

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. 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, 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 in November 2016.

In 2017, the transfer of the acquisition of 65% of the total charter capital of Holcim (Vietnam) Co., Ltd. ("HVL") from LafargeHolcim Limited to the Company was completed on 28 February

2017. On 23 March 2017, the Company established a new subsidiary, Siam City Cement Trading Co., Ltd., to operate trading, import and export business.

In addition, the Company increased its registered capital to 2,980 million baht from the resolution of Annual General Meeting of Shareholders No. 24 on 31 March 2017. In 2018, the Company continued to develop and expand the products of its subsidiaries to serve the market demand such as expansion of the INSEE Superblock's wall-panel solution business, and in expansion of INSEE Ecocycle's industrial cleaning services and Municipal Solid Waste/Refused Derive Fuel management (MSW/RDF).

Currently, SCCC Group Company's core business is to produce five major types of cement, namely, Portland cement, Hydraulic cement, Mixed cement, Masonry cement, and INSEE Mortar ready-mixed cement. We have three cement plants with six kilns in Kaeng Khoi District, Saraburi Province with an annual production capacity of 13 million tons. Other businesses are concrete and aggregates, as well as other related cement business.

1.1 Corporate Vision, Corporate Mission, Commitments, and Strategy

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 holds optimism of success 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 determined and always open to new ideas. We approach every business challenge with enthusiasm, optimism and strive to deliver innovative solutions beyond expectations.
- **Caring about our future:** We are committed to create a positive future for generations to come. Caring for our people, our environment, our community, and our nation.

Business Growth Strategy and Development Plan

Siam City Cement Public Company Limited has experienced many external changes in 2018 such as the constraint of demand in domestic cement especially declining demand of bag cement segment, rise of energy cost, and new cement plants investment in the neighboring countries which consequently added the pressure to the domestic cement market. Nevertheless, the government infrastructure projects remain positive such as mass rapid transit system in Bangkok, double-track rail system, and the Eastern Economic Corridor (EEC) Development Plan under the Thailand 4.0 scheme have led to increase in foreign investment especially by Chinese and Japanese investors on the infrastructure and other developments.

In the meantime, SCCC Overseas businesses continued to grow aided by the expansion of cement market demand from government infrastructure projects and private investments. Also, the Company has prepared the business plan and strategy to anticipate and tackle the quick changes in technology, society, customer needs and digital applications.

1. Operational Excellence

The company continued to systematically enhance Marketing & Sales operations by improving cost and organization efficiency. To assure customers that Siam City Cement Group will deliver the best products and services, the Company has launched many new advanced products and innovative services. New products include INSEE Petch Plus - a superior workable cement for small precast and site mix operations; INSEE Petch Easy Flow - most suitable for structural work; and INSEE Portland White Cement - suitable for decorative work. In services, improvements were made in the sale strategy and price structure, product quality and services, distribution channel, and logistics expansion.

The Company also focused on cost excellence by minimizing the cost of fuel and energy and increasing machine efficiency. Correspondingly, the Company has launched the first Digital Connected Plant in Thailand, which is a component of Industrial Internet of Things (IIOT). The Digital Connected Plant will increase work efficiency, reduce plant shut down, reduce repair and maintenance cost, and improve work safety. Those were the goals of Industry 4.0.

Moreover, the Company concentrated on People & Organizational Performance under “Fit for Growth” strategy to transform Siam City Cement Group to be a true regional

organization, as well as to increase organizational agility and talent management effectiveness.

This operational excellence strategy has been proven in its success in enhancing the Company's profitability and competitive advantage. Additional revenues and cost improvement by more than THB 2 billion have been achieved beyond the target. Therefore, the operational excellence strategy will be sustained in the years to come and re-applied across the region.

2. Business Growth

The overall cement operations in Bangladesh, Sri Lanka, and Vietnam have demonstrated strong performance that leads to the Group's continuous growth and significant value contribution in 2018. The cement grinding and ready-mixed concrete business were expanded in Sri Lanka and Vietnam respectively to capture business opportunities from the demand growth driven by both government infrastructure projects and investments from private sector in those countries.

Furthermore, the new JV cement plant in Kampot, Cambodia with the production capacity of 1.5 million tons was completed in the fourth quarter of 2017 and has successfully launched the product to the market since the beginning of 2018. This achievement is supporting company growth and the aims to be regional leader in the cement industry

In addition to regional cement expansion, Siam City Cement Group has successfully expanded other businesses in 2018, namely:

- Siam City Cement Trading – was established to generate more revenue from cementitious materials and fuels trading in the region.
- Siam City Cement Concrete – capacity expanded for high-performance aggregates production in Suphanburi Plant with additional capacity of 2 million tons per year, and the launching of INSEE Floor Solution which is suitable for high standard industrial floor solution.
- INSEE Ecocycle – acquired and expanded industrial cleaning services, and expanded capacity expansion of Municipal Solid Waste/Refused Derive Fuel management (MSW/RDF) as alternative fuel for energy cost excellence and sustainability at cement production.
- INSEE Superblock – expanded the wall-panel solution business.
- Conwood (Thailand) – developed new fiber cement decorative products and solutions. The new showroom and the Conwood Design Space was opened at CDC Design center to enhance new customer experience

- New business development of Building Information Modeling (BIM) to create new experience within the construction industry.

3. Organization of Innovation

Siam City Cement Group has given priority on the new innovations driven by Digital & Technology transformation and market environment change. In support, the Company promoted the innovation culture and encouraged employees to participate in year-round innovation seminars and workshops, sharing “Core Innovation” to improve and increase business efficiency, creating opportunity for employees who aspire to generate “Radical Innovation” with new ideas and business models that can generate new revenue streams and capture market needs. In addition, the Company has invested over 100 million baht to build “Growth Sprint” talent team to promote new business development

1.2 Milestone Changes in Business Operations

Siam City Cement Group has fully prepared for business transformation to keep pace with the rapid changes in both positive and negative external environment that have significantly affected the Company, such as fierce domestic competition, foreign investors’ investment in cement production in neighboring countries, the shift in consumer behavior in which technology plays a more significant part in the daily life and businesses, rising energy cost, and, last but not least, business opportunities arising from government infrastructure projects.

Hence, the key approach to strategic management has become pivotal to tackle the change, build capabilities, increase competitive advantage, and commit to the Company’s mission and vision. The 2018 group business plan focuses on increasing revenue from products and services, restructuring expense scheme, reducing production cost, refining organizational structure and applying innovative information technology to the production process.

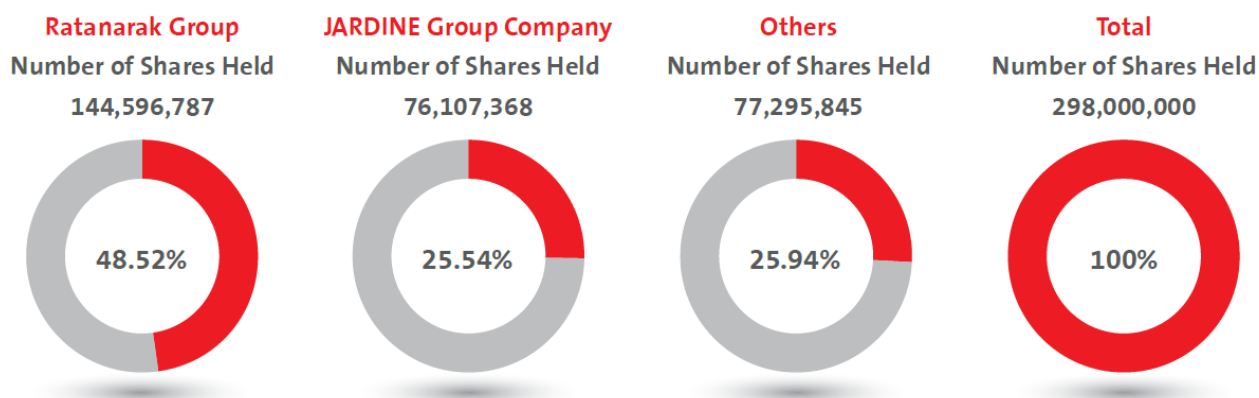
In 2018, Siam City Cement Group’s three transformation approaches are:

1. Tradition – Improve internal work process through enhanced business efficiency to reduce production cost, increase efficiency and effectiveness, boost products and services to meet customers’ requirements, refine organizational structure and prepare the workforce to drive Siam City Cement Group to be a regional organization
2. Transition – Adapt to the changing environment for new business opportunities. Recently rolled out is a flexible business strategy that can be adapted quickly to consumer demands depending on time, region, or segmentation, such as new cement product development, the expansion of wall-panel solution and the industrial cleaning services, use of Municipal Solid Waste/Refused Derive Fuel Management (MSW/RDF) as alternative fuel, improvement of fiber-cement decorative products and solutions, and new Building Information Modeling (BIM) business development

3. Transformation – Focus on inventive ideas and initiatives to support business expansion, high potential projects as a part of new businesses, and improvement of people capabilities and commercial expansion. In 2018, the Company established the Business Digitization team to drive this transformation and create added value to the company's business

In the past 3 years, there is no significant change in Shareholding Structure of the Company.

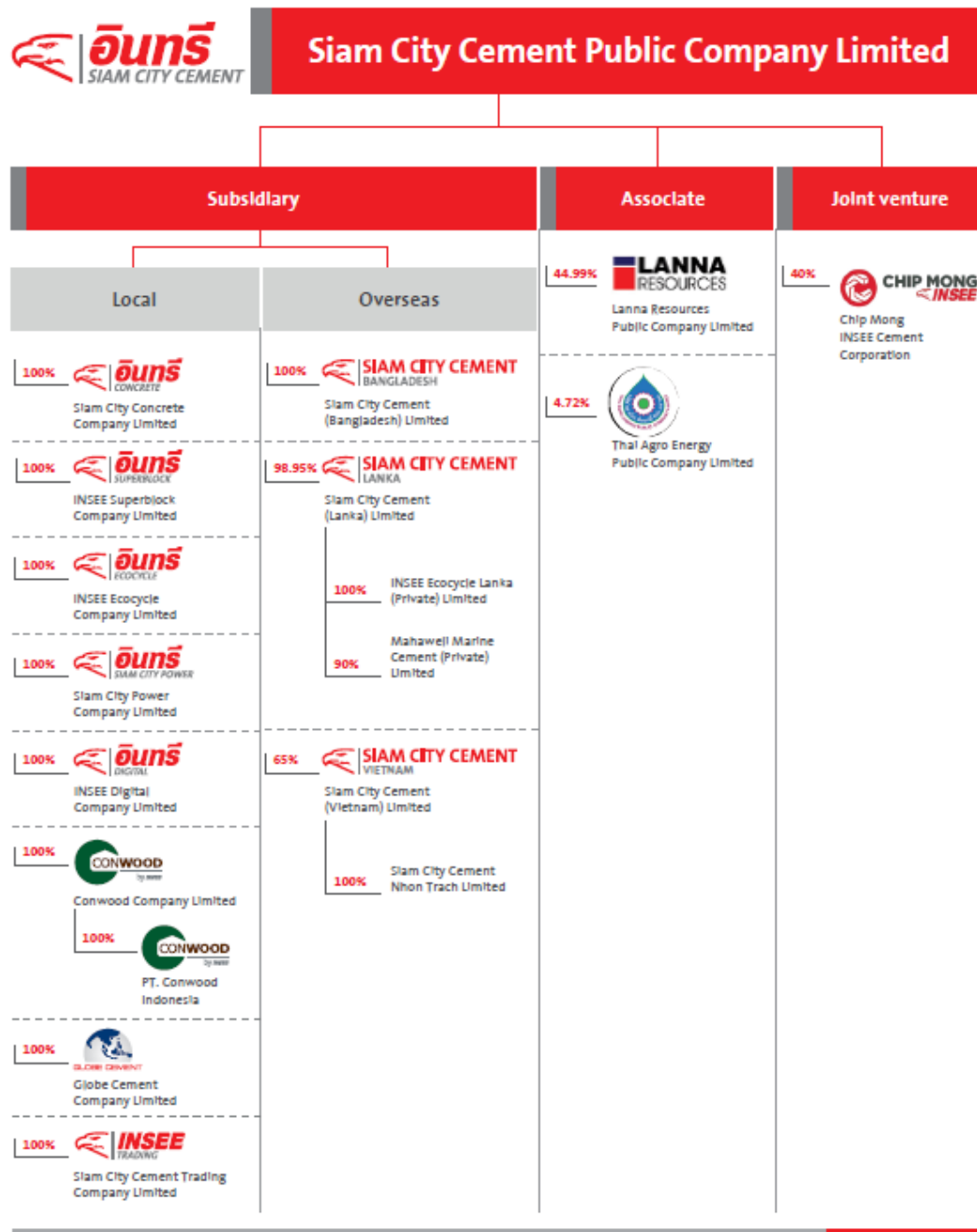
Shareholding Structure since March 2015



Remarks: Updated on 8 August 2018

1.3 Business Group Structure

The Company exclusively hold shares in all of its subsidiaries in Thailand but for its Associated Company, namely Lanna Resources Public Co., Ltd., the associated company can appoint their representatives to be Board Members and participate in the approval of significant decisions or transactions. Whereas, in the case of Associated Company in Cambodia, namely Chip Mong INSEE Cement Corporation, a minority shareholder requires a shareholder agreement. So, the Company has the capacity to make an objection to any conflict of interest in order to secure and maintain the interest of the Company's investments.



2. Nature of Business

Revenue Structure

Segment	Percentage of shareholding	2018		2017		2016	
		Million Baht	%	Million Baht	%	Million Baht	%
Net Sales							
Cement	-	37,449	62	35,820	75	27,281	72
Concrete and Aggregates	100.00	8,411	14	8,259	17	7,593	20
Trading	100.00	10,659	17	-	-	-	-
Others	100.00	4,115	7	3,951	8	3,022	8
Total net sales		60,634	100	48,029	100	37,895	100
Elimination		(15,870)		(4,396)		(3,703)	
Total net sales according to financial statements *		44,764		43,634		34,192	

* 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 16, 1969 to produce and sell cement products. Cement production commenced in 1972. The Company listed on the Stock Exchange of Thailand in 1977, and in 1993 was transformed into a public Company under the name Siam City Cement Public Company Limited.

To grow the business portfolio and expand the revenue base, the Company has expanded its businesses to establish local and foreign subsidiary companies, associate companies and a foreign joint venture production company in countries throughout Southeast Asia and South Asia.

The Group Companies are able to develop products and services related to the Company's core business encompassing operations involving many types of construction products, fiber-cement decorative materials for architectural works both domestically and abroad, as well as peripheral business such as waste management and industrial cleaning services, IT and digital applications and international seaborne trade.

SCCC subsidiary companies, associated companies and the joint venture within Thailand and the region, are described in detail as to their specific products and services including their marketing strategies and localized competitiveness, namely:

Siam City Cement Group Companies in Thailand

Siam City Cement Public Company Limited

Since its founding, SCCC has placed great value on commitment to conduct business with good corporate governance and long-term sustainable development principles. 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.

1. Product and Service

SCCC currently offers five major types of cement products:

- **Portland Cement** specifically developed for the reliable production of ready mixed concrete, high-quality concrete tiles, all kinds of concrete piles, poles and panels, and pre-stressed concrete products.
- **Hydraulic Cement** is a more durable Portland cement, offering an improved workability while being more environmentally friendly.
- **Mixed Cement** specially formulated for plastering and bricklaying works, where good workability with smooth and finishing works are required.
- **Masonry Cement** designed for fine plastering work, where extremely smooth finishing is required.
- **Mortar (INSEE Mortar)** fulfills customers' need for absolute convenience and quality by providing ready-to-use products that can be used instantly by mixing with clean water in the appropriate portion.

2. Marketing and Competition

In 2018, the Thai economy expanded by 4.4 percent, improving from 3.9 percent in 2017. The supporting factors for growth included: (i) leading growth from export sectors (ii) continued increase in record number of inbound tourists (iii) gradual improvement of private sector consumption driven by increased revenue in agricultural sector and strong employment in services sector (iv) increased but delayed government expenditure and the progress of the infrastructure investment plans, especially for road and rail projects.

The construction sector experienced negative growth from the delay of large government infrastructure projects and continued contraction of private construction. 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 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 continue to 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 a key strength due to the implementation of various customer relationship management platforms and business solutions.

3. Procurement and Production

SCCC operates 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 terms of cement production, the Company runs 12 cement mills with the maximum capacity of 17 million tons. However, cement capacity relies upon clinker capacity which is 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. Thailand's cement industry was recently buoyed by the country's economic growth policies and government-sponsored infrastructure investment.

3.1 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 spot purchase.	1	-	None	100%	-
Shale	Own resource and production	-	-	-	-	-
Clay	Long-term purchasing contract, own resource with employ contract to produce and supply, and spot purchase	2	-	None	100%	0%
Gypsum	Long-term purchasing contract	1	1	None	100%	0%
Copper Slag	2 year purchased agreement	1	1	Low (Good Relation >10)	0%	100%
Kraft Paper	Yearly purchasing contract and spot purchase	4	1	None	0%	100%
Jumbo Bag	Yearly purchasing contract	2	2	None	100%	0%
WPP Bag	Long-term purchasing contract	2	2	None	30%	70%

Materials	Procurement	No. of Supplier	No. of Supplier depended over 30% of total purchase amount	Risk	Purchase Ratio	
					Domestic	Overseas
Main Fuels						
Coal	Yearly purchasing contract and additional occasionally purchase	7	2	Low (Good Relation >10)	-	100%
Lignite	Long-term purchasing contract	2	1	Low (Good Relation >10)	90%	10%
Petroleum Coke	Occasionally purchase	1	1	None	-	100%
Diesel Oil	Yearly purchasing contract with discount in relation to market price	1	1	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 favorable 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.

3.2 Environmental Impact from Production Process

As our commitment directly responds to the sustainable development (SD) roadmap and the environmental policy, the management system ISO14001:2015 has been implemented continuously to control all environmental aspects relating to the quarry operation and cement manufacturing. The zero-waste-to-landfill policy is also instituted as our good practice.

The 2018 monitoring results reported by the qualified independent third party indicated that there was no significant environmental impact caused by our productions processes. All environmental regulations and relevant obligations have been complied with. In addition, most of the wastes generated by our activities were managed through the co-processing process at INSEE Ecocycle.

At the national level in 2018, the Company has maintained the Green Industry Level 5 standard, the highest Green Industrial ranking of the Ministry of Industry and has supported the Government by coaching companies in Saraburi Province to maintain the Green Industry standard. Internationally, our greenhouse gases inventory and the atmospheric emission information officially complied to standards following the guideline of the Cement Sustainability Initiative (CSI), the Global Cement Organization under the World Business Council for Sustainable Development (WBCSD).

4. The jobs that have not been delivered

-None-

Globe Cement Company Limited

Globe Cement Company Limited (established in 1990) has been an SCCC subsidiary since May 2016. Globe Cement is the producer of Portland White Cement with global standard quality. The Company distributes its products through authorized dealers around the country.

1. Product and Service

Currently, Globe Cement produces and distributes Portland White Cement, INSEE 91 designed for heavy construction requiring high compressive strength, special white surface and decoration, such as Terrazzo and Skim Coat. It meets TIS133-2556 requirements.

2. Marketing and competition

In 2018, Globe Cement generated its operating income primarily from Portland White Cement sales. The key marketing policy is to provide high-quality product at competitive price with target customers in the medium to high groups. The Company distributed the products through wholesalers and retailers, with the focus to compete in the less competitive high-quality product market. Although the fierce competitive conditions in the cement industry in recent years have affected the pricing mechanism, the Company's key success factors remained product quality and value, which were vital to the Company success.

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 tons, or 2,200 tons per day. Production process is handled under strictly safety and environmental certification ISO9001 and ISO50001 certification for quality management and energy management. In 2018, Globe cement received the CSR-DPIM Award from the Department of Primary Industries and Mines.

Generally, the materials in the production process of Globe come from sources both in Thailand and other sources outside Thailand.

3.1 Environmental Impact from Production Process

The Company conducts its business with environmental and social responsibility. Our business has reduced the environmental impact from cement production by installing bag filters on cement mills and conveyor belts to remove the dust from the production. The recovered dust was conveyed back to the operation process, thus resulting in the zero-dust waste that may affect nearby communities.

4. The jobs that have not been delivered

-None-

Siam City Power Company Limited

1. Sourcing and Service

Siam City Power Company Limited (SCP) is an SCCC subsidiary founded in 2011. The company generates electricity from waste heat from clinker production and provides electricity cost saving to Siam City Cement. The Company obtained Board of Investment (BOI) promotional privileges in 2011 exempting import duty on machinery and corporate income tax for a period of eight years (Promotion Certificate No.2331 (2)/Aor/2554). In 2018, BOI extended grant on corporate income tax on K3 WHR from three years to 10 years (Promotion Certificate No.59-1306-1-00-1-0). The Company also sought to increase capacity with plans for alternative power generation such as solar energy and waste electrical power plant.

2. Marketing and Competition

The Company's current capacity is sufficient to supply only Siam City Cement, but we are looking for future opportunity to supply to third parties.

3. Procurement and Production

3.1 Production

Siam City Power has two plants with three production lines namely K5 WHR, K6 WHR capable of generating a maximum of 18 megawatts, along with a new power plant, K3 WHR, thus increasing electricity output by 12 megawatts.

3.2 Raw Materials

The main raw material used in generating electricity is the hot air waste from clinker-cooler room and the pre-heater tower at Klin No.3, Klin No.5 and Klin No.6 from SCCC's clinker production process.

3.3 Service Works and Providers

Service works consist of machinery repair and maintenance, security protection, and other services. Most services are provided by domestic service providers with priority on quality and safety. The Company won Zero-Accident 2018 award – two consecutive years for high performance in safety controls from Ministry of Labors and CSR-DIW award from Department of Industrial works.

3.4 Environmental impacts from Production Process or Waste Disposal

The company utilizes hot air from the Kiln's clinker-cooler room and from the pre-heater tower in production processes to heat water to produce steam which drives steam turbines to

generate electricity. Thus, our waste heat recovery plants have directly eased the environmental impact by reducing the amount of dust and further cooling the air before released to atmosphere. The process also reduces carbon dioxide – a known greenhouse gas.

4. The jobs that have not been delivered

-None-

Siam City Concrete Company Limited

Siam City Concrete (SCCO) is a leading construction materials manufacture and supplier in Thailand consisting of two divisions – INSEE Concrete and INSEE Aggregates. We supply a comprehensive range of standard, premium and high-performance ready-mixed concrete and aggregates products with an extensive plants network across Thailand.

1. Product and Service

Delivery of products and services to either meet or exceed customer satisfaction is fundamental to SCCO's business success. As a result, the Company has focused on the development of our plant, equipment, technology and people to ensure the delivery of the best concrete and aggregates products with finest services.

To strengthen market position, in 2018 INSEE Concrete continued to expand the business by opening new concrete plants in Bangkok, Eastern Sea Board and upcountry. INSEE Concrete has been playing the key role in supplying conventional and high-standard concrete mixes to various types of construction projects all segments. INSEE Aggregates also continued to develop and launch new premium aggregates products to its customers including ready-mixed plants, precast and road projects through direct sales channel and dealer.

2. Marketing and Competition

The investment from government spending in infrastructure projects and the investment from private sector in residential segment were the main driver for the growth of ready-mixed concrete and aggregates market in 2018.

It is expected that the trend from government spending in infrastructure projects will increase in 2019, although the growth from private sector investment, especially in high-rise residential projects, is expected to hold steady or slightly decrease.

SCCO is confident that 2019 will be the year of opportunity to grow with the market by pushing toward high performance and value-added products/services that will differentiate us from the competitors, while also achieving higher margins.

3. Procurement and Production

SCCO will continue to expand the business to maintain leading market position as well as to support our customers. We are confident that our strong concrete plant network across Thailand, our strong production capacity of over 5 million tons per year from our rock quarry at INSEE Suphanburi and sand pits at INSEE Ayudhaya, INSEE Augtong, and INSEE Ratchaburi will be the key supports in quality and competitive cost for SCCO to maintain market position with sustainable growth.

3.1 Environmental Impact from Production Process

Safety: SCCO is committed to operate our business in the manner that does not cause harm to our employees, contractors, visitors, customers and the communities where we operate.

Environment and Compliance: We comply with environmental legislation, regulations, laws and standards, and we are committed to work the goal of zero harm and to eliminate adverse environmental impact from our operations.

INSEE Aggregates is committed to reduce the impact on the environment from the production process and the sustainability of the communities. In 2018, INSEE Aggregates received two awards, namely, the Green Mining Award 2018 for maintaining standard for mining and crushing from the Department of Primary Industries and Mines.

4. The jobs that have not been delivered

-None-

Conwood Company Limited and PT. Conwood Indonesia

1. Product and Service

Conwood Company Limited is the leading producer and distributor of interior and exterior decorative wood replacement products in Thailand, under the registered trademark "CONWOOD". Our products are made from high-quality cellulose and Portland cement sourced from Siam City Cement Public Company Limited with Swiss manufacturing technology. Our products are uniquely beautiful with the look and feel of authentic wood, while also durable, termite-proof, easy to install, and incombustible. CONWOOD is applicable for both interior and exterior building decorations such as floor, wall, eave and lath, and multi-functional applications.

In 2018, Conwood Co., Ltd. developed a package to integrate product utilization and enhance marketing channels to increase sales and product availability coverage, through:

- CONWOOD Color, a water-based paint, introduced to the market to fulfill CONWOOD product portfolio. This product aimed to solve the improper paint using problem.

- Focused on the 2nd tier market development by enhancing the potential dealers in the 2nd tier provinces to increase the Company performance and balance the sales volume between dealers in major areas and 2nd tier provinces.

To create positive experience and promote customers' inspiration regarding product applications, Conwood Co., Ltd. Established "CONWOOD Design Space" as a one-stop service and an inspirational design center for architects, contractors, home owners, and others who are interested in building decorations. This is located at L1 building of Crystal Design Center, Bangkok. In addition, Conwood technical service teams traveled across Thailand to educate various target groups on product knowledge and installation techniques.

2. Marketing and Competition

2.1 Marketing and Competition in Thailand

In the past year, the economic situation still was not in an upturn and the market remained fiercely competitive with many products in the market. Conwood adjusted its business strategy by focusing on new product development and market diversification. The Company also concentrated on the quality of products and innovations to create long-term competitive advantage. For 2019, Conwood Co., Ltd. has formulated two strategies as followed:

1. Adjusting product mix of decorative wood replacement products to suit target groups and to support future growth.
2. Expanding market into new areas, such as 2nd tier provinces, and penetrating to end-users and commercial and housing project segments in both new and existing markets to increase and secure sales volume.

The Company also planned to increase brand awareness and market growth among home owners and to align the CONWOOD brand to improve communication efficiency and brand perception. CONWOOD Service, a total solution for installation service, remained the one-stop service solution business unit to support home owners and projects.

For export market, Conwood concentrated on expanding markets in ASEAN countries while also continuing to develop distribution channels in India and other Middle East Asian countries including Sri Lanka and Bangladesh where SCCC Group already had distribution channels.

2.2 Marketing and Competition in Indonesia

"Conwood" brand in Indonesia has gained trust from property developers, architects, hotel chains and international restaurants. In 2018, "Conwood" continued to develop more products and applications to differentiate our products and services from competitors and substitute products. The products include decorative items, deck, eave, ceiling, and siding. Total "Conwood" housing solution has been especially popular in Eastern Indonesia and Sumatra.

Application trainings to educate local contractors, installers and masons on Conwood products are organized regularly.

“Conwood” products have been warmly welcomed since its introduction in 2012 and has won several awards and commendations throughout the years. The Company aims to succeed through brand awareness, brand experience and loyalty. “Conwood” products have also won accolades overseas, such as the Best Booth Design Award at Megabuild 2015 in Indonesia and at Archidex 2016 in Malaysia. In 2017, innovation product for Housing solutions have also been reward as Best Innovative Housing Solution in 2017.

3. Procurement and Production

3.1 Procurement and Production in Thailand

Conwood plant is in Saraburi Province with three production lines and the production capacity of 135,000 tons per year. The production process of all Conwood products is implemented under strict environmental conservation policy. The Company has received the environmental management standard ISO14001: 2015 certification, quality standard ISO9001: 2015 certification, and the occupation health and safety management standard OHSAS18001:2007. All products have also been endorsed as eco-friendly construction materials by the Singapore Green Label.

3.2 Procurement and Production in Indonesia

“Conwood” plant started operation in June 2014 with one production line and an annual production capacity of 36,000 tons. The plant has been designed for expansion to accommodate five production lines to meet growing demand.

“Conwood” production process meets quality- control requirements - ISO14001: 2015 certification for environmental management standard; ISO9001:2008 for quality standard and OHSAS18001:2007 for occupational health and safety. In addition, it has been certified by the Singapore Green Label for its eco-friendly construction materials and Green Listing Product by Green Listing Indonesia.

3.3 Environmental Impact from Production Process

With Conwood’s philosophy to be a green manufacturer, the Company has committed to recycle and reuse waste heat, waste water, and laminated trimmings, while using non-toxic technology and to dispose of other waste and dust through the Company in the INSEE Group. Furthermore, constant attempts were made to reduce energy consumption and optimize the use of natural resources.

4. The jobs that have not been delivered

-None-

INSEE Superblock Company Limited

INSEE Superblock Company Limited manufactures light-weight concrete products (Autoclaved Aerated Concrete: AAC) under “INSEE Superblock” brand. Two of our three factories are located in Singburi Province with one in Ratchaburi Province. All three factories produced high-quality ISO9001:2008 certification AAC products that are suitable for all types of buildings.

1. Product and Service

INSEE Superblock constantly develops AAC products to ensure quality with focus on creating new value-added products and services for our customers. A wide range of high-quality INSEE Superblock products included staircase panels, roof panels, panels for swimming pool, decorative panels and panels with installation package for construction projects.

2. Marketing and Competition

Overall domestic real estate and construction markets have shown signs of recovery with improved price trend. On our part, we have continually reduced costs internally to be competitive. More value-added products, geographical focus on logistically profitable area and retention of customer base and cement channels will help to sustain our business. The Suvarnabhumi Airport phase II expansion of passenger terminal continued to utilize our products, which is an opportunity for INSEE Superblock to be considered by other airport expansion projects in the provinces.

3. Procurement and Production Procurement of Raw Materials

Main raw materials - cement, sand and lime are sourced domestically, while aluminum powder is imported from Germany and the Czech Republic.

Production

INSEE Superblock factories produced high-quality ISO9001:2008 certified AAC products with a total production capacity of 7.2 million square meters per year.

3.1 Environmental Impact from Production Process

INSEE Superblock mitigates the environmental impacts of its production process and from its disposal of unwanted raw materials through both reuse and recycling processes and the utilization of substitute raw materials which account for more than 40 percent of total raw materials used in the entire production process. As a result, INSEE Superblock is the only light-weight concrete producer in Thailand to be certified “Green Label” from Thailand Environment

Institute Foundation. Another initiative is the treatment of water from production process before discharging to public waterways.

4. The jobs that have not been delivered

-None-

INSEE Ecocycle Company Limited

INSEE Ecocycle Company Limited is an SCCC subsidiary offering sustainable solutions to a range of industries in various sectors. Recovering energy and resources from waste materials, INSEE Ecocycle supports its “partners in sustainability” to improve their environmental footprint. The services include industrial waste management by turning waste to fuels and specialist industrial chemical and mechanical cleaning services. In June 2018, INSEE Ecocycle acquired part of business in industrial service business from P.G. Service Co., Ltd., enabling INSEE Ecocycle to provide customers with a wider range of industrial services that now include mechanical cleaning services.

1. Product and Service

INSEE Ecocycle offers its waste management services across Thailand, and industrial services specifically in oil & gas, petrochemical and power generation sectors, both domestically and internationally. The Company has two facilities as waste pre-processing platforms located in Saraburi province and Chonburi province and one facility for industrial cleaning services in Rayong province. The Company has received ISO9001:2015, ISO14001:2015 and OHSAS18001:2007 certifications.

Our services include:

- 1. Waste Management Services:** INSEE Ecocycle provides waste management services and expertise in handling a variety of industrial wastes from different industries such as oil & gas, petrochemical, automotive, electronic & electric (E&E), fast moving consumer goods, etc. Our waste management services include consulting, waste analysis, handling, logistics, final treatment and destruction in cement kilns.
- 2. Industrial Services:** INSEE Ecocycle offers specialized industrial cleaning and related services for oil & gas, petrochemical and power generation sectors. Our industrial services team can provide specific solutions in chemical cleaning, ultra-high-pressure water jetting, mercury decontamination, tank cleaning, catalyst handling and other related services.

Waste generated from the cleaning process is handled in a sustainable way in full compliance to all regulatory requirements.

2. Marketing and Competition

For Waste Management Services, INSEE Ecocycle's customers include leading companies in various sectors such as automotive, steel, and fast-moving consumer goods. Companies that value their reputation engaged us to provide safe, environmentally sound and sustainable solutions that meet their policy while adhering to all regulatory requirements.

For Industrial Services, major customers are in refinery, oil & gas exploration and production, petrochemicals and power generation sectors. These industries require industrial cleaning services for operational assets covering all lifecycle phases starting from pre-commissioning, maintenance until decommissioning. INSEE Ecocycle provides the expertise with complete range of services with professional cleaning process synergized with sustainable waste management.

3. Procurement and Production

INSEE Ecocycle was committed to continue improving its operation in line with integrated international standard on quality, environment and occupational health and safety. This has been proven in many awards the Company garnered. In 2018, Saraburi platform received the highest level on Best Practice Waste Processor which was Gold Award Plus and Chonburi platform received Gold Award.

3.1 Environmental Impact from Production Process

INSEE Ecocycle manages and conducts our operation in an environmentally sound manner and implement effective controls to reduce or eliminate the release of pollutants to the environment. INSEE Ecocycle has been awarded for Green Industry Level 4 for the 4th consecutive year. The award has reflected a strong commitment of INSEE Ecocycle to high standard of safety and operations with continuous improvement in waste management process as well as social responsibility within and beyond the organization throughout the whole supply chain as an integral part of the organization's culture. Both platforms also received CSR-DIW Continuous Award from Department of Industrial Works. This achievement represents the determination of INSEE Ecocycle to operate business with a strong commitment to social and environment responsibility.

The Company is aware that its responsibility is beyond managing our customers' waste. We are responsible for the care and protection of the customers' reputation as important as all other stakeholders. The Company is mindful of the concerns of all stakeholders. We take pride in being the trusted partner for all customers and stakeholders. In 2018, the Company received a permit to take industrial waste away from factories through electronic systems or AUTO E-license by Department of Industrial Works.

This will shorten e-license approval process from 30 days to three minutes using artificial intelligence. This project helps facilitate and hasten the acceptance of wastes from the Company's customers.

4. The jobs that have not been delivered

.None-

INSEE Digital Company Limited

INSEE Digital Company Limited is a subsidiary of Siam City Cement Group that was established in 2013 to offer the complete digital technology and information technology services to SCCC and all its Group Companies within Thailand and abroad, such as Chip Mong INSEE Cement Corporation in Cambodia, Siam City Cement (Bangladesh) Limited, Siam City Cement (Lanka) Limited and Siam City Cement (Vietnam) Limited. In the future, INSEE Digital is expected to expand its services to other customers outside the Group Companies, particularly our business partners. With the Digital Technology Services and Enterprise Software Development, INSEE Digital has received Board of Investment (BOI) promotional privileges with the exemption of import duty on machinery and a five-year corporate tax break until 2021. We are working closely with government policies to synchronize our strategy and processes with the ICT 2020 strategies from Ministry of Information and Communication Technology.

1. Product and Service

INSEE Digital is the regional business partner for all SCCC business units, helping them to apply digital and IT technology, including IT infrastructure, IT security and new digital capabilities like digital marketing & data analytics to ensure compliance in their operations to create business differentiation and a competitive edge in the cement industry and the construction materials business. In 2018, we onboarded digital leaders and digital experts to accelerate the move towards a digital enabled cement company. We are expanding digital capabilities in all SCCC subsidiaries with new functions data analytics, digital marketing, ecommerce and digital innovation. Key focus is to optimize cost through automation, improve the customer experience by creating customer friendly digital solutions and upskill our people in a true digital enabled culture.

2. Marketing and Competition

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

- 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 effectiveness for all SCCC subsidiaries and related parties to boost their competitiveness and create new business opportunities.
- Offering excellence in IT services to offer and oversee complete IT and digital technology services with exceptional quality and world-class standards for maximum satisfaction of service recipients.
- Creating a smart insight-driven organization by introducing the systems that will help connect all elements, from the start to the end, to offer the best experience and business intelligence to enhance the capacity and capability of users.
- 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 to attain sustainable development.
- Being the regional hub in IT and Digital Technology Services by transforming, expanding and strengthening our people and organization capabilities to become the regional service hub to support the regional growth of Siam City Cement Group.

3. Procurement and Production

INSEE Digital Company Limited selected the world class and well-known technologies currently available in the market for both software and hardware. All information and digital technology solutions implemented at SCCC should be the platform for the future and be able to support future Digital Technology. All solutions implementation is developed by the Company's employees with support from the business partners. INSEE Digital hosted all solutions on both private and public cloud.

3.1 Environmental Impact from Production Process

The Services of the Company does not create any environmental issues.

4. The jobs that have not been delivered

-None

Siam City Cement Trading Company Limited

Year 2018 was Siam City Cement Trading Company Limited's first full year after its incorporation in March 2017. Our key objective is to support the needs of SCCC's local and international subsidiaries for all seaborne bulk imports and exports and to remain the sole supplier of all seaborne traded commodities including fuel. Also, important is to tap into the

regional demand and supply imbalances to create opportunities for the Group and fuel the aspiration to be the leading trading house in this region for our industry.

1. Product and Service

Products and services include all cementitious commodities, solid fuels and ship/barge chartering. The focus in 2018 was on diversifying destinations and customer base, adding new sources and origins of products, and trading of commodities such as aggregates. In the fourth quarter of 2018 we implemented insurance coverage for P&I (Protection & Indemnity) and FDD (Freight, Demurrage and Defense) for all shipping activities against unforeseen third-party damages, collisions and unsafe port activities, plus unlimited legal advice on issues related to freight and demurrage.

2. Marketing and Competition

The year was marked by difference in structural changes driven by China that has created ripples of change in APAC and beyond that resulted in shortages, defaults, change in trade patterns as well as new opportunities. The uncertainty increased further with trade wars, sanction threats and volatile oil prices. Driving the point competition are not just similar trading entities in the region, but also challenges from uncontrollable forces.

3. Procurement and Production

Our buying and selling methods followed the change in trade patterns. For exports the focus was on destination mix with higher and long-term returns. In terms of buying, we focused on new origins that would open up in other regions with changes in consumption pattern driven by structural changes in the region and China.

3.1 Environmental Impact from Production Process

-None-

4. The jobs that have not been delivered

-None-

Siam City Cement Group Regional Companies

Siam City Cement (Bangladesh) Limited

After acquisition of Cemex Cement (Bangladesh) Ltd. in July 2016, Siam City Cement (Bangladesh) Limited (SCCBD) was formed as an subsidiary of SCCC Group. The plant has a grinding capacity of 0.5 mtpa.

1. Product and Service

Portland Composite Cement (PCC) is SCCBD's main product and comprises 95 percent of its annual sales. In Bangladesh, the use of Ordinary Portland Cement (OPC) is mostly limited to government projects and infrastructure, while SCCBD is expected to produce the Blast Furnace Slag Cement to supply to Rooppur Power Plant - the first nuclear power plant in Bangladesh.

In 2018, SCCBD has diversified its product portfolio and has initiated the sale of Conwood and Mortar.

2. Marketing and Competition

In 2018, SCCBD hit a record sales volume and continued to deliver superior quality cement. There was a big increase in corporate sales, while also boosting sales in trade segment and fulfilling its strategy to maximize sales in markets closer to plants for contribution efficiency.

Top-10 cement manufacturers make up approximately 75 percent of total market share, with seven being local and three are multinationals. Bangladesh cement industry size is ~30 mtpa with 10-12 percent annual growth, while per capita cement consumption is about 164 kg - much lower compared to South Asian neighbors, indicating room for growth.

Bangladesh has been experiencing a growth spurt in the last decade with 7.8 percent GDP growth in 2018. The country has initiated a number of infrastructure projects, including SCCBD-supplied Metro Rail and Elevated Expressway. The Company plans to keep abreast with the growth by increasing its capacity from 0.6 to 1.2 mtpa in the first phase and up to 2.0 mtpa in the second phase.

3. Procurement and Production

The 13-acre SCCBD plant is located in Narayanganj, 34 km south of Dhaka. All raw materials, except fly ash (PFA), are sourced through Siam City Cement Trading Company Limited. PFA is sourced from neighboring India. Finished products are delivered to customers by road and water, at 73 percent and 27 percent, respectively.

Introducing Conwood and Mortar: Conwood and Mortar show potential in the Bangladesh market. SCCBD's strategy is to focus on the premium segment, with Conwood pre-launch activities. Mortar is targeted towards the existing distribution channels with site demonstrations in Dhaka and suburb.

3.1 Environmental Impact from Production Process

SCCBD respects and complies with the national laws and the Company policy on environment, health & safety, and committing to zero harm to people and environment and undertaking CSR activities in the community. SCCBD also follows the standard practice on waste management. SCCBD carries out good community relationship through CSR activities such as free medical camps and medicines for the community and facilitating supply of drinking water.

4. The jobs that have not been delivered

-None-

Siam City Cement (Lanka) Limited

The Company continued to focus on maintaining its premium position and the largest market share of 35 percent. In 2018, the bag segment slowed down due to the weak demand and economic, while the bulk segment took a drop due to slow progress of infrastructure projects and overall credit crunch. Although Sri Lanka's total cement market is expected to grow only by 1 percent in 2019, the Company expects an 8.6 percent volume growth. With a strong distribution network across the country, 75 percent of INSEE Cement Lanka's total revenue is generated from the retail segment.

The Company's new vertical cement grinding plant in Galle boosted capacity by 0.4 million tons per year, as INSEE Concrete (ready-mixed) Peliyagoda operations started during the year. Currently, INSEE Cement Lanka produces 2.7 mtpa and also runs a cement import terminal in Colombo with a capacity of 800,000 tons per annum. In addition, the Company's sustainable waste management arm, Ecocycle, was spun-off as a separate legal entity "INSEE Ecocycle Lanka (Private) Limited."

1. Product and Service

INSEE's two flagship brands in Sri Lanka – INSEE Sanstha and Mahaweli Marine Plus were re-launched as blended cement in 2018. High-quality blended cement products were manufactured at Galle and Ruhunu plants under product brands INSEE Mahaweli Marine Plus and INSEE Extra Plus, with focus on retail and industrial. The I&A Centre ensured consistent high quality of all concrete products with continuous development of new products and solutions.

The Company launched Conwood, as import from Thailand with the long-term plan to invest in production in Sri Lanka. Ecocycle Lanka diversified its operation into non-kiln-based solutions providing industrial cleaning services, e-waste management, laboratory services, specialized logistics, training and consultancy and many more value-added services.

2. Marketing and Competition

In the cement business, INSEE Cement Lanka and Tokyo Cement continued to hold close to 67 percent market share, while Ultratech, Singha Cement (Heidelberg) and bag importers holding the remaining 33 percent. Also, low-price, low-quality cement import products have been eating into market share. But with the increasing per capita income, growing population and changing customer needs, the solution demands evolved and INSEE Cement Lanka aimed to increase market share from current 35 percent to around 40 percent by 2019.

3. Procurement and Production

The supply chain was focused on lean and agile practices. Cement supply to Sri Lankan domestic market was heavily dependent on import of clinker and of bulk cement, therefore, supply chain management was vital. INSEE Cement Lanka commissioned Sri Lanka's first cement bag palletizer at Ruhunu Plant followed by one at Puttalam plant, enabling INSEE Cement to respond quicker to market demands. The Company operates ship-to-ship transportation and land prime mover hybrid transportation for direct deliveries. The logistics deliveries are channeled through warehouse dispatch with 90 percent on-time delivery for bags and 95 percent for the bulk segment. Several regional warehouses will be added to complement the existing dispatch warehouse network in Colombo, Kurunegala and Trincomalee.

3.1 Environmental Impact from Production Process

The Company has introduced blended cement products, such as INSEE Sanstha, INSEE Mahaweli Marine Plus, INSEE Rapid Flow Plus, INSEE Extra and INSEE Extra Plus that helped to minimize environmental impact. In 2018, around 40 percent of coal was substituted by sustainable waste management solutions. On the waste management front through INSEE Ecocycle Lanka operations, the Company served over 500 public and private firms with an annual capacity of 100,000 tons.

INSEE annually conducts Spot Measurement in Puttalam cement plant to assess its impact on the environment, monitored by Assured Monitoring Group (AMG) of Australia. The Company strived for sustainable construction even when setting up its own plants. The concrete plant in Peliyagoda is an eco-friendly, zero-waste plant that reuses both water and aggregates. In addition, the Company continuously monitored and preserved the biodiversity in Aruakkalu and helped to rehabilitate coral reef in southern coastal area.

For the past 12 years, the Company has partnered with IUCN to undertake quarry rehabilitation to the pre-mining stage. INSEE strictly complied with local and international environmental regulations on dust emissions and water usage and energy efficiency.

4. The jobs that have not been delivered

-None-

Siam City Cement (Vietnam) Limited

Since its establishment in 1994, INSEE Cement Vietnam has become a leading cement producer and waste management company in southern Vietnam. Our products have been used in many iconic buildings and infrastructure projects, as well as housing and commercial developments, across southern Vietnam.

The Company has more than 1,100 employees working at five different cement plants and four ready-mixed plants in Greater Ho Chi Minh City (HCMC) with total production capacity of 6.1 million tons cement, meeting almost 9 percent total demand of Vietnamese market estimated at 68.5 million tons per year.

In 2018, INSEE Cement Vietnam has successfully renewed ISO90001:2015 for quality management, ISO14001:2015 for environment management and OHSAS18000 for health and safety and Sedex for Supplier Ethical Data Exchange. Especially, in December 2018, the Company has achieved ISO50000 for energy management, and expected to transform from OHSAS18000 to ISO45000 in June 2019.

1. Product and Service

- **INSEE Cement**

We provide a wide range of cement products for individual housing applications and industrial & infrastructure applications. Our high-quality products and dedicated customer services resulted in customer confidence in choosing the right partner. For the industrial market, on offer were special cementitious solutions such as precast, concrete applications or infrastructure with unique requirements.

- **INSEE Beton**

We continuously offer innovative products, effective and optimal concrete solutions. INSEE Beton, with its state-of-the-art batching plant, has been a reliable partner of leading contractors in major projects in southern Vietnam. The Company developed and offered comprehensive solution packages to meet increasing customer requirements.

- **INSEE Ecocycle**

Customers are assured of “peace of mind” by innovative co-processing waste treatment solutions. The solution completely destroys waste materials through high temperature, leaving zero residue to be landfilled and reducing CO2 emission.

2. Marketing and Competition

Vietnam's construction sector experienced a year of dynamic development with an impressive growth rate of 8.7 percent in 2017. In 2018, the growth rate was 10 percent. Awareness of green construction solutions also has been growing as the government has issued regulations to promote green building and energy saving, such as CVN09:2017/BXD.

'GREEN LABEL' - Our efforts to greening INSEE Products

Our goal is not only to produce the best quality construction materials, but also the most sustainable. Our cement products/solutions meet all "green" building standard requirements, such as LOTUS, LEED, GREEN MARK. Our products are the first ones in Vietnam to be part of the Lotus Green Database of the Vietnam Green Building Council (VGBC) and awarded the SGBC international Singapore Green Label Product certification.

3. Procurement and Production

Smart Procurement

For over 20 years, the Company had used SAP ECC (Enterprise-resource-planning Central Component) to control and manage resources via key standard processes. But innovation has led to INSEE Smart, based on SAP HANA, now being hailed as the market breakthrough in memory database.

Green Manufacturing

"Green" has become common as a business strategy. Being a constant pioneer in the production of construction materials and waste management in southern Vietnam, INSEE Cement Vietnam has been committed to being environmentally friendly with its operating procedures and state-of-the-art technologies. "INSEE Green" means investing in green manufacturing technology and raising environmental awareness among our employees and communities, and to ensure highest environmental performance.

3.1 Environmental Impact from Production Process

To mitigate the environmental impact, we comply with the requirements of legal and relevant stakeholders, as environmental performance is firmly anchored along the entire value chain. With a continuous online environment monitoring system and regular baseline testing from a third party, INSEE aims for highest environmental compliance and performance. The efficient consumption of non-renewable natural resources is made possible through the development of "green label-awarded" blended cement.

4. The jobs that have not been delivered

-None-

Chip Mong INSEE Cement Corporation

Chip Mong INSEE Cement Corporation (CMIC) is a joint venture between Chip Mong Group (CMG) Cambodia and Siam City Cement Group (SCCC), with CMG holding 60 percent of the equity and SCCC 40 percent. The joint venture combines the excellent local market expertise and distribution network of CMG with the best in SCCC's cement technology knowhow. The Company's vision is to be the most admired and trusted solution provider in the Cambodian cement industry, and beyond. We have a bench strength of just under 400 employees including well diversified professionals from all over the world.

1. Product and Service

With state-of-the-art equipment and systems utilizing the latest technologies, the Touk Meas Plant of CMIC produces two types of cement: "Camel" and "INSEE Diamond", with low carbon footprint due to efficient energy consumption and full compliance with the latest international standards.

An advanced quality management system with the latest analytic equipment assures top quality products and services for both the retail and industrial market segments, all manufactured from well selected local raw materials. "CAMEL" cement brand is for the retail market and the "INSEE Diamond" brand is for the technical and industrial markets, accounting for 70 percent and 30 percent of our sales portfolio, respectively.

2. Marketing and Competition

Cambodia is one of the fastest growing economies in the region, with construction being a key driver behind a CAGR rate of 7 percent economic growth in recent years. The country's real estate sector has been experiencing tremendous growth in all segments from residential to commercial and infrastructure development. Investment from China continued to be growth driver with forecast GDP growth expected to average around 6-7 percent annually over the next decade. Along with a robust annual population growth of approximately 1.5 percent, cement demand growth is expected to be solid in the coming years. On the supply side, there are currently four key local cement producers in the country, capable of supplying around 6.5 million tons of cement per year, accounting for an estimated 90 percent of the local cement demand.

Currently, CMIC holds approximately 25-26 percent share in the national cement market and has been investing in building customer and other stakeholder partnerships, steadily developing its own human capital and taking very seriously its social and environmental responsibility through tangible actions.

3. Procurement and Production

The new Touk Meas Plant, with an annual production capacity of 1.7 million tons of cement, has stabilized in its first year of operation and was performing beyond expectations. So far, the plant has been able to supply up to 75 percent of the sales demand of the Company while the rest was imported from SCCC's Saraburi plant into the north and western market areas of the country.

3.1 Environmental Impact from Production Process

Within one year of initial start-up of the Company, CMIC was able to obtain ISO9001:2015 certification, and was fully compliant with the latest environmental norms and standards.

A new 7 MW Waste Heat Recovery (WHR) System has been successfully commissioned, and one of the country's largest solar installations comprising 10MWp of capacity will be completed midway through the first quarter of 2019, bringing the proportion of alternative electricity energy usage to over 33 percent.

CMIC initiated its CSR programs one year prior to plant start-up and a close and positive relationship has emerged with the relevant stakeholders, especially the communities around the new plant.

4. The jobs that have not been delivered

.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 both ready-mixed concrete producers and concrete product manufacturers. In addition to those customers, the Company's subsidiaries support revenue generation for SCCC.

The aforementioned strategy 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 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 served.

The Bank of Thailand is proposing to collect 20 percent down payment of second home buyers comparing to only 5 to 10 percent of the any home purchases which shall be adopted in January 2019 if approved. This new policy shall pose an effect to the artificial demand of condominiums. In addition, the appreciation of Thai Baht also poses a risk to the hotel segment of construction business. Appreciation of the Thai Baht and consequently tourism will lead to a decrease in the number of hotel expansion projects. In reaction to this, SCCC's shall shift its focus to capture the real demand in low-rise housing in the residential market and also the emerging demand in the CPM bulk cement in infrastructure projects.

Moreover, there are construction opportunities foreseen in Myanmar and Laos which will drive the cement demand from these bordering countries. However, the number of cement players are growing with additional capacities of 25 percent in 2018, leading to the increase in competition for SCCC's exports. Hence, the key marketing strategy for the export markets is to enhance our brand awareness together with ensuring sufficient supply and reinforce the whole supply chain to forestall competitors' penetration in the market.

3.2 Environmental and Social Risks

In principle, the significant risks relating to the environmental and social matters of the quarry operation and cement manufacturing are deforestation, land transformation, air emission, energy consumption, wastewater, noise, waste generation, and community health and safety. Thus, to ensure that all these aspects were considered, properly organized, and mitigated covering the project life-cycle, our company have been continuously integrated herewith subjects into the risk assessment processes of our Business Continuity Management System

following the ISO22301 standard, Environmental Management System following the ISO14001 standard, and CSR-DIW continuous standard following the ISO26000 principle. Furthermore, there are various strategies and directions that we applied and implemented in our company to ensure the risk control e.g. Green Industry (GI), Environmental Product Declarations (EPD), and Creating Share Value (CSV).

According to our performance assessment result in 2018, all significant risks were appropriately controlled, reduced, and monitored. No major environmental impact or any crisis that occurred in the community.

3.3 Operational risk

- **Energy and raw material supply risk**

Fuel and electricity costs still play a crucial role in the cement industry, accounting for over 70 percent of total production cost. In 2019, coal price is likely to continue rising as a consequence of the global demand fluctuation. Therefore, we have long and short-term plans to diversify price risks and shortages of coal consisting of 1. Sourcing coal from new sources (apart from Indonesia); 2. Logistic cost reduction by self-managed imported coal; 3. Feasibility Study and explore the opportunity of doing long-term contract with new coal mines. Meanwhile, diesel prices are expected to rise. It is affected by both external factors (i.e. China's US trade policy, Iran's boycott) and domestic factors (Oil fund). As a result, lower market price diesel was sources and supplied. The alternative source such as biodiesel (B20) is also being studied with some types of machinery.

The cost of electricity is being extremely focused in 2018; the Company has accelerated projects related to reducing electricity costs including solar power projects. It will start commissioning and generating electricity by 2019 at 6.4 MW and initiate a study on the establishment of LNG power plants. In addition to reducing electricity costs during the peak period, waste heat from electricity generators will be used to dry the fuel material.

Moreover, the Company take the first step to use biomass instead of coal in 2018 as well as alternative fuel from INSEE Ecocycle to avoid coal's price risk and to reduce carbon emission, those biomasses are included of corn crop, sugar cane, napier grass and cassava. Using biomass not only to reduce a coal but it can also reduce waste that may cause from harvest too. In addition, Company plan to study for more biomass and increase biomass consumption on 2019 onward.

Raw materials cost, the second rank of SCCC cost, rose up on 2018 because the increased of diesel price from both external and internal factors. Although the risk of raw material purchased is unchanged, SCCC still finding the opportunity to reduce cost and manage supply risk such as manage the truck to transport some raw materials by ourselves, find alternative source and create price competition among suppliers.

- **Health and Safety Risk**

At Siam City Cement Group, we believe that injuries, occupational illnesses and diseases are preventable. We apply OH&S Standard and directives, define organizational accountabilities, provide necessary resources and training, manage performance and minimize risk to employees, contractors/subcontractor, third party and the community.

To develop the interdependent OH&S culture among the people in our operation, we focus on mainly implementing and developing an OH&S Training Database for employees and contractors. Provide Safety Training matrix regarding personal activities. Construction and Registration for Authorized Confine space training station. Implementation and audit of OH&S Green Pyramid system and any others policy to enhance more safety and occupational health in Saraburi operation, to achieve the objectives of Safety working culture, “Zero Accident”.

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 while closely monitoring its overseas subsidiaries to finance their financing need in local currencies to be matched with their normal cash generation. The Company expects to receive dividend in foreign currencies from its overseas companies and movement of those local currencies would impact such investment return. Foreign currency hedging, i.e. forwards or options, will be effectively used to mitigate such risks.
- **Interest Rate Risk:** The Company and its subsidiaries expose to interest rate risk related 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 together with varieties of instruments and methods such as bank guarantees, letters of credit and trade credit insurance policy 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. Assets

4.1 Property, Plant and Equipment

Objective: For business operations of the Company and its subsidiaries as at 31 December 2018

	Type of rights	SCCC	Subsidiaries	Total
Land, mineral reserve and site restoration	Owner	1,061	1,714	2,775
Building and structures	Owner	2,572	6,373	8,945
Machinery and equipment	Owner	8,234	11,034	19,268
Furniture, fixtures and office equipment	Owner	322	339	661
Motor vehicles	Owner	500	372	872
Assets under construction and installation	Owner	1,591	1,347	2,938
Total Property, Plant and Equipment		14,280	21,179	35,459

Remark : Property, Plant and Equipment are not mortgaged.

Intangible assets

	Type of rights	SCCC	Subsidiaries	Total
Mining concession	Owner	1,674	132	1,806
Computer software	Owner	58	1,509	1,567
Customer relationship	Owner	65	25	90
Brands	Owner	-	2,966	2,966
Right of use	Owner	-	3,246	3,246
Other intangible assets	Owner	106	111	217
Intangible assets under development	Owner	325	92	417
Total Intangible Assets		2,228	8,081	10,309

Trademarks

The Company has adequate protection of its trademarks used in the business. It is the owner of many registered trademarks, both for the trademarks used by the Company and the subsidiaries, 174 of which were registered in Thailand and 140 were registered overseas. Main characteristics of the Company's trademarks are the symbol of eagle head and the word INSEE. Overseas trademarks are in Vietnam, Bangladesh, Sri Lanka, Indonesia and Cambodia. Moreover, the Company registered similar trademarks in some other countries

that have imported cement from the Company and/or its subsidiaries, such as, Brunei, China, Hong Kong, India, Lao PDR, Singapore, Malaysia, the Philippines, Myanmar, Arab Emirates.

Mining Right

The Company has secured sufficient mines for providing raw materials for cement production in the long-term, both in Thailand and overseas subsidiaries. It also has an efficient plan to source alternative raw materials, in alignment with the long-term production plan, such as, concessions for shale and limestone mining (for cement industry) in Kaengkhroi District, Saraburi Province, aggregate quarry in Uthong District, Suphanburi Province, Gypsum mining in Nongbue District, Nakornsawan Province, including crushing plant in Uthong District, Suphanburi Province. It also has leased land for waste management in Hemaraj Industrial Estate, Chonburi Province, including limestone mining right in Sri Lanka and Vietnam.

4.2 Policy for Investment in subsidiaries and associated companies

Investment in subsidiaries and associates shall be considered and approved by the Board of Directors. The Board of Directors shall appoint directors and executives who shall be responsible for management and operations of the assigned subsidiaries. The number of appointed directors and executives shall be aligned with the Company's shareholding.

Details on governing the subsidiaries and associated companies are available under the practice under CG Principle No. 3.6.

4.3 Re-evaluation of assets during the fiscal year

- none -

5. Legal Disputes

- 5.1** Dispute that may adversely affect the Company assets by over 5% of the shareholders' equity as at 31 December 2018.

-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

- (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, 3 rd , 10 th - 12 th Floor, 199 Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand
Factory:	Plant 1 and Plant 3, 99 Moo 9, Mitraparp Road, Km. 129, Thap Kwang Sub-district, Kaeng Khoi District, Saraburi Province, 18260, Thailand Plant 2, 219 Moo 5, Mitraparp Road, Km. 131, Thap Kwang Sub-district, Kaeng Khoi District, Saraburi Province, 18260, Thailand Mortar Plant, 41/2 Moo 5, Mitraparp Road, Km. 129, Thap Kwang Sub-district, Kaeng Khoi District, Saraburi Province, 18260, Thailand AFR Platform, 301 Moo 5, Mitraparp Road, Km.133, Thap Kwang Sub-district, Kaeng Khoi District, Saraburi Province, 18260, Thailand
Telephone:	+ 66 2 797 7000
Fax:	+ 66 2 797 7001 -2
Website:	http://www.siamcitycement.com
Company's Ordinary Shares Issued and Paid-up:	298,000,000 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 2018

Company Name	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				
Siam City Concrete Company Limited Column Tower, 3 rd , 10 th - 12 th Floor, 199 Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel: +66 2 797 7555 Fax: +66 2 797 7005	Ready-mixed Concrete and Aggregates	2,500	25.00	100.00
INSEE Superblock Company Limited Column Tower, 3 rd , 10 th - 12 th Floor, 199 Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel: +66 2 797 7000 Fax: +66 2 797 7001-2	Light-weight Concrete product	500	5.00	100.00
Conwood Company Limited Crystal Design Center, L1 Building, Room No.111, 1 st Floor, 1448/14 Soi Ladprao 87 (Chantrasuk), Klongchan, Bangkapi, Bangkok 10240, Thailand Tel: +66 2 797 7444 Fax: +66 2 797 7004	Construction Material	300	3.00	100.00
INSEE Ecocycle Company Limited Column Tower, 3 rd , 10 th - 12 th Floor, 199 Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel: +66 2 797 7000 Fax: +66 2 797 7001-2	Industrial Waste Disposal and Alternative Fuel and Raw Material Trading and Industrial Cleaning Service Business	400	4.00	100.00
Siam City Power Company Limited Column Tower, 3 rd , 10 th - 12 th Floor, 199 Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel: +66 2 797 7000 Fax: +66 2 797 7001-2	Electricity Generation from Waste Heat	2,000	20.00	100.00
INSEE Digital Company Limited Shinawatra Tower 3, 32 nd Floor, 1010 Viphavadi Road, Chatuchak, Bangkok 10900 Thailand Tel: +66 2 797 7000	Technical Service and Information Technology Management and Development Services	700	7.00	100.00

Company Name	Type of Business / Product	Registered Capital (million Baht)	Number of Issued & Paid-up Ordinary (million shares)	% Direct Shareholding
Globe Cement Company Limited 48/1 Moo.5 Highway no.21, Tambon Na Phra Lan, Amphoe Chaloem Pra Kiat, Saraburi, 18240 Thailand Tel: +66 36 218 000 Fax: +66 36 335 015	Cement Manufacturing	701	7.01	100.00
Siam City Cement Trading Company Limited Column Tower, 3 rd , 10 th - 12 th Floor, 199 Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel: +66 2 797 7000 Fax: +66 2 797 7001-2	Cement Trading	10	1.00	100.00
Siam City Cement (Bangladesh) Limited Tower 52 (9 th Floor), Road-11, Block-C Banani Model Town, Dhaka-1213, Bangladesh Tel: +88 09609 011 200 Fax: +88 02 9891981	Cement Manufacturing	2,800 million Taka	48.74	100.00
Siam City Cement (Lanka) Limited 413, R.A. De Mel Mawatha Colombo 03 Sri Lanka Phone: +94 11 7 800800 Fax: +94 11 2 555433	Cement Manufacturing	1,663 million LKR	165.80	98.95
Siam City Cement (Vietnam) Limited Etown Central - 11 Doan Van Bo, Ward 12, District 4, Ho Chi Minh City, Vietnam Tel: +84 28 73 017 018 Fax: +84 28 73 036 038	Cement Manufacturing	3,030.4 million VND	Charter Capital	65.00
Lanna Resources Public Company Limited 888/99 Mahathun Plaza Building, 9th Floor, Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330, Thailand Tel: +66 2 253 8080 Fax: +66 2 253 5014, +66 2 253 6822	Coal Production and Distribution	525	525.00	44.99
Thai Agro Energy Public Company Limited 888/114 Mahatun Plaza Building, 11th Floor, Pleonchit Road, Lumpini, Pathumwan, Bangkok 10330, Thailand	Ethanol Production and Distribution	1,000	1,000.00	4.72

Company Name	Type of Business / Product	Registered Capital (million Baht)	Number of Issued & Paid-up Ordinary (million shares)	% Direct Shareholding
Tel: +66 2 627 3890-94, +66 2 255 4380-84 Fax: +66 2 627 3889				
Chip Mong INSEE Cement Corporation Limited ANINA Building, No.240, Street 271, Sangkat Boeung Tumpun, Khan Mean chey, Phnom Penh, Cambodia Tel: +855 23 216 380 Fax: +855 23 215 497	Cement	150 million USD	0.08	40.00
Held by Conwood Company Limited				
PT. Conwood Indonesia North Tower, Menara Jamsostek 14 th Floor, Jl. Jenderal Gatot Subroto No. 38, Kuningan Barat, Mampang Prapatan South Jakarta 12710 Indonesia Tel: +62 21 5296 2146 Fax: +62 21 5296 2147	Construction Material	78.3 million USD	78.30	100.00
Held by Siam City Cement (Lanka) Company Limited				
INSEE Ecocycle Lanka (private) Limited 413, R.A.De Mel Mawatha Colombo 03 Sri Lanka Tel: +94 11 7 800800 Fax: +94 11 2 555433	Providing industrial waste management solution	1,460 million LKR	146.01	100.00
Mahaweli Marine Cement (Private) Ltd. 413, R.A.De Mel Mawatha Colombo 03 Sri Lanka Tel: +94 11 7 800800 Fax: +94 11 2 555433	Cement Trading	48 million LKR	4.80	90.00
Held by Siam City Cement (Vietnam) Limited				
Siam City Cement Nhon Trach Limited Ong Keo Industrial zone, Phuoc Khanh, Nhon Trach, Dong Nai province, Vietnam Tel: +84 3570 017	Cement Manufacturing	812.1 million VND	812.10	100.00

(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

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

Bangkok Bank Public Company Limited
333 Silom Road, Bangrak
Bangkok 10500, Thailand
Tel: +66 2 231 4333
Fax: +66 2 231 4742

Auditors:

Miss Siriwan Nitdamrong
Certified Public Accountant No.5906

Mr. Wichart Lokatekrawee
Certified Public Accountant No.4451

Mrs. Sarinda Hirunprasurtwutti
Certified Public Accountant No.4799

EY Office Limited (Certified by SEC)
Lake Ratchada Building, 33rd Floor,



Siam City Cement Public Company Limited

193/136-137 Rachadapisek Road, Klongtoey,

Bangkok 10110, Thailand

Tel: +66 2 264 9090

Fax: +66 2 264 0789-90