

PART 1

Company's Business

1. Business Overview and Corporate Policy

Siam City Cement Public Company Limited (“**SCCC**”), an entity carrying out its core business operations in cement productions was initially incorporated as a limited company with the initial registered capital of 100 million Baht on 16 May 1969 and has started up its productions since 1972.

After continuously successful operation, the Company became a listed Company in the Stock Exchange of Thailand in 1977. In 1981, the Company developed fuel that was used in the cement productions in Saraburi Plant from bunker oil which had to be imported from foreign countries to be the domestically sourced lignite coals, thus, prompting the Company to be considered the first cement manufacturer in Thailand to use lignite coals for the production process.

In 1989, the Company became the first leading company in Southeast Asia to deploy the power production by using 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. Subsequently in 1993, the Company was officially renamed “Siam City Cement Public Company Limited to reflect new being a fully listed Company in the Stock Exchange of Thailand.

Deriving from the business turnovers which had continuously been growing until 1998, the business was expanded when Thai Roc-Cem Company Limited and HOLDERFIN B. V., the companies in Holcim Group of Switzerland became shareholders and strategic partners. In 1999, after completing debt restructuring and refinancing, 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 to develop and introduce new products to the market continuously.

On 21 December 2012, a change in the shareholding structure occurred when Thai Roc-Cem Company Limited and HOLDERFIN B. V. sold their holdings in the amount of 21,390,000 shares, 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 consequently resulting in 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 1st plant in Singburi Province from Superblock Public Company Limited (SUPER), and the 2nd 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 awarded with Green Industry Level 5 certification for all of its cement manufacturing facilities.

On 30 March 2015, Holcim sold 57,270,000 shares or equivalent to 24.9 percent of the total issued shares of SCCC to Jardine Cycle & Carriage Ltd. ("JC & C"), 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 we have 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 of 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. As of 31 December 2016, Chip Mong INSEE Cement Corporation had registered share capital of USD 106 million (53,000 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. Such awards are our prides to encourage organizations of both state and private sectors to be aware of the importance on the efficient use of energy as well as to elevate Thai energy standard level to comparatively equal to that of international standard, as well.

In 2016, opportunities arose with many attractive companies becoming available in the acquisition market, including CEMEX (Thailand), CEMEX (Bangladesh) and Holcim (Lanka), which we readily acquired. Meanwhile, SCCC bought some assets in Valence Corporation Limited (Thailand), and specific interests were tabled for the possible acquisition of Holcim (Vietnam).

In addition, on 10 November 2016, the Company disposed all of investment in Holcim Cement (Bangladesh) Co., Ltd. at the amount of USD 16.92 million or equivalent to approximately Baht 590.1 million to Holderfin B.V., Netherland.

Currently, SCCC Group Company's core business is to produce three kinds of cement, namely Mixed cement, Portland cement, and INSEE Mortar ready-mix cement. We have three cement plants with six kilns in Kaeng Khoi District, Saraburi Province with an annual production capacity of 14 million tons. Other businesses are concrete and aggregates, as well as other related cement business.

1.1 Corporate Vision, Corporate Mission, and Commitments

In 2015, the Board of Directors approved the new corporate vision, mission, and commitments to reinvigorate INSEE 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 provide 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.

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, and our nation.

1.2 Business Growth and Development Plan

The year 2017 will prove to be another challenging year for SCCC Group. To remain competitive in the market as well as to support growth and create value for our shareholders, The Company have set clearly defined priorities for the up-coming year.

1) Maintaining strength in our core business, reducing production cost and incorporating our acquisitions

Cement production and sales in the domestic market remain our core business and form a large part of our revenue stream and profit. Therefore, we must secure our foothold and ensure that our assets are fully utilized to produce quality cement to satisfy our customers. To generate revenue in a tough environment is not easy. We need to implement strategic changes in market penetration to maintain our market share. Another crucial strategy is to position ourselves more toward growing the bulk cement business apart from the bag products. The investment in production will focus on the cost reduction factor, such as in the waste heat recovery system and the new-technology grinding units. At the same time, our subsidiaries in the building material businesses, namely Conwood and INSEE Superblock, must receive continued support to grow and to produce solid performances. While our strategy is to strengthen the domestic front, the year 2017 will see us exerting our effort to

further improve the performances of our recent acquisitions in Bangladesh and Sri Lanka. The integration of both units will be a key priority, as well as to make sure that all synergies are captured as planned. The IT system expansion is being rolled out to these units to provide them with state-of-the-art IT platform to support their growing businesses. These diversifications overseas will enable SCCC Group to continue to deliver revenue growth and to generate cash for future investments and higher return for our shareholders.

2) INSEE Brand Alignment and Brand Refresh Project

During the course of the year work has been undertaken to refresh the INSEE brand across SCCC Group. In response to our planned expansion throughout Asia it was felt that more formal brand guidelines were required to enter new markets. The intention is to evolve the brand in order to increase its relevance, performance, reach and scale. It was felt the brand must move ahead while remaining recognisable and retaining key aspects of the brand's heritage and equity. Making the brand work beyond Thailand and expressing a farsighted group promise in a more unified way gives greater strength to our product categories. The changes are subtle and intended to help simplify the way we do business giving greater clarity and meaning to our actions. The revised brand stories across the Group encourage a culture of innovation and futurism. We want to communicate a visionary farsighted company believing in Asia's future.

3) Digital Work Place Transformation

Digital Work Place challenges the conventions of traditional working environment. Siam City Cement Public Company Limited and its Group companies embarked on the Digital Work Place transformation journey to further increase the productivity of its employees and change the way they communicate and collaborate inside and outside the Company. Work gets done from anywhere and communications are real-time across offices and across countries. Breaking the conventional need to travel for effective meetings and discussions, and removing traditional hierarchies in collaborations, allows SCCC Group working environment to be more productive and agile in support of a solid foot print in the region.

1.2 Milestone Changes in Business Operations

Siam City Cement has committed itself to deliver the highest value to the stakeholders. To deliver such a commitment, it is almost important for us to have a clear business growth strategy along with the effective execution plan.

Domestic and border markets have always been Siam City Cement's main focus as they have contributed tremendous value. However, changes in the economic and the competition

landscapes have put great pressure on these markets, which in turn led us to explore other opportunities to secure the much-needed growth story.

Strategic approaches were put in place so that our group will continue to be successful in creating value to stakeholders. In 2016, Siam City Cement has invested in a series of strategic investment to ensure that our group continues to grow both in revenue and profit. At the same time, we still protect our assets and safeguard the efficiency and productivity of our core operations in Thailand. These strategic investments will assure that SCCC can maintain our competitiveness and can deliver sustainable growth.

The overall economic growth in 2016 was sluggish due to delays in government and private investments along with the slow recovery of the world economy.

The situation has impacted the overall construction market, and is indicative that the reliance on core business alone is not sufficient to generate sustainable growth. With that in mind, SCCC's pursuit of strategy to diversify risks and to enhance growth has become crucial. The first regional greenfield expansion was in Cambodia towards the end of 2015 with a joint venture partnership to build a 1.5 MTC (million-ton cement) plant in Kampot Province. This project will give us the competitive position in the growing Cambodian market.

To take another step, we continued our investment in acquiring cement plants in Bangladesh and Sri Lanka. This geographical expansion will ensure that we leverage our core competency as a cement manufacturer and optimize our resources across the region. The Bangladeshi and Sri Lankan markets are still in emerging stages and will provide SCCC with the growth opportunity in both core cement businesses as well as other business lines. Moreover, this expansion enhances the competitiveness in terms of cost of our domestic production as they provide captive outlets for our clinker, enable our company to maintain high kiln utilization. The Company will also benefit from cost sharing of R&D, and technology transfer among SCCC Group, as well as providing career opportunities for our employees.

On the domestic front, Siam City Cement continues to optimize the core business with projects to revamp domestic operations including Cement, Ready-Mixed Concrete, and Mortar. These development plans included improvement in production cost competitiveness, leveraging of R&D, enhancement of distribution channel/network and the strengthening of sales and marketing function by involving world-class consultants as well as introducing the latest information technology platform, namely SAP HANA. These significant investments allow Siam City Cement to be a leading player in both Thailand and other significant markets.

While pushing both core domestic businesses and geographical expansion, existing building materials portfolio including INSEE Aggregate, Conwood by INSEE, and INSEE Superblock are still part of our growth opportunity which will give us the solid were also strengthened. With the vast amount of reserve that we have at INSEE Aggregate, we have done series investments to introduce the aggregate business to the local markets, focusing on bringing high value rock products to our customers.

Conwood group is positioned to be the producer of premium wood replacement products in both outdoor architectural applications as well as indoor aesthetic interior design. Their multi-purpose applications do not only benefit the construction business but also the environment through the reduction in the use of natural wood. With two technologically advanced production facilities in Thailand and Indonesia and export network throughout the region, Conwood group can expand its foothold across the region effectively.

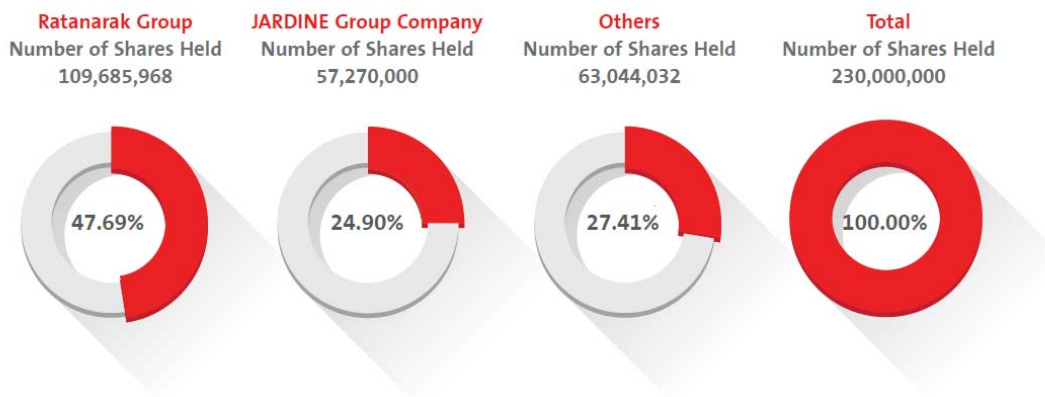
Although the Light Weight Block market continues to face challenges from price, INSEE Superblock continues with its strategy to offer building solutions to customers. A new range of products include panel and wall solutions, while the competitive cost is maintained. We believe that these building material groups will continue to be a major part of our group's development plan.

As part of our effort to diversify the business, we have expanded our existing waste management operation previously operated under cement production at our Saraburi facility. With the volatility in energy prices, we would like to ensure that Siam City Cement maintain its access to cheap and reliable sources of fuels. INSEE Ecocycle was hence established in 2016 as a standalone business unit focusing on total waste management solutions. These solutions included co-processing of multiple wastes to be part of alternative fuels for kiln consumption, to keep our production cost low and to generate new revenue stream from full waste management solution services for our customers. To further strengthen the Company, INSEE Ecocycle acquired assets of Valence Corporation Limited, a leading industrial waste cleaning company, and established a business line serving heavy-industry customers such as oil and gas businesses. This will secure for us the pipeline of both incoming alternative fuels as well as revenue stream from service fees.

With all those activities, it is very clear that human resources will play a major role in driving the success of our group. Highly effective talents and organizational structures are the keys to support the sustaining of the business growth. Siam City Cement has implemented projects for organizational and employee development, such as the reorganization of the marketing and sales teams, the assurance of talent pipelines of both leadership and

technical experts, the restructuring of development program for all level of management and many more. These also include the collaboration with world-class educational institutes on Executive Education and Leadership development programs and Harvard Business School.

1.2.1 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 Ltd., its Singapore-listed subsidiary. This represented the start of a joint venture between SCCC and JC&C.

1.3 Business Group Structure

Company Name	Location of Head Office	Type of Business / Product	Registered Capital (million Baht)	Number of Issued & Paid-up Ordinary (million shares)	% Direct Shareholding
Held by Siam City Cement Public Company Limited					
1 Siam City Concrete Company Limited	Bangkok	Ready-mix Concrete and Aggregates	2,500	25	100.00
2 INSEE Superblock Company Limited	Bangkok	Lightweight Concrete Block	500	5	100.00
3 Conwood Company Limited	Bangkok	Construction Material	300	3	100.00
4 INSEE Ecocycle Company Limited	Bangkok	Industrial Waste Disposal and Alternative Fuel and Material Trading and Industrial Cleaning Service Business	400	4	100.00
5 Siam City Power Company Limited	Bangkok	Energy Generation from Waste Heat	2,000	20	100.00
6 INSEE Digital Company Limited	Bangkok	Technical Service and Information Technology Management and Development Services	700	7	100.00
7 Globe Cement Company Limited	Bangkok	Cement	701	7.01	100.00
8 Lanna Resources Public Company Limited	Bangkok	Coal Production and Distribution	525	525	44.99
9 Thai Agro Energy Public Company Limited	Bangkok	Ethanol Production and Distribution	1,000	1,000	4.72
10 Chip Mong INSEE Cement Corporation Limited	Cambodia	Cement	60 million USD	0.03	40.00
11 Siam City Cement (Bangladesh) Limited	Bangladesh	Cement	2,800 million Taka	48.74	100.00
Held by Conwood Company Limited					
1 PT. Conwood Indonesia	Indonesia	Construction Material	78 million USD	78	100.00
Held by Siam City Concrete Company Limited					
1 Siam City Cement (Lanka) Limited	Sri Lanka	Cement	1,663 million Sri Lankan Rupee	166.30	100.00
Held by Siam City Cement (Lanka) Company Limited					
1 SCCC Galle Cement Terminal (Private) Ltd.	Sri Lanka	Cement Trading	1,460 million Sri Lankan Rupee	146	100.00
2 Mahaweli Marine Cement (Private) Ltd.	Sri Lanka	Cement Trading	48 million Sri Lankan Rupee	4.8	90.00

2. Nature of Business

Revenue Structure

Segment	Percentage of shareholding	2016		2015		2014 (Restated)	
		Million Baht	%	Million Baht	%	Million Baht	%
Net Sales							
Cement	-	27,696	73	24,260	71	24,637	71
Concrete and Aggregates	100.00	8,727	23	8,658	25	8,898	25
Others	100.00	1,506	4	1,514	4	1,519	4
Total net sales		37,929	100	34,432	100	35,054	100
Elimination		(3,737)		(3,312)		(3,192)	
Total net sales according to financial statements *		34,192		31,120		31,862	

* Which were eliminated upon consolidation.

Business Operation, Marketing and Competition of Each Product Line or Business Group

Siam City Cement Public Company Limited (SCCC) was registered as a limited company on May 12, 1969 to produce and sell cement products. The production of cement commenced in 1972. The Company listed on the Stock Exchange of Thailand in 1977, and in 1993 was transformed into a public Company with the name Siam City Cement Public Company Limited. With the determination to continuously develop the businesses, the Company has restructured the business, reformed the operations and the work process. Today, the Company has expanded its businesses so far as to establish affiliated companies and ventures in which the Companies hold shares both directly and indirectly. The SCCC Group was able to develop products and services related to the main business of the Company encompassing operations involving many types of construction and fiber-cement decorative materials for architectural works both domestically and abroad. These include subsidiaries companies within the Group differentiated by products and services including marketing and competitiveness, namely;

Cement Segment

Siam City Cement Public Company Limited

Since its founding 47 years ago, Siam City Cement Public Company Limited (SCCC) has placed great value on commitment to corporate vision in providing foundation for Thailand's future. Consistent with the past to achieve the vision, SCCC has been supporting Thailand's development by offering innovative solutions in cement and other related cement products. As of today, SCCC has three cement plants with six kilns in Kang Koi District, Saraburi Province.

Siam City Cement through its three subsidiaries, Siam City Concrete Company Limited, Conwood Company Limited, and INSEE Superblock Company Limited, is engaged in

cement-based building materials, wood replacement products and light-weight concrete blocks.

1) Products and Services

SCCC, as one of the leading cement producers, currently offers five major types of cement products;

1. **Portland Cement** specially developed for production of high strength reinforced concrete, high quality concrete tiles, and all kind of concrete piles and poles and panels, as well as pre-stressed concrete products.
2. **Hydraulic Cement** developed for equivalent applications as those of Portland cement while being even more environmentally friendly.
3. **Mixed Cement** specially formulated for plastering and bricklaying works, where good workability with smooth and finishing works are required.
4. **Masonry Cement** designed for fine plastering work, where extremely smooth finishing is essential, as well as maintaining excellent plastering workability to ensure masonry quality.
5. **Mortar, also known as “INSEE Mortar,”** fulfills customers’ need for absolute convenience and quality by providing the ready to use cement; namely, INSEE Mortar Max which can be used instantly by mixing with clean water in the appropriate portion. INSEE Mortar Max has currently offered cement for six applications;
 1. Plastering mortar: For general plastering, Fine plastering, Light-weight block plastering, Fine light-weight block plastering, Concrete plastering and Skim Coat.
 2. Brick laying mortar: For normal brick laying and Light-weight block brick laying.
 3. Floor leveling: For both conventional and higher workability floor screeding and leveling.
 4. Tile adhesive: For general, high adhesion, and tile-on-tile application.
 5. Dry concreting: For general small concreting application, promoting more convenient use compared to concrete mixing at job site.
 6. Cast wall mortar: For wall filling application.

2) Marketing and Competition

In 2016, the Thai economy expanded by 3 percent, improving from 2.8 percent in 2015. The supporting factors for growth included (1) the increase in government expenditure and the progress of the infrastructure investment plans, especially road and rail projects; (2) the drive from the government’s additional packages launched during September 2015 to April 2016; (3) the increasing number of inbound tourists; (4) the constantly low crude oil price; and (5) the considerable improvement in farm income which was supported by improvements in agricultural production and key agricultural prices. However, the sluggish recovery of the global economy, with the weak global demand also caused a decrease in export values.

The construction sector expanded according to the acceleration in public construction, but private construction significantly contracted. This was in line with the contraction of key indicators, including permitted construction areas. The industrial segment was affected by the delay in supporting policies while the residential segment was more cautious in initiating new projects due to lower consumer confidence index and the household debt situation. The sales of cement products decreased, while the prices of construction materials continued to

drop due to the contraction of the major price index, especially the prices of cement, concrete and wood products.

In addition, an increase in the domestic and regional cement production capacities affected the cement market, leading to higher competition among cement producers and distribution channels. Hence, short-term tactical pricing was implemented by both cement producers and dealers to secure their respective customer groups.

However, the long-running competition among cement producers will still focus on delivering superior products and service quality to improve end-user satisfaction and promoting direct product experience through various marketing and media events which would yield higher brand exposure and acceptance. Superior relationship with the distribution channels, both dealers and producers, was also one of its key strengths due to the implementation of various customer relationship management platforms and business solutions. To escalate relationship levels with its customers and improve distribution efficiencies, the Company continuously provided business support programs to ensure the competitiveness and to build a sense of cooperation which reduced native business impact from competitors' new marketing strategies.

3) Procurement of Raw Materials and Services

3.1) Production

SCCC is one of the leading cement producer in Thailand. The Company has a total of six cement kilns with the clinker capacity of 13 million tons. Currently, five kilns are in operation, with the combined production capacity of 12 million tons.

In term of cement production, the Company runs 12 cement mills with the maximum capacity of 17 million tons. However, cement capacity relies on clinker capacity, limited to 14 million tons. Thailand's cement production capacity is approximately 60 million tons, with most Thai cement plants running at about 60 percent capacity. With its excess capacity, Thailand remains one of the largest cement exporters in the world. Thailand's cement industry was recently buoyed by the country's economic growth policies and government sponsored infrastructure investment.

3.2) Raw Materials and Fuels

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	None	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%

Materials	Procurement	No. of	No. of Supplier	Risk	Purchase Ratio	
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 has entered 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.

3.3) Environmental Impact from Production Process or Waste Disposal

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 disposal 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 as prescribed by Thailand's law.
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 consciousness 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 Co., Ltd.). Dust emission in waste gas and external electrical energy are reduced by this project.

4) Work in Progress

None

Globe Cement Company Limited

Globe Cement Company Limited is a subsidiary of SCCC Group since May 2016 after acquisition of 100 percent share from CEMEX Asia Pacific. Globe Cement Company Limited is the producer of Portland cement with global standard quality and widely accepted by world class research institutions. The company distributes its products via over 300 authorized dealers around the country.

1) Products and Services

Currently, Globe Cement Company Limited produces and distributes main products as follows;

1. Hydraulic Cement, Blue Globe For heavy construction which requires high compressive strength or/resistance, such as concrete structures, buildings, dams and bridges. It meets applicable requirements of TIS 2594-2556.

2. Masonry, Green Globe Used for plastering, brickwork and basic construction with light loads. It is mixed from Type I Portland cement and fine limestone-fine mixture procedure easy plastering and bricklaying with appropriate setting time that is perfect for housing construction.

3. Mixed Cement, Super Globe Multi-purpose masonry cement use for plastering brickwork, and forming shapes in basic construction without heavy load. It is packed in 40-kg bag and exceeds the TIS standard 80-2550.

2) Marketing and competition

In 2016, Globe Cement Company Limited generates its operating income primarily from Portland cement sales. The key marketing policy for products and services is to provide a wide range of products at competitive price together with fast delivery service. Characteristic of our target customer group are lower premium group. The Company distributes the products through distributors and retailers of approximately 90 percent, modern trade of approximately six percent of total sales. The Company focuses on competing in high quality product market which competition is very intense from numbers of competitors. Cement sales and distribution channel are operated through customer one stop service center. Globe Cement Company Limited offer online web services (e-Selling) and order system through mobile phone (m-Selling) to customers which is available 24 hours a day; customers can place orders via website or mobile phones with ready access to important information from anytime and anywhere regarding orders and new products and service, delivery status, etc.

Increased intense competitive conditions within the cement industry in recent years have affected on the pricing mechanism. Besides, political instability is another factor that makes

investments in large infrastructure projects of public and private sector slowdown which resulting in decline of demand for cement consumption.

However, the Company's key success factors are the quality and value of products with fast responsive services to customers. This is vital to the Company to maintain its competitiveness among the strong competition in the industry.

3) Procurement and production

Globe Cement plant is located at Chaloem Phra Kiat district, Saraburi province with an annual cement production capacity of 844,000 metric tons. It has three cement mills currently in operation while two kilns currently under permanent shut down. The Company purchases clinker which is the key raw material to supply its production line from Siam City Cement Public Company Limited, while other raw materials are purchased from Mae Moh.

3.1 Environmental Impact from Production Process or Waste Disposal

Globe Cement aimed to do the business together with environmental and social responsibility. Our business has operated to reduce the environmental impacts from the cement production process by installing the bag filter on the cement mills and the conveyor belts to get rid of the dust from the operation. In addition, such dust was conveyed back to the operation process, which resulted in the dust-zero waste from the operation to the nearby communities. Globe cement has also joined the government projects which promote the environmental consciousness to all stakeholders certified by the Green Industry Awards level 3 (Green Industry Awards Level 3: Green System), the Green Mining Awards, and the ISO5001. Globe Cement was also the member of CSR-DPIM and CSR-DPIM Network.

4) Work in Progress

None

Siam City Cement (Bangladesh) Limited

Siam City Cement (Bangladesh) Limited is one subsidiaries of SCCC located in Dhaka, Bangladesh. It was renamed in June 2016 in order to expand business operations to Bangladesh after an acquisition from CEMEX. This expansion has helped enhancing SCCC Group business potential to become a sustainable regional leader in cement industry and building material under "INSEE" trademark. Presently, the Company is producing two types of cement product; Ordinary Portland Cement (OPC) and Portland Composite Cement (PCC), which delivered a high quality and products and premium services with BSTI standard (Bangladesh Standards and Testing Institution) to many customer sectors such as distributors, contractors, homeowners and developers. Siam City Cement (Bangladesh) Limited remains committed to improving quality and type of products and services in order to meet the needs of customers in Bangladesh continually.

Siam City Cement (Bangladesh) Limited has focused on quality products and services with distribution in domestic markets through channels such as business partners, project owners, contractors and developers, mainly in Dhaka and Chittagong, since their cement demand is increasing from their local state of development and requirement for housing and infrastructure. With densely population of 158 million, Bangladesh has cement market size at 24 million tons per year and growing at 8-9 percent, in other words, cement consumption per capita is approximately 100 kg per person which is relatively low with room to grow. Political

turmoil is identified as one of the key risk factor that impacts the growth of the economy which in turn affects the cement demand. However, cement demand is forecasted to continuously growth at 8 percent per year, owing to improve political stability as well as a challenging business environment of 35 players, both local and international companies.

Plant of Siam City Cement (Bangladesh) Limited is located nearby Shitalakshya River in Narayangonj, 34 km South from Dhaka, a capital city. It has one production line with annual capacity of 550,000 tons, divided into 95 percent of PCC and 5 percent of OPC from 100 percent import clinkers from Siam City Cement Public Company Limited. The Company also have planned to increase the production capacity to 1.2 million tons cement per annum in next two years to meet the strategic business growth and development.

Siam City Cement Lanka Limited

On 10 August 2016, SCCCC completed the acquisition of 98.95 percent of Holcim Lanka Ltd. from the LafargeHolcim Group. The Company is the leading cement player in Sri Lanka with positions covering the entire country. Siam City Cement (Lanka) limited is the only cement player operating an integrated cement plant producing cement locally while having grinding and packing positions in key ports of Sri Lanka Island. Most of cement in Sri Lanka is otherwise imported.

Siam City Cement (Lanka) Limited is the sole cement dealer in Sri Lanka that operates an integrated cement production plant in the country, with clinker grinding and packaging facilities located at all major Sri Lankan sea ports. The Company also provide housing solutions to customers at a very reasonable cost.

Driven by post war (that ended in 2009) reconstruction and economic development, the country's cement market has seen a healthy growth. The construction growth is benefitting from favorable economic environment with the country GDP growing an average above six percent, strong tourism sector boom, large infrastructure related investments for the next decade and the emergence of demand for high rise building apartments in big cities and affordable housing programs.

The management is convinced that the cement market will continue to grow strongly both in the retail and B2B businesses.

Siam City Cement (Lanka) Limited has very strong and trusted brands, Sanstha and Marine Mahaweli, both in the market for decades and viewed as local products. The company will continue to implement his commercial strategies around three axes;

A unique cement product portfolio that takes into account performance, and environmental concerns. The Company is the leader in promoting application based blended cement in the country with each product presenting unique features depending on the segment served. The green agenda is very important to us and every step in the value chain is carefully and continuously reviewed to ensure that our carbon footprint is reduced. For instance, We have launched Ship-to-Ship operations or hybrid train-truck transportation to reduce our impact in distribution, and our products have received the green labels.

Siam City Cement (Lanka) Limited will continue to take advantage of the regional expertise of the Group to develop localized new solutions that bring additional benefits to our customers. In 2016, Siam City Cement (Lanka) has launched successfully a full solution for

the affordable housing. Leverage SCCC Group various products beyond cement and make them available in Sri Lanka.

Last, we want to continue to enhance our commercial response and be viewed by our customers as trusted partner, who is easy to do business with and deliver what he promised.

Chip Mong INSEE Cement Corporation

On the past decade, Cambodia construction market is expanding while SCCC has been one of the biggest cement provider in Cambodia market. While so, the competition with local cement producer has increased coupled with increasing cost of logistics, it is the right time to invest in a manufacturing point where it will be closer to the high consumption centers of Cambodia. Chip Mong INSEE Cement Corporation is a 60/40 joint venture between the Chip Mong Group of Cambodia and Siam City Cement (SCCC), where it combines the local expertise on market and distribution of CMG (Chip Mong Group) with best in cement technology know-how (SCCC). This JV will build Cambodia's most modern state-of-the-art cement plant in Kampot province, 125 km south of the Capital Phnom Penh. First Commissioning will commence in August 2017 and first clinker and cement production is expected during Q4/2017.

On 5 December 2015, Chip Mong INSEE Cement Corporation had signed an EPC contract with CITIC heavy industries of China, where the cement plant was designed to top international standards of operation quality and energy efficiency, using top rank equipment imported from China and Europe. Overall progress achievement as of December, 2016 is 60.81 percent, while the current headcount of CMIC employee is at 63 persons. Currently CMIC has established and designed EVE program with cooperation with National Polytechnic Institute of Cambodia (NPIC), in order to develop local workforce to equip with knowledge to be able to operate cement plant. CMIC is expected to have approximately 400 personnel during the operation phase in Q4 of 2017.

INSEE Ecocycle Company Limited

INSEE Ecocycle Company Limited is a subsidiary of SCCC Group offering industrial waste management services. In 2016, INSEE Ecocycle acquired part of assets in industrial services business from Valence Corporation Limited. With this acquisition, Ecocycle can today provide both waste management and specialist chemical cleaning services for industrial applications. We are now well positioned to offer a seamless industrial cleaning and waste management service to various industry sectors. We continue to work towards becoming the leading environmental services business in Thailand.

1. Sourcing and Services

INSEE Ecocycle offers its waste management services across Thailand and specialist industrial cleaning services specifically for the oil & gas, chemical and power generation sectors both domestically and internationally. Siam City Cement Public Company Limited has been granted waste management licenses (co-processing of waste in cement kilns) and INSEE Ecocycle has been granted waste blending licenses (alternative fuel and raw material blending facilities) including storage and sorting of waste for co-processing. INSEE Ecocycle offers waste management services via two waste pre-processing platforms located in Saraburi and Chonburi. Both SCCC and IECO have been certified with ISO 9001:2008 ISO

14001:2004 and OHSAS 18001:2007 certifications. In 2016, Chonburi platform received Thailand Energy Awards from Ministry of Energy.

Our services include:

1. Consulting and field services Our team of experts has a wide range of experience in the waste management industry. We assist waste generators in identifying the most efficient and effective solutions to meet their needs.
2. Waste analysis and evaluation services We have skilled personnel and state-of-the-art laboratories equipped for analyzing the physical and chemical properties of waste materials.
3. Waste transportation service We provide transportation in a variety of containers for non-hazardous and hazardous wastes. Our trucks are equipped with GPS for real-time vehicle tracking efficiency.
4. Waste pre-processing and co-processing services We currently operate high standard, licensed pre-processing facilities and equipment. Our waste pre-processing facilities include a liquid blending unit, solid blending unit, and several automatic feeding systems at our cement kilns.
5. Industrial services We offers specialist industrial cleaning services such as industrial chemical cleaning, decontamination, tank cleaning, high pressure pulse cleaning, foam cleaning to a wide range of customers.

2. Marketing and Competition

INSEE Ecocycle's customers include leading companies in oil & gas exploration and production, petrochemicals, automotive, electricity generation and various other industry sectors. These industries generate waste from their operations. The companies who are concerned in protecting their reputation engage us to provide safe, environmentally sound and sustainable solutions that meet their own internal requirements while adhering to all regulatory requirements.

The Company's goal is to make a real difference for our customers, their stakeholders and the environment. Most of our customers are aware of and emphasize on environmentally sound waste management. As specialist in sustainability, we partner with our customers and stakeholders to develop and deliver "peace-of-mind" environmental management solutions. We provide best practices sustainable environmental management solutions within true collaborative partnerships. Our task is to earn respect and trust through safeguarding our customers' reputations.

Trusted Partner

The Company is aware that our responsibility is more than in managing our customers' waste. We are responsible to care and protect our customers' reputation. Just as important are our other stakeholders. We are mindful of the concerns of our stakeholders. We take pride in being the trusted partner for our customers and stakeholders. Especially important to us is the trust given to us by the Department of Industrial Works (DIW). This year, we participated in two important pilot projects involving waste transportation and the issuance of E-license; both these projects were led by the Department of industrial works to improve industrial waste management in Thailand.

3. Procurement of Products and Services

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

4. 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

1. Sourcing and Services

Siam City Power is a subsidiary of SCCC, which generates electricity from waste heat arising from cement production and offers the good saving to SCCC for the electrical energy cost.

With the Waste Heat Recovery (WHR) technology, the Company has received Board of Investment (BOI) promotional privileges that receive the exemption of import duty on machinery and granted corporate income tax for a period of eight years as Promotion Certificate No.2331(2)/Aor/2554 plus three years of Promotion Certificate No. 59-1306-1-00-1-0. Moreover, the Company seeks to increase its capacity by planning of alternative power generation such as solar energy project in soon.

Our waste heat recovery plant has directly eased our environmental impact by reducing the amount of duct and lowering the temperature of waste heat before it is released to atmosphere. We can also reduce carbon dioxide, which is primary greenhouse gas and help alleviate global warming.

2. Marketing Direction and Competition

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

3. Procurement of Products and Services

3.1) Production

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

3.2) 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 Siam City Cement.

3.3) 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.

3.4) Environmental Impacts from Production Process or Waste Disposal

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 Siam City Cement—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.

Concrete and Aggregates Segment

Siam City Concrete Company Limited

Siam City Concrete is a professional producer of ready-mixed concrete and aggregates, offering reliable conventional products and value-added solutions for concrete works. At present, the Company is comprised of two business units: INSEE Concrete and INSEE Aggregates;

1. INSEE Concrete

As one of leading producers of ready-mixed concrete in Thailand and boasting outstanding experience using world-class technology, INSEE Concrete has sustained its production and service excellence through a process of continuous product development.

1.1 Product & Service

INSEE Concrete is a superior quality concrete product that can fulfill every need of every project. This can be general construction work or a project that calls for concrete with special characteristics. In addition, INSEE Concrete has a department that can design and develop concrete products to suit specific and special needs of any project. Where customer service is concerned, INSEE Concrete has set up the “**Customer Service Center-Hotline Concrete Solutions**” with **24 hours’ service**, from receiving orders, providing dispatch information, delivery and technical consultation by concrete experts.

In 2016, INSEE Concrete produced as many as 4.07 million cubic meters of concrete, which included value-added products-accounting for 20 percent. In addition, 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.

1.2 Marketing and Competition

Government spending and investment were vital for the growth of the ready-mixed concrete market in 2016 and will continue to be the driver of growth in coming years, as private investment has not yet rebounded. 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 the loan growth.

These factors have also impacted the overall picture and the growth momentum of the ready-mixed concrete market in 2016, when public investment has not been effective in driving the market growth. Consequently, price competition has become fiercer. 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.

Hence, INSEE Concrete's 2016 marketing policy emphasized quality and services to strengthen customer confidence in our brands. We have divided our customers according to different categories, including residence, commerce and industry. These accounts for approximately 80 percent of the total customers of the Company, with the remaining 20 percent comprised of 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 we expect private investment to grow markedly, both in the residential property sector and in the commercial property sector, across the country.

1.3 Production

Ready-mixed concrete is comprised of two key parts. The first part involves binding materials, which include cement and water-with the former representing 10 to 15 percent of the total mix proportion. All cement used in INSEE Concrete's production is supplied by Siam City Cement Public Company Limited.

Another important part of the ready-mixed concrete is made up of aggregates, including sand and crushed rocks, which account for the largest portion of the concrete mix-around 60 to 70 percent. In the past year, INSEE Aggregates' supply represented about 20 percent of aggregates used in the ready-mixed production process.

1.4 Environmental Impact from Production Process or Waste Disposal

INSEE Concrete continues to strive to prevent and mitigate 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.

2. INSEE Aggregates

Established to support the expanding ready-mixed concrete business.

2.1 Product & Service

INSEE Aggregates has been providing quality sand and crushed rock through efficient management and logistics to ensure our customers' maximum success. So far, INSEE Aggregates has responded to our customers' various needs for concrete product manufacturing, road & infrastructure and other construction purposes.

2.2 Marketing and Competition

The 2016 marketing policy of INSEE Aggregates emphasized the preparation of a sufficient supply of quality and reliable products to meet customer demand. The operation was improved in high quality of product and increasing capacity of production. We have divided our customers into three groups: Ready-Mixed Concrete, Concrete Product Material and Road Construction customers. The target customers for Ready-mixed Concrete and Concrete Product Material are INSEE Franchisees, all precast concrete works and concrete entrepreneurs. The sales strategy for these segments is emphasized external customer. For Road Construction segment, the target customers is contractor in government project e.g. road and infrastructure.

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 45 percent of all customers.

Competition in 2016 has been fierce, but The Company 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.

Also notable is that 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.

For 2017, we have assessed that market demand for our products should remain at the same level as seen during the second half of 2016, while there may be a positive development in demand for materials for road construction. The Company will continue with

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.

“With our years of experience, we genuinely understand the true need of our customers, who are either home owners or contractors. We do not engage ourselves in price competition but put more effort into the development of quality and services to firmly secure customer confidence in our brand.”

2.3 Production

In 2016, INSEE Aggregates opened four production units including;

1. INSEE Suphanburi - A crushed stone quarry with a production capacity of 2.5 million tons per year.
2. INSEE Ayudhya - A sand pit with a production capacity of 1.0 million tons per year.
3. INSEE Angthong - A sand pit with a production capacity of 1.0 million tons per year.
4. INSEE Ratchburi - A sand pit with a production capacity of 400,000 tons per year.

2.4 Environmental Impact from Production Process or Waste Disposal

In accordance with SCCC'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. The Company 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 the Company premises.

INSEE Superblock Company Limited

INSEE Superblock Company Limited is a professional manufacturer of light-weight concrete product (Autoclaved Aerated Concrete: AAC) under “INSEE Superblock” brand, certified by ISO 9001:2008 to ensure product quality which suitable for all high-rise and low-rise buildings.

1. Product & Service

A wide range of high quality products has been introduced by INSEE Superblock including standard products (Block) and value-added products (Panel, lintel, kitchen counter, flower pot, and garden bench). Moreover, INSEE Superblock also launched “Superblock Plus” into the market in June 2016 to enhance customer selection.

2. Marketing and competition

High competition in domestic light-weight concrete market continuing from the previous year as a result of projects delay from both public and private segment as well as lower than expected response from government stimulation programs. Moreover, oversupply situation in light-weight concrete market pressure price competition and lead to significant price drop. Nonetheless, the Company still believes that there is an opportunity to capture new demand from customers shifting from traditional material to Autoclaved Aerated Concrete: AAC which have lower total construction cost and time, also customers changing from Cellular Lightweight Concrete: CLC due to higher compressive strength.

3. Business direction

INSEE Superblock has continually focused on R&D to enhance the adhesive quality of block and taken further step to develop value added product such as wall panel and lintel to cater to all customer demand while simplifying the installation process as the Company foresee a positive market growth in 2017. Additionally, INSEE Superblock simultaneously exploring decorative market such as kitchen counters and green wall and also co-developing new product with Conwood Company Limited initially launched “Garden bench” and aiming to develop more decorative products in 2017. Apart from product development, the company also focuses on sales strategy for value added products by provoking market knowledge on INSEE Superblock product and increasing a number of technicians to ensure customer service satisfaction. Furthermore, INSEE Superblock also preparing to serve boarder markets as it presents the company with an opportunity for regional business growth.

4. Procurement of Products and Services

Production

INSEE Superblock factories No.1 and No. 2 are located at 9/1 Moo 11 Singburi-Pakdong Road, Bangrachan Sub-district, Khai Bangrachan District, Singburi Province, and factory No. 3 is located at 133 Moo 9, Hin Kong Sub-district, Mueang District, Ratchaburi Province. The total capacity in 2015 will be around 7.2 million square meters after the completion of the expansion project.

Procurement of Raw Materials

The main raw materials are cement, sand, lime and aluminum powder. Most of all raw materials are sourced domestically, while aluminum powder is imported from the Federal Republic of Germany and the Czech Republic.

Sand; INSEE Superblock has its own sandpit located 4 km. from the factory in Singburi Province. The sandpit has high quantity that can sufficiently serve production needs well into the future.

Cement; INSEE Superblock buys 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.

5. Environmental Impact from Production Process and Waste Disposal

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 Company Limited 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 Company Limited 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 and PT. Conwood Indonesia

Conwood is the manufacturer of architectural decorative materials made from high-quality Portland cement and cellulose fibers under the brand “Conwood”. 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.

1. Product and Service

A wide range of Conwood products has been developed 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 floor, wall, eaves and ceiling, and general decoration, all of which can be easily applied to serve the various decoration demands and imagination.

In 2016, Conwood continuously developed its products and expanded its organization base to align with the expansion to new markets. The Company set up Product and Solution Development unit to create innovations, improved solution systems to support products and value-added products. The product highlights that were launched in 2016 include CONWOOD Decorative Panel Rhythm and CONWOOD Decorative Panel Array, the groove wall panels adding more dimensional beauty to residence with its light-reflection attributes. The new products have been warmly welcomed by leading property developers, architectures as well as house owners.

The operational results in 2016 reported net sales of 1.5 billion baht, which slightly decreased 1 percent from 2015 registering 97 percent from local sales and 3 percent from exports.

2. Marketing and Competition in Thailand

In the past year, the competition in fiber cement market was fierce during to the economic slowdown, the entering of various alternative materials and the decline of consumer purchasing power and investor confidence. This brought Conwood a new challenge of maintaining market share. As Conwood has always emphasized on quality improvement, the Company set up Product and Solution Development unit to develop high competitive products. The new unit not only Created products of high quality, but also developed the application system that was in compliance with customers’ needs, both of which will enhance the potential to compete at regional level.

Regarding the business direction in 2017, Conwood will maintain its key strategy by focusing on key target which is low rise residential projects, as well as expand and strengthen its customer base covering architectures, interior designers, contractors and house owners. Conwood will also add values to products by developing the solution system that serve the markets’ demands and integrate a wider range of services into the One Stop Service

Solution under the name CONWOOD i-SERVICE. Customers purchasing Conwood products can receive installation service and product warranty which will increase customer confidence in both of products and services quality. Conwood's key oversea markets have been the CLMV but in 2017, under the Select Market Strategy, the Company shifted its focus to new potential markets like Russia and South Korea as well as retained its customer base in the CLMV especially Vietnam.

The production process of all Conwood wood products has been implemented under an environmental conservation policy. The Company has received the environmental management standard ISO 14001:2004 certification, the quality standard ISO 9001:2008 certification, and the occupation health and safety management standard OHSAS 18001:2007, while all products have also been endorsed as eco-friendly construction materials by the Singapore Green Label.

3. Marketing and Competition in Indonesia

Despite Thailand's economic slowdown, the regional market conditions have been favorable for Conwood to penetrate the market and grow. Conwood was the first to establish fiber cement plant in Indonesia. The Company has been marketing products through a network of distributors across Indonesia's main islands and significant areas since 2014. This has helped the Company to advance to regional market and create a platform for exports.

Conwood is innovative decorative products that looks like real wood, making them one of firstly chosen materials for many famous architectural projects. The brand has gained trust from key property developers, hotel networks and international restaurant chains. In 2016, "CONWOOD" continuously developed products and technology to differentiate its products from those of other brands. The Company also organized training workshops to teach local contractors about carving and making wood crafts out of Conwood products, leading to a variety of products with various usability. The products were also used for furniture building or applied to home decorations, adding charmingly unique to the place.

Products under the brand "Conwood" have been impressively welcomed since its introduction in 2012 as demonstrated by a number of reader's choice awards and architectural awards. The Company aims to succeed through the Conwood brand awareness, the experience the brand provides and the loyalty to the brand. Conwood products have also been favored by overseas designers, proven by the Best booth Design Award, Open Structure Category, from Archidex 2016 recently organized in Malaysia.

4. Procurement and Production

The Conwood plant was opened in June 2014 with the capacity to accommodate five production lines and an annual production capacity of 180,000 tons to meet growing domestic demand in Indonesia and the export market.

The production process of Conwood is guided by strict environmental protection policies such as the environmental management standard ISO 14001:2015 certification, the quality standard ISO 9001:2008 certification, and the occupational health and safety management standard OHSAS 18001: 2007. In addition, it has been certified by the Singapore Green Label for its eco-friendly construction materials.

5. Environmental Impact from Production Process and Waste Disposal

We have committed ourselves to use technology that is non-toxic and have consistently attempted to reduce energy consumption and optimize the use of natural resources. We believe that mitigating industrial pollution is the best investment we can make for our future.

INSEE Digital Company Limited

INSEE Digital Company Limited is a subsidiary of SCCC that was established in 2013 to offer complete information and digital technology services to all SCCC and its Group companies within Thailand and outside Thailand such as Chip Mong INSEE Cement Corporation, Siam City Cement (Bangladesh) Limited, Siam City Cement (Lanka) Limited. In the future, INSEE Digital Company Limited is expected to expand its services to other customers outside the Company, particularly our business partners.

With the Digital Technology Services and Enterprise Software Development, INSEE Digital Company Limited has received Board of Investment (BOI) promotional privileges that receive the exemption of import duty on machinery and five-year corporate tax until 2021.

INSEE Digital is an industrial partner for all businesses, helping them to apply IT and digital technology in their operations in order to create business differentiation and a competitive edge in the cement industry and the construction materials business.

INSEE Digital Company Limited is determined to be a credible and trusted partner who can offer IT and digital technology services to help create smart organization systems and connect our business with customers and business partners in a real time fashion. The Company's goal is to enhance the potential and the efficiency of the organization while creating a competitive advantage for all SCCC subsidiaries and related parties by;

1. **Being a digital technology expert** with thorough understanding of all components of information technology and digital technology so that it may be applied with maximum use for all SCCC subsidiaries and related parties in order to boost their competitiveness and create new business opportunities.
2. **Offering excellence in IT services** to oversee and offer complete IT and digital technology services with exceptional quality and world-class standards for maximum satisfaction of service recipients.
3. **Creating a smart insight driven organization** by introducing the systems that will help connect all elements, from the start to the end, in order to offer the best experience and business intelligence to enhance the capacity and capability of users.
4. **Representing the strength of SCCC** by leveraging the intellectual property of SCCC to become a leader in information technology and digital technology with the best operations in order to attain sustainable development.
5. **Being the regional hub of in IT and Digital Technology Services** by transform, expand and strengthen our people and organization capabilities to become the regional services hub in order to support the regional growth of SCCC Group.

At present, the Thai government promotes a digital economic policies and Thailand 4.0 policies. Markets and business models are changing rapidly with advancement of digital system. All subsidiaries of Siam City Cement Public Company Limited have recognized its

importance and begun a process of transformation that steers the respective organizations toward adopting the appropriate digital technology to improve their business operations and also move toward ready for Industrial 4.0 era.

Environmental Impact from Production Process and Waste Disposal

None

3. Risk Factors

3.1 Business Risk

SCCC's key marketing strategy aims to maintain the market share by emphasizing on strengthening and expanding its channels in terms of penetration and network towards segments and end-users. Key channels for the existing product portfolio are traditional cement dealers and direct sales to ready-mixed concrete producers and concrete product manufacturers. In addition to those customers, the Company's subsidiaries become the main growth contributors, which results in the significantly transformed construction market.

The transformation through productivity and efficiency, then, becomes a key driving factor that increases SCCC's commitment in continuously improving end-user product experience and channel efficiency. This strengthens the Company's business partners and capability to distribute products to the market, which will eventually yield more opportunities and competitive advantages into the respective segments.

The new strategies will start from market re-segmentation. SCCC's will be able to offer the solutions that can fulfill market requirements and deliver the best values to the end-users. The developed business models will also capture coming trends and support business partners' growth. Further, SCCC Group will focus on developing people competencies and capabilities to ensure that the market will properly be responded.

In addition, SCCC's is able to capture the surging cement demand from bordering countries which include Cambodia, Myanmar and Laos. Hence, the key marketing strategy for the export markets is to ensure sufficient supply and reinforce the whole supply chain to forestall competitors' penetration in the market.

3.2 Environmental and Social Risk

The Environmental and Social topics are the potential dimensions of the sustainable development which is a consequence in doing business. Failure to effectively manage the environmental and social issues can lead to company risks e.g. regulatory compliance, reputation, financial and investors' confidence. In this regard, we have committed to continuously emphasize and develop the environment and community development programs to ensure that the mentioned risks are covered for all stakeholders.

For this year, SCCC Group has maintained the regulatory compliance and extended the "Green Network" the highest level of environmentally-friendly entrepreneurship.

Also, the "ESG100 Award 2016 (Environmental, Social, and Governance)" from Thaipat Institute, the "Thai Rural Reconstruction Movement Under H.M. the King's Patronage", and "CSR-DIW Continuous Award 2016 (Corporate Social Responsibility)" from the Department of Industrial Works, Ministry of Industry, are the valued guarantees and the trust that SCCC received nationally.

3.3 Operational Risk

Energy and raw material supply risk

Fuel and electricity costs play an important role in the cement industry, as they represent more than 70 percent of the total cement production cost. In the first half of Y2016, the coal price was on the downward trend but in the second half of Y2016, the coal price gradually

increasing which impacts from fluctuating demand in the world market. However, we are alert and actively look for ways to implement production cost saving projects e.g. Good to Great Wave III as well as the electricity cost was slightly decreased due to base tariff and automatic tariff adjustment (Ft) by the government.

In order to capture downward trend in 2016, we optimized our fuel mix portfolio by consuming variety of fuel for the operation and tried to increase Alternative Fuel (AF). Moreover, Waste Heat Recovery Power Plant can reduce more electricity cost.

Cost of raw materials is one key factor in the cement production cost. Prices of raw materials trend to increase since mid-2016 onwards e.g. gypsum, clay, etc. Thus, the supply of alternative raw materials helps to reduce production costs as well as the quality of the product delivering to the customer must be the same or better.

SCCC Group realized that building a good relationship with the suppliers to collaborate on the development of raw material quality it will help to reduce the risk of cost as well.

Health and Safety Risk

In cement manufacturing, health and safety risks such as heavy equipment, dust, hot materials from cement kiln, and trucks are inevitable for our operators. SCCC Group have continuously applied up-to-date OH&S standards and system to ensure our safe workplace environment.

For this year, the new integration of OH&S pyramid was introduced to manufacturing as an assessment tool. System and practices in our operations have been assessed for an effectiveness and the gap for continuous improvement. We have also expanded our training facilities “Safety Garden” to cover emergency health services. The operators and rescue team can enhance knowledge and skills in order to response for the emergency situation.

In addition, the new designs for traffic safety such as traffic controls, segregations, and warning devices were developed to reduce the risk of road accidents in the Saraburi Operations.

3.4 Financial Risk

Exchange Rate Risk

The Company engages in both export and import activities. A major part of our exchange rate risk is naturally hedged by the balance of the import of raw materials, parts and supplies with our export revenue. The remaining net exposure is mitigated through forward booking, leading and lagging of payments/receipts of foreign currency transactions. In addition, The Company does not have any material foreign currency loans outstanding and all the material financial liabilities are denominated in Thai baht. The Company expects to receive dividend in foreign currencies from its newly acquired companies. The depreciation of local currencies would impact such investment returns. Foreign currency hedging, i.e. forwards, options will be effectively used to mitigate such risks.

Interest Rate Risk

The Company and its subsidiaries’ exposure to interest rate risk relates primarily to their interest-bearing cash at banks, short-term loans, long-term loans and debentures. We have maintained an optimal balance between the floating interest rate and the fixed interest rate to

mitigate the impact of volatile interest rates. However, since most of the Company and its subsidiaries' financial assets and liabilities bear fixed interest rates or floating interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Credit Risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to the trade receivables. Such risk is managed by adopting appropriate credit control policies and procedures. We use a variety of instruments and methods such as bank guarantees, letters of credit and trade insurance contracts and periodic credit assessment to mitigate the credit risk.

Liquidity Risk

The Company can be subject to unforeseen shortfall in cash. Our corporate finance unit actively monitors the liquidity position of the Group and always maintains an adequate level of cash and/or credit lines to meet our financial obligations and to mitigate the effects of fluctuations in cash flows.

4. OPERATING ASSETS OF THE COMPANY AND ITS SUBSIDIARIES

4.1 Key fixed assets

Objective: For business operations of the Company and its subsidiaries as at 31 December 2016.
 (Unit: Million Baht)

	Type of rights	SCCC	Subsidiaries	Total
Land, mineral reserve and site restoration	Owner	1,120	1,540	2,660
Building and structures	Owner	2,649	2,806	5,455
Machinery and equipment	Owner	7,751	5,601	13,352
Furniture, fixtures and office equipment	Owner	484	383	867
Motor vehicles	Owner	542	17	559
Assets under construction and installation	Owner	2,419	1,697	4,116
Total property, Plant and Equipment		14,965	12,044	27,009

Remark : Property, Plant and Equipment are not mortgaged.

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

– N/A –

4.3 Intangible assets (Unit: Million Baht)

	Type of rights	SCCC	Subsidiaries	Total
Mining concession	Owner	1,773	3,889	5,662
Computer software	Owner	14	1,152	1,166
Customer relationship	Owner	-	116	116
Brand	Owner	-	3,994	3,994
Other intangible assets	Owner	124	123	247
Intangible assets under development	Owner	212	231	443
Total intangible Assets		2,123	9,505	11,628

The Company and its subsidiaries have trademarks and concessions for shale and limestone mining (for cement industry) in Kaeng Khoi District, Saraburi Province, limestone mining (for construction industry) in Uthong District, Suphan Buri Province, and for Gypsum mining in Nong Bua District, Nakhon Sawan Province and plant license for aggregates

operation in Uthong District, Suphan Buri Province and land leasehold in Hemaraj, Supan Buri Province for industrial waste disposal and alternative fuel and raw material trading.

Executive summary of the existing mining concessions

Concession Holder	Area (Province)	Type of Granted Mineral Concession	Number of Concession	Land Size (Rai)	Validity of Concession (year)	Concession Expiration (year)
Siam City Cement Public Company Limited	Nakhon Ratchasima	Soil Cement of Cement Industry	1	126-1-99	5	2022
	Nakhon Ratchasima	Soil Cement of Cement Industry	2	409-2-32	20	2037
	Saraburi	Soil Cement of Cement Industry	2	68	5	2022
Siam City Cement Public Company Limited	Saraburi	Limestone and Shale for Cement Industry	20	4420-3-02	13	2030
	Saraburi	Limestone and Shale for Cement Industry	1	229-0-72	12	2029
	Saraburi	Limestone and Shale for Cement Industry	11	2261-1-90	2	2019
	Saraburi	Limestone and Shale for Cement Industry	1	285-0-78	1	2018
	Saraburi	Limestone and Shale for Cement Industry	1	285-3-00	3 months	2017
	Nakhon Sawan	Gypsum	2	585-0-82	5	2022
	Lampang	Limestone and Shale for Cement Industry	6	1627-2-00	4	2021
	Suphan Buri	Limestone for Construction Industry	1	293-1-15	-	2016
	Suphan Buri	Limestone for Construction Industry	1	299-2-92	4	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 2016.

-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 of the Company or its subsidiaries.

-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., Website, Type and Amount of Issued/Paid-up Shares.

Company Name:	Siam City Cement Public Company Limited
Stock Code:	SCCC
Registration No.:	0107536001346 (Formerly, BorMorJor. 208)
Type of Business:	Cement production and distribution
Head Office:	Column Tower, 7 th - 12 th Floor, 199 Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand
Factory:	<p>Plant 1 and Plant 3, 99 Moo 9, Mitraparp Road, Km. 129, Thap Kwang Sub-district, Kaeng Khoi District, Saraburi Province, 18260, Thailand</p> <p>Plant 2, 219 Moo 5, Mitraparp Road, Km. 131, Thap Kwang Sub-district, Kaeng Khoi District, Saraburi Province, 18260, Thailand</p> <p>Mortar Plant, 41/2 Moo 5, Mitraparp Road, Km. 129, Thap Kwang Sub-district, Kaeng Khoi District, Saraburi Province, 18260, Thailand</p> <p>AFR Platform, 301 Moo 5, Mitraparp Road, Km.133, Thap Kwang Sub-district, Kaeng Khoi District, Saraburi Province, 18260, Thailand</p>
Telephone:	+ 66 2 797 7000
Fax:	+ 66 2 797 7001 to 2
Website:	http://www.siamcitycement.com
Company's Ordinary Shares Issued and Paid-up:	230,000,000 ordinary shares with the par value of 10 Baht per share.

- (2) Company Name, Head Office, Type of Business, Telephone No., Fax No. of the Legal Entities held by the Company for Over 10% of Paid-up Shares of Such Entities, as of 31 December 2016.

Company Name	Location of Head Office	Type of Business / Product	Registered Capital (million Baht)	Number of Issued & Paid-up Ordinary (million shares)	% Direct Shareholding
Held by Siam City Cement Public Company Limited					
1 Siam City Concrete Company Limited	Bangkok	Ready-mix Concrete and Aggregates	2,500	25	100.00
2 INSEE Superblock Company Limited	Bangkok	Lightweight Concrete Block	500	5	100.00
3 Conwood Company Limited	Bangkok	Construction Material	300	3	100.00
4 INSEE Ecocycle Company Limited	Bangkok	Industrial Waste Disposal and Alternative Fuel and Material Trading and Industrial Cleaning Service Business	400	4	100.00
5 Siam City Power Company Limited	Bangkok	Energy Generation from Waste Heat	2,000	20	100.00
6 INSEE Digital Company Limited	Bangkok	Technical Service and Information Technology Management and Development Services	700	7	100.00
7 Globe Cement Company Limited	Bangkok	Cement	701	7.01	100.00
8 Lanna Resources Public Company Limited	Bangkok	Coal Production and Distribution	525	525	44.99
9 Thai Agro Energy Public Company Limited	Bangkok	Ethanol Production and Distribution	1,000	1,000	4.72
10 Chip Mong INSEE Cement Corporation Limited	Cambodia	Cement	60 million USD	0.03	40.00
11 Siam City Cement (Bangladesh) Limited	Bangladesh	Cement	2,800 million Taka	48.74	100.00
Held by Conwood Company Limited					
1 PT. Conwood Indonesia	Indonesia	Construction Material	78 million USD	78	100.00
Held by Siam City Concrete Company Limited					
1 Siam City Cement (Lanka) Limited	Sri Lanka	Cement	1,663 million Sri Lankan Rupee	166.30	100.00
Held by Siam City Cement (Lanka) Company Limited					
1 SCCC Galle Cement Terminal (Private) Ltd.	Sri Lanka	Cement Trading	1,460 million Sri Lankan Rupee	146	100.00
2 Mahaweli Marine Cement (Private) Ltd.	Sri Lanka	Cement Trading	48 million Sri Lankan Rupee	4.8	90.00

Siam City Concrete Company Limited	Column Tower, 7 th – 12 th Floor, 199 Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel: + 66 2 797 7555 Fax: + 66 2 797 7005
INSEE Superblock Company Limited	Column Tower, 7 th – 12 th 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 th – 12 th Floor, 199 Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel: + 66 2 797 7444 Fax: + 66 2 797 7004
INSEE Ecocycle Company Limited	Column Tower, 7 th – 12 th Floor, 199 Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel: + 66 2 797 7000 Fax: + 66 2 797 7001-2
Siam City Power Company Limited	Column Tower, 7 th – 12 th 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 th – 12 th Floor, 199 Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel: + 66 2 797 7000 Fax: + 66 2 797 7001-2
Lanna Resources Public Company Limited	888/99 Mahathun Plaza Building, 9 th Floor, Ploenchit Road, Lumpini, Pathumwan, 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 th Floor, Pleonchit Road, Lumpini, Pathumwan, 10330, Thailand Tel: +66 2 627 3890-94 , +66 2 255 4380-84 Fax: +66 2 627 3889
Chip Mong INSEE Cement Corporation Limited	House No. 137B, Mao Tse Tung Blvd., Sangkat Boeung Keng Kang 3, Khan Chamkar Mon, Phnom Penh, Cambodia Tel: +855 23 218 060-1, Fax: +855 23 210 155
Globe Cement Company Limited	1910 Electrolux Building, 12 th Floor, Zone B, New Petchaburi Road, Bangkok, Huay Kwang, Bangkok 10310, Thailand Tel: +66 2 365 9510 Fax: +66 2 718 0250

Siam City Cement (Bangladesh) Limited	75, Suhrawardi Avenue, Block-K, Dhaka-1212, Dhaka, Bangladesh Phone: +88-09609011200
PT. Conwood Indonesia	Menara Jamsostek, North Tower, 15 th Floor, Jl. Jenderal Gotot Subroto No. 38 South Jakarta 12930, Indonesia Tel: +62 21 5296 2146, Fax: +62 21 5296 2147
Siam City Cement (Lanka) Limited	413, R.A. De Mel Mawatha Colombo 03 Sri Lanka Phone: +94 11 7 800800
SCCC Galle Cement Terminal (Private) Ltd.	413, R.A. De Mel Mawatha Colombo 03 Sri Lanka Phone: +94 11 7 800800
Mahaweli Marine Cement (Private) Ltd.	413, R.A. De Mel Mawatha Colombo 03 Sri Lanka Phone: +94 11 7 800800

(3) Other references

Share Registrar:

Thailand Securities Depository Company Limited
93 The Stock Exchange of Thailand Building
Rachadapisek Road, Din Daeng,
Bangkok 10110, Thailand
Tel: + 66 2 009 9000
Fax: + 66 2 009 9991
Call Center: + 66 2 009 9999

Debenture Registrar:

Bank of Ayudhya Public Company Limited
1222 Rama III Road, Bang Phongphang, Yan Nawa
Bangkok 10120, Thailand
Tel: + 66 2 296 4494
Fax: + 66 2 683 1389

Debenture Representative:

TMB Bank Public Company Limited
3000 Phaholyothin Road, Chom Phon, Chatuchak
Bangkok 10900, Thailand
Tel: + 66 2 230 5449
Fax: + 66 2 266 9779

Auditors:

Miss Kamontip Lertwitworatep
Certified Public Accountant No. 4377
EY Office Limited
Lake Ratchada Building, 33rd Floor,
193/136-137 Rachadapisek Road, Klongtoey,
Bangkok 10110, Thailand
Tel: + 66 2 264 0773
Fax: + 66 2 264 0789-90