher strength, more durability, lower water absorption and non-cracking. All of the properties are advantage points for all types of wall construction materials.

INSEE Superblock is the G4 lightweight concrete product leader of the highest quality in Thailand. With good quality preference, INSEE Superblock's products are well accepted and are sought by customers who require the best.

Our lightweight concrete products have notable characteristics which are:

1. Fire resistance for longer than 4 hour and can be used as the thermal insulator 6 times better than clay brick;
2. Retention of low temperature;
3. Stronger and possesses better compressive strength than clay brick;
4. Lighter in weight;
5. Manufactured according to TIS standards which makes each piece has precise dimension and can be plastered without causing any crack problems which helps to reduce plaster mortar usage;
6. Can be easily cut and can be rapidly laid since it is 3 times larger than clay brick;
7. Better sound insulation (without an echo) than clay brick; and
8. Our product thickness can vary by every 5 mm while most of the products in the market vary by only every 25 mm.

We can therefore serve the needs of customers for every type of wall construction.

In addition to the above notable characteristics, INSEE Superblock is the first and only lightweight concrete producer to be certified Green Label in Thailand from the Thailand Environment Institute (TEI).

- **Price**

INSEE Superblock is focusing only on the high grade product so the price reflects the product quality. We emphasize on the value for money so quality-conscious customers would likely specify the INSEE Superblock brand.

We educate the market on the application of high quality products as being more worthwhile in the long term. We treat customers with fair prices reflecting all the considered factors such as order quantity, payment term, delivery distance and market situation.

- **Service**

According to aforementioned emphasis of product quality, INSEE Superblock has also continued to provide excellent service to satisfy customer requirements as follows:

1. The customer can purchase the products by customized thickness, width and length (made-to-order).
2. INSEE Superblock emphasizes fast and on-time delivery in order to effectively cater to customers' plans.

3. Give importance to aftersales service by providing technical teams at the job site to consult with the customer.
4. INSEE Superblock provides product knowledge and training at educational institutions and job sites nationwide.

- **Distribution**

Regarding the distribution channel, INSEE Superblock has mainly distributed its products through wholesalers and retailers, with approximately 400 accounts nationwide, or about 85 percent. Furthermore, the products are distributed by modern-trade channels which have high positive growth such as Thai Wassadu and Do-Home, and direct accounts, such as key developers and large contractors.

In addition, the customer target is correlated with influencers in all construction procedures such as architects, foremen, engineers, consultants and end-users who live in those buildings. Currently, most of them prefer to buy products which are of good quality, standardized, safe, have short construction time, are environmentally friendly and save energy.

In 2015, INSEE Superblock generated revenue of around 480 million Baht, 100 percent of which was derived domestically. The revenue was mainly from standard lightweight concrete block size 20x60 cm with thickness of 7.0 and 7.5 cm and panel.

- **Promotion Campaign**

INSEE Superblock has connected with marketing events of Siam City Cement Public Company Limited and has a product presence with large developers and contractors. INSEE Superblock also holds regular product seminars with modern trade, distributors and contractors throughout the year in order to build strong relationships. Regarding brand recognition, INSEE Superblock has continued to promote through mass media such as magazines, newspapers, catalogs, leaflets, radio, exhibition events and points of purchase (POP), such as a product stands and banners.

### **Lightweight Industry and Competitiveness**

Because the lightweight block is a main construction material substituting conventional products such as clay bricks used for high-rise and low-rise buildings, lightweight block consumption is subject to the economic growth and construction industry. However, the real estate business has been on the negative trend due to political instability and overall economy which led to the decline of residential growth in Bangkok and vicinity. Nevertheless, INSEE Superblock has generated sales volume grow up continuously due to its strong distribution channels.

The year 2015 was one of fierce competition owing to the fact that several lightweight concrete producers boosted their production, while new producers also entered the market during a time when demand for lightweight concrete did not grow much. Accordingly, an intense price war ensued, leading to a decline in INSEE Superblock's gross profit. Under such circumstances, we decided to introduce value-added and different products, including

lintel- and steel-reinforced panels, in order to help improve INSEE Superblock's profits and ability to deliver better products to consumers.

For the market trend next year, we expect the property market to see no growth, but there can be a slight expansion for the lightweight concrete market due to users switching from bricks to lightweight brick blocks. However, the excess production capacity will likely continue for many years.

## **Sourcing and Producing**

- **Production**

INSEE Superblock factories No.1 and No. 2 are located at 9/1 Moo 11 Singburi-Pakdong Rd., Bangrachan Sub-District, Khai Bangrachan District, Singburi Province, and factory No. 3 is located at 133 Moo 9, Hinkong Sub-District, Muang District, Ratchaburi. The total capacity in 2015 will be around 7.2 million sq.m. after the completion of the expansion project.

- **Raw Material Provider**

The main raw materials are cement, sand, lime and aluminum powder. Cement is sourced exclusively from Siam City Cement Public Company Limited. Sand, cement and lime are sourced domestically, while aluminum powder is imported from Germany and the Czech Republic.

**Sand** INSEE Superblock has its own sandpit located 4 km. from the factory in Singburi. The sandpit has high quality sand that can serve production needs well into the future.

**Cement** INSEE Superblock buy cement from Siam City Cement Public Company Limited, the parent company which is the key cement producer of Thailand.

**Lime** Currently, the lime supply is higher than its demand. INSEE Superblock buys lime from 5 lime producers. The price quotation would be submitted 1 year in advance.

## **Environmental Impact**

INSEE Superblock is proud of its policies to mitigate the environmental impacts of its production process and from its disposal of unwanted raw materials. INSEE Superblock achieves this through both reuse and recycling processes and through the utilization of substitute raw materials, which account for more than 40 percent of total raw materials used in the entire production process. These actions have made INSEE Superblock the only lightweight concrete producer in Thailand to be certified with the Green Label from the Thailand Environment Institute Foundation.

Being one of the initiatives, the produced-water treatment is implemented before discharging to public waterways. From previous numerous operations, INSEE Superblock demonstrates that it has strictly complied with the laws as well as arranged activities with communities nearby the factories in order to live with the surrounding communities sustainably.

## **Other Products and Services**

### **Conwood Company Limited**

#### **Products and Services**

Conwood Company Limited (“**CONWOOD**”) is the manufacturer of the “CONWOOD brand” of architectural decorative materials, which are made from high-quality Portland cement and cellulose fibers. Produced through advanced and environmentally-friendly technology from Switzerland, all products are of a unique quality — combining beauty, durability and other appealing attributes such as being weatherproof, termite-resistant, non-combustible, and perfect for use like real wood.

CONWOOD’s range of products has been introduced to meet all types of demands and is suitable for both exterior and interior decorative works as well as for landscape architectural use. The products are mainly divided into four groups based on their applications as follows:

- Eaves and ceiling: Eave, Lath, and Ceiling Border
- Wall: Lap Siding / Siding
- Floor: Deck T-Lock, Decorative Stair, and Mold
- General decoration: CONWOOD Plank 1”, CONWOOD Plank 2”, and CONWOOD Fence, CONWOOD Sunshade

In the past year, we have introduced the Nano Color technology to the paintwork of our products. This added-value has given our products a more durable finish and allowed our business partners to save time and cost during installation. CONWOOD’s Nano-Color fence has accordingly been well received and enjoys growing sales. Moreover, CONWOOD has also launched the CONWOOD Decorative Panel Liner, which features a “carved lines” pattern. This new product is perfect for the interior decoration of both residences and commercial buildings.

Production of CONWOOD currently takes place at a plant that is equipped with three production lines and a combined annual production capacity of 135,000 tons. In addition to the Thailand-based production lines, we are also operating a factory in Indonesia — PT. CONWOOD Indonesia Limited — where the products have also been divided into four groups like those produced in Thailand. Our Indonesian factory started operations in 2014 to serve the local market and to act as an important base for exports to other countries.

CONWOOD’s performance in 2015: CONWOOD generated revenue of 1.4 billion Baht, of which 95 percent came from domestic sales and the remaining 5 percent from international sales.

#### **Marketing Direction and Competition**

In the past year, the market competition became more intense due to low construction industry expansion caused by unfavourable economic circumstances, affecting consumer purchasing power and stock investor confidence and resulting in numerous construction

projects being disrupted or delayed. Hence it became one of the major factors that drove our sales down from prior year. Besides, the supply in the market was increased due to an entry of new players and more introduced replacement products in the market from both local manufacturers and overseas importers.

CONWOOD is primarily advantageous in terms of trusted brand and differentiated products in the market. With its remarkable quality and beauty, CONWOOD's products have been constantly trusted by leading real estate project developers as their choice. In addition, CONWOOD's manufacturing technology is advantageous in terms of creating decorative products with more efficiency than rivals, rendering CONWOOD decorative products outstanding in terms of design and able to avoid price competition in the market.

### **CONWOOD Marketing Policies and Strategies**

We focused, in the past year, on creating innovations and designs that met customer needs in terms of appearance and functionality, attaching importance to constant research for developing quality products.

Thanks to the NANO Color Technology on colouring products, we were able to add value, make colours more vibrant and durable, and save clients installation time and cost. The new outstanding products that were well received by the market include CONWOOD Fence NANO Color, of which sales have been seen increased. We also introduced CONWOOD Decorative Panel Liner capitalizing on its gouge that fits interior wall decoration in residency and commercial buildings.

### **Distribution Channels**

CONWOOD products were distributed through about 500 building materials wholesalers and retailers nationwide, accounting for 75 percent of the whole-year sales, and through large retail shops such as HomePro, Thai Watsadu and Global House, accounting for 20 percent of the whole-year sales. Internationally we export to numerous countries such as the Socialist Republic of Vietnam, the Republic of Singapore, Federation of Malaysia, Republic of India, Laos PDR, and the Kingdom of Cambodia, accounting for 5 percent of the whole-year sales. Also, we recognized the increasingly greater opportunities in distribution to export markets, especially the ASEAN Economic Community (AEC), and Middle East countries.

### **Sales Promotion**

Focused on integrated marketing communication, we constantly used various types of communication tools with the target groups to enhance our brand image, create awareness and memorisation of outstanding features, high quality and eco-friendliness, as contemplated by CONWOOD. Most CONWOOD customers are both local and international



real estate project developers. Accordingly, through selected print media, digital media, and online advertisements; trademark awareness creation and product strength communication was targeted to such major target groups as architects and contractors who had influence on making a buying decision for building and decorative materials.

In addition, CONWOOD joined booth in the Architect Expo organised by the Association of Siamese Architects under the Royal Patronage of His Majesty the King, an effective channel in promoting brand image and introducing new products and exchanging opinions with the architect group. CONWOOD also emphasised the holding of seminars to create ties with dealers, retailers and contractors all year long.

### **Sourcing and Producing**

CONWOOD products are manufactured at CONWOOD plant located along Mittraphap Road, Saraburi, consisting of three production lines with the total production capacity of 135,000 tons per year. Apart from its production base in Thailand, CONWOOD invested in building a new plant in Indonesia in 2013 and launched its operation in 2014, with sales distribution within Indonesia and exports to foreign countries.

The main raw material, Portland cement, is purchased from parent company to ensure confidence in quality without the risk of material shortage. Cellulose fibre, as a secondary component, is required to be imported from the United States of America, where raw materials give higher quality than other sources.

CONWOOD's product manufacturing process is under an environmental protection policy. CONWOOD received international standard accreditation for ISO 14001:2004 Environmental Friendliness, ISO 9001:2008 Quality Standard System, OHSAS 18001:2007 Occupational Health and Safety Management, and Green Label Singapore eco-Construction Materials.

Additionally, CONWOOD focuses on and supports initiatives that realize the importance of this aspect such as the Water Use Reduction Project under the 3Rs guideline (Reduce-Reuse-Recycle), and constantly develops and devise new approaches such as the use of dust wastes as part of raw materials to make concrete blocks that were ultimately donated to local educational institutions.

## **PT CONWOOD INDONESIA LIMITED**

### **Products and Services**

PT CONWOOD INDONESIA LIMITED ("**CONWOOD INDONESIA**") is a manufacturer of architectural, decorative materials under the "CONWOOD" trademark, with products made of high quality cement and cellulose fibre mixtures recycled with a "green" technology and advance manufacturing techniques that are eco-friendly with reduced real wood consumption. CONWOOD products, having a broad spectrum of varieties for residential and commercial building decoration supporting both interior and exterior installation, are divided into four major categories as follows:

- Eaves and Ceiling: Eaves, lathes, and ceiling borders
- Walls: Lap Siding BG, Lap Siding G-Series, and CONWOOD Mold
- Floors: Decorative decks and stairs and CONWOOD Mould
- Decoratives: planks, fences and sunshades

## **Marketing Direction and Competition**

Despite the economic downturn, the market's circumstances were still favourable to CONWOOD INDONESIA in penetrating the market and growing thanks to our innovation uniqueness with no direct competitors. Thus, CONWOOD INDONESIA was able to compete in a variety of segments with growth leap of four times, or Baht 165 million, in the past year. CONWOOD INDONESIA competed in two major segments—decorative materials and fibre cement. In the decorative materials area, CONWOOD INDONESIA competed with various materials most of which were wood and wood replacements which were CONWOOD INDONESIA's target market. To date our products have been mentioned by leading developers, architects and overseas restaurant networks.

In 2015, CONWOOD INDONESIA entered the retail market with fibre cement finished plank products and we were able to penetrate over 4,000 stores. CONWOOD INDONESIA has currently been selling plank replacement materials for penetrating the retail market with the purpose of changing consumer behaviour and direct customers use the various products of CONWOOD INDONESIA.

The “CONWOOD INDONESIA” trademark has been well received since its debut in 2012, which can be seen from many Reader's Choice Awards and architectural awards. With a view to being successful in creating a perception of the “CONWOOD INDONESIA” trademark that finally leads to brand experience and loyalty and to promoting good experience towards CONWOOD INDONESIA, an array of activities were held to engage decision makers and retail stores, installation training with certificates were held, key information summary was provided to developers and architects, support was given to the association involving architects, designers and contracting builders, design contests were held, social media marketing campaigns were launched, and national exhibitions were organised. Importantly, CONWOOD INDONESIA received Best Booth Award in the Megabuild Indonesia 2015 in Jakarta for the “Future Architecture and Interior Designs and Decoration” concept.

“CONWOOD INDONESIA” distributed all of its products through a distribution network covering 55 major islands and major cities of Indonesia, while the modern trade market and DIY shops have still been in a development stage. Nevertheless, CONWOOD INDONESIA established cooperation with such outstanding stores as Depo Bangunan and Norton who prominently displayed CONWOOD products reflecting market prices.

## **Sourcing and Producing**

CONWOOD INDONESIA's plant launched its operation in June 2014, located on an 8-rai area capable of accommodating five production lines, with the total production capacity of

180,000 tons per year, to accommodate growing local needs and export such main material of CONWOOD INDONESIA as Portland cement from leading domestic cement manufacturers, while cellulose fibre was imported from the U.S.

CONWOOD INDONESIA's manufacturing process is under a stringent environmental conservation policy. Currently CONWOOD INDONESIA has been pending accreditation for ISO 14001:2015 Environmental Management System, ISO 9001:2015 Quality Management System, OHSAS 18001:2007 Occupational Health and Safety Management, and Green Label Singapore eco-Construction Materials.

## **INSEE ECOCYCLE COMPANY LIMITED**

### **Products and Services**

INSEE Ecocycle Company Limited ("**INSEE Ecocycle**") is a subsidiary of SCCC Group Company. In 2015, it was renamed from Energy and Environmental Services Company Limited. INSEE Ecocycle is the waste management trademark of SCCC Group Company. We provide our business partners and stakeholders with insight and "peace of mind" by offering sustainable waste management in a sincere and trustworthy manner and protect customer reputation.

SCCC and INSEE Ecocycle received a factory business licence no. 101 (for co-processing in cement kiln) and type 106 (alternative fuels preparation platform), respectively, from the Department of Industrial Works, and received accreditation for ISO 9001:2008 Quality System, ISO 14001:2004 Environmental Management System, OHSAS 18001:2007 Occupational Health and Safety Management, and Gold Medal Standard Waste Treatment Operator Award, to ensure our management capability for hazardous and non-hazardous wastes.

### **Marketing Direction and Competition**

INSEE Ecocycle puts its focus on resolving waste management problems for clients in various industry groups such as oil exploration and drilling, petrochemicals, vehicles, and products with deterioration, etc.

Our expectation is to create differences for clients, stakeholders and the environment. INSEE Ecocycle is part of reducing environmental impact from industrial manufacturing processes, as follows:

**Being a sustainable industrial waste disposal expert** that understands waste elements and handle wastes to protect customer reputation.

**Being committed to deliver service excellence** from analysis to excellent services to give clients satisfaction.

**Pioneering waste management** with constant improvements and new waste management processes sought.

**Being a leader in safety and environment** trusted by and working with the public sector and concerned individuals closely to ensure safe waste management.

**Strengthening Ecocycle** by getting support from SCCC Group Company to become a leader in environment and sustainable development.

Thailand has been facing waste and environment management problems from industries and communities as a result of development by leaps and bounds, including changing lifestyles of urban people. According to a Pollution Control Department report, the quantity of wastes increases every year. For this reason, concerned government agencies such as the Department of Industrial Works, Industrial Estate Authority of Thailand, Office of Natural Resources and Environmental Policy and Planning, including the Pollution Control Department, are required to take a crucial role in defining industrial waste management guidelines and regulations and supervising individuals who generate wastes to ensure compliance with the regulations. The public sector's law enforcement would create a business opportunity for INSEE Ecocycle.

### **Marketing**

Most INSEE Ecocycle's clients are industrial factory operators as persons generating wastes required to properly manage incurred wastes under the law. INSEE Ecocycle emphasizes on providing sustainable waste management services to create trustworthiness and "peace of mind", as well as protecting customer reputation. Customers can contact us for the services from multiple channels such as our Hotline (Tel. 1732 press 6), direct contact with our local sales representatives, online assessment, etc.

### **Competition**

Most INSEE Ecocycle's clients are attentive and attach importance to proper waste management that conforms to the law. With the public sector attaching more importance to law enforcement, it would positively impact INSEE Ecocycle's business. Thus, constant development of waste disposal service system to international standards is considered one of the disadvantages over rivals.

### **Supply of Products and Services**

INSEE Ecocycle is a sustainable waste management service provider therefore our raw material are waste generated from industrial manufacturing such as fabric scrap, paper scrap, sludge contaminated soil ash. Our customers are oil and gas exploration industry, petrochemical industry, chemical industry and automotive industry.

### **Services**

In providing a waste management service, INSEE Ecocycle uses two fuel and alternative material preparation facilities, one located along Mittraphap Road, Saraburi Province and the other in Hemraj Industrial Park, Chonburi Province, where wastes are reconditioned and co-processed in SCCC's cement kiln. Housed in the two facilities are a system that reconditions solid wastes to become alternative fuel and a system that adjusts the quality of liquid wastes for attributes suitable for co-processing in cement kiln.

The two fuel and alternative material preparation facilities received accreditation for ISO 9001:2008 Quality System, ISO 1400:2004 Environmental Management Standard System, OHSAS 18001:2007 Occupational Health and Safety Management, ISO/IEC 17025 Testing Laboratory Management, and Gold Medal Standard Waste Treatment Operator Award, and 3R Award - Zero Waste to Landfill from the Department of Industrial Works, assuring clients of Insee Ecocycle operations and services' compliance with international standards and statutory regulations. Our services include:

- Consultancy and on-site services

With experienced industrial experts, INSEE Ecocycle provides clients with professional consultancy on how to efficiently manage wastes that yield a maximum benefit without causing an environmental impact and in compliance with the government requirements.

- Waste Analysis

With knowledgeable and skillful personnel and state-of-the art laboratory equipment, INSEE Ecocycle analyses each kind of waste physically and chemically with consideration of safety standards and environmental requirements and non-impact on SCCC cement quality. On-site services include:

- Waste management consultancy service by an experienced team, safety training, specialized support team, and labor.
- Waste segregation, packing and transfer services, including site cleaning and overseeing services.
- Equipment facilities such as forklifts, cranes, trucks of various types and tools available for customer use.

- Waste Transportation

INSEE Ecocycle provides an assortment of waste packing equipment for both hazardous and non-hazardous wastes. Our trucks are GPS-enabled for timely tracking of their travel routes.

- Preparation of wastes and their disposal by way of co-processing in cement kiln.

We have an operational process that meets standards at Saraburi SCCC plant, consisting of a liquid alternative fuel preparation facility, solid waste digestive system, and a semi-solid and liquid waste preparation system, with prepared wastes forwarded to be disposed of by co-processing in cement kiln.

- Other services

For wastes that cannot be co-processed in cement kiln, our expert team will guide you on other suitable handling processes.

## **Environmental Impacts**

INSEE Ecocycle's business is run with attention to the environment and minimum environmental impact in mind. In addition to continual waste management process improvement according to an environmental management standard system guideline, we inspect the environment quality every 6 months to ensure that INSEE Ecocycle's operations do not cause a significant environmental impact.

## **SIAM CITY POWER COMPANY LIMITED**

### **Products and Services**

Siam City Power Company Limited ("**SCP**") is one of SCCC's subsidiaries incorporated in 2011 running the business of generating electricity from hot air waste in a cement production

process. Two portions of the hot air—one left from the kiln’s clinker-cooler room and the other from the pre-heater tower in the clinker production process at Kiln No. 5 and Kiln No. 6 production lines of SCCC—are put in a heat exchange, with a maximum production capacity of 18 megawatts per production line. Previously these two portions of hot air were of no use.

The electricity generation of this business has helped reduce environmental impact directly e.g. reducing the amount of dust mingled in hot air waste and reducing the temperature of hot air before being emitted into the atmosphere.

An indirect, positive impact is achieved as the consumption of electricity generated from Electricity Generating Authority Thailand (EGAT) mostly derived from burning fossil fuel was reduced, resulting in reduced green-house gas emissions and then global warming. This project was given an investment promotion and machinery import and corporate tax exemption privileges.

## **Sourcing and Producing**

### **Production**

SCP has one plant with two production lines from Kiln No. 5 and Kiln No. 6 of SCCC, capable of generating a maximum of 18 megawatts of electricity.

### **Raw Materials**

The entire one hundred percent of main raw materials used in generating electricity are from the hot air waste from clinker-cooler room and the pre-heater tower in the clinker production process at Kiln No. 5 and Kiln No. 6, respectively, of SCCC.

### **Service Works and Providers**

Service works required for factories are consisted of machinery repairs and maintenance, security protection, and other services. Most services are employed by domestic service providers with the emphasis on quality and safety.

## **Environmental Impacts from Production Process or Disposal of Leftover Materials**

Previously released into the atmosphere, the two portions of hot air—one left from the kiln’s clinker-cooler room and the other from the pre-heater tower in the clinker production process at Kiln No. 5 and Kiln No. 6 production lines of SCCC—have now been put in a heat exchange in which the hot air waste is fed to water to produce steam that drives steam turbines used in the generation of a maximum of 18 megawatts of electricity per production line.

Thus, the electricity generation of this business has positively impacted the environment directly e.g. reducing the amount of dust mingled in hot air waste and reducing the temperature of hot air before being emitted into the atmosphere, with indirect, positive impacts such as reduced consumption of electricity generated from Electricity Generating Authority Thailand (EGAT) mostly derived from burning fossil fuel, reduced green-house gas

emissions and then global warming. This project was given an investment promotion and a machinery and import tax exemption privilege.

### **Marketing Direction and Competition**

Currently, SCP produces electricity from hot air within the kilns of SCCC with this service not yet available to third parties, which is a prospective future business for SCP.

## **INSEE DIGITAL COMPANY LIMITED**

### **Products and Services**

Established in 2013, INSEE Digital Company Limited (“**INSEE Digital**”) is one of SCCC subsidiaries providing turkey IT and digital technology services to SCCC Group Company. In the future, INSEE Digital has a plan to expand its services to encompass third-party clients.

INSEE Digital is a partner to business groups and trading partners for adopting cutting-edge IT and digital technology system to design and develop the organizations, with the purpose to differentiate the business operation across SCCC Group Company. As a result, it shall yield the competitive advantage among cement and construction material production business.

### **Marketing Direction and Competition**

INSEE Digital is focused on becoming a trusted and reliable ally in providing IT and digital technology services to connect businesses run within SCCC Group Company and to connect clients and trading partners together on a timely manner. Our aim is to increase our potential and work efficiency and create differences and competitive advantages for SCCC Group Company and concerned individuals, consisting of:

**Digital technology experts** who have profound understanding of digital technology elements and the IT system put in place to be most fit for SCCC Group Company and concerned individuals, with a view to boosting competitiveness and new business opportunities for those who use the services;

**Excellence in providing IT services** and overseeing IT services and digital technology in an integrated manner equivalent to world-class, high quality and standards for maximum satisfaction of those who use the services;

**Internally-driven Intelligent Organization** with a system that provides throughout connectedness from origin to destination to give service users best experience and enhanced efficiency; and

**Strength of SCCC Group Company** on which INSEE Digital capitalizes in terms of intellectual property to become an IT and digital technology leader with the best work process for future sustainable development.

Currently, Thailand has realized to push digital economic policies in an even more concrete manner. Foreseeing the importance of this matter, SCCC Group Company has reformed and driven their organizations to become leaders in using digital technology in their operations, in

response to the fast changing of the market conditions and business patterns induced by digital advancement.

## **Sourcing and Producing**

### **Services**

In 2015, INSEE Digital provided comprehensive services ranging from consistent IT and digital technology strategic planning promoting SCCC Group Company's business strategies to overseeing and developing the existing systems to ensure their maximum efficiency and serve both internal and external user needs as per the set targets.

The IT and digital systems entirely overseen by INSEE Digital include SAM36 modules and Non SAP 31 applications that can be divided into the following service groups:

- IT and digital technology strategic planning and new IT and digital technology research
- IT and digital technology project administration and handling
- IT and digital system administration, handling and overseeing relating to internal business units
- IT and digital system administration, handling and overseeing relating to business units involving clients and trading partners
- IT and digital system administration and handling relating to infrastructures, networks, security and end users
- Data centre administration and handling

In 2016, INSEE Digital expanded its services to cover joint-venture company.

## **3. Risk Factors & Risk Management**

### **3.1 Business Risks**



The economy grew at a slow pace in 2015 as both public and private investment plans were delayed, and some construction projects were delayed or cancelled. Accordingly, domestic cement consumption contracted more than expected, leading to fiercer competition in the cement and construction materials market.

One of our risk management plans has been to increase export of cement to neighboring countries such as Cambodia, Laos and Myanmar, where economic growth has been strong and demand for cement and construction products has been high.

At the same time, we have been focusing on offering more value to our customers in terms of both cost and quality. These efforts have increased our competitive advantages in the areas of price and quality, as reflected in our earnings growth over the past year.

### **3.2 Environmental and Community-related Risks**

SCCC is determined to safeguard the environment and assist local communities. Therefore, all of our activities are undertaken in the spirit of the public good, and in accordance with related laws and regulations, including environmental regulations. Among our many actions, we seek to designate and protect green areas, promote clean water supply systems and waste separation systems, and establish village waste banks that fulfill the unique contexts and needs of each village.

SCCC has also established a community and environment development fund, which is overseen by a joint committee comprising representatives from the public sector and SCCC Group Company.

### **3.3 Operational Risks**

- **Energy and Raw Material Risks**

In the cement business, fuel and electricity costs play an important role, representing more than 70 percent of total production costs. Although the price of coal has declined in 2015, we cannot overlook the possibility that it will rise again in the future. At the same time, electricity costs have been rising, despite the government's adjustment of the Fuel Adjustment Charge (FT). To mitigate these risks, the Company has promptly implemented various cost reduction schemes, including the Good to Great Wave II project.

SCCC has increased our use of fuel from coal and alternative fuel in order to lower production costs, while at the same time we plan to invest more in our Waste Heat Recovery Project, which will reduce energy costs by generating additional power.

Regarding the management of risk in our procurement of raw materials, SCCC maintains a large reserve of critical materials such as limestone and aggregates. We have also signed long-term contracts with suppliers of raw materials and other main fuels, both in Thailand and abroad, and explored for new resources while renewing all related concessions in advance in order to assure sufficient supply to sustain our operations.

- **Safety Risks**

As a heavy industry, cement production uses heavy machinery that involves chemicals and can create extreme heat and dust. Therefore, SCCC has established a corporate culture that focuses on safety. One example of our safety program is our Safety Garden workshop where our employees and contractors learn key information and rules related to the hazards involved in 10 types of working tasks.

### 3.4 Financial Risks and Risk Management

- **Exchange Rate Risk:** In the face of volatile exchange rates in 2015, SCCC's Treasury has mitigated foreign exchange risks through the natural hedge in which we paid for all imports of machinery, equipment and raw materials in the currency that would meet our export income, while handling other related risks through forward contracts which were processed in line with the currencies of these respective transactions.
- **Interest Rate Risk:** SCCC has been closely following risks posed by interest rates, particularly the U.S. Federal Bank Fund's promised increases, in order to keep the Company's financial costs at the lowest possible level. We have also tried to maintain a balance between the floated interest rate and the fixed interest rate to mitigate the impact of volatile interest rates.
- **Credit Risk:** The Company has adopted a credit control policy and occasionally perform credit assessments to minimize the risk presented by our contracting parties. For our financial derivative contracts, credit limits and insurance contracts, the Company has made sure that we partner only with parties of high credibility, while we spread our credit risks by working with many contracting parties.
- **Liquidity Risk:** In order to ensure constant, sufficient liquidity, SCCC has set aside a reserve for the settlement of all financial obligations incurred to every company in SCCC Group Company. Moreover, we have acquired credit lines from several banks to support our business operations and expansion plans. With excess cash, the Company has also invested in financial products which offer high liquidity.

## 4. OPERATING ASSETS OF THE COMPANY AND ITS SUBSIDIARIES

### 4.1 Property, Plant and Equipment

Objective: For business operations of the Company and its subsidiaries as at 31 December 2015.

(Unit : Million Baht)

	Type of rights	SCCC	Subsidiaries	Total
Land, mineral reserve and site restoration	Owner	1,133	750	1,883
Building and structures	Owner	2,891	1,468	4,359
Machinery and equipment	Owner	7,529	3,626	11,155
Furniture, fixtures and office equipment	Owner	499	111	610
Motorvehicles	Owner	486	7	493
Assets under construction and installation	Owner	1,852	1,069	2,921
<b>Total</b>		<b>14,390</b>	<b>7,031</b>	<b>21,421</b>

**Remark :** Property, Plant and Equipment are not mortgaged.

## 4.2 The Company and subsidiaries carry on the business of real property

– N/A –

### Intangible assets

(Unit : Million Baht)

	Type of rights	SCCC	Subsidiaries	Total
Mining concession	Owner	1,795	146	1,941
Computer software	Owner	137	4	141
Other intangible assets	Owner	122	4	126
Intangible assets under development	Owner	1,089	-	1,089
<b>Total</b>		<b>3,143</b>	<b>154</b>	<b>3,297</b>

The Company and its subsidiaries have trademarks and concessions for shale and limestone mining (for cement industry) in Kaengkhoi, Saraburi, limestone mining (for construction industry) in Uthong, Suphanburi, and for Gypsum mining in Nongbue, Nakornsawan and plant license for aggregates operation in Uthong, Suphanburi and land

leasehold in Hemaraj, Supanburi for industrial waste disposal and alternative fuel and raw material trading.

### Executive summary of the existing mining concessions

Concession Holder	Area	Type of Granted Mineral Concession	Number of Concession	Land Size (Rai)	Validity of Concession (year)	Concession Expiration (year)
Siam City Cement Public Company Limited	Nakornratchasima	Soil Cement of Cement Industry	1	126-1-99	6	2022
	Nakornratchasima	Soil Cement of Cement Industry	2	409-2-32	21	2037
	Saraburi	Soil Cement of Cement Industry	2	68	6	2022

Concession Holder	Area	Type of Granted Mineral Concession	Number of Concession	Land Size (Rai)	Validity of Concession (year)	Concession Expiration (year)
Siam City Cement Public Company Limited	Saraburi	Limestone and Shale for Cement Industry	20	4420-3-02	11	2030
	Saraburi	Limestone and Shale for Cement Industry	1	229-0-72	13	2029
	Saraburi	Limestone and Shale for Cement Industry	11	2261-1-90	3	2019
	Saraburi	Limestone and Shale for Cement Industry	1	285-0-78	2	2018
	Saraburi	Limestone and Shale for Cement Industry	1	285-3-00	1	2017

Concession Holder	Area	Type of Granted Mineral Concession	Number of Concession	Land Size (Rai)	Validity of Concession (year)	Concession Expiration (year)
	Nakornsawan	Gypsum	2	585-0-82	6	2022
	Lampang	Limestone and Shale for Cement Industry	6	1627-2-00	5	2021
	Suphanburi	Limestone for Construction Industry	1	293-1-15	9 months	2016
	Suphanburi	Limestone for Construction Industry	1	299-2-92	5	2021

## 5. Legal Disputes

**5.1** Dispute that may adversely affect the Company assets by over 5% of the shareholders' equity as at 31 December 2015.

-None.-

**5.2** Pending dispute that may materially affect the Company's business operation that cannot be assessed in term of monetary value.

-None.-

**5.3** Pending dispute not arising out of the normal course of business

-None.-

## **6. General Information and other Important Information**

### **6.1 General Information**

- (1) Company Name, Head Office, Type of Business, Registration No., Telephone No., Fax No., Homepage, Type and amount of issued/paid-up shares.

Company Name:	Siam City Cement Public Company Limited
Stock Code:	SCCC, Listed on the Stock Exchange of Thailand (SET)
Registration No.:	0107536001346 (Formerly, Bor Mor Jor 208)
Type of business:	Cement manufacturing and distribution
Head office:	Column Tower, 7 <sup>th</sup> - 12 <sup>th</sup> Floor, 199 Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand
Factory:	<ul style="list-style-type: none"><li>▪ Plant 1 and Plant 3, 99 Moo 9, Mitraparp Road Km. 129, Tabkwang Subdistrict, Kaengkhoi District, Saraburi, 18260, Thailand</li><li>▪ Plant 2, 219 Moo 5 Mitraparp Road Km. 131, Tabkwang Subdistrict, Kaengkhoi District, Saraburi, 18260, Thailand</li><li>▪ AFR Platform, 301 Moo 5, Mitraparp Road Km.133, Tabkwang Subdistrict, Kaengkhoi District, Saraburi 18260, Thailand</li><li>▪ Mortar Plant, 41/2 Moo 5, Mitraparp Road Km. 129, Tabkwang Subdistrict, Kaengkhoi District, Saraburi 18260, Thailand</li></ul>
Telephone:	+ 66 2 797 7000
Fax:	+ 66 2 797 7001 to 2
Website:	<a href="http://www.siamcitycement.com">www.siamcitycement.com</a>
Company's ordinary share Issued and	230,000,000 ordinary shares with the par value of 10 Baht per share.

paid-up shares:

(2) Company Name, Head Office, Type of Business, Telephone No., Fax No. of the companies, held by the Company over 10% of paid-up shares of that companies, as of 31 December 2015.

Company Name	Location of Head Office	Type of Business / Product	Registered Capital (million Baht)	Number of Issued & Paid-up Ordinary (million shares)	% Direct Shareholding
<b>Held by Siam City Cement Public Company Limited</b>					
1 Siam City Concrete Company Limited	Bangkok	Industrial Operation / Ready-mix Concrete and Aggregates	2,500	25	99.99
2 Siam City Power Company Limited	Bangkok	Energy	2,000	20	99.99
3 Conwood Company Limited	Bangkok	Industrial Operation / Construction Material	300	3	99.99
4 INSEE Super Block Company Limited	Bangkok	Industrial Operation / Light Weight Block	500	5	99.99
5 INSEE Ecocycle Company Limited	Bangkok	AFR Business (Transfer station)	180	1.80	100.00
6. INSEE Digital Company Limited	Bangkok	Technical Service and Information Technology management and Development Services	100	1	100.00
7. Lanna Resources Public Company Limited	Bangkok	Industrial Operation / Coal Production and Distribution	525	525	44.99
8. Thai Agro Energy Public Company Limited	Bangkok	Industrial Operation/ Ethanol Production and Distribution	1,000	1,000	4.72
9. Holcim Cement (Bangladesh) Limited	Bangladesh	Cement Trading	8.82 Taka	0.09	10.42
10. CHIP MONG INSEE Cement Corporation	Cambodia	Cement Trading	60 USD	0.03	40.00
<b>Held by Conwood Company Limited</b>					
1. PTConwood Company Limited	Indonesia	Construction Material	10 USD	10	99.99

Siam City Concrete Company Limited

Column Tower, 7<sup>th</sup> – 12<sup>th</sup> Floor,  
199 Ratchadapisek Road, Klongtoey,  
Bangkok 10110, Thailand  
Tel: + 66 2 797 7555 Fax: + 66 2 797 7005



Siam City Power Company Limited	Column Tower, 7 <sup>th</sup> – 12 <sup>th</sup> Floor, 199 Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel: + 66 2 797 7000 Fax: + 66 2 797 7001-2
Conwood Company Limited	Column Tower, 7 <sup>th</sup> – 12 <sup>th</sup> Floor, 199 Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel: + 66 2 797 7444 Fax: + 66 2 797 7004
INSEE Super Block Company Limited	Column Tower, 7 <sup>th</sup> – 12 <sup>th</sup> Floor, 199 Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel: + 66 2 797 7000 Fax: + 66 2 797 7001-2
INSEE Ecocycle Company Limited	Column Tower, 7 <sup>th</sup> – 12 <sup>th</sup> Floor, 199 Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel: + 66 2 797 7000 Fax: + 66 2 797 7001-2
INSEE Digital Company Limited	Column Tower, 7 <sup>th</sup> – 12 <sup>th</sup> Floor, 199 Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel: + 66 2 797 7000 Fax: + 66 2 797 7001-2
Lanna Resources Public Company Limited	Mahathun Plaza Bldg., 9 <sup>th</sup> Floor, 888/99 Ploenchit Road, Bangkok 10330, Thailand Tel.+66 2 253 8080 Fax.+66 2 253 5014,+66 2 253 6822
Thai Agro Energy Public Company Limited	888/114 Mahatun Plaza Building, 11 <sup>th</sup> Floor Pleonchit Road, Lumpini, Pathumwan, 10330, Thailand Phone + 66 2 627 3890-94 , + 66 2 255 4380-84 Fax. + 66 2 627 3889
Holcim Cement (Bangladesh) Limited	House No.8, Road No.14, Bandhara, Dhaka 1212, Bangladesh Phone + 880 2 988 1002 - 3, + 880 2 881 2485 Fax + 880 2 881 5249
CHIP MONG INSEE Cement Cement Corporation Ltd.	House No. 137B, Mao Tse Tung Blvd., Sangkat Boeung Keng Kang 3, Khan Chamkar Mon, Phnom Penh, Cambodia Phone + 855 23 218 060 – 1 Fax + 855 23 210 155
PT Conwood Indonesia Limited	Menara Jamsostek, North Tower, 15 <sup>th</sup> Floor, Jl. Jenderal Gotot Subroto No. 38 South Jakarta 12930, Indonesia Phone +62 21 5296 2146 Fax +62 21 5296 2147

### (3) Other references

Share Registrar:	<p>Thailand Securities Depository Company Limited</p> <p>93 The Stock Exchange of Thailand Building</p> <p>Rachadapisek Road, Din-Daeng, Bangkok 10400, Thailand</p> <p>Tel. +66 2 009 9000</p> <p>Fax no.+66 2 009 9991 Call Center. +66 2 009 9999</p>
Debenture Registrar:	<p>Bank of Ayudha Public Company Limited</p> <p>1222 Rama III Road, Bang Phongphang Yan Nawa, Bangkok</p> <p>10120, Thailand</p> <p>Tel. +66 2 296 4494 Fax no. +66 2 683 1389</p>
Debenture Representative:	<p>Thai Military Bank Public Company Limited</p> <p>3000 Phaholyotin Rd., Jompol, Jatuchak, Bangkok 10900</p> <p>Tel no. +66 2 230 5449 Fax no+66 2 266 9779</p>
Auditors:	<p>Miss Kamontip Lertwitworatep,</p> <p>Certified Public Accountant No. 4377.</p> <p>EY Office Limited (former name was Ernst &amp; Young Office Limited)</p> <p>Lake Ratchada Building, 33<sup>rd</sup> Floor, 193/136-137 Rachadapisek</p> <p>Road, Klongtoey, Bangkok 10110, Thailand</p> <p>Tel.+66 2 264 0773 Fax. +66 2 264 0789-90</p>