



Annual Report 2019  
Siam City Cement Public Company Limited

## Sustaining 50 Years' Success Through Regional Expansion



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## 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.

## MISSION

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

Combining sustainability and innovation, we strive for operational excellence and to exceed the expectations of all our stakeholders. Our reputation is built on outstanding performance in the quality of our products and customer service, the dedication and skill of our employees, our respect for the communities in which we operate and our ambition to set the standards for the industry of tomorrow.

## COMMITMENTS

### Working as a team

One group, one vision, one team united in heart with our business partners for the good of all.

### Doing what is right

Staying true to ourselves and each other, maintaining the highest standards of discipline and integrity in everything we say and do.

### Challenging conventions

We are imaginative and always open to new ideas. We approach every business challenge with enthusiasm and strive to deliver innovative solutions beyond expectations.

### Caring about our future

We are committed to creating a positive future for generations to come. Caring for our people, our environment, our community, our nation.

# Board of Directors



- 1. Mr. Paul Heinz Hugentobler**  
Chairman of the Board of Directors
- 2. Mr. Vanchai Tosomboon**  
Director
- 3. Ms. Nopporn Tirawattanagool**  
Director

- 4. Mr. Pongpinit Tejagupta**  
Director
- 5. Mr. Benjamin Herrenden Birks**  
Director
- 6. Mr. Stephen Patrick Gore**  
Director



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- 7. Dr.h.c. Harald Link**  
Independent Director
- 8. Dr. Sunee Sornchaitanasuk**  
Independent Director  
and Chairperson of Audit Committee
- 9. Mr. Pradap Pibulsonggram**  
Independent Director  
and Member of the Audit Committee

- 10. Mr. Charin Satchayan**  
Independent Director  
and Member of the Audit Committee
- 11. Mr. Aidan John Lynam**  
Director and Group Chief Executive Officer
- 12. Mr. Siva Mahasandana**  
Director  
and Member of the Group Executive Committee

# Message from the Board of Directors



**Dear Shareholders,**

The financial year under review has been a very challenging one as the expectations we had early in 2019 for our operations in Thailand with regards to a renewal of key economic policies, an acceleration of anticipated infrastructure projects and a broad-based economic recovery did not materialize at all. Macro-economic performance was decelerating quarter after quarter and the financial year 2019 ended with a GDP growth of 2.4 percent compared to a forecast of 3.5 - 4 percent, the lowest GDP growth rate for the last 14 years. As a result of such slowdowns demand for cement on a national basis did not grow compared to 2018. Our overseas operations in Cambodia and Bangladesh could operate in thriving environments both in terms of GDP and cement demand growth. Cement demand in South Vietnam was negatively impacted by a freeze in the issuance of construction licenses, and Sri Lanka was suffering from compounded impacts of political instability, currency devaluations and the Easter attacks in Colombo hitting the all-important hospitality industry and resulting in a poor macro-economic performance and negative demand growth for building materials including cement.

With such headwinds prevailing in most of our markets. Management had to step up and accelerate Group-wide business recovery and cost reduction initiatives to contain the impacts of such demand slowdowns and pricing pressures in a combination with a very disciplined allocation of capital to maintenance

and expansion projects. Despite all efforts, however, the anticipated improvements in our operational and financial performance did not all materialize as expected. As a result, we realized a net profit after tax attributable to equity holders of THB 3.2 billion compared to THB 3.0 billion in 2018, a cash flow from operations of THB 7.6 billion after THB 7.0 billion in 2018, which led to a reduction of our gearing ratio to 76 percent at the end of 2019. The Board of Directors, therefore, is pleased to propose a full year dividend of THB 8 per share to the shareholders for approval at the AGM.

The Board of Directors and Management are confident that the Group is well prepared to face a continuation of the very demanding business environment in 2020. A rigorously tight financial regime combined with strategic and operational restructuring measures will be applied throughout 2020 to strengthen both our operational and financial performance as well as the overall financial position of the Group.

On behalf of the Board of Directors, I wish to thank our shareholders for their support and all our employees for their commitment to build our Group into an agile and successful regional player in the building materials space. We are grateful to our business partners, customers for their loyalty, and the communities we are operating in for their cooperation and trust in us.



**Paul Heinz Hugentobler**  
Chairman of the Board of Directors

## Group Executive Committee



**Mr. Aidan John Lynam**  
Group Chief Executive  
Officer (Group CEO)



**Mr. Siva Mahasandana**  
Chief Executive Officer Siam City Cement  
Public Company Limited (CEO SCCCTH)

## Message from the Group Executive Committee

Across the entire Siam City Cement Group, 2019 has been a very eventful year, a year in which we celebrated our 50<sup>th</sup> Anniversary with sustained value creation and reputable service to our customers. Increased revenues and a sharpened focus on internal efficiency and costs optimization, has allowed us to maintain solid profitable growth momentum and to sustain the Company's development going forward into our 6<sup>th</sup> decade.

In various parts of our operations whether in Thailand or overseas, the Group however has not been immune from the effects of challenging market conditions, or the effects of wider global economic shifts. Nonetheless, we have managed to post improved results in many areas of our operations with a determined focus on becoming an application-oriented and preferred solution provider to our customers.

In Thailand, the general election took place in March against a background of strong appreciation of the baht which is at its highest point in more than a decade. Compounded by volatile global capital markets and trade wars, this has impacted the Thai economy in general and was seen to affect also the construction business along with a slowdown in residential building activity caused by oversupply. At the same time, the long awaited up-tick in infrastructure investment is happening slower than expected, placing a general drag effect on construction materials sales in many

sectors. Nevertheless, we still managed to grow the top line by positioning our products in the premium range, and by addressing carefully the distribution of cement and concrete for our customers' needs. Our manufacturing facilities at Saraburi focused on raising reliability so as to maximize available cement and clinker for sale, both domestically and for overseas exports.

Siam City Cement Trading Company Limited increased its customer networks to maximize the utilization of the Saraburi Operations, and to enhance the price realization for our exported products from Thailand. We also increased margins from widened trading activity in other materials related to our industry, delivering to as wide afield as China, Bangladesh and Australia as well as to our own Group entities overseas. In the ever-important arena of waste management services, INSEE Ecocycle Company Limited has increased its activities both in co-processing at our Saraburi facilities, as well as in providing value-added services to industrial customers across Thailand in the oil and gas and petrochemical spaces for example.

Beyond Thailand, our international operations faced various challenging environments during the course of 2019, with tougher conditions being seen in many markets compared with the previous year. Siam City Cement (Vietnam) Limited continued to face increased



**Mr. Mark Anatol Schmidt**  
Group Chief Financial Officer  
(Group CFO)



**Mr. Philippe Bernard Richart**  
Chief Executive Officer  
Siam City Cement (Vietnam)  
Limited (CEO SCCVN)



**Ms. Anuttara Panpothong**  
Group HR and Talents

supply excess particularly from North Vietnam in a situation where demand in its relevant market of southern Vietnam was muted by a slowdown in the licensing of construction projects. The Company partially offset this by effective internal costs control and supply chain optimizations. Meanwhile our business in Sri Lanka improved its performance compared with the prior year in a difficult market environment beset by political uncertainties and a major terrorist attack in Colombo in April. In Indonesia, our fiber cement business has seen improved performance compared with the prior year, whilst in Bangladesh, challenged by adverse economy of scale, our Company faced a difficult 2019 with margins squeezed by increased clinker import prices as well as new government taxes on imported raw materials. Where Cambodia is concerned, our joint venture at Chip Mong INSEE Cement Corporation had a very successful year in 2019, growing profits strongly over the prior year, with its brand-new plant being fully utilized in the country's ongoing construction boom.

Throughout its 50-year history, the Siam City Cement Group has always taken seriously our responsibility towards the surrounding communities, the society and the environment. The Group's sustainable development approaches focus on improving our impacts in workplace occupational health and safety, lowering CO<sub>2</sub> footprints

in all our products and services, managing and reducing precious water consumption, whilst assuring responsible social and biodiversity impacts from our business activities. Unified in our workforce diversity and anchored with our Thai heritage, we strive towards international standards, cross-fertilizing talent, practices and know-how and developing leaders for tomorrow across our entire Group.

We are grateful for the strong trust and support from our shareholders, our Board of Directors, our customers, our communities and our stakeholders. We thank you all, and we assure you that we are totally dedicated to meet and to exceed your expectations in the coming year and in the years to come.

**Mr. Aidan John Lynam**  
Director and Group Chief Executive Officer

# Summary of Key Financial Information

## Revenue Structure

Siam City Cement Public Company Limited and its subsidiaries are organized into business units based on their products and services and have four reportable segments as follows:



### CEMENT SEGMENT

Produce and sell cement products. This segment includes units handling electricity generation from waste heat



### TRADING SEGMENT

Operate trading export cement and clinker, import and export mineral components and solid fuels



### CONCRETE AND AGGREGATES SEGMENT

Produce and sell ready-mixed concrete and aggregates



### OTHERS

Produce and sell light-weight concrete product, wood replacement products as the architectural decorative materials, provide service of industrial waste disposal, alternative fuel and raw material trading and industrial cleaning service business and provide information technology management and development service business

Segment	2019		2018		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Net Sales</b>						
Cement	29,614	62	30,419	68	32,971	76
Concrete and Aggregates	8,477	18	8,045	18	7,933	18
Trading	6,423	14	3,461	8	-	-
Others	3,079	6	2,839	6	2,730	6
<b>Total net sales</b>	<b>47,593</b>	<b>100</b>	<b>44,764</b>	<b>100</b>	<b>43,634</b>	<b>100</b>

## Steady earnings growth in 2019

Net sales

**47,593 Million Baht**

Net profit attributable to equity holders

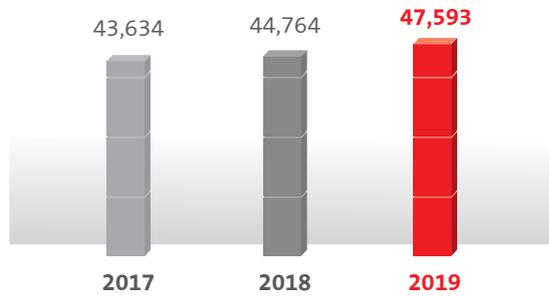
**3,157 Million Baht**

Earnings per share

**10.59 Baht**

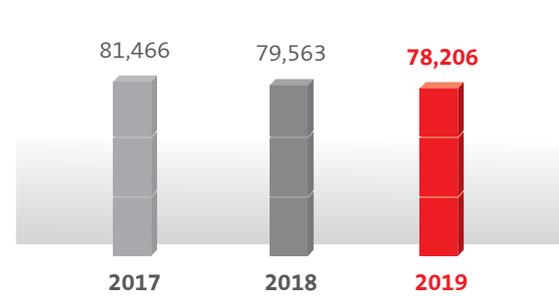
### Net sales and service income

(Million Baht)



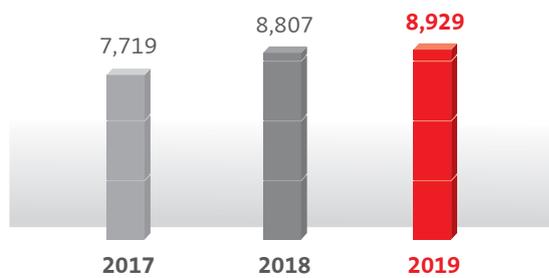
### Total assets

(Million Baht)



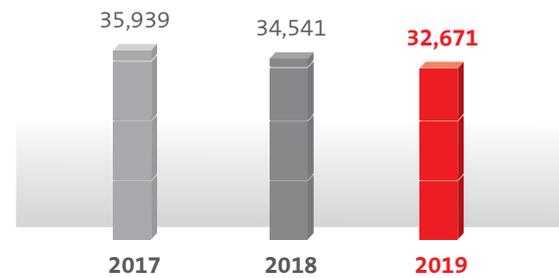
### EBITDA

(Million Baht)



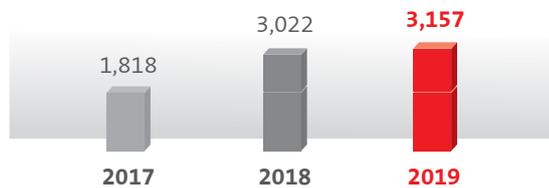
### Total shareholders' equity

(Million Baht)



### Net profit attributable to equity holders

(Million Baht)

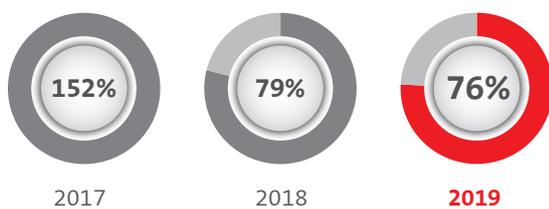


### Earnings per share

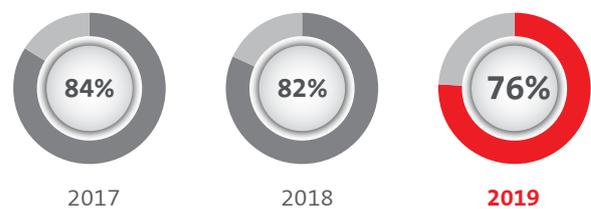
(Baht)



### Dividend payout ratio on net profit



### Gearing



## Key Figures

	2019	2018	2017
<b>Production Capacity (Million)</b>			
Clinker (tons)	14.7	14.5	14.5
Cement (tons)	25.2	25.0	24.8
Mortar (tons)	0.8	0.8	0.8
Lamination (tons)	0.2	0.2	0.2
Aggregate (tons)	4.8	4.6	4.0
<b>Million Baht</b>			
Net sales and service income	47,593	44,764	43,634
EBITDA	8,929	8,807	7,719
Net profit attributable to equity holders	3,157	3,022	1,818
Cash flow from operating activities	7,586	6,989	3,951
Investments in property, plant and equipment - net	1,462	2,026	2,960
Total assets	78,206	79,563	81,466
Net financial debt	24,863	28,277	30,134
Total shareholders' equity	32,671	34,541	35,939
<b>Margin (%)</b>			
EBITDA	19%	20%	18%
Net profit attributable to equity holders	7%	7%	4%
Cash flow from operating activities	16%	16%	9%
<b>Financial Ratios</b>			
Earnings per share (Baht)	10.59	10.14	6.59
Gross dividend per share (Baht)	8.00 <sup>1</sup>	8.00	10.00
Dividend payout ratio on net profit (%)	76%	79%	152%
Gearing (%)	76%	82%	84%
Total liabilities to total assets (%)	58%	57%	56%
Return on assets (%)	7%	7%	6%
Return on shareholders' equity (%)	9%	9%	6%
<b>Owned Personnel (Persons)</b>			
Group	5,711	5,700	5,902
Cement	3,895	3,939	4,218

<sup>1</sup> Proposed by the Board of Directors meeting on 20 February 2020

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# 50<sup>th</sup> Anniversary

**Siam City Cement Public Company Limited**

Established since 1969



# Company History

■ **1969**

Siam City Cement Company Limited was founded on 16 May 1969, with initial registered capital of Baht 100 million

■ **1977**

Became a listed company on The Stock Exchange of Thailand

■ **1989**

SCCC became the first cement producer in Southeast Asia to introduce a Waste Heat Recovery System in the production of electricity for its own production process



■ **1972**

Cement production started

■ **1981**

SCCC was the first Thai cement producer to substitute imported bunker oil with lignite coal in the production process

■ **1993**

Became a fully listed company and renamed “Siam City Cement Public Company Limited”

## 2016

- Business expansion in CEMEX (Thailand) Company Limited and CEMEX (Bangladesh) Limited under the name of Globe Cement Company Limited & Siam City Cement (Bangladesh) Limited
- Business expansion in Holcim Lanka Limited under the name of Siam City Cement (Lanka) Limited
- The Company acquired part of assets of Valence Corporation Limited in industrial cleaning service business



## 1999

Company restructuring was completed. Registered capital of THB 3 billion



## 2013-2014

The Company acquired Superblock Company Limited, light-weight concrete plant in Singburi Province and Prosperity Concrete Company in Ratchaburi Province



## 2019

50<sup>th</sup> Anniversary  
Siam City Cement Public Company Limited

## 2015

Invested with a 40 percent stake in a joint venture, Chip Mong INSEE Cement Corporation in the Kingdom of Cambodia to build the most modern cement plant in the country

## 2017-2018

- Business expansion in Holcim Vietnam Limited under the name of Siam City Cement (Vietnam) Limited
- Established a new subsidiary named Siam City Cement Trading Company Limited, to operate trading, import and export business

# Our Pride

## Awards & Recognition 2019



### Thailand Sustainability Investment Award 2019 (THSI)

Awarded to Siam City Cement Public Company Limited, by The Stock Exchange of Thailand



### 'Excellent' recognition level of Corporate Governance of Thai Listed Companies - 4<sup>th</sup> Consecutive year

Awarded to Siam City Cement Public Company Limited, by Thai Institute of Directors Association (IOD)



### The Thailand's Top Corporate Brand Values 2019 in Construction Material Sector - 3<sup>rd</sup> consecutive year

Awarded to Siam City Cement Public Company Limited, by the Faculty of Commerce and Accountancy Chulalongkorn University and in collaboration with The Stock Exchange of Thailand



### ATD Excellence in Practice Award Winners - Talent Development

Awarded to Siam City Cement Public Company Limited, by The Association for Talent Development (ATD)



### Asia's Best Employer Brand Awards & Asia's Training & Development Excellence Awards - Best Leadership Development Program for Worker

Awarded to Siam City Cement Public Company Limited, by World HRD Congress



### Green Mining Award 2019

Awarded to Siam City Cement Public Company Limited, by Department of Primary Industries and Mines



### Carbon Footprint of Products (CFP) and Carbon Footprint Reduction (CFR)

Awarded to Siam City Cement Public Company Limited, by Thailand Greenhouse Gas Management Organization (Public Organization)



### Green Label

Awarded to Siam City Cement Public Company Limited for 3 cement products (INSEE Petch Plus, INSEE Petch Easy Flow and INSEE Petch Quick Cast), by Thailand Business Council for Sustainable Development (TBCSD) and Thailand Environment Institute Foundation (TEI)



### 2019 Inspirage Integrated Supply Chain Partner of the Year Award

Awarded to Siam City Cement Public Company Limited, by Inspirage, LLC.



### CSR-DPIM Continuous Awards 2019

Awarded to Siam City Cement Public Company Limited, Siam City Concrete and Globe Cement by Department of Primary Industries and Mines, Ministry of Industry



### A Silver Award of the Zero Accident Campaign 2019

Awarded to Conwood, by Ministry of Labour



### People's Housing and Construction Brand of the Year - 8<sup>th</sup> Consecutive year

Awarded to Siam City Cement (Lanka) Limited, by Sri Lanka Institute of Marketing (SLIM)



### TOP 10 Most Reputable Building Material Companies in Vietnam

Awarded to Siam City Cement (Vietnam) Limited, by Vietnam Report in Corporation with Vietnamnet



### Award of Excellence: The Cement Plant of Year 2019

Awarded to Chip Mong INSEE Cement Corporation, by International Cement Review



### The CSR Award titled 'Jury's Choice Award-All Categories'

Awarded to Chip Mong INSEE Cement Corporation, by The EUROcham CSR and Contest Award 2019 in Cambodia

# The Cement Industry's 2020 Outlook

Thailand's economy in 2020 is expected to be affected by the global economic downturn compounded by several factors. In 2019, Thailand's overall economy was undermined by issues such as the US-China trade and tech war, unresolved Brexit, Hong Kong unrest, Japan-South Korea conflict, Thai Baht appreciation and the fluctuation in global financial market. These factors are expected to continue in 2020. On the other hand, Thailand's domestic factors, such as government spending on large infrastructure projects together with the clearer Eastern Economic Corridor (EEC) policies will be the key factors to sustain the economic growth.

The monetary policy is also well supervised to support the economic recovery, such as the Bank of Thailand's interest rate reduction to sustain the purchasing power. Therefore, the BOT's forecast for the country's GDP growth in 2020 is estimated to be around 2.8 percent. Nevertheless, the risk still lies with the suspended investment as investors adopt the wait-and-see stance for the progress of key public investment projects.

Thailand's domestic cement industry is expected to decline slightly or remain constant in 2020 from the above mentioned risks, even though driven by several large public infrastructure investments, especially mass transit systems in Bangkok, dual-track rails, highways, high-speed train, along with clearer EEC policies. Those construction projects will help maintain the domestic demand for cement and concrete in 2020. However, for residential segment, the LTV (Loan-to-value) law introduced in Q2/2019 will continue to impact the growth in the real estate business by slowing down overall demand especially in the second and subsequent mortgages.

Moreover, cement market transformation from bag to bulk became clearer in 2019. The trend of bulk demand continues to move towards Concrete Product Manufacturing (CPM) segment from which the products will be used in large infrastructure projects.

In summary, Thailand's cement market in 2020 will face several challenges domestically as well as the ramping up of cement production capacities in neighboring countries, will cause the cement demand to decline slightly or remain constant compare to 2019.



# Business Growth and Development Plan



In 2019, Siam City Cement Public Company Limited faced many challenges that affected operational performances. These challenges included economic and political uncertainties, terrorism threats, intense domestic and international competitions, regional capacity surplus, and challenges in machine efficiency.

However, despite these challenges, the Company was still able to capture new business opportunities, resulting good operational performance. These opportunities included the growth in Government infrastructure projects, the commercial construction projects in Thailand and overseas, the Belt and Road Initiatives, as well as the Eastern Economic Corridor. Higher demand for cement and clinker from countries in Asia Pacific and Middle East also positively contributed to the demand.

To enable the Company to become a regional leader in cement business, our Board of Directors approved the establishment of Group Executive Committee to leverage our operational strength across the region. The management highlighted important guidelines to improve and to sustain business growth in four areas, namely:

1. **Core business:** Emphasis was on establishing new sales channels, premium price positioning, integrated services and market performance. We also emphasized new product development, efficiency improvement of the production process, and high capacity utilization to maintain costs leadership.

**2. Building materials business and services business:**

We have enhanced our value propositions of our Fiber Cement, Light-weight Concrete, Waste Management, and Industrial Service, and international trading to fulfill customers' demand. We have also built regional networks and enhanced business relationship with trade partners.

**3. Embracing digital technology to improve performance:**

Emphasis were on developing new sales channel to reach, learn and to fulfill customer requirements. We also adopted digital technology to improve machine efficiency and reliability in our production processes.



**4. People Excellence:**

The Company considered people the most important resources. People development plans emphasized on increasing leadership efficiency, functional capabilities experience building via employee exchange program. The focus was also on improving the organizational structure to ensure that people in all positions of the Group Company are qualified and ready to develop themselves along with the growth of the business.



The implementation of the four strategies were carried out by Group Executive Committee with the goal to continue delivering business performance through 50 years and towards the years to come.

# Risk Factors



## 1. Business Risk

Siam City Cement Public Company Limited is committed to increase value for its stakeholders, customers, shareholders, employees and the society, with the key aim of sustainable growth through corporate culture and the emphasis on strengthening and expanding its network and channels to all segments and end-users. Although the traditional cement dealers and direct sales to ready-mixed concrete producers and concrete product manufacturers are still important, the growing trend of modern trade and online sales have become a new focus area to capture and increase brand presence.

SCCC's commitment to improving end-users' experience has strengthened its capability and increase distribution channels that will yield more opportunities and competitive advantage. In addition, SCCC is committed to the society through the development of green innovative products and solutions to fulfill customer

requirements and deliver the best values to the end-users. The new business model will also capture emerging trends and support business partners' growth, while also focusing on people's competencies and capabilities.

A number of current and new risks were attributable to the cement business. The Bank of Thailand approved LTV (Loan-to-value) law to solve the rising number of NPL (Non-performing loan). From April 1, 2019, the law mandated 20-30 percent down payment for purchase of second homes compared to 5-10 percent previously. This new policy has significantly affected the artificial demand for low-rise housing as evident in the reduced number of sales and transfers of single detached houses and condominium units since the second quarter of 2019. Other mitigating factors included the appreciation of Thai baht and digital disruption which was brought about by the need for digitalization to leverage competitive advantage and to cater to fast-changing customers' and market's demand.

Recognizing these risks, SCCC refocused to capture real demand in low-rise housing with SCCC solutions in cement, mortar, concrete, light-weight concrete and Conwood, and also capturing the demand in the CPM bulk cement market. In addition, construction opportunities existed in urban development in Cambodia, Myanmar and Laos PDR where cement demand will grow. However, capacity increases in both domestic and regional cement production led to higher supply, and higher competition for SCCC's exports. Therefore, the marketing strategy for the export markets was to enhance brand awareness and reinforce the whole supply chain to forestall competition.

## 2. Environmental and Social Risks

The risks relating to the environmental and social issues involving quarry operations and cement manufacturing are biodiversity changes, land transformation, air emission, energy consumption, wastewater, noise, industrial waste, and community health and safety. To mitigate the risks, these issues were thoroughly considered and prioritized to cover the product life-cycle and integrated into risk assessment following national standards, namely, Environmental Management System ISO14001:2015 and Corporate Social Responsibility CSR-DIW and CSR-DPIM. Various other strategies and directions applied and implemented to ensure risk control were Green Industry, Carbon Footprint Label, Green Label, Green Meeting and Creating Shared Value. Our 2019 performance assessment results showed all significant risks were effectively controlled, reduced and monitored with no major impact on the environment and communities.

## 3. Operational risk

### • Energy and raw material supply risk

Although coal, the biggest contributor to production costs in 2019, was expected to show a price decline, short- and long-term plans existed to spread the price and shortage risks consisting of: (i) Procurement of coal from other sources other than Indonesia; (ii) Reduce logistic costs of importing coal and inventory management; and (iii) Study and explore the possibility of long-term contracts with new coal mines.

Although, there were pressure factors on volatile diesel prices due to the trade war, the conflict in the Middle East still prevented oil prices from decreasing. To manage the diesel price risks in 2019, the Company has implemented the following: (i) Arranged a tender for oil sellers to offer a discounted price which can save cost vis-à-vis 2018; (ii) Switching to biodiesel (B20) for more than half of all demand to save costs over sole use of normal diesel.

Also considered was the use of alternative energy to reduce price risks of coal and reduce carbon dioxide emissions. The Company, through INSEE Ecocycle Company Limited, developed and improved the quality of refuse derived fuel (RDF) to increasingly replace coal.

On electric power cost, an investor's 5.22-megawatt solar power generation plant started commercial operation in September 2019, when the Company started buying electricity from the producer at a price lower than that of the Provincial Electricity Authority's. With that success, the Company has considered to proceed with the second phase of the solar power generation project. In addition, the Company is looking to invite investors to establish power plants and sell electricity directly to the Company. Investors are expected to show interest due to our large and consistent electricity consumption demand.

- **Health and Safety Risk**



SCCC is committed to comply with the safety laws and regulations and apply OH&S management system by encouraging safety consultation and involvement for everyone concerned, providing necessary resources and continuously improving safe working procedure to prevent injury and illness from work.

The OH&S Management System was applied to focus on using digital technology combined with the OH&S database and the installation of “Face Scan” used for contractors screening instead of name checking, thus reducing the amount of routine work documents. OH&S Training for hazardous activity were conducted every two years, while “OH&S Training Needs” and training records were used for online tracking and linked to the need for job training and competency planning and employee’s potential development to enhance safety and occupational health at Saraburi Operations.

## 4. Financial Risk

- **Exchange Rate Risk:** A major part of our exchange rate risks was 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. Also, the Company does not have any foreign currency loans outstanding while closely its overseas subsidiaries to cover their financing need in local currencies. The Company would receive dividend in foreign currencies from its overseas companies and movements of those local currencies would impact such investment return. Foreign currency hedging will be used to mitigate such risks.
- **Interest Rate Risk:** 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 were exposed to credit risk with respect to trade receivables, but was 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 with periodic credit assessment to mitigate the credit risk.
- **Liquidity Risk:** The Company’s Treasury Department actively monitored the liquidity position of the Group and maintained an adequate level of cash and credit lines to meet financial obligations and to mitigate the effects of cash flow fluctuations.

# Internal Control and Risk Management

Siam City Cement Public Company Limited provides proper and adequate internal control system in order to manage the Company's business operations to be in accordance with the objectives, goals and related laws and regulations. The Company has set up a state of the art Group Internal Audit and Compliance function, covering its operations in Thailand and overseas subsidiaries, responsible for internal control and internal audit activities, risk management system, governance and compliance processes leveraging technology and global best practices. Their main endeavor is to enhance and protect organizational value by providing risk-based and objective assurance, advice and insight. The internal control systems are designed to sustain efficiency and mitigate operational risks assuring fraud prevention.

In addition, SCCC's Board of Directors has assigned Strategic Planning and Transformation team to perform business risk assessment and follow up on the corrective action plan to mitigate risk. This is a continuous activity in the Company to improve business performance and mitigate strategic and operational risks.

The Board of Directors has conducted assessments on the internal control system through the Audit Committee (AC). The AC has approved SCCC's internal control system based on 5 factors per the internal standard given by the Committee of Sponsoring Organizations of the Treadway Commission or COSO, and the guidelines from the Stock Exchange Commission or SEC.

1. **Internal Control within the organization:** SCCC has committed to support the internal control within the organization under the internal control framework by shaping the policy landscape, updating working methods and communicating to all SCCC's staff. In 2019, the Company revised and upgraded its Organization Regulations, Manual of Authorities and various charters to further enhance the governance and transparency.
  - i. **Reviewing and updating the policies, working steps and methods.** These are continuously updated to serve with the current business plan of the Company, laws and any relevant regulations, and scheduling the regular review. The policies relating to overall governance and compliance are approved by Board and operational policies are approved by management. These are widely communicated to all staff for their common understanding through the effective channel.
  - ii. **Building the awareness of staff in the importance of the internal control,** starting from the understanding of the risk in operation, risk assessment and mitigation which the operating management themselves can perform the internal control to well serve with risks that may occur in their area of work.

iii. **Whistle Blower Policy**, the Company has established a Whistleblowing Policy and a reporting channel called INSEE Speak Up, which is managed by a professional and independent external agency. This external helpline is set up for SCCC and its Group companies' employees and business partners to report and notify any wrongdoings, violation of laws and regulations relating to business operations, as well as violation of the Company's Code of Business Conduct such as corrupt practices, misuse of information and Company assets etc. Accordingly, the concerns reported through this channel are properly investigated and reported to the AC.

**2. Operating Control:** The operating control activities happen at two levels, Group Level and Group Company (GC) Level. The Group EXCO reviews the operating and financial performance every month with each Group Company CEO. Similarly the group company CEO reviews the monthly performance with its senior executives (EXCO) before submitting to Group EXCO. The performance is measured against the budgets, approved by Board, and its evolution from the previous year(s).

The Finance and Controlling team also closely monitors the capital expenditure projects with regards to the estimated project costs which are regularly reported to the Board of Directors.

The business activities are performed basis the well established policies, procedures and Manual of authorities. Exceptions, if any, are reported to Board of Directors.

Besides, the Company has launched the IT solution (SAP) for a better internal control which enables the management and relevant staff to be alarmed of improper transaction and take corrective actions and measures in time.

The access control to core system (SAP) has been rigorously reviewed to ensure proper authorization by considering proper Segregation of Duties (SoD) and restricted use on sensitive transaction throughout the year.

**3. Risk Management System** entails detail assessment of strategic, operational, financial and compliance risks, which are categorized in Company's risk heat map. It would give management view on the criticality of the risks in the Company based on impact and likelihood.

In assessing the risk, Strategic Planning and Transformation team hold operational meetings to assess the risk of SCCC within the year, with the Company's top executives, business units and internal departments to highlight the risk, sharing opinions, discussing on the risk level and its effects and seeking for the strategies to handle with the risks. The team then collect the information and issue the risk assessment reports of each Group Company, follow up the risk management plan, monitor the timeline and report to the Group Executive Committee (GEXCO) consistently.

The Governance and Risk Committee has closely monitored process of risk management and key risks to oversight risk of the Company to be treated appropriately according to work plan as part of mitigating action.

**4. IT and Communication** The Company has invested in the whole information processing and reporting system which can keep all data, process and report the updated data on a real time basis, allow easy access (online and offline) and is fully secured. The system allows to digitize company business processes to eliminate manual work and enhance accuracy and fast decision making.

In the opinion of the Board of Directors, the Company's Internal Control system is proper and adequate. The Company has provided sufficient personnel to efficiently carry out the controlling of activities in accordance with the system. In addition, the Company establishes internal control system to monitor the conduct of the subsidiaries' business operations. As such, the assets of the Company and its subsidiaries are safeguarded from being used through abusive self-dealing or without the authority of a director or an executive. Besides, the system also includes the review on the transactions of potential conflict of interest with connected persons. There is no deficiency in the internal control system and the risk management is set to promptly handle with an adverse situation.

### **The Appointment of Head of Group Internal Audit and Compliance**

The Board of Directors with the endorsement of the AC has appointed Mr. Ranjan Sachdeva to be the Head of Group Internal Audit and Compliance of the Company. Mr. Ranjan Sachdeva graduated the Master of Business Administration (Corporate and International Finance) and be the Certified Internal Auditor, The Institute of Internal Auditor, Florida, USA. He is experienced in internal audit works in many leading companies as well as well-versed in the business operations of the Company and therefore; considered to be suitable to perform such duties. A consideration and an approval for the appointment, removal or transfer of the Head of Group Internal Audit of the Company must be approved or assented by the AC. The Duties and responsibilities of the Head of Group Internal Audit and Compliance are as follows:

- To propose the Annual Audit Plan of the Group to the AC for approval;
- To lead and supervise the activities of the Internal Audit Department in accordance with the approved Annual Audit Plan including works specially assigned or requested by AC.
- To update the GEXCO and AC on all Internal audit reports and other activities on a monthly basis.
- To maintain professional auditors who have adequate knowledge, skills and experiences and have been recognized as competent to attain the requirements set forth under the Charter of the Internal Audit; and
- To consolidate the Group compliance dash board from all Group companies and highlight the risk and exposure to GEXCO and AC on a quarterly basis.

The qualification of Head of Internal Audit and Compliance as follows:

**Name:** Mr. Ranjan Sachdeva  
**Age:** 51 years old  
**Position:** Head of Group Internal Audit and Compliance  
**Appointed since:** October 2017

**Education:**

Master Degree: MBA (Corporate and International Finance)  
 University of Leicester, UK  
 Certificate: Certificate Internal Auditor,  
 The Institute of Internal Auditor - IIA,  
 Florida, USA  
 Bachelor Degree: Bachelor of Engineering (Mechanical),  
 Thapar Institute of Engineering and  
 Technology University, India

**Company's Share-holding Ratio (%):** 0%

**Relationship Among Executives:** Nil

**Work Experience:**

Listed Company

Oct 2017 - Present	Head of Group Internal Audit and Compliance Siam City Cement Public Company Limited (Cement Producer and Construction Materials)
Sep 2015 - Sep 2017	Group Commercial Director Vedanta Public Company Limited, INDIA (Metal, Mining, Oil and Gas)

**Other Company**

2013 - Aug 2015	Chief Procurement Officer Regional Internal Audit Director (Holcim) - South Asia, Singapore and Malaysia
2011 - Apr 2013	
Apr 2007 - 2010	Head of Internal Audit - ACC Limited (Holcim in India) (Cement and Ready-Mixed Producer)

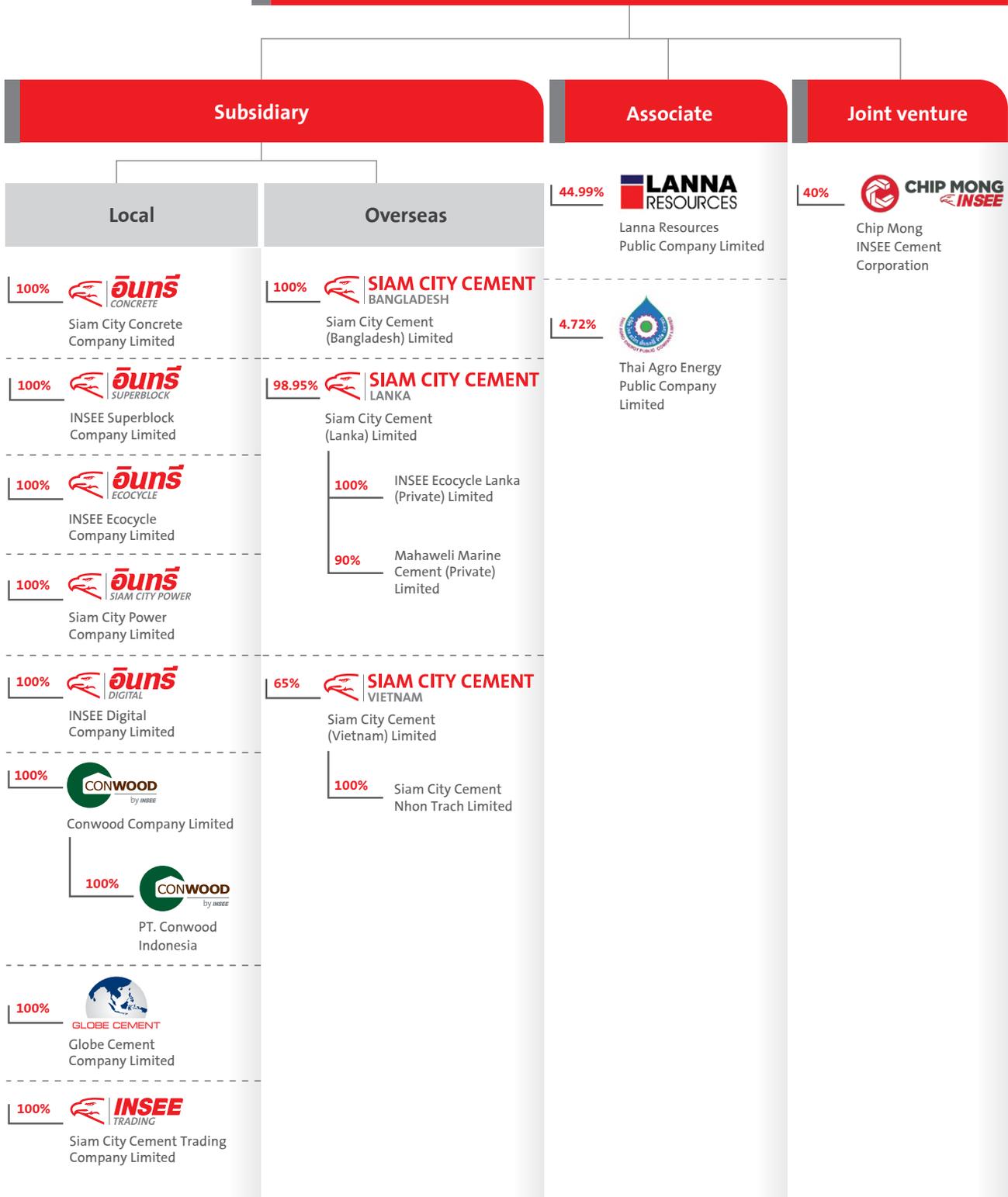
**Training Experience:**

By Holcim, Zurich, Switzerland:  
 - Holcim Compliance Framework, 2012  
 By Holcim, Engelberg, Switzerland:  
 - Holcim Internal Audit, 2011  
 By International Institute for Management Development (IMD), Lausanne, Switzerland:  
 - Senior Management Program, 2010  
 By Nestle, Rive Reine, Switzerland:  
 - Controlling at Nestle, 2000

# Shareholding Structure



## Siam City Cement Public Company Limited



# Group Business Portfolio



Exactly 50 years ago, Siam City Cement Public Company Limited (SCCC) was incorporated as a limited company on May 16, 1969 to produce and sell cement products. The official production of cement commenced in 1972. Later in 1977, the Company listed on the Stock Exchange of Thailand, and in 1993 transformed into a Public Company under the name Siam City Cement Public Company Limited.

Since then, the Company has determined to grow the business portfolio and to expand its revenue base, and thus has expanded its businesses and established local and foreign subsidiary companies, associated companies and foreign joint venture production company. The Company's business ventures have now covered countries throughout Southeast Asia and South Asia.

As SCCC has been producing and marketing high-quality and innovative cement products domestically and in Asia, the subsidiary and associated companies were also hard at work to develop products and services related to the Company's core business encompassing operations involving many types of construction products and fiber-cement decorative materials for architectural works both domestically and abroad. Also, well advanced were peripheral businesses such as waste management and industrial cleaning services, IT and digital applications and international seaborne trade.

The subsidiaries, associated companies and the joint venture within Thailand and the region, are described in detail regarding their respective products and services including the marketing strategies and localized competitiveness, namely:

## Siam City Cement Group Companies in Thailand

### Siam City Cement Public Company Limited

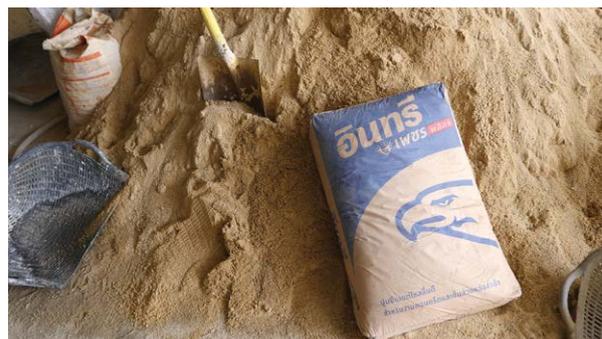
Siam City Cement Public Company Limited (SCCC) is one of Thailand's leading cement producers. The Company has three cement plants with a total of six kilns, with the clinker capacity of 13 million tons, located in Kang Koi District, Saraburi Province. Currently, five kilns are in operations, with the 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 on clinker capacity, thus limiting cement production 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 excess capacity, Thailand remains one of the world's largest cement exporters.

#### 1. Product and Service

Throughout the years, SCCC has demonstrated its relentless commitment as one of the leading cement producers, currently offers five major types of cement products;

- Portland Cement specifically developed for the reliable production of ready-mixed concrete, high quality concrete tiles, and all kind of concrete piles and poles and panels, as well as ideal for pre-stressed concrete products.
- Hydraulic Cement ideally is not only a more durable to Portland cement but also for equivalent applications as those of Portland cement, offering an improved workability of the fresh concrete and even 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 essential, as well as maintaining excellent plastering workability to ensure masonry quality.
- Mortar, also known as "INSEE Mortar," fulfills customers' need for absolute convenience and quality by providing ready-to-use products; namely, INSEE Mortar which can be used instantly by mixing with clean water in the appropriate portion.

#### 2. Marketing and Competition

The Bank of Thailand predicted that Thailand's economy will grow 2.8 percent in 2020. The lower GDP growth rate would be affected by (1) The on-going US-China trade war; (2) Brexit and the EU dispute; (3) Appreciation of the Thai baht; (4) New LTV law; (5) High household debt and NPL; and, (6) Delays and inefficient government budget process. However, the positive factors for Thai economic growth remain: (1) The continuous expansion of public infrastructure projects; (2) Economic stimuli policy (3) Continued tourism growth; and (4) Sustained growth in public and private consumption.

The construction sector has experienced lower growth rate due to internal and external changes, uncertainties and the digital transformation trend. The delays in government projects and budget process also held back growth. The industrial segment was affected by the delay in supporting policies while the residential segment also contracted due to the new LTV law in addition to the high household debt situation and a lower consumer confidence. Some developers have delayed new projects due to contracted demand.

Also, an increase in the domestic and regional cement production capacities has affected the cement market, leading to higher competition. Short-term tactical pricing was implemented by both cement producers and dealers to secure their respective customer bases. However, the long-running competition among cement producers will still focus on delivering superior products with variety and service quality, being one-stop service 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, for both dealers and producers, was also one of the key strengths due to the implementation of various customer relationship management platforms and business solutions. SCCC continuously provides business support programs to ensure the competitiveness and to build cooperation which helped to reduced business impact from competitors' marketing activities, thus enhancing relationship with customers and improve distribution efficiencies.

Meanwhile, INSEE Mortar drives its business by focusing on product mix management and expanding its product portfolio to chemical-based products to create long-term competitive advantages in the mortar market. Furthermore, INSEE Mortar is concentrating on value added products to build up profit and create strong relationships with retail channel and end-users.

### 3. Procurement and Production

The Company is Thailand's second biggest cement producer with 28.4 percent market share, operating three plants and five cement production lines and a total clinker production capacity of 12 million tons per year or cement production capacity of 11.6 million tons per year.

#### 3.1 Environmental Impact from Production Process

As our commitment adheres strictly to the Sustainable Development (SD) roadmap and the environmental policy, the Environmental

Management System: ISO14001:2015 certification have been implemented continuously to control all environmental aspects relating to quarry operation and cement manufacturing. The zero-waste-to-landfill is also considered our good practice. In this regard, most of the wastes generated were manageable through the co-processing process at INSEE Ecocycle.

In 2019, the environmental audit conducted by the qualified independent third-party indicated that our businesses have followed the environmental regulation and other relevant obligations, while the environmental monitoring at both factory and surrounding communities were also indicated our good environmental performances covering all significant environmental aspects, e.g. stack emission, ambient air quality, noise level, wastewater, and industrial waste. No external environmental grievances from nearby communities and stakeholders were also not found.

To ensure our environmental management system and impact prevention, SCCC decided to join the Global Cement and Concrete Association (GCCA), integrating its international charters and standards into our environmental targets and obligations. At the national level, this year our Company has maintained the Green Industry Level 5 standard, the highest green industrial ranking of the Ministry of Industry, while also participating in various government environmental projects, e.g. Carbon Footprint Product Label, Carbon Footprint Reduction Label, Green Label, Green Meeting, and INSEE Say No to Single-Use Plastic.

### 4. The jobs that have not been delivered

- None -

## Globe Cement Company Limited

Globe Cement Company Limited (established 1990) is a subsidiary of SCCC since May 2016. The Company is located at Chalerm Phrakiat District, Saraburi Province. It produces Portland White Cement, Ground Calcium Carbonate and INSEE PowerFill.

### 1. Product and Service

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



- Ground Calcium Carbonate ( $\text{CaCO}_3$ ), which involves crushing and processing limestone to create a powder-like form graded by size and other properties for the construction industry and cement making, among other different industrial applications.
- INSEE PowerFill is a high-performance additive used as a replacement of cement in concrete to improve cohesion and workability for mixes with a low binder content and a high flow.

### 2. Marketing and Competition

In 2019, Globe Cement started diversifying the source of its operating income by launching two new products: Ground Calcium Carbonate and INSEE PowerFill, but Portland White Cement remained as the main economic driver.

The key marketing policy is to continue providing high-quality products at competitive prices with target customers in the medium to high groups. The Company distributes the products through wholesale, retail and professional segments, 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.

### 3. Procurement and Production

Globe Cement has an annual cement production capacity of 844,000 tons, or 2,200 tons per day. All raw materials are locally sourced, except for white clinker, which is imported. Plant operation rigorously complies with safety and environmental policies. All processes are handled under ISO9001 and ISO50001 certification for an efficient quality and energy management system.

#### 3.1 Environmental Impact from Production Process

Globe Cement conducts its business with environmental and social responsibility. The Company complies strict laws and regulations for the environmental protection of water, soil, air and noise control. Globe Cement owns a factory license type 106 to allow the use of industrial waste (ash from coal-fired power plants), as raw material in the production process. In 2019, Globe Cement received the CSR-DPIM Continuous Award from the Department of Primary Industries and Mines.

### 4. The jobs that have not been delivered

- None -

## Siam City Power Company Limited

### 1. Product and Service

Siam City Power Company Limited (SCP), a subsidiary of Siam City Cement Public Company Limited, was founded in 2011. The Company generates electricity from waste heat arising from clinker production and provides electricity cost saving to Siam City Cement. The Company obtained BOI approval to extend 100 percent corporate income tax waiver of K3WHR from three to five years. Also, approved was an additional 50 percent corporate income tax exemption for five years as Promotion Certificate No. 59-1306-1-00-1-0.

In addition, the Company plans to increase its capacity through alternative power generation such as solar energy and waste electrical power plant in the near future.



### 2. Marketing and Competition

Although the Company's current capacity is sufficient to supply only Siam City Cement Public Company Limited, the Company is looking for future opportunities.

### 3. Procurement and Production

#### 3.1 Production

SCP has two plants with three production lines - K5 WHR and K6 WHR located at plant No.3 with a maximum 18 megawatts of electricity each and K3 WHR which generates 12 megawatts of electricity.

#### 3.2 Raw Materials

The main raw material used in generating electricity is the waste hot air from clinker-cooler room and the pre-heater tower at Kilns No.3, No. 5 and No. 6 in Siam City Cement's clinker production process, followed by raw water.

#### 3.3 Service Works and Providers

Service works required consisted of machinery repair and maintenance, security and other services. Most services employed domestic service providers with priority on quality and safety. The Company won Zero-Accident 2019 award - three consecutive years for high performance in safety controls from Ministry of Labor and CSR-DIW award from Department of Industrial works.

#### 3.4 Environmental Impact from Production Process

With the utilization of waste hot air from clinker production processes of Kilns No.3, No.5 and No.6 to produce steam to drive steam turbines to generate electricity, the Company helps to mitigate impact on the environment from the release of hot air into the atmosphere. Also reduced in the process is carbon dioxide emission, the primary greenhouse gas, thus helping to lessen global warming.

### 4. The jobs that have not been delivered

- None -

## Siam City Concrete Company Limited

Siam City Concrete Company Limited (SCCO) is a leading construction material manufacturer in Thailand consisting of two divisions - INSEE Concrete and INSEE Aggregates. SCCO supplies a comprehensive range of standard, premium and high-performance ready-mixed (RMX) concrete and aggregates products with an extensive network across Thailand.



### 1. Product and Service

Quality delivery of products and services to meet and exceed our customer's expectations, is fundamental to SCCO's business strategy and success. To further strengthen this position in 2019, fully equipped, purpose built RMX mobile batch plants were added. These plants have the capacity of regular fixed operations and can be fully installed and functional on-site within two days. Primarily, they will be used to strengthen the network capacity and reach throughout the Eastern Seaboard market, servicing major project work.

During the year, SCCO expanded its volume and portfolio of high margin, value-added products and services. The flooring business has shown steady growth and has completed multiple high specification floors. SCCO's ability to offer advanced technical solutions to its clients continued to provide a market differentiation, as well as a strong value proposition.

### 2. Marketing and Competition

Government infrastructure projects, particularly in Bangkok, continued to be the primary driver of growth in 2019. Multi-use development complexes also contributed, but both the high-rise condominium and residential segments were slow. The retail segment showed promising signs and has been a focus for SCCO due to the attractive margins.

Increased competition and sluggish growth are expected in 2020, due to growing uncertainty and a weakening of the global and local economic outlook. Private sector investment is critical and will be boosted with firm commitments of major project developments particularly EEC infrastructure.

### 3. Procurement and Production

SCCO continued to expand and improve its RMX and franchise network across the nation. The strong RMX product portfolio, along with availability of sand and high-performance aggregates within metropolitan areas offers comprehensive coverage for our customers.

#### 3.1 Environmental Impact from Production Process

SCCO is uncompromisingly committed to achieving the highest standards of Safety and Environmental Management. Strict policies are enacted to achieve compliance to legislation, regulations, laws and standards.

Our goal is to operate our business in a manner that strives for "Zero Harm" to our employees, contractors, visitors, customers and the communities in which we operate.

INSEE Aggregates recently received two awards, namely, CSR-DPIM Continuous Award from Ministry of Industry and Gold Level Award in Occupational Safety, Health and Working Environment from Ministry of Labor.

### 4. The jobs that have not been delivered

- None -

## Conwood Company Limited and PT. Conwood Indonesia

### 1. Product and Service

Conwood Company Limited is one of the leading producers and distributors of decorative wood replacement products under registered trademark “CONWOOD”, produced from high-quality Portland Cement and well-delicate cellulose. Conwood is suitable for both interior and exterior applications such as floor decoration, wall decoration, eave and lath decorations and multi-functional decoration. Also, “CONWOOD Color” has been introduced into the market to serve specific applications.

In 2019, CONWOOD has emphasized product development and marketing channel expansion to align with the Company strategy to respond to the various requirements of product use and penetrating homeowner and end-user segments throughout Thailand. On product development, CONWOOD Deck T-Lock 4” 3in1 Color Layer and CONWOOD Decorative Panel S-Series are two new products designed to capture the opportunities and customers’ needs in term of aesthetics and dimensions. **CONWOOD Deck T-Lock 4” 3in1 Color Layer** gives look and feel of natural wood by addition of pigment layer. **CONWOOD Decorative Panel S-Series** delivers the clear line, deep grooving, and different dimension for modern homes.

On marketing channel expansion, CONWOOD started its online store and utilized Company’s social media (Line@: @CONWOODThailand, Facebook fan page: CONWOODThailand, and YouTube: CONWOODThailand) to enhance CONWOOD brand image, to build inspiration and to promote both online and offline marketing channels for more effective reach to the target audiences and other target groups.

**CONWOOD Design Space** is now operating as one-stop service and inspirational design center for architects, contractors, homeowners, and those interested in building decoration. The concept is to

offer commercial touchpoints where customers can come in for expert consultation. In addition, technical service team provides product knowledge and installation techniques to various target groups across Thailand to creating product and brand trust as well as proper product installation.



### 2. Marketing and Competition

#### 2.1 Marketing and Competition in Thailand

With rapid construction trend and competition in the market, product development, new market searching and online sale to increase revenue and market share were new key focus strategies in 2019;

1. New product development to cope with more varied needs of decorative wood replacement.
2. Market expansion to second-tier provinces and online selling on several platforms to capture sales opportunity in the emerging markets. In addition, more focus on modern trade channel (B2B2C) to meet the consumer buying behavior and to gain the market share in the fast-growing channel.
3. Concentric diversification to transform into the total solution provider.

These strategies could enhance CONWOOD brand perception and its awareness among home owners by adjusting the strategies to communicate both online and offline. Besides, CONWOOD has formulated and grouped company trademarks to enhance CONWOOD brand recognition.

## **2.2 Marketing and Competition in Indonesia**

Conwood means nature conservation. Products under the “CONWOOD” brand have become preferred materials for many famous architectural projects. The brand has gained trust from top developers, architects, hotels and international restaurant chains. In Indonesia, Conwood has penetrated market in almost all provinces. We supply products to more than 1,000 traditional retailers and more than 10 modern outlets with premium products. Today, CONWOOD is available online at major applications thus providing convenience for purchasers.

CONWOOD has continuously developed products and application to differentiate from competitors. To further develop housing solutions, CONWOOD launched new products in the decorative products category in eastern Indonesian market to help with national disaster recovery program. The Company has also organized application trainings - workshops to educate local contractors, installers and masons to apply Conwood.

To ensure that CONWOOD capture its business opportunities and continue to strengthen the brand awareness, the Company is focusing and prioritizing the working capital management, such as optimizing the inventory level, reduction in DSO and negotiation of terms of payment with suppliers.

The Company is also working on people development through several trainings for employees, such as, digital training, sales training, and waste management training. HR division had outlined a strategy to build on the

core strengths of the business model. We successfully reorganized sales divisions to focus on the goals to strengthen the businesses, enhance customer coverage, improve market share and drive efficiencies and growth. The HR team worked to create an environment where people can thrive and enabled to deliver sustainable organizational performance. In line with this vision, Conwood Indonesia embarked on digital transformation which not only affects products, processes and services, but also had a profound impact on how we work. With strong focus on human development, in 2019, PT. Conwood Indonesia was awarded as ‘The best Company to work for’ by HR Asia Award Indonesia.

## **3. Procurement and Production**

### **3.1 Procurement and Production in Thailand**

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

### **3.2 Procurement and Production in Indonesia**

PT Conwood Indonesia was established in 2011 and started operations in 2012 to import and distribute Conwood’s wood replacement products in Indonesia. A manufacturing plant, situated on an 8-hectare piece of land in Jababeka Industrial Estate, started operations in June 2014 with one production line and a production capacity of 36,000 tons/year. The plant has been designed for expansion to accommodate five production lines 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 ISO14001:2015 certification, the quality standard ISO9001:2008 certification, and the occupational health and safety management standard OHSAS18001:2007. 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.

The procurement objective is initially to support Conwood Indonesia construction, operation commissioning, sourcing, assessment and tendering process all mechanical and electrical contractors for construction phase. Sourcing raw materials, spare parts, and all supporting materials for production included supplier assessment and evaluation. Procurement also supported the Company to source alternative materials and suppliers (fiber, cement, additives, etc.) with the aim to save cost. Procurement team in Indonesia are align with SCCC Procurement for regional and global sourcing.

### 3.3 Environmental Impact from Production Process

With Conwood's philosophy to be a green producer, we have committed to recycle and reuse waste heat, waste water, and laminated trimmings as well as to use technology that is non-toxic while other waste and dust are sent to be disposed by the Company in the INSEE Group. Furthermore, we 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.

## 4. The jobs that have not been delivered

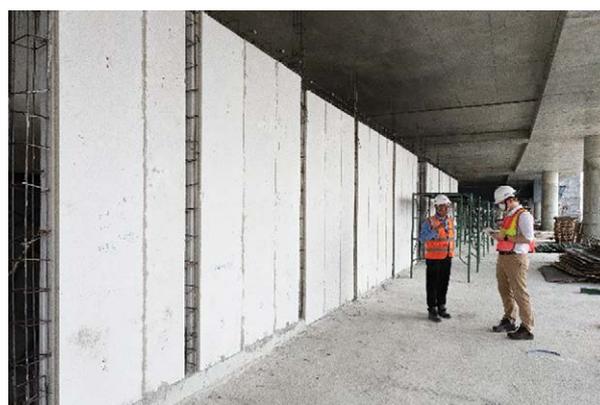
- None -

## 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 produce high-quality ISO9001:2015 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 reinforced wall panels and panels with installation package for construction projects. INSEE Superblock also provide the wall solution service that can serve the customers in design phase and deliver the high-quality wall panel installation with experienced team to ensure that we exceed the customers' expectation. Our team provides support in design for producing standard and custom wall panels. The installation process is reliable and efficiently reducing the construction time, labor and cost. Furthermore, our products significantly reduce the construction waste and are friendly to the environment.



### 2. Marketing and Competition

Overall domestic real estate and domestic construction markets have shown signs of recovery with improved light-weight concrete block price trend as a result of public sector investment in large

construction projects. Our Company has continually reduced budget and costs to be more competitive. More value-added products, geographical focus on profitable area and retention of customer base and cement channels will help to sustain our business. Additionally, we extended product variations and served customers with solution services to avoid price competition and in response to market demands. Increased productivity is helping to reduce the construction time and budget with resultant gain in margin.

The public sector projects and Suvarnabhumi Airport phase II expansion of the passenger terminal continued to utilize our products. This is an opportunity for INSEE Superblock to be considered by other airport expansion projects in the provinces. For the high-rise and low-rise residential projects, INSEE Superblock has retained customers' trust and they are likely to continue using our products and services as the benefits include reduced labor and less construction waste. On commercial projects, the Bangkhuntian Elderly Hospital, Bang Po Hospital and other officer building projects have used INSEE Superblock reinforced panel products and services.

### 3. Procurement and Production

**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 produce high-quality ISO9001:2015 certification AAC products with a total production capacity of 7.2 million square meters/year. The efficiency of the production process of block and panel has increased significantly.

#### 3.1 Environmental Impact from Production Process

INSEE Superblock mitigates the environmental impact 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", TGL-61-11, 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, a subsidiary of Siam City Cement Group, offers sustainable solutions to a range of industries in various sectors. We believe in partnering with our customers and stakeholders to develop and deliver "peace-of-mind" waste management and industrial service solutions. Our mission is to earn respect and trust through safeguarding our customers' reputations and improving their environmental footprint. In order to better accomplish our goals, we entered into the assets sale and purchase agreement with industrial cleaning businesses in 2016 and 2018. This allowed us to offer waste management and specialist chemical and mechanical cleaning services across a wide range of sectors. INSEE Ecocycle is now positioned as one of Thailand's leading waste management and industrial service solutions providers.



### 1. Product and Service

INSEE Ecocycle offers its waste management services across Thailand and all industries, particularly oil & gas, petrochemical and power generation sectors, both domestically and internationally.

The Company has two facilities for waste pre-processing located in Saraburi and Chonburi and one facility for industrial cleaning services in Rayong. The Company has been certified with 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 waste from different industries including oil & gas, petrochemical, automotive, electronic & electric (E&E) and fast-moving consumer goods (FMCG). Our waste management services include consulting, waste analysis, handling, logistics, processing and final treatment in our cement kilns.
2. **Industrial Services:** INSEE Ecocycle is a specialist in industrial cleaning and related services for the oil & gas, petrochemical and power generation sectors. Our industrial services team can provide specialized solutions in chemical cleaning, ultra-high-pressure water jetting, decontamination, tank cleaning, catalyst handling and other related services. Waste generated from the cleaning process is handled in a sustainable manner in full compliance with 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 FMCG. The companies who are concerned with protecting their reputation engage us to provide safe, environmentally sound and sustainable solutions that meet their internal requirements while adhering to all regulatory requirements. INSEE Ecocycle aims to make a real difference for our customers, stakeholders, the environment and our society with "peace-of-mind" to protect customers' reputation.

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 finally decommissioning. INSEE Ecocycle provides expertise in industrial cleaning for a complete range of services with professional cleaning process synergized with expertise in managing waste generated in a sustainable way with full compliance to all regulatory requirements.

## 3. Procurement and Production

INSEE Ecocycle is committed to continue improving its operation in line with international standards in quality, environment and occupational health and safety. This has been acknowledged with the many awards the Company has received. In 2019, the Saraburi facility received the highest level on the Best Practice Waste Processor Award, the Gold Award Plus while the Chonburi facility received the Gold Award from the Department of Industrial Works.

### 3.1 Environmental Impact from Production Process

We manage and conduct our operations 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 the Green Industry Level 4, Gold Medal and CSR-DIW Continuous Award for both waste facilities. These awards reflect 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.

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 well as their 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 2019, the Company continue our dedication in green industry leadership by applying for the Green Industry Level 5 status which is the highest rating for the Thai Green Industry award.

#### 4. The jobs that have not been delivered

- None -

### INSEE Digital Company Limited

INSEE Digital Company Limited, a subsidiary of Siam City Cement Group, 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, including Chip Mong INSEE Cement Corporation in Cambodia, Siam City Cement (Bangladesh) Limited, Siam City Cement (Lanka) Limited and Siam City Cement (Vietnam) Limited.



#### 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 data analytics. It helps business to optimize cost through automation to ensure compliance in their operations by creating business differentiation and a competitive edge in the cement industry and the construction materials business.

#### 2. Marketing and Competition

INSEE Digital is determined to be a credible and trusted partner who can offer 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:

- 1) Offering excellence in IT services to oversee complete IT and digital technology services with exceptional quality.
- 2) 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, and analytics to enhance the capacity and capability of users.
- 3) Representing the strength of SCCC by leveraging the intellectual property of SCCC to become a leader in information technology with the best operations to attain sustainable development.
- 4) Being the regional hub in IT Technology Services by transforming, expanding and strengthening our people and organization capabilities.
- 5) Being a technology adviser with thorough understanding of all components of information 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.

#### 3. Procurement and Production

INSEE Digital Company Limited selected the smart technologies currently available in the market for both software and hardware. All technology solutions implemented at SCCC will be the platform for the future and be able to support future Digital Technologies. All solutions implementations are developed by the Company's employees with

support from the business partners. INSEE Digital has 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

Siam City Cement Trading Company Limited, since its inception in 2017, has become a leading trading organization in its sector in the region. We trade in and deliver a comprehensive range of cementitious and fuel related products within APAC and beyond. Our key focus remains to continue to support SCCC's domestic and international subsidiaries in all its seaborne bulk raw materials, related documentations for export and import while increasing our foothold on trade with third-party suppliers and customers in the region.

### 1. Product and Service

Trading of all related products and services to meet customer requirements with the primary focus being to optimize the exports of SCCC Thailand unit. We continue to deal with all cementitious commodities, solid fuels and its shipping activities. To strengthen our position in 2019, we have widened our network of suppliers and customers and increased our third-party trade portfolio.



## 2. Marketing and Competition

Every year brings new changes and along with it challenges and opportunities, the key is to grasp and adapt quickly. While some of our peers in the region are evolving due to organizational changes, our key challenges and opportunities were driven by geopolitical issues such as the US-China trade war, escalating tensions in the Middle East, Forex related uncertainties that added to the volatility within the region and beyond. Adjustments to the business are required as we move along a path strewn with sudden changes and hence our positions were well spread out from the beginning of the year to avoid too much exposure to a certain country or factor.

## 3. Procurement and Production

Our buying and selling patterns follow regional changes of supply and demand, selecting reliable partners for supplies and customers with robust credibility is a must during times of volatility. Destinations for exports were widened and network of suppliers increased to minimize risk exposure strictly following the Trading Policy adopted by the organization. We have also increased our focus on green products such as GBFS, Fly Ash and other waste materials.

### 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

Siam City Cement (Bangladesh) Limited (INSEE Cement Bangladesh) is a subsidiary of Siam City Cement Group since the acquisition from CEMEX Cement (Bangladesh) Limited in May 2016. The Company has a grinding capacity of approximately 0.5 million tons per year.

#### 1. Product and Service

Portland Composite Cement (PCC) is SCCBD's main product, comprising about 95 percent of its annual sales. PCC cement uses Granulated Blast Furnace Slag, Limestone, and pozzolanic material such as fly ash to increase the long-term strength and reduce clinker factor to improve the carbon footprint and cost. The use of Ordinary Portland Cement (OPC), which contains high clinker percentage (approximately 95 percent), is mostly limited to government projects and infrastructure. Also, SCCBD has started to export PPC to eastern India.

#### 2. Marketing and Competition

In 2019, SCCBD reached new heights in sales volume and establishing INSEE as a premium brand. While SCCBD's optimum capacity utilization is ensured with higher sales, sales mix was also restructured to improve profitability. SCCBD continued to maintain delivery of superior quality cement in the local market which is vital for building the brand. Innovative and market-specific loyalty programs with channel partners, as well as more focused and tailor-made influencer events have reinforced INSEE as a superior cement brand.

Expansion in late 2018 and 2019 by competitors along with the entrance of a new player, Bengal Cement, increased the competition significantly. This resulted in the reduction in cement prices, squeezing already thin margin. Large cement manufacturers, who are also business conglomerates, continued to pose competitive pressure on

multinationals with their scale advantage. Thus, MNCs' market share was reduced to less than 20 percent. Among the top 10 cement market players in Bangladesh, seven are local, and three are multinationals.

Bangladesh Cement industry has a size of approx. 34 MTPA with approx. 10 percent annual growth over the last ten years. Per capita cement consumption is approximately 200 kg, which is still much lower compared to peer countries in South Asia, indicating room for growth in the coming years. The country continues to take great strides in the public infrastructure projects like Padma Bridge, Metro Rail (SCCBD's client), Elevated Express Way (SCCBD's client). The Company plans to be a part of the tremendous growth by enhancing its capacity from 0.5 to 1.3 in 2020.



#### 3. Procurement and Production

The 13-acre SCCBD plant located in Narayanganj, 34 km south of Dhaka. All raw materials, except fly ash (PFA), are sourced through Siam City Cement Trading Company Limited (SCCTR). PFA is sourced from neighboring India. Finished products are delivered to customers by road and water, at 73 percent and 27 percent, respectively. Considering the increase in clinker and other raw material prices, SCCBD has adopted robust procurement initiatives to continuously develop new strategic sources together with the expertise of SCCTR to source materials at competitive prices while maintaining the quality levels.

### 3.1 Environmental Impact from Production Process

SCCBD respects and complies with 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 carries out good community relationships through CSR activities such as free medical camps and medicines for the community and facilitating the supply of drinking water.

## 4. The jobs that have not been delivered

- None -

## Siam City Cement (Lanka) Limited

Siam City Cement (Lanka) Limited (SCCLK), Sri Lanka's premier cement manufacturer and producer of Sanstha Cement, chosen to build over a third of houses in the country, holds the largest share of the market at 33 percent. Approximately 75 percent of INSEE Cement Sri Lanka's total revenue is generated from the retail segment. In 2019, the bag segment dropped 1.3 percent YoY mainly due to weak demand because of unexpected heavy rainfall patterns, national emergency and volatile political and economic situations leading to the downturn in the cement consumption. The bulk segment dropped 8.9 percent YoY in 2019 due to the slow progress of infrastructure projects. INSEE Business-to-Business segment continued to perform better than the market with success in gaining incremental sales from customers and key accounts through enhanced product quality and services.



SCCLK's overall cement sales dropped by ~9 percent in 2019 compared to the previous year. Overall, the total Sri Lankan cement market is expected to grow only at 5 percent in 2020, while the Company expects a 10-percent volume growth. SCCLK's operating EBITDA for 2019 improved 14 percent to LKR3.5 Bn compared to 2018.

Ecocycle Business has focused on providing strategized total service solutions including non-kiln based waste management solutions and resource recovery facility activation. Ecocycle partnered with a leading multinational corporate to establish the country's first resource recovery facility to capitalize on circular economy principles.

SCCLK produces 3.5 million tons of cement per annum. The Company recently boosted its operating capacity with new grinding plant in Galle by 0.4 million tons/year, and setting up an INSEE Concrete (ready-mixed) plant in Peliyagoda. SCCLK also has a cement import terminal in Colombo with a 800,000 MT per annum capacity.

### 1. Product and Service

Our effort to minimise environmental impact through process optimization strategies and progressive technology to reduce carbon emission levels from different facets of the manufacturing operation continued to yield good results.

We continued to promote the use of Superior Blended Cement product portfolio, which responded to the changing market conditions and the need to improve sustainability and footprint of our products. We pioneered slag based blended cement variants, which was a culmination of years of research combining local expertise and global technology to engineer green cement products. This new range of blended cements is manufactured from industrial co-products and is designed to promote sustainable development and eco-friendly construction. Slag based cements are made for coastal and harsh environments, roads, foundation and rafts, and large infrastructure and reinforce the longevity and sustainability performance in construction.

## 2. Marketing and Competition

INSEE successfully lobbied to change the local standards to increase mineral components (MIC) by additional 5 percent in our blended cement resulting in a clinker factor reduction.

In the cement industry, SCCLK and Tokyo Cement Ltd continued to hold about 65 percent market share, while Ultratech, Singha Cement (Penna Cement India) and bag importers sharing the remaining 35 percent resulting in a very competitive environment. Furthermore, low-price, low-quality imported bag products have eaten into the premium segment. SCCLK therefore aims to increase market share from current 33 percent to around 36 percent in 2020.

### Penetration into Ready-Mixed Business

Penetration into specialized concrete through our ready-mixed business by providing thermal control concrete mainly for piling and pylons and aggressive canvassing of projects lying in the serviceable perimeter of the plant helped the new plant to achieve ready-mixed YTD Volume of 46,000 M<sup>3</sup>.

## 3. Procurement and Production

Supply chain and logistics continued to focus on lean and agile supply chain practices. The Company established three more Express Logistics Centers (ELC) in Kadawatha, Piliyandala and Nuwara Eliya, connecting the central hub and highway network in the Western Province. Through ELC's, the focus was to take our cement products closer to the end market and reduce the lead cycle time to enable distributors and dealers to improve redistribution.

The fleet was upgraded with more efficient vehicles, while route monitoring software was introduced to ensure efficiency optimization. Further improvements were made to strengthen the ship to-ship operation used to transfer clinker from Trincomalee to Ruhunu Cement Plant to reduce the need for road transport.

As part of this effort, the Galle outer anchorage was commissioned and operated through ship-to-barge operation. It is expected that a combination of these efforts would lead to a significant reduction in SCCLK's overall cost and scope 2 emission levels in future, while reducing road accidents.

### 3.1 Environmental Impact from Production Process

Given the nature of SCCLK's business and its reliance on natural resources, climate change is likely to have a significant impact on our operations, customers and supply chain, in turn affecting our ability to execute the strategy and ultimately the profitability of our business. Currently SCCLK and INSEE Group (parent company and subsidiaries) are working on a carbon reduction target and protocol that would minimise environmental impact.

INSEE Cement's business operations are invariably reliant on natural resources. Hence, climate change is believed to have a significant impact which would in turn affect overall performance and profitability. Effective measures are put in place by having a professional environment team designated to each manufacturing location, to report and monitor performance against key environmental metrics. Also, additional approval is obtained from authorities such as Marine Environment Protection Authority (MEPA), National Building Research Organization (NBRO) to name a few, prior to the process of every INSEE Cement plant.

## 4. The jobs that have not been delivered

- None -

## Siam City Cement (Vietnam) Limited

Since its establishment in 1994, INSEE Vietnam has become one of the leading cement producers and waste management companies in southern Vietnam. We are proud that our products are used in so many iconic buildings and infrastructure projects, as well as countless housing and commercial developments, across southern Vietnam, contributing to the economy, environment and society development.

The Company has more than 1,100 employees working at five different cement production sites with total grinding capacity of 6.1 million tons, meeting almost 9 percent total demand of the Vietnamese market estimated at 70 million tons per year.

### 1. Product and Service

#### Traditional products & services

##### INSEE Cement

We provide a wide range of application based cement products including cement for individual housing, industrial and infrastructure applications. High-quality products and dedicated customer service have given our customers confidence that they have chosen the right partner. For the industrial market, we offer special cementitious solutions such as precast, concrete applications or for specific infrastructure with unique requirements.

In 2019, we expanded geographically in bag segment to several markets in the Southeastern region. As part of our strategy to develop greener product, we introduced Lavilla Xtra by introducing the first Composite Cement (CC40).

##### INSEE Ecocycle

We have been providing for more than 15 years a “peace of mind” solution to our customers who want to have their industrial waste properly handled and respectful to the environment : With our Co-processing solution, waste materials are completely destroyed leaving zero residue and helping in reducing CO<sub>2</sub> emission.

##### Drymix

Drymix was successfully introduced to Vietnam market in 2018. To deliver full package of cementitious finishing products to customers, Drymix Vietnam launched three products in 2019: INSEE Wall Speed and INSEE TileFix Plus in March and INSEE TileGrout NANO in June. New TileGrout product development is also in progress to diversify product portfolio. Drymix market is expanding beyond nine key cities in the East, Mekong, southern Vietnam and HCMC.

### 2. Marketing and Competition

Vietnam’s cement market experienced only a moderate growth of 1 percent in 2019 versus the previous year. This was mainly due to the temporary construction license issuance freeze in HCMC which represented more than 30 percent of the cement consumption. Other markets in southern Vietnam still showed robust growth of 3-4 percent. Vietnam construction industry is driven by large and growing population, strong urbanization trend and significant Foreign direct investment driving demand for industrial zones and infrastructure.

Meanwhile, the general public is increasingly favoring environmentally friendly and durable construction materials since Vietnam is exposed to negative impact from climate change.



### 3. Procurement and Production

#### Smart Procurement

In 2019, the Procurement Team had a new organizational structure devoted to Category Management and Procurement Excellence to ensure that there is a strong alignment in strategies (1-5 years) for all spending on materials and services, and that that value is optimized, while costs are continually challenged.

#### Green Manufacturing

Our approach to Green Manufacturing focuses on minimizing negative environmental impacts and strengthening positive impacts while also improving performance. INSEE Vietnam has always taken environment into account when designing our operating procedures and making the processes environmental friendly. We have invested on Bag filters to reduce dust emissions to approximately 14.5mg/Nm<sup>3</sup>, well below the limit required by Vietnamese law of 100mg/Nm<sup>3</sup>; Vertical Roller Mill (VRM) to reduce energy consumption by about 20 percent; Waste-heat recovery power plant generates 25 percent of the plant's electricity demands, indirectly eliminating approximately 25,000 tons of CO<sub>2</sub> per year; co-processing more than 1.2 million tons of waste that otherwise would have been landfilled.

### 3.1 Environmental Impact from Production Process

Environmental performance is firmly anchored along the entire value chain, from production to end-users to mitigate any environmental impact. With a continuous online environment monitoring system and regular baseline testing from 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 blended cement that have been awarded with green labels.

### 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) Thailand, 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, CMIC's Touk Meas Plant produces four types of cement: OPC with "Camel Orange" & INSEE Diamond, masonry cement with "Camel Green" and blended cement with "Camel Strong" - our newly launched product. CMIC is focused on providing innovative product portfolio to answer customer needs and enable our CO<sub>2</sub> reduction ambitions.



An advanced quality management system with the latest analytic equipment ensures top-quality products and services for both the retail and industrial market segments, all manufactured from carefully selected local raw materials. CAMEL Orange, Green and Strong cement brands are for the retail market while “INSEE Diamond” is for the technical and industrial markets. They account for 65 percent and 35 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 the 7-percent CAGR of GDP 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 strong. Along with a robust annual population growth of approximately 1.5 percent per year, 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 6.6 million tons of cement per year, accounting for an estimated 65 to 70 percent of the local cement demand. End of 2019, a new local cement player called “Thai Boon Roong” will be adding another ~1.3 million tons of cement per year.

Currently, CMIC holds approximately 24-25 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 Touk Meas Plant, with an annual production capacity of ~1.7 million tons of cement, so far, the plant has been able to supply up to 80 percent of the sales demand of the Company while the rest was imported from other SCCCTH cement plants in the region.

### 3.1 Environmental Impact from Production Process

CMIC was able to generate over 33 percent of its electricity needs from renewable source located at the plant site. This comes from both solar panels and waste heat recovery systems. The solar panels are comprise one of the country’s largest installations producing 10MWp in first quarter of 2019.

CMIC established waste management arm called Chip Mong Ecocycle which is now providing waste disposal services to Cambodian industrial segment as a first sustainable waste management solution for the country. This waste management facility was to be fully operational by end of 2019.

CMIC CSR programs are underway with positive impact and excellent relationship with relevant stakeholders, especially the communities around the new plant.

## 4. The jobs that have not been delivered

- None -

# Milestone Changes in Business Operations

In 2019, Siam City Cement Public Company Limited pursued her strategic plans to cope with the business challenges and to capture new opportunities, with the aim to improve operational performance; enhance customers' and trade partners' confidence and satisfactions; and to develop people and organization, and to embrace new technology.

The Group Executive Committee was established in March 2019 to execute strategies and operational plans to achieve growth at a regional level and to sustainably promote unidirectional business development to achieve three areas of business excellence in Thailand and overseas:

**1. Operational Excellence** : Deploying new technologies and embracing regional cooperation to increase efficiency in the manufacturing and procurement such as energy & product quality development, machine reliability improvement, CAPEX management, as well as volume pooling procurement. A guideline drawn up to gain maximum efficiency in production cost and highest capacity utilization which will assure our regional leadership in cement business.

**2. Commercial Excellence** : Exploiting new channels and new market penetration are emphasized. Strategies are adjusted to focus on agility to meet varying customer needs.

**3. People Excellence** : Organization restructuring, realignment and employee capability building are emphasized to assure excellence in all areas, business growth, retaining talent and attracting new-hires.

The Company also aim to achieve excellence in Financial, Occupational Health and Safety and Good Governance. These are achieved through the cooperation within Siam City Cement Group as well as with other stakeholders.



# Major Development and Initiatives in 2019

## COMPANIES IN THAILAND

### Siam City Cement Public Company Limited

#### Marketing and Sales

- **Cement Product**

SCCC is focused on developing innovative products with commitment to Green Heart Campaign and to society creating value to enhance the Company's competitiveness in the global market. SCCC unveiled new "INSEE Petch Plus" superior Portland Cement for small precast, site mix and structural work. Aside from exciting new applications and possibilities, the INSEE Petch Plus bags feature plastic lining to protect the product against moisture, while ensuring freshness and longer shelf life - an innovative product that helps reduce carbon dioxide emission. Also introduced was the "INSEE Precast Franchise", a new business model that helps address the customers' pain points of total cost reduction, minimizing construction time and enhancing quality control with a flexible standard model to capture the residential segment of the market.



- **Ready-mixed Concrete Product/Solution**

"INSEE Slip Form Concrete Pavement" was developed as being suitable for machine leveling for road construction. This new solution helps reduce total cost, time and manpower while improving quality of roads. Also introduced were two main applications:

Industrial flooring and high-rise buildings. For industrial floor application, steel fiber-reinforced concrete was developed in collaboration with business and academic partners in place of conventional steel-reinforced concrete. For high rise applications, high-performance concrete and light-weight concrete were developed with international partners to reduce structure and weight.

- **INSEE Mortar Product/Solution**

INSEE Mortar introduced Tile Grout Guard and Tile Grout Guard Nano for residential projects. These products offer extra durability, chemical resistance and high workability. Also introduced were Tile Fix Plus Flex and Tile Fix Pro Flex adhesives, all with TIS Standard. Moreover, INSEE Mortar also introduced chemical-based product "Flex Proof" with 2K flexible waterproof for industrial and infrastructure projects.

#### Saraburi Operations

- **INSEE POWER team 2019 Wave 9**

The focus was to improve work efficiency and cost saving by creating 225 projects from Shop floor level employees through INSEE Power Team Wave 9, it has been 100-percent completed, with the equivalent of 20 Million Baht in cost saving for the Company in 2019.

- **PV Solar Project**

The PV Solar Project was to reduce electricity cost in cement production. A survey showed viability for installation and production of electricity at 10 buildings within the Saraburi factory area. Also implemented was electricity trading with investor Symbior PMR.

- **SRB Innovation Awards 2019**

A project with the aim to reinvent and innovate so as to adjust and develop the capability of the various functions at Saraburi Operations and to update and develop the approach to create new businesses for the Siam City Cement Group by allowing Saraburi Operations employees at all levels to submit their projects to be considered in the contest. In 2019, a total of 120 projects were submitted with the number of participants 63.2 percent higher than in the previous year.

- **OHS Digital Tracking and Control**

Implemented was face-scan ID for access to areas within Saraburi Operations. The Safety and Occupational Health Department have recorded face scans with cooperation by employees and contractors in the factory areas 1, 2, and 3, Mining Department, Packaging Department and others. Over 99 percent have been recorded.

- **KAIZEN**

KAIZEN or Continuous Improvement was introduced to improve efficiency of transportation and production processes with the focus on the use of available resources to reduce production costs. KAIZEN was introduced to Coal Inbound Logistics and will expand throughout the supply chain driven by the INSEE Power Team in 2020.

## People and Organizational Performance

- **New Performance Management System Dialogue+** is a tool to effectively facilitate performance conversation and progress review between managers and employees with the aims to create healthy two-ways communication, promote transparency and fairness, increase employees' engagement, support employees' development, enhance performance and enable high performing organization.
- **New Talent Review and Succession Management** is a process to identify, assess, and develop high-performance and high-potential INSEE people to fill "Value Driver Positions" within the organization and to increase the availability of experienced and

capable employees fully prepared to assume these roles as they become available.

- **Leadership Development Program**

Leadership Development Programs for MML and FML were redesigned to align with the current business trends by world-class leadership institutions equipped with modern technology for learning. The objective is to prepare INSEE leaders and to enhance networking and collaboration among SCCC emerging leaders.



- **INSEE Intermediate Coaching Program** is a new initiative aiming to top-up the coaching skill to contribute and drive business performance through people to create result at the individual, team and organizational level. This is part of recognition program for OPI Coach and to create the role model inside SCCC as part of SCCC coaching culture.

- **Knowledge Management**

In the continuing implementation of Knowledge Management culture, SCCC provides system for exchanging and storing critical knowledges and social collaboration for mutual interest within organization for eventual utilization. The new initiatives are to enhance and integrate Knowledge Management into HR process, such as for "SCCC Retirement Process" and "Knowledge Sharing" in digital/multimedia format.

- **Workplace by Facebook**

The communication and collaboration digital platform that connects all employees across regional offices and locations. This will enhance communication, collaboration and connection across desktop and mobile, using familiar features such as groups, chat and video calls.

- **Digitalized Employee Self-Service**

This initiative targets shop-floor employees, using enhanced, consolidated and automated solution to allow them and their managers to perform HR requests i.e. time-off request, e-payslip, time attendance and document management by themselves in order to create better employee experience.

## Logistics

- **Smart Silo Internet of Thing (IoT)**

Implemented the initial wave of smart measuring device through Internet connecting smart devices and providing accurate real-time inventory movement data inside silos to customers. This helps customers to reduce stock checking and order planning, as the data will be analyzed to proactively replenish and ensure continuous product availability.

- **Regional Logistics Excellence**

Successfully continued to deploy planning, operational and technological best practices, and processes to the regional SCCC Group. Standardized and tailored-made courses were offered to reinforce staff's capability to encourage continuous development and achieve operational excellence.

- **Business Partnership as a Logistics Service Provider**

Continuously earned logistics business opportunity by leveraging logistics competitive advantage and expanded partnership to more industries, ranging from agriculture, mining, fertilizer, construction materials, and others, which helped to strengthen utilization of logistics resources to achieve optimal transportation cost.

- **Lean Synergy Process Management**

Commenced pilot phase of implement lean process as the operational standard and organizational behavior. Initiated by synergizing end-to-end process of raw material delivery to cement plant to reduce wastes and increase efficiency, and to obtain cost reduction and enhance product quality.

- **Logistics Digital Transformation**

Introducing Robotic Process Automation (RPA) into routine day-to-day logistics operations and activities throughout order-to-delivery process to improve productivity and to reduce inaccuracy and reduce resources. Inaugurated Integrated Logistics Mobile Application to improve delivery confirmation and traceability. Big data is captured through these tools for further analysis to smooth access of business requirements and market demands.



## Globe Cement Company Limited

- After a successful transition to produce White Cement instead of Gray Cement, the Company expanded its sales channels and product portfolio in the building materials and construction industries, adding Ground Calcium Carbonate and INSEE PowerFill products, while utilizing existing assets and resources to generate additional EBITDA.

## Siam City Concrete Company Limited

### INSEE Concrete

- **Concrete Plant Network Expansion**

Siam City Concrete continued with its long-term strategy to improve plant utilization and rationalize its national network coverage. Key to achieving this goal was to continue expansion of the regional franchise business and supplementing production capacity in the metropolitan areas using flexible and relocatable mobile RMX batch plants to service major projects.

- **Technology and Innovation**

INSEE Concrete further developed new technologies to enhance the customer experience. Order placement options introduced for LINE (@INSECONCRETE), thus streamlining the process for customers. Further enhancements including RMX truck tracking, provides customers with convenient and real-time delivery status.



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## INSEE Aggregates

- **Product Development**

INSEE Aggregates further leverage the efficient use of natural sand reserves with the expanded use of RMX Sand, which is a blend of naturally occurring alluvial sand and quarry crushed rock fines (CRF's). By improving the shape and gradation of CRF's, the additional percentages provide extended life of the natural reserves, thus limiting environmental impact.

## Conwood Company Limited

- **New Product Development:**

- CONWOOD Deck T-Lock 4” 3in1 Color Layer
- CONWOOD Decorative Panel S-Series
- CONWOOD Eave 2in1 Nano Primer

- **Marketing Channel Development** by cooperating with modern trades to develop and participate in each online channel and online selling platform.



## INSEE Ecocycle Company Limited

- **Safety Leadership in Environmental Solutions**

Expanded industrial cleaning service portfolio by introducing “no-man entry” robotic cleaning solution that offers best-in-class safety while speeding up the entire cleaning process.

- **Continue to Contribute to a Circular Economy**

Supported industrial sector to handle waste sustainably and played a key role in the circular economy ecosystem by turning waste into alternative fuel and raw material to replace fossil fuels in cement kilns. Through Municipal Solid Waste and Refuse-derived Fuel project, we demonstrated possibility to remove plastics from landfills and dumpsites and obtain RDF. We were awarded by The Green Organisation, U.K. and the British Chamber of Commerce Thailand in



recognition of our effort to help reduce marine plastic pollution. We continued to expand our sustainability networks that contributed to global issues on plastic waste through Ocean Plastic Turned into an Opportunity in Circular Economy (OPTOCE) task force to step up waste management and energy recovery efforts with our partner SINTEF.

## INSEE Digital Company Limited

- **Improving the Core System**

INSEE Digital conducted the SAP SPS upgrade to enhance the core SAP system, which is considered the digital backbone of Siam City Cement Group. The upgrade resulted in ready access to more functionality and features with increased system reliability.

- **Performance Management System**

At SCCC, employees are our most valuable resources. Siam City Cement Group is now adopting the best-in-class performance management framework and practices. The new system was implemented to support the new framework and will be launched at the beginning of 2020. This new system will enhance ability to align the objective setting across the Company and its subsidiaries, moreover, it will simplify and standardize performance management process in all countries.

- **IFRS 16 Accounting Standard**

Compliance of accounting standard is one of the top priorities of Siam City Cement Group, INSEE Digital has implemented a solution to support the new standard of IFRS 16 which will be ready for financial report in 2020. This will allow Siam City Cement Group to be compliant with the statutory requirements.

- **Project Optimus**

As the competition of cement market becomes more challenging than ever, the Project Optimus was initiated to increase our ability to offer the right pricing at the right time. It will ensure Siam City Cement Group enhance its competitive position in the market. INSEE Digital has developed the model using data from multiple sources in the repository to generate pricing simulation and a simple decision matrix to add decision making in near real time. We had also integrated the pricing model with the pricing process with real-time visibility so that we can propose the optimal price to our customers at the right time.

## REGIONAL COMPANIES

### Siam City Cement (Bangladesh) Limited

- **Challenges from recent changes to income tax law**

Bangladesh government changed its fiscal policy for cement and steel manufactures by making the Advance Income Tax (AIT) paid at 5 percent of the raw material cost as the “minimum corporate tax” irrespective of the actual corporate tax liability. Due to the significant increase in raw material prices and depreciation of BDT against USD, the landed cost of all raw materials surged, while fierce competition in the market prevented small players to pass on the additional cost through price increases, thus, profitability dropped. In contrast, AIT payments at import based on raw material cost increased thus thereby increase of corporate tax expenses (due to AIT being the “minimum tax”) resulting in negative net income.

Siam City Cement (Bangladesh) Limited (SCCBD) has taken measures to minimize the impact of this change such as reduction of B2B sales, continuous reduction of raw materials prices with strategic sourcing initiatives, and exploring legal options to minimize the AIT impact.

- **Achieving Logistics Excellence**

SCCBD has initiated multimodal logistics services to facilitate delivery through barge and truck arrangements. Five finished warehouses were started to better utilize production and cement silo capacities and to ensure faster delivery based on customer inquiries. Plans were devised to explore options to enhance logistics efficiency through centralized third-party finished good warehouse and quick turnaround. KPIs were set, monitored and benchmarked against key competitors to achieve competitive advantages.

- **Operational Efficiency**

SCCBD has achieved an OEE of ~94 percent to cater to increased demand despite two sudden breakdowns of cement mill in June and July 2019. Electrical energy consumption (SEEC) was reduced to 43 kWh/t from 45 kWh/t from process optimization. The clinker factor was almost on par with 2018 of around 62 percent with total cost of ownership - based mix without compromise on quality. There was a reduction of per-unit power cost by reducing dependence on grid electricity through equipment monitoring and preventive maintenance.

- **Employee and Customer Engagement**



The Human Resources Department has increased employee engagement by arranging various events enabling employees to interact, including the implementation of INSEE Workplace. This resulted in improved cooperation and coordination among functions, leading to overall performance-based culture.

SCCBD Executive Committee invited a top-10 distributor to join a monthly EXCO meeting as a chairperson during the sale secession, allowing us to get better engagement and the distributor felt they are part of INSEE family, creating a powerful “sense of belonging.”

## Siam City Cement (Lanka) Limited

- **Puttalam Cement Plant Celebrates Fifty Years**

Puttalam Cement Plant celebrated its 50<sup>th</sup> anniversary in 2019. The Puttalam plant has proved to be a vital strategic investment enhancing INSEE Cement’s role as Sri Lanka’s only fully integrated manufacturer of cement. A grand celebration was held at the plant that impacted over 10,000 stakeholders both directly and indirectly, in and around the Puttalam area.

- **INSEE Ecocycle Lanka extends waste management services to BOI Zone Industries till 2035**

INSEE Ecocycle Lanka extended its waste management service to BOI zones /industries until 2035. Signing the extension agreement with the BOI chairman were Chairman/CEO of Siam City Cement (Lanka) Limited Mr. Nandana Ekanayake and Director of INSEE Ecocycle Lanka (Private) Limited Mr. Sanjeewa Chulakumara.

- **The Opening of INSEE’s i2i (innovation 2 industry) Collaboration Space**

Equipped with state-of-the-art research facilities and headed by a team of experts, the i2i is the unique space for innovation and is one-of-a-kind in



the country, providing a common platform for industry experts and stakeholders to work together to raise industry standards through the development of cement and aggregates. The Company also revisited the internal quality frameworks and introduced several quality dashboards to further expand quality benchmarks over and above the ISO 9001 Quality Management Standards guidelines.

## Siam City Cement (Vietnam) Limited

- **Hon Chong Cement Plant Kiln upgrade**

In March and April 2019, Hon Chong Cement Plant (HONC) has implemented kiln upgrade after 2-year continuous operation. The kiln shut down (KSD) lasted 33 days. During KSD, all employees, staff and contractors worked around 370,000 hours without any safety incident - a great achievement given the complexity of the work. Since start up, the kiln has been able to consistently operate at required capacity.

- **Bulk barge improves logistics capability**

In October 2019, INSEE Vietnam officially put the first two barges of the five dedicated fleets into operation to replace pneumatic vessel by using the new innovative bulk barge system which allows the Company to use the Mekong waterways system reducing our internal logistics costs as well as attaining more flexibility in logistics activities. The transportation route is reduced by half.

- **Large Infrastructure Conference 2019: Re-thinking Construction**

INSEE Vietnam was proud to organize the Second Large Infrastructure Project Conference 2019 in November in Ho Chi Minh City with the ambition to create a platform where Government Authorities, Developers, Architects and construction leaders, experts can exchange on sustainable construction under our Company's purpose "build for Life". The conference's theme this year was "Rethinking Construction" that introduced new method and technologies in the industry such as 3D printing or BIM-digital twin as well as their best application practices. The conference ended with the establishment of a unique and exciting melting point for more than 300 participants.



## Report of the Nomination and Compensation Committee

The Nomination and Compensation Committee is composed of Mr. Paul Heinz Hugentobler as Chairman and four additional Board members which are Mr. Vanchai Tosomboon, Ms. Nopporn Tirawattanagool, Dr.h.c Harald Link and Mr. Benjamin Herrenden Birks, as a successor of Mr. David Alexander Newbigging, who retired from the Board of Directors on 30 September 2019.

In 2019, the Nomination and Compensation Committee has continued its duties and responsibilities according to the Committee Charter with a total of eight meetings conducted. In addition to the supervision of the implementation of nomination and compensation policies aiming at creating superior value for our shareholders, and for the delivery of the SCCC and its Group companies' strategic objectives, the Committee particularly focused on shaping the organization to sustain the Company's competitive edge in the domestic and international markets.

Effective 1 March 2019, the Group Executive Committee was established to formally take over the executive management and leadership roles and tasks in our Group. Accordingly, to strengthen the Group's management structure, the Nomination and Compensation Committee focused on selecting and placing leaders in key executive positions at both the Group, and the country level,

which included the Group Chief Executive Officer, members of the Group Executive Committee, Group Chief Financial Officer, Group Strategy, Transformation and Performance Officer, Chief Executive Officer (Light Building Materials), Chief Executive Officer (Siam City Cement (Bangladesh) Limited), Chief Executive Officer of Chip Mong INSEE Cement Corporation, Head of Chinese Business Segment, as well as the appointment of a member of the Board of Directors of Siam City Cement Plc., Mr. Benjamin Herrenden Birks as the successor of Mr. David Alexander Newbigging.

The Nomination and Compensation Committee is committed to ensuring the building of an effective organization driven by an entrepreneurial culture through the selection of passionate leaders; to drive our Company's performance in today's highly competitive environment, who will be leading our Group into the future.



**Paul Heinz Hugentobler**  
Chairman of the Nomination  
and Compensation Committee

# Management Structure

## 1. Board of Directors

### Structure of the Board of Directors

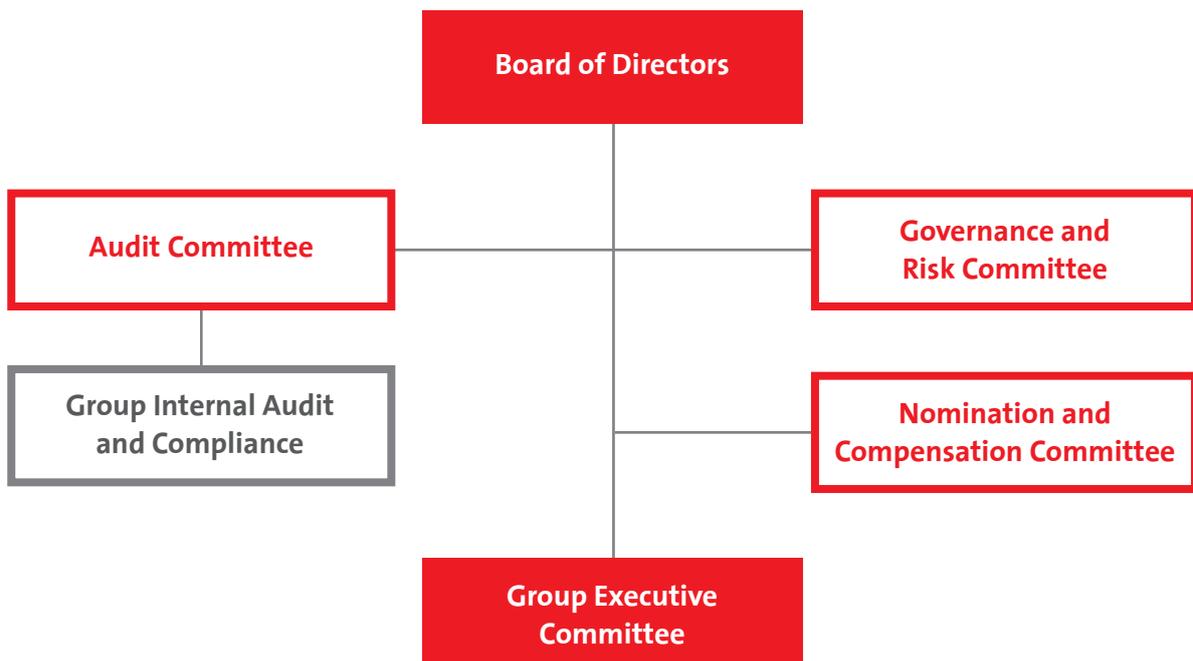
As of 31 December 2019, the Management structure of Siam City Cement Public Company Limited (“SCCC”) consists of the Board of Directors and 3 Committees, appointed by the Board of Directors. Said 3 Committees are the Audit Committee, the Governance and Risk Committee, and the Nomination and Compensation Committee.

In accordance with Clause 11 of the Articles of Association, number of members of the Board of Directors must not be less than 5 and not more than 13 persons.

As of 31 December 2019, the Company’s Board of Directors consists of 12 members, including:

- 10 non-executive directors;
- 4 directors being independent directors representing 33 percent of the Board of Directors;
- 3 independent directors being members of the Audit Committee;
- 4 directors being members of the Governance and Risk Committee; and
- 5 directors being members of the Nomination and Compensation Committee;
- 2 executive directors, i.e. the Group CEO and CEO SCCCTH
- Names and number of the directors who are authorized to sign and bind the Company are Mr. Paul Heinz Hugentobler, Mr. Vanchai Tosomboon, Mr. Aidan John Lynam and Mr. Siva Mahasandana, provided that, two of them jointly sign with the Company’s seal affixed to bind the Company.

### Management Structure



## Board of Directors

### Non-executive Directors

1. Mr. Paul Heinz Hugentobler Chairman
2. Mr. Vanchai Tosomboon Director
3. Ms. Nopporn Tirawattanagool Director
4. Mr. Pongpinit Tejagupta Director
5. Mr. Benjamin Herrenden Birks Director
6. Mr. Stephen Patrick Gore Director
7. Dr.h.c. Harald Link Independent Director
8. Dr. Sunee Sornchaitanasuk Independent Director
9. Mr. Pradap Pibulsonggram Independent Director
10. Mr. Charin Satchayan Independent Director

### Executive Directors

11. Mr. Aidan John Lynam Director & Group CEO
12. Mr. Siva Mahasandana Director & CEO-SCCCTH  
(Company Secretary is Ms. Phatchada Muenthong)

## Board Committees

### Audit Committee (AC)

1. Dr. Sunee Sornchaitanasuk Chairperson
2. Mr. Pradap Pibulsonggram Member
3. Mr. Charin Satchayan Member  
(Secretary of AC is Ms. Chadaporn Thitisawat, Head of Internal Audit)

### Governance and Risk Committee (GRC)

1. Mr. Pongpinit Tejagupta Chairman
2. Mr. Stephen Patrick Gore Member
3. Ms. Nopporn Tirawattanagool Member
4. Mr. Vanchai Tosomboon Member  
(Secretary of GRC is Mr. Prasert Kasikigskulpol, Operational Compliance & Group OH&S Senior Department Manager)

### Nomination and Compensation Committee (NCC)

1. Mr. Paul Heinz Hugentobler Chairman
2. Dr.h.c. Harald Link Member
3. Ms. Nopporn Tirawattanagool Member
4. Mr. Vanchai Tosomboon Member
5. Mr. Benjamin Herrenden Birks Member  
(Secretary of NCC is Ms. Anuttara Panpothong, Group HR and Talents)

Total attendances of Board Meetings and Committee Meetings in 2019

Director/Executive Officers	Total Attendances/Total Meetings			
	Board Meeting	Audit Committee Meeting	Governance and Risk Committee	Nomination and Compensation Committee
<b>Non-Executive Directors</b>				
Mr. Paul Heinz Hugentobler	7/7	-	-	8/8
Mr. Vanchai Tosomboon	7/7	-	4/4	8/8
Ms. Nopporn Tirawattanagool	7/7	-	4/4	6/8
Mr. Pongpinit Tejagupta	7/7	-	4/4	-
Mr. Benjamin Herrenden Birks <sup>*/1</sup>	2/2	-	-	2/8
Mr. Stephen Patrick Gore <sup>*/2</sup>	5/5	-	3/4	-
Dr.h.c. Harald Link	3/7	-	-	3/8
Dr. Sunee Sornchaitanasuk	7/7	11/11	-	-
Mr. Pradap Pibulsonggram	7/7	11/11	-	-
Mr. Charin Satchayan	7/7	11/11	-	-
<b>Executive Directors</b>				
Mr. Aidan John Lynam <sup>*/3</sup>	6/6	-	-	-
Mr. Siva Mahasandana	7/7	-	-	-

\* Tenure of directorship is less than one full year

#### Remarks

1. Mr. Benjamin Herrenden Birks was appointed as director and as a member of Nomination and Compensation replace Mr. David Alexander Newbigging effective date on 1 October 2019 onwards
2. Mr. Stephen Patrick Gore was appointed as director and as a member of Governance and Risk Committee replace Mr. Teng Wei Ann Adrian effective date on 1 April 2019 onwards.
3. Mr. Aidan John Lynam was appointed as new director effective date on 26 March 2019.

## 2. Executive Committee

As of 31 December 2019, there have been 5 members Executives who are members of the Group Executive Committee, as follows:

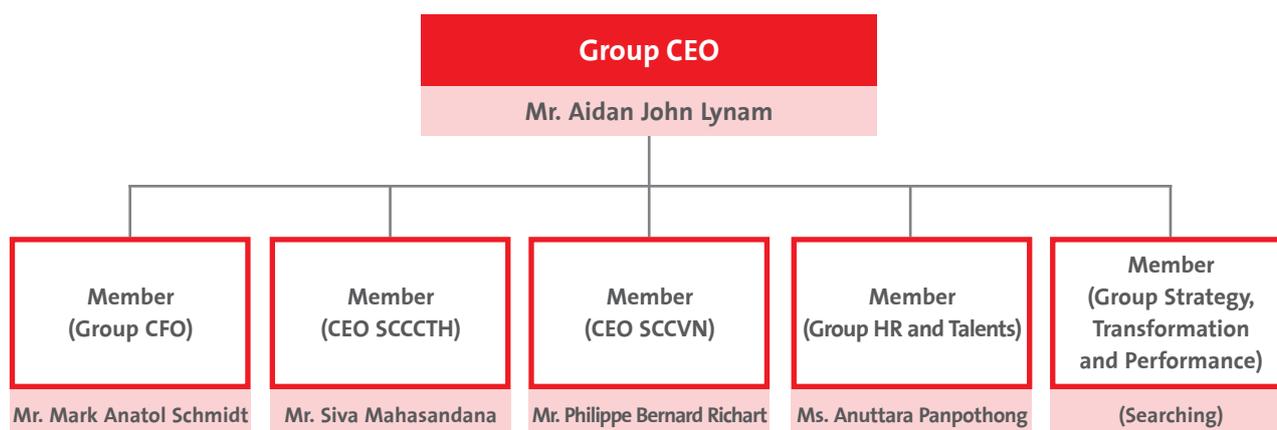
### The Group Executive Committee consists of:

1. Mr. Aidan John Lynam                      Group Chief Executive Officer (or Group CEO)

#### Members

2. Mr. Mark Anatol Schmidt                      Group Chief Financial Officer (or Group CFO)
3. Mr. Siva Mahasandana                      CEO of Siam City Cement Public Company Limited (or CEO SCCCTH)
4. Mr. Philippe Bernard Richart                      CEO of Siam City Cement (Vietnam) Limited (or CEO SCCVN)
5. Ms. Anuttara Panpothong                      Group HR and Talents

## Group Executive Committee Structure



Remark: On 1 February 2020, the Company appointed Mr. Benjamin William Pinney as an additional member of the Group Executive Committee. Please see details in the Attachment 1 of the Form 56-1

### 3. Company Secretary and Person Supervising Accounting

The Board of Directors' Meeting appointed Ms. Phatchada Muenthong to serve as the Company Secretary. Ms. Phatchada Muenthong will perform the duties defined under the Securities and Exchange Act (No. 4) B. E. 2551 with responsibility, deliberation and integrity, and in compliance with the laws and regulations, the Company's objectives, Articles of Associations, Resolutions of the Board of Directors' Meeting and the Resolutions of Shareholders' Meeting.

In addition, the Company Secretary is also duty bound to provide legal advices of related rules and good practices to the Board, in monitoring its controls over the carrying out of activities to be in accordance with the laws. Furthermore, the Company Secretary arrange the Board of Directors' Meeting and the Shareholders' Meeting; coordinates with other departments within the Company to ensure the compliance together with the resolutions of the Board of Directors and the Shareholders; coordinates with the regulatory agencies such as the Securities and Exchange Commission and the Stock Exchange of Thailand; monitor controls over the disclosure and reporting of information to the regulatory agencies and the public, properly and fully in accordance with the law. The Company Secretary conducts the new directors' orientations and perform other duties as assigned by the Board of Directors.

#### Detail of the Company Secretary:

**Name:** Ms. Phatchada Muenthong **Age:** 53 years old

**Position:** Company Secretary **Appointed since:** 24 July 2018

**Company's Share-holding Ratio (%):** 0.000013

**Relationship Among Executives:** Nil

#### Education:

- Master of Laws, Chulalongkorn University
- Master of Laws, University of Michigan, U.S.A
- Bachelor of Laws, Chulalongkorn University (2<sup>nd</sup> Class Honors)

#### Work Experience:

Listed Company

2018 - Present Company Secretary, Siam City Cement Public Company Limited (Cement Producer)

2016 - 2017 First Senior Vice President, Siam Commercial Bank (Bank)

Other Company

2017- Present Partner, Able & Primpton Company Limited (Legal consulting provider)

2017 - Present Partner, Company Secretary Company Limited (Company Secretary consulting provider)

2012 - 2016 GRC Director, Big C supercenter Public Company Limited (Retail)

#### Training Experience:

Thai Institute of Directors (IOD):

- Director Accreditation Program Big C, 2015
- Anti-Corruption: The Practical Guide, 2012

Chulalongkorn University:

- Law and practice for company secretary

Holcim:

- Management Seminar September 2007, Zurich, Switzerland

Others

- SEC Capital Market Symposium 2019

- Capital Market Enhancement Project for Good Governance Honor on a an Auspicious Occasion Coronation Ceremony

The Company has appointed Mr. Kasem Makrailert to act as the Person Supervising Accounting since he has qualifications as required by SEC. This person must perform the duty in managing accounting and financial information, reporting the financial statement and ensuring the adequate internal control and auditing, communicating important financial information to related organizations, and performing other related duties assigned by CFO.

#### **Detail of the Person Supervising Accounting**

**Name:** Mr. Kasem Makrailert **Age:** 46 years old

**Position:** Head of Group Accounting,  
IR and Shared Services

**Appointed since:** 1 July 2018

**Company's Share-holding Ratio (%):** 0.000382

**Relationship Among Executives:** Nil

#### **Education:**

- Master of Science in Finance (International Program), Chulalongkorn University
- Bachelor of Business Administration in Accounting, Assumption University

#### **Work Experience:**

Listed Company

- 2018 - Present Head of Group Accounting, IR and Shared Services, Siam City Cement Public Company Limited (Cement Producer)
- 2013 - 2013 Corporate Finance Department Manager, Siam City Cement Public Company Limited (Cement Producer)
- 2011 - 2012 Business Analysis and Process Improvement Department Manager, Siam City Cement Public Company Limited (Cement Producer)

Other Company

- 2013 - 2017 Chief Financial Officer, Italthai Engineering Co., Ltd. (Engineering)
- 2013 - 2017 Managing Director, Italthai Engineering Myanmar Co., Ltd. (Engineering)
- 2010 - 2011 Commercial Finance Manager, Diageo Moet Hennessy (Thailand) Co., Ltd. (Importer and distributor of premium wines and spirits)

#### **Training Experience:**

Thai Institute of Directors (IOD):  
Director Certificate Program Class 228 (DCP), 2016

## **4. Remuneration of the Board of Directors and the Executives**

The criterion for determining the remuneration of the Board of Directors of the Company and the subcommittees, the Nomination and Compensation Committee ("NCC") will take into account various factors, including, among others, the Company's business and performance, the market and industry norms, the current economic situation and the duties and responsibilities of the Board of Directors and the subcommittees which is suitable and sufficient to encourage predispose the Board of Directors in leading the Company to achieve both short-term and long-term goals and based on an industrial standard comparison. The NCC will consider the remuneration of directors and propose to the Board of Directors' and shareholders' meetings for consideration and approval on an annual basis.

The payments of remunerations to Board members are made in accordance with the new Principle of Company Board of Directors Remuneration Payment approved at the Annual General Meeting of Shareholders No. 26 on 26 March 2019 as follows;

"Remunerations of Directors consist of director fees payable on a monthly basis and bonuses. Payments of remuneration of directors should be made in accordance with the following principle from the day the resolution was passed by a vote of the shareholders onwards and until the shareholders' Meeting determined otherwise."

**Director's Fees:** The Board members should receive director fees on monthly basis, at the aggregated amount of not more than the annual budget of Baht 30 million. The Board of Directors should allocate accordingly.

**Director's Bonuses:** The Board of Director members should receive the annual bonuses in the aggregated amount not exceeding Baht 7 million. The Board of Directors should allocate accordingly.

The provisions of the foregoing paragraphs shall not affect the right of any officers or employees of the Company who were elected as directors to receive their remunerations and benefits as officers or employees of the Company."

The aforementioned Directors' fees consisted of:

1. Retainer Fee Director received monthly retainer's fee of 100,000 baht each. The Chairman of the Board received monthly retainer's fee of 200,000 baht.

2. Remuneration for Board's Committee

(1) Audit Committee. The Chairman of Audit Committee received monthly retainer's fee of 150,000 baht. Member received monthly retainer's fee of 100,000 baht each.

(2) Governance and Risk Committee. The Chairman of GRC received monthly retainer fee of 80,000 baht. Member received monthly retainer fee of 60,000 baht each.

(3) Nomination and Compensation Committee. The Chairman of NCC received monthly retainer's fee of 80,000 baht. Member received monthly retainer's fee of 60,000 baht each.

Remuneration in Cash for the Board Members for 2019 (No remuneration as directors of subsidiaries and no other benefits)

List of Directors	Total of Director Fee Paid in 2019				Bonus Paid in 2019 (Baht)	Total Amount Paid in 2019 (Baht)
	Board of Directors (Baht)	Audit Committee (Baht)	Governance and Risk Committee (Baht)	Nomination & Compensation Committee (Baht)		
<b>Non-Executive Directors</b>						
1 Mr. Paul Heinz Hugentobler	2,400,000	-	-	960,000	420,000	3,780,000
2 Mr. Chachchon Ratanarak <sup>*/1</sup>	300,000	-	-	-	150,000	450,000
3 Mr. Vanchai Tosomboon	1,200,000	-	720,000	720,000	330,000	2,970,000
4 Ms. Nopporn Tirawattanagool	1,200,000	-	720,000	720,000	330,000	2,970,000
5 Mr. Pongpinit Tejagupta	1,200,000	-	960,000	-	270,000	2,430,000
6 Mr. David Alexander Newbigging <sup>*/2</sup>	900,000	-	-	540,000	240,000	1,680,000
7 Mr. Benjamin Herrenden Birks <sup>*/3</sup>	300,000	-	-	180,000	-	480,000
8 Mr. Teng Wei Ann Adrian <sup>*/4</sup>	300,000	-	180,000	-	209,750	689,750
9 Mr. Stephen Patrick Gore <sup>*/5</sup>	900,000	-	540,000	-	-	1,440,000
<b>Independent Directors</b>						
10 Dr.h.c. Harald Link	1,200,000	-	-	720,000	240,000	2,160,000
11 Dr. Sune Sornchaitanasuk	1,200,000	1,800,000	-	-	375,000	3,375,000
12 Mr. Pradap Pibulsonggram	1,200,000	1,200,000	-	-	300,000	2,700,000
13 Mr. Charin Satchayan	1,200,000	1,200,000	-	-	330,500	2,730,500
<b>Executive Director</b>						
14 Mr. Aidan John Lynam <sup>*/6</sup>	900,000	-	-	-	-	900,000
15 Mr. Siva Mahasandana	1,200,000	-	-	-	150,000	1,350,000
<b>Total</b>					<b>3,345,250</b>	<b>30,105,250</b>

\* Tenure of directorship is less than one full year

#### Remarks

- Mr. Chachchon Ratanarak completed his term at AGM No.26 on 26 March 2019 and submitted his intention not to be re-elected for another term.
- Mr. David Alexander Newbigging resigned from director effective date end of 30 September 2019.
- Mr. Benjamin Herrenden Birks was appointed as director and as a member of Nomination and Compensation to replace Mr. David Alexander Newbigging effective date on 1 October 2019 onwards.
- Mr. Teng Wei Ann Adrian resigned from director effective date end of 31 March 2019.
- Mr. Stephen Patrick Gore was appointed as director and as a member of Governance and Risk Committee to replace Mr. Teng Wei Ann Adrian effective date on 1 April 2019 onwards.
- Mr. Aidan John Lynam was appointed effective date on 26 March 2019.

The accrued remuneration to be paid in 2020 was Director Bonus for the year 2019 in the amount of Baht 3,345,000. The Board of Directors shall allocate this amount among them, according to the resolutions of the Shareholders' Meeting.

### Remunerations for Executives

Total remunerations for Executives including accrued bonus was Baht 112,134,527.93.

Other remunerations included Company's contributions to Provident Fund for Baht 2,611,501.00, Company's contributions to Employee Joint Investment Program (EJIP) for Baht 181,374.48. The Company provided cars for the members of Group Executive Committee for performing their duties.

## 5. Personnel

As of the end of 2019, the Company (including its subsidiaries both in country and overseas) accounted for a total 5,711 employees. The total payment of remunerations to employees was at 5,297,451,632 Baht, such as salary, wage and other employee benefits.

Number of employees as at the end of 2019:

Company Group	Number of employees (persons)
Cement Business	3,895
Non-cement Business	1,808
<b>Total</b>	<b>5,711</b>

### People Development Policy

Every member of Siam City Cement Public Company Limited is the most important element and the foundation of our business. We strongly believe that our success and growth depends on the employees who represent the core values and competencies aligned with our vision, regional business direction and employee career growth. Thus, SCCC aims to develop and improve people management and development to achieve the global standards in leadership, knowledge, capabilities, operational skills, innovation and management, to serve the work at hand and prepare for future career growth. This shall transform our organization to be the leader in construction materials in Thailand and Asia.

We encourage the good teamwork and foster good citizenship, ethics, safety, and environmental and social concern in our employees and also encourage them to take part in managing the organization and driving our business to the competitive edge and sustainable growth of the future society.

## People Development Guideline and Approach

INSEE Academy under the People & Organizational Performance function is the center of both short and long-term people development strategy of Siam City Cement Group Company which includes Mixed cement, Portland cement, INSEE Mortar, INSEE Concrete, Conwood for architectural decorative materials, INSEE Superblock for light weight concrete block, INSEE Ecocycle for total waste management, and INSEE Digital. These ensures that our employees develop their technical and leadership competencies through various development program and sustain their capability through our learning enabler infrastructures.

With the commitment to nurture employees on awareness, knowledge, ways of working, true understanding of our organization and developing human capitals to address the organizational objectives and expected outcomes, SCCC has a strong passion in modern people development approaches focusing on the learners' needs and 70-20-10 concepts emphasizing learning by experience/on-the-job practice (70), on-the-job coaching (20), classroom and self-learning (10), and encouraging continuous learning anywhere and anytime via self-learning and digital learning under the corporate digital learning platform, or Learning Management System where employees can search and select various learning courses such as classroom, workshop, E-learning, on-the-job training and MOOC (Massive Open Online Course) through their personal computer or smart phones. In addition, SCCC provides Knowledge Management platform for employees to exchange, share and store all critical knowledge within the organization for the utmost utilization. This is the foundation in driving us to become the Learning Organization and also enhances the sustainability of the organization.

For every employee from operations to the first/middle/top management levels, INSEE Academy has built people development roadmap and blended-style learning interventions that include the Induction & On-board Program for new joiners, Management & Leadership Development Program, Leadership Competencies Development Program for employees at all levels, Coach & Performance Improvement Program, Technical & Functional Skills Development Program, OH&S and Sustainable Development Program, English Proficiency Development Program, and Code of Business Conduct & Compliance Program.

SCCC puts a strong focus on building INSEE Leaders to develop our human capital on leadership, knowledge, capability and experience in managing the business so they are able to perform in their current and future positions, and establish career development and succession plan accommodating both individual and organizational needs. In order to plot out the Individual Development Plan (IDP), our employee performance evaluation policy provides a solid standard for evaluating employees with capability and potential for higher crucial positions in the organization so that they are ready by the expected time and business needs such as business expansion and management retirement. INSEE Academy works with other human resource teams and Line Managers of each function to arrange the Development Program for senior, middle and first managerial level employees to be equipped with essential leadership/management skills. Besides, number of projects is developed with domestic and international educational institutes. For other required competencies, they are supported by various development programs like Executive Coaching, Operational Performance Improvement (OPI) Coach, Group Employee Mobility: GEM), Corporate Project Assignments, sharing best practices with leading companies in various industries both domestic and international.

Besides the focus on management capability building, SCCC also focuses on operational and front line employees as they are the key in our business operations: manufacturing, marketing and sales, logistics, and other enabling functions. INSEE Academy has cooperated with the executives of business functions in supporting Functional Academies providing enhanced technical development programs with supporting learning environment by internal Subject Matter Experts and external institutes, ensuring that every employee has the right capabilities required to perform their work correctly, efficiently and safely at the expected standard so that every product and service is effectively and efficiently delivered with values to our customers, partners and related parties beyond their expectation.

Not only the business stakeholders, our cares for the community is demonstrated through our knowledge and experience sharing under topics of the business, management, people management, role-modeling, and ethics to the community intellect's and other organizations' leaders across media inside and outside Thailand. SCCC is proud of the contribution towards Thailand's prosperity in the level of institute, society and country. Strengthening our relationship with the community and society, activity is part of our commitment to be a learning organization where knowledge and experience are synergized to expand our thinking and vision in people management.

Apart from that, SCCC also focus on our people and care about the environment. We encourage our people to take several courses on environment. The courses in the past years can be illustrated as follow; ISO Awareness Course, Sustainability Reporting Workshop: GRI Standards, Environment Plant Manager Course (legal), Environmental Laws Program, Certificate of Environmental Governance for Executive officers Class 7, Modern Business Model Seminar, Focusing on Global Warming and Sustainability and OHS&S 041 How to use the Measurement in industrial hygiene.

## Summary Report of People Development

In 2019, SCCC delivered a variety of learning and development interventions to our employees as follows:

1. Leadership and Transitional Development Program 22,019.64 hours;
2. Technical/Functional Development Program 38,884.46 hours;
3. Induction & On-boarding Program 3,477.10 hours;
4. OH&S and Sustainable Development Program 20,330 hours;
5. English Proficiency Development Program 1,647.15 hours; and
6. Of which, the development was delivered through Digital Learning 3,290.2 hours.

Unit: Hours per person per year

<b>Training Hour in classroom per employee per year (Not include coaching and, on-the-job training and on-the-job practice)</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Employee and management	32.08	26.84	25.51

**Remark:**

In 2018, our people development focuses more on learning application, coaching, on-the-job training and on-the-job practice among employees. The un-recordable learning hours from these learning interventions resulted in the lower recorded training hour per person per year in 2018.

Unit: Baht

<b>Training and Development Investment</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Employee and management average per employee per year	6,558.92	8,891.35	6,548.82
Total Investment *	23,474,385.06	32,195,601.69	23,883,543.38

**Remark:**

During the past few years, INSEE Academy has been building "People Developer" in the role of supervisor as Coach, Functional Academy, INSEE Trainer, Subject Matter Experts and Knowledge Champions. Those foundations yield us the higher people development capability and more learning on-the-job, positively resulted in lower training investment spent on external trainers and experts.

\*Excluding accommodation expenses, travel expenses and miscellaneous disbursements.

\*Excluding PT. Conwood Indonesia, Globe Cement Company Limited, Siam City Cement (Bangladesh) Limited Siam City Cement (Lanka) Limited and Siam City Cement (Vietnam) Limited

# Report of the Governance and Risk Committee to the Shareholders

Building sustainability, governance and risk management for the organization are the key components to enable the organization to achieve its business goals efficiently. With this respect, SCCC and its Group companies have been emphasizing on corporate governance and risk management systematically and continuously in order to ensure that the Company is able to handle with various uncertainty situations effectively, which has led to the confidence of our stakeholders.

The Board of Directors of Siam City Cement Public Company Limited Meeting no. 161<sup>st</sup> on 26 March 2019 appointed Mr. Stephen Patrick Gore as a member of the Governance and Risk Committee (GRC) from 1 April 2019 to replace Mr. Teng Wei Ann Adrian. The GRC presently consists of four members, the Chairman Mr. Pongpinit Tejagupta, and three other Directors, Mr. Vanchai Tosomboon, Ms. Nopporn Tirawattanagool, and Mr. Stephen Patrick Gore.

Directors which specified in the GRC Charter. In this regard, the GRC conducted a total of four meetings and regularly reported the results of the GRC Meeting to the Board of Directors.

The GRC endorsed and then proposed to the Board of Directors to approve the review of the Corporate Governance Policy and the Risk Management Policy for the Group in order to make it align with the principles of good corporate governance including overseeing the implementation of such policies closely.

At SCCC, we have highlighted the importance of business operations with good corporate governance, business ethics and transparency. We have announced the No Gift Policy since 2017 by setting forth a policy stated that our employees and management are strongly suggested to decline the receiving of gifts, souvenirs or any other benefits in all cases.

In addition, The GRC has continuously given the guideline for improvement on the corporate governance and the risk management to the relevant units in order to formulate the strategies to deal with the volatile economic within the country and abroad. The GRC also supervised the management and various operations to effectively implement risk indicators and monitor the progress of significant risk mitigation.

SCCC received the recognition from the Thai Institute of Directors (IOD) in its Corporate Governance Report of the Thai Listed Companies 2019 with the highest level “Excellent” consecutively for the 4<sup>th</sup> year which emphasizes on the success of our good corporate governance.

The GRC is confident that the business operations under good corporate governance and risk management practices are essential in driving business performance, competitiveness, and the opportunity to grow a sustainable business as well as promoting the trusted organization, which create high values to our shareholders in the long-term future.



**Mr. Pongpinit Tejagupta**

Chairman of the Governance and Risk Committee

# Corporate Governance

## 1. Corporate Governance Policy

Siam City Cement Public Company Limited (“SCCC”) is aware of the importance of the concrete and sustainable compliance with the corporate governance code. The Company enhances the business governance in all organizational levels ranging from the Company’s Board of Directors, Management down to the operational level in order to maintain the status of being a sustainable corporate governance Company and elevate the Company’s Corporate Governance in high standards. The Company’s Board of Directors focally aim to carry on the corporate governance to strive for the governance outcome on competitiveness and performance with long-term perspective; ethical and responsible business; good corporate citizen and, more importantly, corporate resilience.

In addition, the Company’s Board of Directors always play a vital role in the creation and driving the organizational culture in adherence to the Code of Ethics and in demonstration of its leadership in the corporate governance.

The Company’s Board of Directors has established the Corporate Governance Policy in 2015 depicting principles and guidelines on Good Corporate Governance, and Operational Guidelines in writing. In this respect, the Company’s Board of Directors is the initiator and delegated to the Governance and Risk Committee (formerly the Governance, Risk and Compliance Committee) to review the policy framework before submission to the Board of Directors for approval. The Company is confident that the Corporate Governance Policy has served as an instrument to express the efficiency, transparency and verifiable management system that can build confidence to all shareholders, investors and stakeholders and at the same time, lead the Company to prosperity, progress and enhance sustainable growth of the Company. The Company’s Board of Directors shall at all times firmly adhered that ethics, social and environmental impact must be taken into account as the material substance in the success of business operation apart from the financial turnovers.

The Corporate Governance Policy applies to all Board of Directors, Management and employees of the Company as well as its subsidiaries. The written principles and guidelines of the operations served as the guide to which everyone in the organization should adhere and practice.

Other than the aforementioned Corporate Governance Policy, the Board of Directors also approved the revised edition of the Code of Business Conduct to set the international standards to ensure that the Directors, Management, and employees of the SCCC Group perform their duties with integrity and honesty and to maintain the reputation, image and foster confidence in the organization by the public, shareholders, investors in accordance with the prescribed Corporate Governance Policy.

Furthermore, apart from the said Corporate Governance Policy and the Code of Business Conduct, the Board of Directors has approved related policies and directives in order to clearly indicate the procedural guidelines on the development that will lead to the creation of the organizational culture in various levels which supports the good corporate governance, particularly, on the aspect of receiving complaints and notifications of information or whistle blowing. The whistle blowing cases in relation to the breach of laws or conduct, or improper financial report, or lack of internal control shall be reported to the Audit Committee and the Board of Directors. The whistle blowing policy sets protection for the whistle blowers. For this purpose, the Company has implemented an external whistle blowing channel, handled by an outside expert, to fundamentally guarantee and safeguard the employees or informants with confidentiality.

For other policies in relation to the Code of Business Conduct are available under the Company’s website such as, the Sustainable Development Policy, Environmental Policy, Social Responsibility Policy are available on the Company’s website under the Sustainable Development part the Anti-Bribery and Corruption Policy and Insider Trading Policy are available on the Company’s website under investor relation > corporate governance (<https://www.siamcitycement.com/en/investor/governance>).

The Board of Directors has ensured the continuity of communication to be adequate, such as, INSEE Portal, Internal telecommunication, and quarterly Town Hall Meetings, etc., so that Directors, Management and employees can understand, including mechanism to support their actual implementations in accordance with the policies mentioned above, such as, INSEE Portal, Internal telecommunication, and quarterly Town Hall Meetings, etc.

To keep the organization updated with latest trends, the Board of Directors has monitored the implementation and review of the Corporate Governance Policy and the Code of Business Conduct including its relevant policies on an annual basis. In this connection, the Company has developed the E-Learning Program system in order to continuously enhance learning on this said policies to ensure that all persons in the organization have properly and strictly complied with the governance policies.

And with regards to the strict and regular compliance of the Corporate Governance Policy, in 2019, the Company has received the following awards:

- Excellent level, for the Corporate Governance Report of Thai Listed Companies (CGR), under the Thai Institute of Directors (IOD);
- Certified Member of the Private Sector Collective Action Coalition Against Corruption (CAC) from 18 August 2017 to 18 August 2020.

## 2. Board Committees

The Board of Directors defined and reviewed the Structures of the Board and the Management to ensure sufficient and suitable check and balance with each other on a regular basis in order to strengthen the effectiveness of the Board of Directors. To make this effective and functional, the Board of Directors has appointed Board Committees review and consider important issues before further submission to the Board of Directors for further approval.

The current structure is composed of the Board of Directors, the Audit Committee, the Governance and Risk Committee, and the Nomination and Compensation Committee.

Members of the Board of Directors, Board Committees, and Management appeared under the topic of the Management Structure.

Details of the scope of the accountabilities of the Board of Directors and each Board Committee including their meetings adopted from Principle 3 in the Corporate Governance Code for Listed Companies 2017 is stated in Clause 7.

## 3. Nomination and Appointment of Directors and Key Executives

Nomination and selection process of Independent Directors, Directors and key executives is transparent and clear.

The criteria for such nomination have adopted from Principle 3 and 4 in the Corporate Governance Code for Listed Companies 2017, please refer under Clause 7.

## 4. Corporate Governance for Subsidiaries and Associated Companies

The Board of Directors has set a mechanism for overseeing the management and operations of its subsidiaries and associated companies, to protect its investment.

There is no shareholders agreement between the Company and its subsidiaries as the Company holds total shares in the subsidiaries. No shareholders agreement with Lanna Resources Public Co., Ltd (“Lanna”), the Associated Company upon the Company’s long-term investment. The Company proposed certain director nominations to Lanna, which allow the Company to join its board of directors in considering important agenda. The shareholders agreement for joint venture company in Cambodia (Chip Mong INSEE Cement Corporation) allows the Company to protect its minority interest in important matters, in order to secure and maintain the interest of the Company’s investments. In this regard, the meeting of the Board of Directors of the Company considers important issues of its subsidiaries and associated companies, in order to monitor internal and risk controls effectively.

Details of the corporate governance for subsidiaries and other businesses in which the Company has invested, adopted from Principle 3.6 in the Corporate Governance Code for Listed Companies 2017, are stated under Clause 7.

## 5. Control over Use of Insider Information

The Board of Directors has established the Insider Trading Policy in order to prevent the insiders from abusive self-dealing-benefit or other persons - an act to take an advantage over others such as the trade of securities by using the insider information, together with the blackout period for not less than 30 days prior to the financial report disclosure and not less 24 hours after disclosure the financial report.

Details of the policy and procedures on monitoring the insider trading, as adopted from Principle 6, Guideline 6.3.1 in the Corporate Governance Code for Listed Companies 2017, are stated in Clause 7.

## 6. Auditor's Fee

In 2019, EY Office Limited, an auditing firm certified by SEC, received from the Company and its subsidiaries an audit fees in the amount of 13,366,167 Baht and in non-audit fee in the amount of 2,559,848 Baht.

## 7. Level of Understanding and the Adoption of Corporate Governance Code for Listed Companies 2017 (CG Code 2017)

The Board of Directors has adopted the principles on the Corporate Governance Code for Listed Companies 2017 which was announced by Office of Securities and Exchange Commission (SEC). This report presents the information in the same clause numbers as required for the Form 56-1.

In 2019, the Company had reviewed the Company's compliance with the principles of the CG Code 2017 and reported the results to the Governance and Risk Committee, then presented their recommendations to the Board of Directors. The Board of Directors acknowledged the results and recorded rational and substitute measurements in the minutes of Board of Directors Meeting to ensure that the gap (if any) will not have any impact on good corporate governance of the Company. The non-application includes the case of having an independent director holding the office more than 9 consecutive years. The Nomination and Compensation Committee shall review and evaluate the performance of the

Independent Directors to ensure that such independent director had performed his duty independently from the Management and major shareholders and has qualifications and expertise that are beneficial to the Company. The significant substances on the adoption of CG Code 2017 can be concluded as follows:

### Principle 1: Establish Clear Leadership Role and Responsibilities of the Board

The Board of Directors, being the key in driving the organization, understands and is aware of their leadership role and their responsibilities as leaders to ensure that the organization adopts good corporate governance by playing the significant roles in determining the objectives and main goal of the business. Concretely, this is reflected in the approval of the vision and mission, organizational value, direction, policy and strategy including the allocations of important resources for use in carrying out the Company's business operations in a regular basis and in every fiscal year in order to ensure that the Management and employees have mutual goal in moving forward to the same direction. The Board closely monitors Management in implementing its business plans according to the business direction and strategy and monitors the results of Management's performance on a regular basis.

The Board of Directors believed that in carrying out the business operations for sustainable success, apart from monitoring controls over the business management for good turnovers, the Board must place its importance on the corporate governance to achieve the Company's optimal benefit, for the accountability to the shareholder, that is free from being dominated by the Management.

Other than establishing the Corporate Governance Policy and the Code of Business Conduct as well as other policies, the Directors, Management and employees are required to comply and disclose such in its annual report and into the Company's website. The Board of Directors has ensured that the Company established the work system and mechanism that is sufficient to build confidence within the Company and has properly been carried out in accordance with the laws, rules, regulations, resolution in the shareholders meetings, Corporate Governance Policy, Code of Business Conduct, and other related policies and guidelines prescribed by the Company.

The Board of Directors has ensured that Directors and Management perform their duty according to the duty of care and duty of loyalty, also ensured that the Company has operated in accordance with the laws and regulations, resolution of shareholders, as well as the prescribed policies or guidelines. Also, the approval process on the important issues, such as, capital investments, transactions having significant impact on the business, related party transactions, significant acquisitions and dispositions, dividend payments, etc. shall be in accordance with the law.

The Company's Board of Directors ensures the compliance with the requirements on operational procedures and disclosure of related party transaction pursuant to the regulations of the Securities and Exchange Commission, the Stock Exchange of Thailand and relevant regulations. It has established the Conflict of Interest Policy, the guidelines as well as approval procedures for related party transactions under category of normal business transactions. In addition, the Management is required to seek the Board of Directors' approval for any entry of transactions with potential conflict of interest which are of significant in size or important nature to the business operation of the Company. Management shall present related party transactions report to the Board for their acknowledgement on a regular basis.

The Board of Directors has provided particular attention to responsible management, such as, setting the Manual of Authority as an additional procedure, so that the Company's decision can be reviewed and approved in accordance with its significant level, covering both the matters under consideration of Management and the Board of Directors.

The Board of Directors has clear understanding of their roles and responsibilities, wherein the roles and responsibilities between the Board of Directors and the Management are clearly divided by segregating the duties of the Chairman of the Board from the Group Chief Executive Officer (Group CEO) to provide balance of power and transparent management. Furthermore, the Board of Directors have also expressly assigned the scope of the duties and responsibilities of the Group CEO and GEXCO (Management), and to closely monitor the performance of their assigned duties. The duties of the Board of Directors, Group CEO and the Management will cover the matters to be carried out directly by the Board of Directors; the matters that the Board of Directors shall jointly coordinate with the Management; and the matter that the Board of Directors assigned with the Management to proceed.

The Board of Directors has the duty to consider and approve important matters concerning the Company's business, such as Vision, Mission, Strategy, Goal, Business Plan, Budget and Risk Management. The Management has the duty to efficiently and effectively implement the Vision, Mission, and Strategy, with good management and control system, in accordance with the Company's Internal Control System, the Code of Business Conduct and the Corporate Governance Policy.

## **Principle 2: Define Objectives that Promote Sustainable Value Creation**

In carrying on with the operations for the Company's sustainability, the Board of Directors has defined the business objectives in compatibility with the value creation of the business, customers, stakeholders and the society as a whole.

The Board of Directors is responsible for overseeing to ensure that the business has clear and suitable objectives to use as a key concept in designing the business model and communicating it with everyone in the organization to drive in the same direction by making the Vision and Values as follows:

### **Vision:**

We will continue to build our long heritage of shared loyalty, creating trust and long lasting relationships with our business partners, our people and our community. We will work hard to achieve the best business attitude, values and sustainable future for all our stakeholders.

### **Values:**

Working as a team. Doing what is right. Challenging conventions. Caring about our future.

In defining our objectives, the Board of Directors has taken into account the environmental condition and the changing factors, the adoptions of innovation and technology for suitable use, the needs of customers and stakeholders as well as the business readiness, expertise and competitiveness that must reflect the attributes of corporate governance, accountability, integrity, and transparency. Also, due consideration of social and environmental responsibilities which the Board of Directors has overseen to ensure by enhancing the communications and creation of the organizational objectives that is reflected within the frame of the decisions and operations of personnel in all levels

developing as organizational culture. In addition, the Board of Directors has defined both financial and non-financial objectives suitably consistent with the business environment and potentials with risk awareness in setting the goal which may lead to unlawful act or unethical conduct.

The Board of Directors has ensured the annual review/preparation of strategy and business plan that are aligned with the business objectives and goal by taking into account the current business environmental factors, opportunity, and expected risk. Furthermore, the Board of Directors has supported to set out and review the mid-term objectives and strategies of 3 - 5 years to ensure that the annual strategy and business plan have considered the long-term impact that can be reasonably forecasted.

For the annual review of the strategy and business plan, the Board of Directors has overseen to ensure that the analyses on environmental conditions, factors and risks which may contingently affect stakeholders and value chains including other factors which may adversely affect the business objective attainment are conducted. (Please see the relevant details under Clause 10 - Corporate Social Responsibility or CSR). In this connection, the Board of Directors has promoted the innovation and adopted such innovation and technology in creating competitiveness and response to the needs of stakeholders who are still undergoing the social and environmental responsibilities. Moreover, the Board of Directors has monitored controls to ensure that the objectives are comprehensively transferred through the strategy and business plan of the organization. The Board also ensures that the resource allocations and operational controls are suitably carried on as well as keeping tabs on the operations in accordance with the annual strategy and business plan.

### **Principle 3: Strengthen Board Effectiveness**

The Board of Directors is responsible in determining and reviewing the Board Structure, its size and composition, and suitable proportion of Independent Directors in order to ensure its leadership role in achieving the main objectives.

#### **Principle 3.1 Board Structure**

The Board of Directors assigned the Nomination and Compensation Committee to review and make recommendations regarding board structure, size and

composition, and the proportion of Independent Directors as suitable for its determination and review.

The Nomination and Compensation Committee shall ensure that the Board of Directors is consists of fully qualified Directors in accordance with the law and related rules with diversified qualifications in terms of specific skills, experiences, competencies and characteristics as well as with regards to mix of gender and age that is necessary for the attainment of the Company's objectives and can foster understanding and response to the needs of stakeholders, also at least one Director who is not the executive director should possess experiences in the main industry of the Company, in accordance with the skills matrix of directors, to ensure that the overall Directors have suitable qualifications and align with the Company's strategies.

Currently, the proportion between directors who are executives and non-executives has good balance, i.e., there are 10 non-executive directors out of the total of 12 Directors. The board size is also aligned with the proper size under the principles of good corporate governance, where it stated that the Board should have no more than 12 directors. The Company views that its board size is appropriate, and suitable with the Company's size and industry. Further to this, there are two female Directors (one of them is an independent Director). And since most of the Company's Directors are non-executive Directors, the opinion towards the Management's performance can be given independently.

The Board of Directors has determined to have independent Directors who can independently give opinions towards the Management's performance, which consist of at least one third of the total directorship, but not less than three persons. Also the Company shall have the Audit Committee which consists of three independent Directors, performing and undertaking works in accordance with the Charter of the Audit Committee and SET regulations. And there are also non-independent Directors in two thirds of the total directorship, in proportion to the investment capitals of each of the Shareholders groups.

The Board of Directors has ensured that the Company disclose in the Company's annual report and website. the diversified composition of the Board and Directors' information such as age, sex, educational background, experiences, shareholding proportions, number of years in office, and holding of office in other listed companies.

### **Principle 3.2: Chairman and Board Composition**

The Board of Directors consists of independent Directors in number of one-thirds (1/3) of the total directorship. The Chairman leads Directors to perform their duties in overseeing the Company with impartiality and transparency by taking into account the best interests of the Company as the significant substance and refraining from facilitating any advantages to benefit the other persons.

#### **Separation of Persons Holding Chairmanship and Group CEO**

The Board of Directors has separated the roles of the Chairman and Group Chief Executive Officer to provide balance of power and transparent management in compliance with the Corporate Governance Code. The main duties of the Chairman and Group CEO respectively, are as follows:

#### **Roles of the Chairman**

The Chairman has the duties pursuant to the relevant laws and as the leader of the Board of Directors for the following operations:

The duties and powers of the Chairman shall be as prescribed by the applicable law. The Board of Directors may delegate to the Chairman other duties and powers as it deems appropriate. In particular, the Chairman has the following powers and duties:

- 1) Call Board meetings and sets the agenda.
- 2) Presides over the General Meeting of Shareholders.
- 3) Entitled to attend meetings of the Board Committees of which he is not a member and meetings of the board of directors of any Subsidiary.
- 4) Ensuring effective communication with shareholders, while the Group CEO is the primary representative of the Company in any communication with the media.
- 5) Receives the agenda, documents and minutes of the meetings of the Group EXCO and may examine or request any reports pertaining to the business of the Company and the Group.
- 6) Encourage and facilitate the meeting of the non-executive directors without the presence of Executive Directors and Management, at least once a year.

Although the Chairman is not an independent Director, but he exercises his responsibility independently from the Management, based upon the best interests of the Company under the Corporate Governance Code. Hence, the Company believes that the Chairman is a well-deserved person and trusted by the Board of Directors for the position.

#### **Roles and Responsibilities of the Board and Board Committees**

The Board of Directors appointed the Board Committees to scrutinize the important agendas, to increase the efficiency of its duty of care. In this respect, the Board of Directors established Charter for each Board Committee to clearly define roles, duties, responsibilities, work procedures, meetings and reporting requirements.

#### **The Board of Directors**

##### **Qualifications**

The Board of Directors is composed of fully qualified members and does not possess any prohibited characteristics under the Public Limited Companies Act B.E. 2535, including its amendments and supplements thereto, Securities and Exchange Act B.E. 2535, including amendments and supplements thereto, as well as relevant rules and notifications determined by the Stock Exchange of Thailand, the Office of the Securities and Exchange Commission, and the other governing bodies. The Board of Directors possess diversified skills, professional skills, specialized expertise, useful experience and understanding of the corporate business nature. Consideration is also taken on other attributes to achieve diversification across the entire Board, such as educational background, age, sex, diversified professional skills, specialized knowledge, including among other things like the cement industry, laws, accounting and finance, etc.. And in the exercise of Board functions, there shall be at least 1 non-executive Director that has related experienced in doing company business. (Currently, the Board of Directors has 3 non-executive directors out of 12 directors who are experienced in cement industry.)

##### **Term of Office**

The Company requires that term of directorship be in accordance with its Articles of Association and in consistent with the Public Limited Companies Act B.E. 2535. And that, one third of the Directors shall retire by rotation at each Annual General Meeting of the Shareholders.

## Roles and Responsibilities of the Board of Directors

The Board of Directors has, in accordance with the provisions of the applicable law and the Articles of Association of the Company, ultimate responsibility for the direction of the business and the supervision and control of the persons entrusted with the management of the Group, which duties the Board cannot delegate. The Board of Directors passes resolutions on all matters which the law, the Articles of Association or the present Regulations do not reserve for or delegate to the General Meeting or another corporate body of the Company. The Board of Directors shall comply with the provisions of law, the Articles of Association and shall observe principles of good corporate governance.

Specifically, the Board of Directors has the following duties:

- 1) to exercise ultimate responsibility for the direction of the business of the Company and the Group and to issue the necessary directives;
- 2) to approve the corporate concept and corporate strategy of the Company and the Group;
- 3) to define the organization of the Company and the Group, in particular, to issue and amend the present Regulations and any charters based thereon;
- 4) to define the accounting procedures of the Company and the Group and to establish the principles of financial controlling and financial planning to be applied by any Group Company;
- 5) to approve the business plans and budgets of the Company and the Group;
- 6) to appoint or replace the Chairman, the Vice Chairman and the members of the Board Committees;
- 7) to appoint or replace the Group CEO upon recommendation by the Nomination and Compensation Committee ("NCC");
- 8) to appoint or replace the other members of the Group EXCO upon proposal by the Group CEO and recommendation by the NCC;
- 9) to define and grant authority to sign on behalf of the Company;
- 10) to review the performance of the persons entrusted with the management of the Group in respect to compliance with the applicable laws, the applicable Articles of Association, these Regulations and charters based on these Regulations, and any directives of any of the Boards of Directors;
- 11) to review the annual report, the annual financial statements and the consolidated financial statements of the Company and to receive the reports of the Auditors and to approve them for presentation to the General Meeting of the Shareholders;
- 12) to direct the preparation of the General Meetings of the Company and implement resolutions passed by the latter;
- 13) to examine the professional qualifications of the Auditors in accordance with the requirements of the law;
- 14) to perform the duties imposed by the law on the Board of Directors in the event of a capital increase;
- 15) to approve the proposal for nomination, or replace the Executive Directors, subject to applicable law, and/or Authorized Directors and to define, grant and/or delegate specific duties, powers and responsibilities of the Executive Directors and/or Authorized Directors;
- 16) to approve, subject to applicable law, the composition of the board of directors of the Subsidiaries and the nomination of the directors thereon, as well as the nominations of the Company's representatives to the board of directors of the Associated Companies upon proposal by the Group CEO and recommendation by the NCC;
- 17) to appoint, subject to applicable law, or replace the chief executive officers of the Group Company (other than the Group CEO) and the Subsidiaries upon proposal by the Group CEO and recommendation by the NCC;
- 18) to approve the compensation framework of the Company and the Group;
- 19) to approve the proposal for the compensation of the Board and Board Committees upon recommendation by the NCC, subject to the approval by the General Meeting.

## Board Committees

### (1) Audit Committee

Structure of the Audit Committee comprises of 3 (three) independent Directors, appointed by the Board of Directors and is selected from independent Directors who are not Executives under the approval of the Board of Directors.

Names of the Audit Committee members and the Committee Secretary are shown under the topic of “Management Structure”.

#### Qualifications of the Audit Committee Members

The AC shall be an “Independent Director” and should be qualified as stated in SET and SEC rules. No director should serve as a member of the AC if such director had served on the AC for more than two other public companies, unless the Board determine that such simultaneous service would not impair the ability of said director to serve effectively and such determination is disclosed in the Annual Report and the Annual Registration Statement.

All members of the AC shall, in the judgment of the Board, be financially literacy, which at a minimum does possess a working familiarity with basic finance and accounting practices, and at least one member of the AC shall, in the judgment of the Board, have accounting or adequate financial management expertise.

Currently, all three Audit Committee members are knowledgeable and has experienced in reviewing the Company’s financial statements and well-versed in the Company business operation. Moreover, at least one of the Audit Committee member, that is the Chairperson of Audit Committee respectively, should have a degree in Accounting.

#### Term of Office

Members of the Audit Committee shall have the term of office for 3 (three) years, but not exceeding the term of his/her directorship.

#### Roles and Responsibilities of the Audit Committee

The AC has the following responsibilities and duties:

- 1) To review the Company and the entities of the Group’s financial reporting processes and to ensure their accuracy and adequacy, and coordinating with the external auditors and members of the Group Executive Committee responsible for preparing the quarterly and yearly financial reports. The AC may suggest issues to be reviewed or audited by the external auditors during their audit of the Company and the entities of the Group.
- 2) To review the internal control and risk management systems as well as internal audit system including business processes and the IT framework to ensure that they are suitable and efficient.
- 3) To decide on the organization and the qualification of the individuals of the Group Internal Audit and Compliance (“GIAC”) of the Company and to determine the GIAC’s degree of independence from the Management, as well as to approve the appointment, transfer and dismissal of the individuals of the GIAC or of any other unit in charge of internal audit activities.
- 4) To review compliance with the Securities and Exchange Act, including the rules, notifications, and regulations thereof and the rules and regulations of the SET, the SEC and any other relevant laws as related to the Group’s business.
- 5) To consider and recommend the selection, nomination, remuneration as well as change of the Company’s external auditors. To ensure the independence of the external auditor, the AC shall consider factors such as non-audit services that may conflict with the auditor’s independence, efficiency and professionalism. To freely discuss significant issues, the AC shall meet privately with the external auditor at least once a year, without management representatives being present.
- 6) To review the related party transactions or transactions that may lead to conflict of interest, including the accuracy and completeness of the Company’s disclosure of such information, to ensure that they are in compliance with the laws and the SET regulations, and are reasonable for the highest benefit for the Company.
- 7) To prepare a report on the activities of the AC for the Company’s annual report. The Chairman of the AC shall sign this report, which shall consist of at least the following information:
  - an opinion on the accuracy, completeness, and credibility of Company’s financial report and the disclosure of its financial information.
  - an opinion on the adequacy of the Company’s internal control and risk management systems.

- an opinion on the suitability of the Company's external auditor and its re-appointment.
  - an opinion on compliance with the law on Securities and Exchange, the Exchange's regulations, or the laws relating to the Group business.
  - an opinion on the transactions that may lead to conflicts of interests.
  - the number of the AC meetings, and the attendance of such meetings each committee member.
  - an opinion or overview comment received by the AC from its performance of duties in accordance with the charter.
  - other transactions which, according to the AC's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's board of directors.
- 8) Review the Company's compliance with private sector's anti-corruption and certification programs, including the Collective Action Coalition Against Corruption's Self-Evaluation Tool.
  - 9) Conduct the AC's performance assessment as a whole and as self-assessment on an annual basis.
  - 10) To perform any other acts as assigned by the Company's board of directors, with the approval of the AC.

#### **Meetings of the Audit Committee**

- 1) The AC shall hold a meeting at least once every 3 (three) months. Any member of the AC may call a special meeting as circumstances require. The method for calling and the procedures for conducting meetings shall be agreed upon by the members of the AC.
- 2) A quorum for a meeting of the AC members shall be a majority of its members.
- 3) The AC may invite the Group Chief Executive Officer of the Company to attend the AC Meeting but he/she shall be required to leave the meeting when discussing matters relating to his/her interest or in case the AC wishes to conduct a private meeting.

- 4) The Secretary of the AC shall keep minutes of the AC meetings as directed by the AC.

#### **(2) Governance and Risk Committee**

Governance and Risk Committee structure must compose of at least Three (3) Directors of the Company.

Names of the Governance and Risk Committee members and the Committee Secretary are shown under the topic of "Management Structure".

#### **Qualification of the Governance and Risk Committee Members**

The Governance and Risk Committee members must have their understanding on the business operations of the Group as well as understanding on the implementation of the principles in accordance with the Corporate Governance Code and in compliance with other Rules, Regulations as well with risk management and reduction system.

At present, all Company's Governance and Risk Committee members are knowledgeable, experienced and understands the Company's business. Moreover, they have experiences as Directors and had led leading companies that have good corporate governance.

#### **Term of Office**

Term of office of the Governance and Risk Committee members including the Chairman is equal to the term of office of the Board of Directors.

#### **Roles and Responsibilities of the Governance and Risk Committee**

The roles and responsibilities of Governance and Risk Committee are as follows:

- 1) To define and propose the scope of corporate governance practices for the Group for the approval by the Board, and shall oversee and monitor the implementation of such practices by the Group EXCO.
- 2) To review Group's major risks and mitigation actions carried by the Group EXCO.
- 3) To carry out such other duties as may be delegated to it by the Board.

### Meetings of Governance and Risk Committee

- 1) The GRC shall hold a meeting at least 4 (Four) times a year. Any member of the GRC may call a special meeting as circumstances require. The method for calling and the procedures for conducting meetings shall be agreed upon by the members of the GRC.
- 2) A quorum for a meeting of the GRC members shall be a majority of its members.
- 3) The Group Chief Executive Officer of the Company (“Group CEO”) or his assigned representative and Head of Group Internal Audit and Compliance may be invited to the GRC Meetings to provide update on key risk and mitigation plan for the Group. They shall be required to leave the meeting when discussing matter relating to their interest or in case the GRC wishes to conduct a private meeting.
- 4) The Secretary of the GRC shall keep minutes of the GRC meetings as directed by the GRC.

### (3) Nomination and Compensation Committee

The Nomination and Compensation Committee shall be comprised of at least 3 (three) directors of whom at least 1 (one) shall be an “Independent Director” as determined by the Board.

Names of the Nomination and Compensation Committee members and the Committee Secretary are stated under the topic of “Management Structure”.

#### Qualification of the Nomination and Compensation Committee Members

Members of Nomination and Compensation Committee shall possess the knowledge and skills, experience and familiarity with the Company’s business and operations.

#### Term of Office

Term of office of the NCC members is equal to the term of office of the Board of Directors.

#### Roles and Responsibilities of the Nomination and Compensation Committee

The roles and responsibilities of the Nomination and Compensation Committee set forth under the Charter of the Nomination and Compensation Committee are as follows:

The NCC has the following responsibilities and duties:

### 1) Nomination, Composition & Structure

- (1) To annually review the composition of the Board including the structures of all subsidiaries’ and/or associate’s Boards and Board Committees applicable throughout the Group and submit for the Board’s consideration.
- (2) To consider, appraise/evaluate and recommend selection for the Board membership, candidates for nomination and/or re-appointment as forwarded by shareholder(s), Board member(s) and/or executives for the Board’s review and recommendation before passing on to the final shareholders’ selection at the AGM or at least 30 (thirty) days prior to the upcoming Board’s meeting in case of the interim vacancy for the replacement by the Board’s decision.
- (3) To identify, assess and recommend potential candidates for key positions in the Group such as
  - Group Chief Executive Officer
  - Group Executive Committee Members
  - Chief Executive Officers of each Group Company
  - Directors of Subsidiary Companies
  - Company Representatives on the Board of Associated Companies
- (4) To review the Group Chief Executive Officer’s (“Group CEO”) proposals of potential candidates for the Group Executive Committee of the Company (“Group EXCO”) and the Chief Executive Officer of each Group Company, and to independently assess these candidates with regard to their respective expertise, skills, experience, performance as well as personal and professional qualifications. Suitable candidates shall be recommended by the Committee to the Board for approval.
- (5) To carry out such other duties as may be delegated to it by the Board.

### 2) Management Development and Succession Planning

- (1) To oversee the talent pipeline, the development process and the individual developmental plans for all Top Management Level (“TML”) job holders and candidates for such positions in the Group.

- (2) To annually review the succession plans for the Board and its committee members.
- (3) To annually review the succession plans for Board members of Subsidiaries Companies and the Company's representatives on Boards of associated companies.
- (4) To half-yearly review with the Group CEO the succession plans for all TML positions in the Group.
- (5) To carry out such other duties as may be delegated to it by the Board.

### 3) Remuneration

- (1) To provide that the compensation policies and programs throughout the Group are designed to enable the Group and its individual companies to recruit, retain and align all employees to its overall aspiration and commitments of the Group, and at the same time creating a pay-for-performance linkage.
- (2) To approve and propose to the Board the compensation of each member of the Board, its Committees and Chairman thereof.
- (3) To approve the performance and compensation of the Group CEO, the Group EXCO members and CEOs of each Group Company, as well as bonus and merit increase for SCCC and subsidiaries in Thailand.
- (4) To review the annual compensation and salary increase budget as well as annual bonus scheme for subsidiaries outside Thailand as submitted by the Secretary of the NCC.
- (5) To carry out such other duties as may be delegated to it by the Board

### Meetings of Nomination and Compensation Committee

- 1) The NCC shall hold a meeting at least once every Three (3) months. A special meeting maybe called by any member of the NCC as circumstances require. The method for calling and the procedures for conducting meetings shall be agreed upon by the members of the NCC.
- 2) A quorum for a meeting of the NCC members shall be majority of its members.

- 3) The Group Chief Executive Officer of the Company ("CEO") shall be a permanent invitee to the NCC Meeting but he/she shall be required to leave the meeting when discussing matters relating to his/her interest or in case the NCC wishes to conduct a private meeting.
- 4) The Secretary of the NCC shall keep minutes of the NCC meetings as directed by the NCC.

### Group Executive Committee

As of 31 December 2019, the Group Executive Committee is composed of five (5) people, i.e., Group Chief Executive Officer, Group CFO, CEO SCCCTH, CEO SCCVN and Group HR and Talents.

Names of the Executive Committee members are shown under the topic of "Management Structure".

### Qualifications of the Group Executive Committee

The Group Executive Committee shall possess the knowledge and experience in business, management and leadership skills in determining the business strategies. He/she must also possess high responsibility and competency to drive and manage the Company in the achievement of its goals, visions and missions.

### Responsibilities and Duties of the Group CEO

The NCC considers nominations for candidates for the position of the Group CEO and recommends for further consideration and appointment by the Board of Directors.

The Group CEO has the overall responsibility and accountability for the management and performance of the Group. Subject to the matters for approval by the Board of Directors pursuant to Article 17 of the Regulations, his responsibilities and duties are as follows:

- 1) to coordinate and supervise the activities of the Group EXCO regarding the organization, management and supervision of the business operations of the Group so as to achieve the targets of the business plans and the annual budgets;
- 2) to issue instructions on the reporting by the other members of the Group EXCO and all Group Company CEO;
- 3) to initiate, develop and manage the strategic and financial planning process within the Group as approved by the Board of Directors;

- 4) to monitor and control the implementation of the approved business plans and budgets of the Group and to ensure that all business transactions and items are in accordance with the Manual of Authority;
- 5) to prepare, convene and chair the meetings of the Group EXCO;
- 6) the Group CEO is the primary representative of the company in any communication with the media;
- 7) to supervise the other members of the Group EXCO and Group company CEOs and to review their performance and propose compensation to NCC;
- 8) to propose the appointment or replacement of the members of the Group EXCO (except the Group CEO) and the group company CEOs and CFOs to NCC;
- 9) to propose the composition of the Board of Directors of the subsidiaries and the nomination of the Company's representatives to the Board of Directors of the Associated Companies to NCC;
- 10) to present the succession plans for the members of the Group EXCO (other than the Group CEO) and the Group company CEOs on an annual basis to NCC;
- 11) to approve the appointment or replacement of Exco members of Group Companies (except for group company CFO) upon proposal by the Group Company CEO;
- 12) to implement the resolutions of the Board of Directors and shareholders, which the Group CEO may assign to other members of the Group EXCO (in which case the Group CEO shall monitor the implementation of the resolutions of the Board of Directors);
- 13) to propose to the Board of Directors the matters subject to the approval of the Board of Directors pursuant to Article 17 of the Regulations for consideration and approval; and
- 14) to ensure a timely and organized flow of information between the Group EXCO and the Board of Directors.

### Meetings

- 1) Meetings of the Group EXCO shall be convened by the Group CEO as frequently as the Group's business operations demand. Meetings shall, as a rule, be held on a monthly basis.
- 2) Any member of the Group EXCO may request that the Group CEO convenes an additional meeting. Such a request must be submitted in writing, stating the reasons.
- 3) The Group CEO shall prepare an annual schedule for all regular Group EXCO meetings. All members of the Group EXCO are required to attend the Group EXCO meetings.
- 4) Requests for items to be included on the agenda must be submitted to the Group CEO early enough for the invitation and agenda to be sent out at the same time.
- 5) The Group CEO may delete items from the agenda if they are incomplete or were submitted late; alternatively, he may postpone them for presentation at a subsequent meeting.
- 6) Subject to the unanimous consent of all members of the Group EXCO, meetings may be held in the form of a telephone or video conference, if needed.
- 7) Meetings shall be chaired by the Group CEO and, in his absence, he may appoint another member of the Group EXCO to chair the meeting. The Group CEO may invite further persons who are not members of the Group EXCO to attend meetings in an advisory capacity.
- 8) In addition to the regular Group EXCO meetings, the Group CEO may convene additional meetings of the Group EXCO in order to discuss matters of a fundamental nature, which are not needed to be covered within the regular meetings of the Group EXCO.

### Principle 3.3: Nomination of the Directors

The Board of Directors shall ensure that the process of nominating candidates for the position of independent Directors, Directors and Top Executives is transparent and clear. The Nomination and Compensation Committee is therefore assigned to carry out the nomination, by establishing the criteria and selection of candidates who are fully qualified with, expertise and useful

experience for the Company's business operation. A candidate must possess a good understanding of the business and be able to manage the Company to achieve the set objectives, goals, business nature and future plans as determined by the Board of Directors in order to obtain Directors, independent Directors and Top Executives that possess high qualifications that is suitable to the best interest of the company. Consequently, in case of Directorship appointment, the Nomination and Compensation Committee is required to propose the nomination to the Board of Directors considerations before proposing it to the Shareholders meeting. Further to this, adequate information regarding the candidates must be given to the shareholders to support in the decision making. Whereas, for the Nomination of Director and Executives, the recruitment agent will nominate the qualified candidates across Thailand and abroad for the interview. The Nomination and Compensation Committee will screen the candidates to ensure that the Directors are knowledgeable, expertise, and experienced in the business.

The Nomination and Compensation Committee shall ensure that the process of nominating candidates for the Company's Directors is transparent and clear, free from influence of the Shareholders with controlling power or the Management, in order to create third party confidence. Moreover, the Shareholders should have a chance to engage in nomination process every year.

The election of each Director is made by the majority of votes of shareholders. Every year, the Board of Directors invites the shareholders and Directors to propose Director nomination for AGM approval.

The nominated Directors must meet the qualifications of the Company's AOA, laws, regulations of SET, SEC and Capital Market Supervisory Committee.

Re-election of Directors whose terms are expired by rotation at the AGM provides the criteria and methods as follows:

1. One share, one vote;
2. No cumulative voting. Shareholders shall cast their votes for one director at a time; and
3. If there are more nominations than the vacant positions, those who received highest votes will be elected as Directors respectively. In case of tie-vote, the Chairman of the Board shall have a casting vote.

In the case of a fulfillment of Director's vacancy other than rotation, the Board of Directors shall select a qualified person that does not possess prohibited characteristics under the law to fulfill such position by obtaining consent of at least 3/4 from the remaining Directors, except in the case where the remaining term of office is less than 2 months.

If the remaining Directors are less than the number to constitute the quorum, such remaining Directors can act on behalf of the Board to call for shareholders' meeting for the replacement of any lacking director.

The replacing Director(s), if elected by the Board, shall be in the office only up to the remaining tenure.

### **Nomination of the Independent Directors**

The selection of the candidates for Independent Directors is conducted by the Nomination and Compensation Committee, taking into account the qualifications of the candidates, from Thailand and overseas, i.e. the relevant knowledge, expertise and experiences. The Nomination and Compensation Committee will select the candidates from the list collected from the recruitment agent and the Shareholders' nomination (if any).

### **Definition of Independent Directors:**

The Independent Directors has independency from the Management and major Shareholders of the Company. The Board of Directors, at the recommendation of the Nomination and Compensation Committee, reviewed and revised the definition of the independent Director to suit the required qualifications by the Company than those provided by law. The requirements of the Office of Securities and Exchange Commission (SEC), the Capital Market Supervisory Board, and Stock Exchange of Thailand (SET) respective to this matter define that an independent Director must hold shares of not more than one percent (1%) of the total number of voting shares of the Company or proprietary Company, subsidiary Company, associated Company, controlling interest or person having control power over the Company provided, however, that the shareholding of related persons of such particular independent Director shall be counted in, as well. The Board therefore deems it expedient to make change in the shareholding proportion from one per cent (1%) to zero point five per cent (0.5%).

“Independent Director” of the Company must have the qualifications as follows:

1. Holding not over zero point five per cent (0.5%) of the voting shares of the Company or the Company’s parent Company, subsidiary, associated Company, major shareholder or controlling person. The shares held by the Independent Director’s related person are counted as if they are held by the independent Director;
  2. Neither being nor a previous Management, a major shareholder, an Executive Director, employee, staff, paid advisor, or controlling person of the Company or the Company’s parent Company, subsidiary, associated Company, same-level subsidiary of common parent, major shareholder or controlling person, unless the foregoing status has ended not less than two years prior to the date of filing the application with the Office. Such prohibited characteristics shall not apply in the case where the independent Director holds or being used to hold such position as representative of a government unit which is a major shareholder or controlling person of the Company;
  3. Not being, whether by consanguinity or affinity, parent, spouse, sister, brother, child, the child’s spouse, of any Executive, major shareholder, controlling person, or person to be nominated as an Executive or a controlling person of the Company or the Company’s subsidiary;
  4. Neither having nor being used to have a business relationship with the Company, its parent Company, subsidiary, associated Company, major shareholder or controlling person, in a manner which may interfere with his independent judgment, and neither being nor used to be the Management, a major shareholder, a significant shareholder or controlling person of any person having a business relationship with the Company, the Company’s parent Company, subsidiary, associated Company, major shareholder or controlling person, unless the foregoing relationship has already ended for a period of not less than two years prior to the date of filing an application with the Office.
- The term ‘business relationship’ in the first paragraph includes any normal business transaction, rental or lease of immovable property, transaction related to assets or services or granting or receiving financial assistance through receiving or extending loans, guarantee, providing assets as collateral, and any other transaction of similar nature, which results in that the Company or its counterparty being subject to indebtedness payable to the other party in the amount of three percent or more of the net tangible assets of the Company or twenty million Baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the method for calculation of value of connected transactions under the Notification of the Capital Market Supervisory Board and the governing rules on connected transactions mutatis mutandis. The consideration of such indebtedness includes indebtedness occurring during the period of one year prior to the date on which the business relationship with the person is commenced;
5. Neither being nor a previous auditor of the Company, the Company’s parent Company, subsidiary, associated Company, major shareholder or controlling person, and not being a significant shareholder, controlling person, or partner of an audit firm which employs the auditors of the Company, the Company’s parent Company, subsidiary, associate, major shareholder or controlling person, unless the foregoing relationship has ended for a period of not less than two years prior to the date of filing an application with the Office;
  6. Neither being nor a previous provider of any professional services, including legal advisor or financial advisor who receives service fees exceeding two million Baht per year from the Company, the Company’s parent Company, subsidiary, associated Company, major shareholder or controlling person, and not being a significant shareholder, controlling person or partner of the provider of professional services, unless the foregoing relationship has ended for a period of not less than two years prior to the date of filing an application with the Office;
  7. Not being a Director appointed as representative of Directors of the Company, major shareholder or shareholder who is related to a major shareholder;
  8. Not doing business of the same nature and in competition with that of the Company or the Company’s subsidiary, or not being a significant partner in a partnership or being an Executive Director, employee, staff, paid advisor or holding shares over one percentage of the total voting shares of other Company which undertakes business of the same nature and in competition with that of the Company or the Company’s subsidiary;

9. Not having bad or characteristics which would impair the ability to express independent opinions with regard to the Company's business operations.

### **Principle 3.4: Remuneration of the Directors**

With respect to the determination of the remuneration of Directors, the Board of Directors has assigned the Nomination and Compensation Committee to carry out a transparent process and propose its consideration to the shareholders' meeting for approval on an annual basis. In this regard, the policy, method and criteria of remuneration payment for each Director position must be proposed and the composition of which shall be suitable and sufficient to predispose the Board of Directors in leading the Company to achieve both short-term and long-term goals and to avoid making excessive remuneration payment.

Directors are suitably remunerated according to the Company's strategy and long-term goal and based on an industrial standard comparison, experience, duties, scope of roles and responsibilities, benefits and values obtained from individual Directors, including the membership and increased roles and duties of the Committees.

Shareholders shall be the party to approve the structure of and remuneration rate for the Directors both in tangible and intangible money form. The current Directors' remunerations have been fixed in accordance with the 26<sup>th</sup> Annual General Meeting of shareholders on 26<sup>th</sup> March 2019 in which the approval on the fixing of the Directors' remunerations and rules on the relevant payments as proposed by the Board of Directors at the recommendation of the Nomination and Compensation Committee, was given. In this connection, the Board has disclosed the policy and rules on the fixing of the Directors' remunerations, pattern and the remuneration amounts that reflects the accountabilities of each Director including the remunerations received by each Director from being a Director of the subsidiaries (if any). Currently, there has been no payment of the remuneration to Company's Representative being the Directors of the associated companies.

The remuneration of Chief Executive Officer and Top Management is in accordance with the criteria approved by the Board of Directors within a frame approved by the shareholders which is inductive and suitable benefits that the shareholders would receive.

The Nomination and Compensation Committee takes care of CEO performance evaluation in accordance with the norm and criteria agreed with the Chief Executive Officer, which is based on the Company's operating results, achieved performance of long-term strategic objectives, and executive development.

The results of evaluation are proposed to the Board of Directors for approval on an annual basis, and are communicated to the Chief Executive Officer by the Nomination and Compensation Committee.

Respective to the structure, qualifications, accountabilities of the Nomination and Compensation Committee on the part relating to the remunerations of the Committee members are adopted from Principle 3.2.

### **Principle 3.5: Meetings of the Board of Directors**

The Board of Directors shall convene at the request of the Chairman as frequently as the Company's business operations demand. Meetings shall, as a rule, be held at least once every three months. Board Meeting schedule and the key agenda of each meeting are determined yearly in advance prior to the beginning of the following year. Each Director is informed to reserved time and attend the meetings. And in every meeting of the Board of Directors, the Chairman and Group CEO shall jointly consider and determine matters to be included as Board meeting agendas, ensuring that all important issues are included and that each Director are given the opportunity and freedom to propose agenda matters that is beneficial to the Company. Directors are notified of the Notices of Meeting and supporting document at least 7 days prior to the meeting so as to allow them the ample time to study the information.

The number of meetings of the Board of Directors is determined to suit the duties and responsibilities of the Company Directors as well as the nature of Company business. There were 7 meetings of the Board of Directors in 2019. A Company performance report and the development plan are regularly furnished to the Board on a monthly basis to enable the Board to provide continuing and timely supervision and control to the Management's performance.

Board Meetings in 2019 are attended by the average of 94 percent of all the Board members. The attendance of each Director is prescribed under the Management Structure.

The Chairman shall allocate enough time for the Management to propose matters and discuss crucial problems in a careful and thorough manner and shall promote careful exercise of discretion. In this connection, all Directors should pay attention to all issues brought to the meeting, including corporate governance issues. Directors having interest, whether directly or indirectly, will not be eligible to vote and will have to leave the meeting during the consideration of the relevant agenda.

The Board of Directors shall encourage the Group CEO to invite the Management or Executives to join the Board meetings to provide useful information and details as persons directly relating to the problems, and which as well will provide further supplement to the top management's succession planning and considerations.

The Company facilitates all Directors to receive information and training in relation to their responsibilities and to the Company business, in order to ensure that they have a good understanding of their roles and responsibilities and the nature of Company business, and all of them have dedicated their time and effort in the performance of duties. All directors express their opinions independently, keep themselves improved and updated all the time, and are committed to perform their duties with honesty, integrity and carefulness in the best interests of the Company and fairness towards all shareholders.

The Board of Directors strictly follow the CG policy of company that limits the number of holding office to the listed companies, where each of the Directors may hold an office to not more than Five (5) Thai listed companies. To date, none of the Directors holds directorship in more than 5 Thai listed companies. Also, the Company does not permit Managing Directors/CEOs and Top Management of the Company to hold directorship in other two (2) companies, except for subsidiaries, affiliates and joint-venture companies of the Company where supervision is required for the benefit of the Company. Such holding of position is subject to the prior Board approval. The Board of Directors shall establish reporting system for any other positions held by Directors and shall be disclosed in an annual report.

The Board of Directors shall follow a policy to allow non-executive Directors to have meetings with them, as necessary, to discuss managerial problems that are of interest without the Management participation, which result of the meeting shall be reported to the Chief Executive Officer (CEO). The Chairman conducted a meeting among the non-executive Directors after the collection of Board Assessment both on the individual basis and the whole committee basis for the performance of the year 2019 in order to make the improvement and monitoring plans.

### **Principle 3.6: Corporate Governance for Subsidiaries and Associated Company**

With respect to the primary corporate governance of subsidiaries and associated company, the Nomination and Compensation Committee will nominate, determine and propose qualified candidates for approval to the Board of Directors, where a report is made to the subsidiaries and associated Company. The appointment of Directors, Executives and Controlling Persons responsible in taking part in the management of the business of the subsidiaries shall be conducted according to number and position, in compliance with shareholding proportion of subsidiaries and associated company.

The Directors and/or Executives appointed by the Board of Directors mentioned above shall have the duty to manage and administer the businesses of subsidiaries and/or associated company in line and in compliance with the Company's policies and direction, wherein the Board of Directors establishes policies for the best interests of the subsidiaries that are in line with the Company as the parent Company. The scope of duties and responsibilities of the appointed Directors and Executives shall be clearly determined, and may be reviewed from time to time as it may deem appropriate. In addition, such Directors and Executives shall be supervised and monitored in compliance with the duties and accountabilities provided by law.

In cases of decision making to the key business operations of the Group, the Company prepared the Manual of Authority in order to ensure effective and transparent management.

When on the part of the general business operations, the Company will map out policy, this must be communicated for considerations during the annual budgeting, including quarterly business operational

result for review and reporting to the Company Committee meeting where appointed Directors and Executives had participated. In addition, the meeting of the Board of Directors has set out a requirement to have regular agendas for consideration on the acknowledgment of the minutes of meetings of the Boards of the subsidiaries and other associated companies, as well.

So, it can be assured that the Company has sufficiently suitable and comprehensive monitoring mechanism and internal control system within the subsidiaries consequently resulting in the transactions between the subsidiaries and connected persons, acquisitions and dispositions of the properties or the making of any other important transactions of the subsidiaries to be resolved by the Board or the Company shareholders meetings.

Moreover, the Company has standard reporting forms of the subsidiaries and under the structure that is similarly attributable one another for convenience and comfort on the corporate governance as well as defining the organizational chart layout which the staff or managers in the departments and sections in the subsidiaries are compulsorily required to use in making reports, as well as the discussions and solving problems in collaboration with Executives and managers of the Company that oversee and taking responsibility in the related work or business line. Therefore, the measures and/or internal business control system within the subsidiaries would be compatible with or in the same way as that of the Company. In this respect, the monitoring mechanisms on the corporate governance define that the management and personnel of the subsidiaries must perform both aggressive and receptive duties in conjunction with the Company's management who have monitored controls and ensure that the subsidiaries disclose, fully and accurately, the information in relation to the financial status and operational result, inter-transactions, implicitly significant acquisitions and dispositions of properties, capital increment and decrement, undertakings of significant transactions.

### **Principle 3.7: Evaluation of the Board of Directors**

The Board of Directors and Board Committees conduct a personal self-evaluation at least once a year to jointly consider their mutual achievements, issues and corrective measures. While Board performance evaluation is conducted with the intention to improve the efficiency of the whole Board performance. The evaluation procedure can be summarized as follows:

The Company Secretary prepares and review the evaluation form for correction and completeness in compliance with the criteria required by the regulators. The evaluation form will then be proposed to the Governance and Risk Committee for approval before proposing it to the Board of Directors for completion. Subsequently, the Company Secretary will summarize the result of the performance evaluation of the Board of Directors as well as the strength and improvement areas before proposing it to the Board of Directors for consideration. The Board of Directors will review the result of the evaluation in order to improve their performance.

The results of each key area are calculated in percentage from (racking scale from 0 = need improvement to 4 = excellent). From the 2019 assessment, the performance evaluation of the Board of Directors and Committees are in the excellent.

Furthermore, the Company also arrange for individual Director's performance -assessment on an annual basis. The evaluation procedure is the same as the performance evaluation of the Board of Directors as mentioned above. After the evaluation, the results showed that the Company's directors are qualified and have performed their duties excellently and properly in accordance with the principles of good practice for Directors. To extend the results, the Company has applied the evaluation results to improve the performance of Directors accordingly.

### Principle 3.8: Professional Development of the Board of Directors and the Executives

The Board of Directors follow the policy to promote and facilitate continuing trainings for development for those who are involve in the corporate governance, such as Directors, Audit Committee members, Governance and Risk Committee members, Nomination and Compensation Committee members, Executives and Management, Company Secretary, and personnel

whose functions are related to corporate governance. This is to ensure an ongoing performance improvement and development, including attendance of such training courses organized by the Thai Institute of Directors (IOD), other courses by foreign institutes and other entities, and in-house training.

In this connection, more than 80% of the Board of Directors and Executives have attended particular training courses in relation to their duties, as follows:

No.	Directors	Training Courses until end of 2019
1	Mr. Paul Heinz Hugentobler	- Leading from the Chair (by INSEAD) 2015
2	Mr. Vanchai Tosomboon	- DAP 7/04, DCP 7/01, AACP 19/15, CGI 10/15
3	Mr. Nopporn Tirawattanagool	- DAP 5/03, RCC 8/09, DCP 135/10, ACP 31/10, FGP 2/11, ACEP 7/13, RCL 1/15, IOD National Director Conference 2018
4	Mr. Pongpinit Tejagupta	- DAP 71/08, DCP 126/09, ACP 30/10, FGP 1/10, MFM 2/10, MFR 10/2010, MIA 7/10, MIR 9/10, SFE 7/10, M&A 1/11, RCC 14/12, RNG 2/12, CDC 7/13, HRP 4/13, ACEP 7/2013, RMP 1/13, Inaugural CG Conference 2018 by SEC
5	Dr. h.c. Harald Link	- Institute of Business and Industrial Development (IBID1), DAP 134/17
6	Dr. Sunee Sornchaitanasuk	- DAP 28/04, ACP 5/05, DCP 53/05, MIA 2/08, MIR 3/08, QFR 5/07, RCP 18/08, SBM 1/17, ELP 16/19
7	Mr. Pradap Pibulsonggram	- DCP 149/11, ACP 37/11, FSD 14/11, MFM 8/12, MFR 14/12, MIA 13/12, MIR 12/12, SFE 17/13, ACEP 8/13, HMS 4/14, BMT 2/17, SBM 5/18
8	Mr. Charin Satchayan	- DCP 196/14, BMD 2/16, FBG 5/16
9	Mr. Aidan John Lynam	- DAP 166/2019
10	Mr. Siva Mahasandana	- CGE SCCC/15, DCP 206/15, RCP 43/18
No.	Directors	Training Courses until end of 2019
1	Mr. Aidan John Lynam	- DAP 166/2019
2	Mr. Siva Mahasandana	- CGE SCCC/15, DCP 206/15, RCP 43/18
3	Mr. Mark Anatol Schmidt	- DAP 166/2019
4	Ms. Anuttara Panpothong	- DCP 265/2018, SBM 6/2019

For appointment of a new Director, the Company will provide the new Director with important documents and information that is useful for duty performances such as Directors Manual, Organizational Regulations, Code of Business Conduct. The Company also holds the business orientation meeting to explain the Company's business and policies. With this, the Company is confident that the new Director understands the job description and information which is useful in the performance of his/her duty.

The Board of Directors require the Group CEO to provide regular report on the development and succession plan that is jointly produced by the Nomination and Compensation Committee on annual basis for continuity and succession of CEO and Top Management positions.

### **Principle 3.9: Operations of the Board of Directors and the Company Secretary**

As mentioned above, the Board has ensured that the meetings will be held and that meeting agendas be provided in advance in order to enable the Directors to manage their times for participations in the meetings.

While the Articles of Association defines the numbers of Board meetings in quarterly, but in 2019, the Board initiated and decided to reasonably hold 7 Board meetings to suit the Company's nature operations, accountabilities and needful. In addition, the Management is tasked to make operational result report to the Board in a basis so as to enable a continuing and timely monitoring control in a given situation.

The Board of Directors has monitor controls to ensure that mechanism is provided to each Director, each Committee including the Group Executive Committee, and the Management, to enable them to independently submit useful matters to the Board meetings and that in the Board meeting, Group CEO is encouraged to invite key executives to participate in the meetings to present the additional details in related agendas in order to open the opportunity to the Board to get acquainted with the key executives so that such additional details can be used in support of their considerations on the succession plan.

The Board of Directors is allowed access to additional necessary information from the Group Chief Executive Officer, the Company Secretary, or other delegated Executives within the established policy scope and, where it is necessary, and independent opinions from third party consultants or professionals.

The Board of Directors has appointed a Company Secretary to perform duties in providing legal advice and regulatory requirements as well as overseeing the Board's activities and to make coordination to ensure that the Board's resolutions are complied with. The Board shall enhance the Company Secretary to receive continuing and regular trainings and knowledge development on the aspect of law, accountancy and Company Secretary's duty performances, including various certified programs to which the Company Secretary is required to attend, as well.

The Board of Directors has defined the qualifications and experiences of the Company Secretary suitable for performing his/her duties in providing advice in relation to the laws and regulatory requirements of which the Board should know; specifically overseeing and preparing the Board meeting documents, important documents and the Board's activities including making co-ordinations to ensure that the Board's resolutions are complied with. The Board of shall disclosed the qualifications and experiences of the Company Secretary in its annual report and in to the Company's website.

### **Principle 4: Nomination of Key Executives and People Development**

#### **Principle 4.1: Nomination and Development of Group CEO and Key Management**

The Board has delegated to the Nomination and Compensation Committee to carry out actions on the nomination and development of Directors and key executives and to ensure that they possess knowledge, skills, experiences and characteristics necessary for driving the organization to achieve its objectives.

#### **Nomination of the Group CEO and Key Executives**

The Nomination and Compensation Committee has been delegated/entrusted by the Board of Directors to make considerations on the nomination rules and procedures in nominating persons possessing qualifications to hold the position of the Group CEO, who is the Top Management of the Group.

In this regard, the Nomination and Compensation Committee reviews qualifications of the candidates for the Group CEO to meet the required qualifications and experiences and proposes to the Board of Directors for approval.

The Nomination and Compensation Committee is authorized to approve the proposal of candidates for senior management level of the subsidiaries proposed by the Group CEO and report to the Board of Directors for acknowledgement.

In addition, the Board of Directors has required that the position holder of the Group CFO shall not only meet appropriate qualifications and experiences, but passed the training for CFO, as specified by the SET Announcement. The CFO of the Company has passed the training CFO's Orientation Course.

In order to ensure the continuity of the business, the Board of Directors ensure that Management has implemented succession plan, especially for the position of key executives. The Board of Directors receive update report on this implementation twice a year.

#### **Development of Key Executives and People Management**

The Board of Directors support and enhance the ongoing in-house training and development program for Directors, Executives and personnel relating to the corporate governance including the training and development programs in various fields that increase knowledge and experiences useful to the Company's operations.

Details of the executive development as appeared under Clause 8.5 - Guidelines and Pattern of People Development.

#### **Principle 4.2: Appropriate Remuneration Structure and Performance Evaluation**

The Board of Directors, at the recommendation of the Nomination and Compensation Committee, has defined the remuneration structure which motivates Management in all levels to perform their duties in alignment with the objectives of the organization and the business in the long term.

The Board of Directors, at the recommendation of the Nomination and Compensation Committee, has approved the appropriate combination of salary and other short-term remuneration such as bonus and the long-term remuneration which will create engagement between employees and the Company, such as Employee Joint Investment Program (EJIP), a 7-year program starting from year 2016 - year 2022, on an appropriate proportion as a result of the operational plan. In defining the compensation policy, level of the

remuneration higher than or equal to that of the industrial level and the Company's operational result is taken into account. In this respect, the Board of Directors has ensured that the requirements and communications on the policy relating to the performance evaluations of the whole organization are clearly defined.

The non-executive Directors play the role on the remuneration and performance evaluation of Group CEO by participating in giving their approvals on the rules on the performance evaluation of Group CEO proposed by the Nomination and Compensation Committee which is the performance evaluation criteria that motivates the Group CEO to manage the Company's business and to achieve the objectives, strategy and in alignment with the benefit of the business in the long term. Respective to this matter, Group CEO is communicated to be aware of the performance evaluation criteria in advance.

Performance evaluation of the Group CEO is conducted every year which, in this connection, the Nomination and Compensation Committee is delegated to conduct such evaluation and that result of the evaluation and payment of the remuneration of the Group CEO shall be submitted to the Board of Directors which, in this respect, the non-executive Directors would always participate in the considerations.

In approving the annual remuneration of the Group CEO, his performance evaluation result and other relevant factors have been taken into consideration.

The Board of Directors has made considerations to give its approval on the rules and relevant factors in the performance evaluation as well as its approval on the remuneration structure of the key executives and keeping tab on the Group CEO to ensure that he/she conducts the performance evaluations on key executives in alignment with said performance evaluation principle.

The performance evaluation on the Company's Group CEO and key executives including the management are considered from the Company's operational result by setting it in percentage of Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) and measuring it from important work, competency, self-development, compliance with CG Policy and Company's Code of Business Conduct including result of public hearing survey from staff and employees for use in support of the considerations, as well.

## **Inspection and Evaluation of the Group CEO Performance by Board of Directors**

The Board of Directors and the Nomination and Compensation Committee jointly consider and evaluate performance of the Group CEO, which, in this connection, the evaluation is proposed to the Board of Directors by the Nomination and Compensation Committee, with consideration taken on current year performance with various factors as follows:

- 1) Results of the Company's performance;
- 2) Personal performance under the criteria and targets agreed in advance, such as:
  - 2.1 KPIs
  - 2.2 Critical tasks
  - 2.3 Leadership competency

In addition, the Nomination and Compensation Committee takes into consideration the adherence to the Corporate Governance Policy and Company's Code of Business Conduct.

## **Principle 5: Nurture Innovation and Responsible Business**

### **Principle 5.1 Innovation Creation**

#### **Nurturing Innovation at Siam City Cement**

The Company is well aware of the fact that importance should be placed on the innovation because of the changing world and technology that give rise to the expectations of the customers, business partners and key stakeholders desiring to see the change in a manner likely to be beneficial to or a mutual value creation for the business, customers, business partners as well as the society and environment, provided however, that such change shall be based on the Code of Business Conduct on business operations.

With the support of the Board and the Group Executive Committee, the Company places the importance on the activities that support and enhance the rising of the vital sustainability of the organizational culture as follows:

## **Enhancing Employees' Participations, Innovative Organizational Culture Creation, and New Innovation and Business**

To enhance the innovative culture in the organization, the Company is aware of the importance of the innovation resulting from changes in technology and market environment. The Company encouraged the employees to participate in the innovation-building activities such as innovation talks and workshops, main innovation programs, and the initiative programs in order to find new business models that can generate profit to the Company, and to build the mechanism to serve the demands in the global market. In 2019, the Company has established the new business model add value to the Company.

## **Direction and Support in Becoming Sustainable Corporate Innovation Infrastructure**

The Company is well aware of the creation and support that give rise to sustainable innovation within the organization, which, in this regard, Group CEO assumes the duty to be directly responsible in mapping out the policy, management and operations of all innovative promotional activities which includes providing support and facilitations of employees initiatives in carrying out operations on various innovation projects, in an expeditious and efficient manner, as well as providing support on the budget for education or researches to acquire additional information that is beneficial to the developments of creative projects that give rise to a Business Model.

The Company holds the significance of the innovation in the creation of mutual corporate value for the benefit of the business, customers, business partners and stakeholders as well as the society and environment. In this respect, emphasis on the creation of corporate culture, and support to various activities as well as working in collaboration with related external organizations in order to promote for the acquisition of new innovation is a continuing goal.

## **Principle 5.2 Business Operations with Corporate Social and Environmental Responsibilities**

The Company takes into account and put importance on the continuing creations of value for all stakeholders. It is the Company's practice that our stakeholders must be taken care of by the Company in accordance with their legitimate rights as provided by law or agreements entered with the Company. There must be a process to

encourage mutual cooperation and trust between the Company and all groups of stakeholders at all times, no matter what it is the aspect of its employees, communities around the business establishments, shareholders or investors, customers, suppliers, creditors, societies, state sector including competitors and independent auditors. More importantly, there must not be any performance of an act in a manner likely to infringe the rights of the stakeholders and that compensation measures in the case where a stakeholder has sustained a damage derived from the infringement of the right shall be implemented.

The Board has monitored controls to ensure that there is available mechanism to assure that the Company has carried out its business ethically and with corporate social and environmental responsibilities; refrain from violating the stakeholders' rights by implementing the guidelines in treating the stakeholders in the following manner:

### **(1) Responsibilities to Staff and Employees**

The Company has always regarded its employees as valuable resources, whose roles are fundamental to the success of the Company. All employees shall be treated fairly and equally regardless of the job title or level as prescribed by the laws, relevant standards and its Code of Business Conduct. Employees and staff are treated fairly and respected to their human rights in terms of equitably fixing the remunerations, exercising the policies concerning illegal labor, child labor and pregnant women labor, ensuring that the benefits and welfares are not less than or more than that required by law as appropriate. The Company looks after their safety and occupational health; supports them to have the development and progress by providing trainings; and giving opportunity to enhance other work skills.

The Board has overseen to ensure that clear and concrete policies and operating procedures on the staff's and employees' remunerations, welfares, health and safety in working areas are provided and that relevant treatments are disclosed and publicly known to all staff and employees as part of human resource management.

#### **Human Resource Management Policy**

All personnel of Siam City Cement Public Company Limited are considered as important resources in driving and pushing the Company towards its

objectives, thus, they are deemed to be relevant contributing factors to the corporate success in the creation of competitiveness to the Company. Their duty performances are required to be in alignment with the corporate commitment and culture, and with the expectations that not only with their working achievements but also in matters of ethical manners and adhered to the corporate commitment of working as a team, doing what is right, challenging conventions, and caring about our future.

Provided, however, that the remuneration administration scheme has been defined on the principle and base on the impartiality and equity. Factors used in the staff and employees' remuneration administration and consideration is consisting of the accountabilities of each position, labor market rates and Company payment's ability by relying on work analysis technique, work appraisal, labor market surveys and corporate compensation structure as the tool to help in the determination of such considerations as to the employee's annual performance result. Such is considered as one of the factors that is used in the determination of the incentive remunerations in compatibility with the performance result in order to support and boost the morale and enthusiasms of the staff and employees having performance result higher than the Company's defined standards. At any rate, bonus and payments package to all staff and employees are dependent on the Company's annual as the basis for remuneration of their full dedications and efforts in performing duties throughout the passing year.

Apart from the salaries and bonuses, other welfares are provided to all staff and employees to help in mitigating their expenses burden in maintaining the cost of living standards that is reasonable with the economic situation such as provident fund contributions, cost of living subsidies, employees transport buses, emergency loans, life insurances, health insurances, children educational aid fund, etc.

Provided, however, that the Company has periodically reviewed and altered its welfare scheme to be in alignment with the economic and social situation and the leading of life to be more compatible with the current period of time such as opening options to staff and employees to be able to choose their health insurances of the category in the case of the out-patient that the

number of treatments per year or the coverage per year with indefinite number of treatments is defined, etc.

Furthermore, continuing trainings are regularly organized to educate the Company's staff and employees to be able to understand the financial management and the provident fund including the establishment of the Employee's Joint Investment Program (EJIP), as well.

## **(2) Responsibilities to Customers**

The Company is aware and put importance of the safety management upon the customers under the supervision of the Board of Directors to ensure compliance with relevant laws and standards. In addition, health, safety and equity, customer privacy, after sales service throughout the product lifetime and services, and follow-ups on customer satisfaction for development of product and service as well as advertising and sales conduct must be carried out responsibly. Information and transactions must not be misleading, or exploit the customer's misunderstanding and incompatible with the vision on the occupational health and safety. The Company's core mission is a firm commitment to see that all employees, contractors and customers must be knowledgeable and understand the occupational safety and comply with Working Regulations and Steps for their own safety and safety of the other people. All activities must be undertaken under the effective occupational health and safety management system. It is an integral factor to sustain success in accordance with the Company's intention is the creation of a safety culture, the creation of good attitude on the aspect of the safety which is to be firmly instilled in the group of the organization's people and must be transferred to the customers group in order to enable them to collaborate in complying with various progress on the aspect of the occupational health and safety as well as controlling risk within the acceptable level.

The Company therefore place an emphasis on the communications, information sharing, transfers of knowledge, e. g. in connection with Working Regulations and Steps, Risk Assessment of the condition which is hazardous in the business establishment, how much maintenance can be made in order to create safety for customers regularly and consistently. This is to include launching

of campaigns on safety driving for franchised customer groups twice a year, in the service of delivering goods to meet the international standard level. In addition, the Company criteria for transportors which have to prepare personal safety equipment, safety symbols and marks in order to provide efficient safety management in the areas of the Company's franchised customers.

## **(3) Responsibilities to Suppliers**

The Board of Directors has monitored controls to ensure that there are fair procurement process and contracting, including fair contract or agreement conditions, assistances in passing knowledge, developing their potentials and raising their abilities on the productions and service providing to meet the standing, giving explanations and ensuring the business partners to respect human rights and fairly treat their labors, to be responsible for the society and environment including keeping follow-ups and checks on and making the assessments on the business partners for the purpose of the sustainable inter-business operation development.

In order to make the selections of business partners with the vision and carrying out business in similar direction as that of the Company, the rules and guidelines on the selection of a supplier as one of the stakeholders, the basic qualification of the supplier shall be based on the following:

1. Expertise and Experience;
2. Rational in terms of the Price and Quality;
3. Policy in Providing Services;
4. Working Safety Management;
5. Execution in compliance with the Law on Labor Enforcement;
6. Anti-bribery and Corruption;
7. Environmental-friendly Procurement;
8. Anti-Human Right Violation policy, etc.

In addition, the Company prescribes the strategic procurement procedures and guidelines on establishing relationship with the suppliers. Selections of our suppliers must be potentially made in order to illustrate our administrations with responsibility in the supply chain. If any supplier

should not pass the prescribed qualifications, the Company would map out an execution plan for such supplier to successfully correct such restrictions and that pertinent follow-ups and assessment on the progress shall be made including assistances provided to the supplier in order to lead such supplier to the better ability development and working improvement and to cause the rising of sustainable development of the Company which has expanded to such supplier.

In 2012, the Company made the SCCC Supplier Code of Conduct in order to set the conditions on the business associations which, in this respect, the suppliers must subscribe their signatures to confirm their acceptances to comply with such SCCC Supplier Code of Conduct as the inter-commitment before proceeding on with business engagements with the Company.

The Company put importance on our suppliers who are our vital stakeholders in dealing businesses with one another. In 2015, the Executive Committee rendered a resolution approving the reviews of Procurement Policy for use as the framework on the procurements of goods or services which created the worthiest value. This is to ensure that the procurement process is carried out in a systematic, equitable and transparent manner in all steps no matter what it is in regard to the bid, evaluations on and selections of suppliers and to encourage suppliers to carry out their businesses with ethics and framed with social and environmental responsibilities.

#### **(4) Responsibilities to Communities;**

The Board has monitored controls to ensure that business knowledge and an experience are adopted for use in the concrete developments of the programs/projects for the community and ensures that the relevant progress and success in the long-term are followed-up.

The Company is firmly committed to create shared value and good ties with the communities around the plant in Kaeng Khoi and Muak Lek Districts, Saraburi Province, by providing supports on sustainable community developments to all communities around the plant including the overall general public on three aspects such as educational promotions, sustainable community developments and basic public utilities support that continuously by setting out the policy and disclosing the performance on a regular basis.

#### **(5) Responsibilities to the Environment**

The Board of Directors has monitored controls to ensure that prevention, reduction and management measure is implemented and further ensure that the Company has not created nor caused any negative impacts on the environment which extend to thoroughly cover the use of raw materials, energy (in the productions, transports and office), water, renewable resources, care and rehabilitation of biological diversity having been negatively affected from business operations, discharges and disposals of wastes originated from business operations and greenhouse gas emissions, etc.

The Company adopts Work Quality Control, Safety and Occupational Health System for use in carrying out the work in correlation with the Company's concrete business operations. The Company adopts environmental management system (ISO: 14001) for use in order to initiate the creation of the environmental development in correlation with the developments as well as to cause the reductions in the cost, expenses relating to raw materials and energies, pollutant treatments, and enhance image of the organization.

#### **(6) Fair Competition**

The Board of Directors has monitored controls to ensure that business operation is expressly transparent and does not create any unfair competitiveness. The Company encourages and supports fair and transparent competition. The Company will not perform any act which would violate or contradict any competition law or may cause damages to the reputation of its competitors as prescribed in the Business Code of Conduct.

#### **(7) Anti-Bribery and Corruption**

The Board of Directors has monitored controls to be assured that the Company has carried out its business operations in compliance with the applicable law and related standards and encouraged business partners to announce the Anti-Bribery and Corruption Policy. The Company strictly practiced on the No-gift Policy and provide regular trainings to educate its employees on the Anti-Bribery and Corruption policy and the procedural guidelines.

The Company became a certified member of the Private Sector Collective Action Coalition Against Corruption (CAC) in 2017 and will be applied for re-certification in 2020.

### **Principle 5.3 Resource Allocation and Management**

The Board promotes the efficient use of resources both the financial one and the one used in the production process, intellectual properties, human resources, natural resources including social and relation aspect by defining it as a policy and announcing the implementations thereof to make it known to the public.

The Board of Directors has promoted the use of resources in a conservable manner with efficiency; maintaining of non-renewable sources of resources and recycling of the secondary materials.

The Board of Directors has monitored controls over the Company's business operations to ensure that they have been carried out with responsibility, adherent to corporate social responsibility activities relating to the business operation process by taking into account the necessity and impact in bringing resources for use and the impact on one another in using each category of the resources including the resource impact and development through value chain by being aware of the fact that the different business model would cause the impact on the resources differently, as well. Therefore, in choosing the business model, the Company must take into account the impact and worthiness to occur to the resources on the basis of having the ethics, responsibilities and create sustainable value to the business.

The Board of Directors has monitored controls to ensure that in attaining the business objectives, the Management has reviewed, developed, and supervised the matter on the efficient and effective use of the resources by always taking into account the internal and external factor changes.

The Board of Directors promote and encourage the acquisitions of knowledge and trainings of the staff and employees on the aspect of the environment by defining this matter as a policy and disclosing the implementations thereof to make it known to the public.

### **Principle 5.4 Corporate Level Information Technology Management**

The Board has established a framework for governance of enterprise IT in alignment with the Company's business needs by ensuring that it carries on the operations in compliance with the relevant laws, regulatory requirements and standards relating to the use of technology by assigning INSEE Digital Co., Ltd., a subsidiary engaged in the business as a service provider on techniques, management and development of data system to Siam City Cement Group of Companies, to oversee and manage IT of companies in the Group.

Provided, however, that the Board has established a policy on the allocation and management of IT resources such as the appropriate utilizations of IT property that comprehensively covers the allocations of the resources adequate to the business operations and defining guidelines for backing up in the case of being unable to adequately allocate the resources as prescribed. Respective to this matter, the criteria and factors on the precedence of IT Work Plan such as the suitability and compatibility with the strategic plan, business operational impact, utilization urgency, budget and IT human resources as well as the compatibility with the business model have been defined. In this respect, INSEE Digital Co., Ltd. provides the services comprehensively covering from the stage of mapping out the strategic plan on the aspect of technology, information and digital to be in alignment with and able to promote business strategies of Siam City Cement Group of Companies to the stage of overseeing and developing the existing systems that can be operated with optimal efficiency and respond to the needs of users both in and out of the organization in accordance with the set objectives.

The Board, on the corporate risk management, has overseen to ensure that the corporate risk management thoroughly covers IT management risk, as well, such as business continuity management, incident management and asset management, etc.

The Board has implemented the policy and measure on IT system security which have been excellently undertaken by INSEE Digital to the extent of being awarded with ISO/IEC 270001:2013 Certificate under the category of the Outstanding Information Security Management Awards from Bureau Veritas Certification (Thailand) Ltd., which comprehensively covers the

information security system on the confidentiality, integrity, availability of information including the protection against any illegal use of the information or the alteration of the information without any permission.

## **Principle 6: Strengthen Effective Risk Management and Internal Control**

### **Principle 6.1 Risk Management and Internal Control**

The Board of Directors has monitored controls to ensure that the Company has the information security system including setting out of the policy and practical procedures on safeguarding the confidentiality to prevent the information from leaking, the integrity and availability of the information including the information management which may affect the market sensitive information. In addition, the Board has overseen to ensure that Directors, key executives, staff and employees as well as related third persons such as legal advisors, financial advisors, comply with the information security system, as well.

The Board of Directors has monitored controls to be assured that the Company has risk management and internal control system to enable it to effectively achieve the objectives, the corporate business operations being practiced in compliance with the relevant laws and standards of both the domestic and international level, thus, an appropriate and adequate internal control is defined in order that the Company's business operations can be carried on in accordance with the objectives and in alignment with the relevant laws, rules, regulations and requirements relating to the businesses and the operations, reduce the operational risk and build up confidence in that there is a reasonable anti-corruption measure.

The Board of Directors has entrusted the Audit Committee and Governance and Risk Committee to scrutinize and consider the approval of the acceptable risk, specifically, strategic risk, operational risk, financial risk and compliance risk, in which both the organizational internal and external factors may impair the Company to attain the prescribed objectives., Also to approve risk management policy in alignment with the objectives, principal goal, strategies and acceptable risk of the enterprise as a framework on duty performances in the risk management process of everyone in the organization to be in the same direction which the

impact and opportunity on the risk occurring probability having already been identified is assessed in order to arrange the risk precedence and avail an appropriate risk management method.

The Board of Directors put importance on making follow-ups and effectiveness evaluation on the risk management consistently and on the early warning signals and keeps tab to ensure that the risk management policy is regularly reviewed, at least, once a year.

### **Principle 6.2 Formation of the Audit Committee**

The Board of Directors formed the Audit Committee that can efficiently and independently perform their duties. All Committee members are independent Directors who are fully qualified in accordance with the criteria prescribed by the Stock Exchange of Thailand (SET) and Office of Securities and Exchange Commission (SEC).

The Board has defined the role and duties of the Audit Committee in the Charter of Audit Committee, (the details of which are appearing in Principle 3 - Strengthen Board Effectiveness, Roles and Responsibilities of Company Board and Committees), which comprehensively covers duties as specified under the Corporate Governance Code for Listed Companies 2017.

The Board of Directors has made available the mechanism or tools which will enable the Audit Committee to access information that is necessary for their assigned duty performances such as facilitating them to be able to call related persons to give relevant information, participate in the discussion making in conjunction with the auditors, find comments independently from the influence of any other professional advisors to support their considerations. Providing persons or internal audit organization having independence in performing their duties to be responsible in the development and verification of the efficiency of the risk management system and internal control together with the submission of relevant report to the Audit Committee for consideration and comment on the adequacy of the risk management system and internal control. Such verification report shall as well be disclosed in the annual report.

Details of the internal control and risk management are appearing in Internal Control and Risk Management.

### **Principle 6.3** **Manage and Monitor Conflicts of Interest**

The Board of Directors has monitored controls and follow-ups and was able to manage conflict of interest that might occur between the Company and the Management, Directors or shareholders including the prevention of the inappropriate use of corporate assets, information, and opportunities and the inappropriate transactions with related parties.

#### **Information Security Operations and Monitoring the Use of Insider Information**

The Board of Directors has monitored controls to ensure that the information security operation system is implemented. This shall include the mapping out of policy and procedures on safeguarding confidentiality, integrity, and availability of business information as well as the management of the market-sensitive information. In addition, the Board has monitored the implementation of the information security policies and procedures and the adherence to confidentiality requirements by Directors, key executives, staff and employees as well as related outsourced advisors to also comply with the information security system.

In order to comply with the Corporate Governance Code on the matter of preventive measures in the case where a Director, an Executive or an employee has used insider information to exploit benefits through abusive self-dealings for their own self or for another person, the Directors and the Executives have placed the importance on the compliance with the Company's Code of Business Conduct. In this respect, the Board of Directors has implemented the Blackout Period Policy which the Directors, Executives and employees as well as the persons perceiving the insider information are prohibited from trading the Company's shares during the period of 30 days before the dissemination of the information and not less than 24 hours after the dissemination of the information on financial statements and significant financial information to assure that there are no exploitations of benefits from the information undisclosed publicly that would lead to the taking advantage of outsiders. Directors and Executives must produce and submit a report on the holding of assets in accordance with the requirements of the Office of the Security and Exchange Commission (SEC) under Section 59 of the Security and Exchange Act, B.E. 2535 within 3 days from the date of the change. The Company Secretary shall be notified accordingly in order that a summary on the number of

the securities of the Directors and Executives individually can be made for submission to the Board of Directors in their meetings every time and that the information on the holding of such securities shall be disclosed in the annual report with a notification on the penalty in the case of violation or non-compliance with the Policy and such requirements, as well.

The above policies are also part of the compliance with the Code of Business Conduct on the use of Company assets and information.

The Code of Business Conduct sets out that "Use of insider information or non-public information in supporting the investors' decision whether to buy, sell or hold stocks or securities is considered unethical and illegal, and this may result in disciplinary and criminal charges."

For any questions regarding use of insider information, please consult the Legal Department. The Company shall review names of insiders for the suitability of the current situation, map out the guidelines in safeguarding insider information and notify all personnel within the organization on the aforementioned policies and guidelines to comply with and make follow-ups on the compliance with such policies and guidelines regularly.

The Board has monitored controls to ensure that names of the insider information users who has knowledge and possess the non-public important information are reviewed to reasonably in accordance with the current situation and shall notify all parties within the organization irrespective of whether they are Directors, the Management, all staff and employees on the abovementioned policy and practical guidelines for them to comply with and to be aware of the subsequent penalties in case of a violation or non-compliance with the above described policy and requirements, as well, which in this connection, result of the executions in the compliance shall be regularly monitored.

Summary of Number of Shares Held by Directors and Executives in 2018 and 2019 is follows:

Shareholding of Siam City Cement Public Company Limited by Directors and Executives

List of Directors/Executives	31 December 2019			31 December 2018			Total Number of Shares Increase/ (decrease) during the year (share)
	Number of Shares (Share)		Percentage of Shares Held	Number of Shares (Share)		Percentage of Shares Held	
	Directors/ Executives	Spouse and child(ren) under age		Directors/ Executives	Spouse and child(ren) under age		
<b>Non-Executive Directors</b>							
1. Mr. Paul Heinz Hugentobler	-	-	-	-	-	-	-
2. Mr. Vanchai Tosomboon	98,456	-	0.0330	89,723	-	0.0301	8,733
3. Ms. Nopporn Tirawattanagool	-	-	-	-	-	-	-
4. Mr. Pongpinit Tejagupta	-	-	-	-	-	-	-
5. Mr. Benjamin Herrenden Birks	-	-	-	-	-	-	-
6. Mr. Stephen Patrick Gore	-	-	-	-	-	-	-
7. Dr. h.c. Harald Link	45,598	-	0.0153	38,483	-	0.0129	7,115
8. Dr. Sunee Sornchaitanasuk	-	-	-	-	-	-	-
9. Mr. Pradap Pibulsonggram	-	-	-	-	-	-	-
10. Mr. Charin Satchayan	-	-	-	-	-	-	-
<b>Executive Director</b>							
11. Mr. Aidan John Lynam	-	-	-	-	-	-	-
12. Mr. Siva Mahasandana	216,926	-	0.0728	211,992	-	0.0711	4,934
<b>Executives</b>							
13. Mr. Mark Anatol Schmidt	-	-	-	-	-	-	-
14. Mr. Philippe Richart	-	-	-	-	-	-	-
15. Miss Anuttara Panpothong	-	-	-	-	-	-	-

**Note:** The percentage of shares held for year 2018 and 2019 calculated from the registered capital 2,980 million baht.

## Possible Conflict of Interest Transaction

Other than monitoring controls over the internal information use, monitoring controls over the possible conflict of interest transaction with the Company is extremely important. The Board of Directors therefore oversees to reassure that the possible conflict of interest transaction be managed and monitored including the availability of the practical guidelines and procedures in order that such transaction can be undertaken in accordance with the steps of the operations and information disclosure provided by law and for the overall benefits of the Company and shareholders as a significant matter which, in this respect, no stakeholders shall participate in the decision making.

The Code of Business Conduct sets out that “Conflict of interest can be defined as “the situation where our personal, financial or other interests interfere, or may be perceived as interfering with our ability to act in the best interest of the Company Group”. Employees shall avoid conflict of interest whenever possible. In the situation where employees think that the conflicts may arise and it might impair or even appear to impair, they must immediately inform their supervisor to resolve the situation in a fair and transparent manner.”

In this regard, the Company establishes the guidelines on conflict of interest for personnel who may be involved in approving a process or procuring a product or service to declare the information of themselves or their relatives regarding the transactions with the Company and/or the subsidiaries during the period of the last 12 months. This activity is done online on an annual basis. The declaration of conflict of interest activity has continuously been active for many years and the Company found that the employees has become more aware of transparency and avoid the activity that may be connected with the conflict of interest of the Company.

## Report Preparation on Conflict of Interest

The Board of Directors has determined the guidelines that Directors must report of his/her interest prior to the consideration of its meeting agenda and such interests must be documented in the Minutes of Meeting every time. In addition, the Board of Directors also ensures that the Directors having significant interest in the nature that such Directors may not be able to independently give opinion, must not participate in the meeting of such agenda. Moreover, Directors and Executives shall report their own interests and of

related persons when there is a change therein and forward the pertinent report to the Company Secretary for the preparations of the conclusion report to advise the Board of Directors in every Company’s Board of Directors’ Meeting.

## Principle 6.4 Policy and Practical Procedures of Anti-Bribery and Corruption

SCCC has announced the Anti-Bribery and Corruption Policy since 2012 and instill the corporate culture in accordance with the ideal that bribe giving or corruption shall strictly be prohibited the whole time. In 2015, the Collection Action Coalition (CAC) declaration of Thai private sector on anti-bribery and corruption was jointly signed and the relevant Membership Status Certificate from CAC subsequently given on 18 August 2017.

The Board of Directors has approved the Anti-Bribery and Corruption Policy and determine the guidelines as follows:

### 1) Tone at the top

- (1) Board of Directors, management and employees have the duty to comply with local anti-corruption laws and regulations and must not involve in any form of corruption even though it is the benefit of the business, family, friends, or others and must adhere to the ethics strictly.
- (2) The company has a policy regarding political neutrality which states that it will not assist in supporting political parties, political groups, as well as political individuals whether directly or indirectly, by prohibiting any person to support and make a donation, as well as make transactions that result in political support. The authorized person who has the authority to approve the transaction based on the regularity and rules of the Company cannot approve any transaction that involves political support in all forms.
- (3) Human Resources process must reflect the anti-corruption policy.
- (4) Procurement must comply strictly with Procurement Policy and Procedures for the sake of transparency and audit at every step.

**2) Bribe, Facilitation Payments, Kickbacks, Donation**

- (1) Prohibited to offer, promise or give a bribe or to request, agree to receive or accept a bribe.
- (2) All shall not make or arrange any form of facilitation payments or “kickbacks”. If employee get asked to make a payment on our behalf or have any suspicious, concerns or queries regarding a payment, the employee should raise these directly with your line manager, compliance officer or legal counsel.
- (3) No donation shall be offered or made on behalf of the Group without prior approval of the authorized person under the applicable Manual of Authority (MoA). Only donations that are legal and ethical under laws and practices shall be made which are to be in accordance with the community program and/or Corporate Social Responsibility Program of the companies within the Group. Moreover, those organizations must be a legal and authorized entity to ensure that the donation is not used for bribery.

**3) Monitoring**

- (1) Provide a transparent mechanism for proper financial accounting and reporting.
- (2) Provide a proper and regular internal control and risk assessment system to prevent the corruption situation, as well as reviewing and evaluating operational corruption risks at least once a year.

**4) Training and Communication**

- (1) Provide communication channels and ongoing training to company personnel to achieve a real understanding and knowledge about the measures taken against corruption, including the ability to report suggestions and complaints about corruption thoroughly with protection measures that identify the whistleblower clearly.
- (2) The anti-bribery and corruption policy and program must be publicly disclosed and communicated to all employees, business partners, customers and public through internal and external communication channels of the Company.

**5) Protection**

- (1) Employees who refuse to accept or offer a bribe, or those who raise concerns or report wrongdoings, are sometimes worried about possible repercussions. We aim to encourage openness and will support anyone who raises genuine concerns in good faith, even if they turn out to be mistaken.
- (2) We are committed to ensuring no one suffers any “detrimental treatment” as a result of refusing to take part in bribery or corruption, or because of reporting in good faith their suspicion that an actual or potential bribery or other corruption offence has taken place, or may take place in the future. Detrimental treatment includes dismissal, disciplinary action, threats or other unfavorable treatment connected with raising a concern.
- (3) Any employee who believes that you have suffered any such detrimental treatment, he/she can inform the line manager, compliance officer or legal counsel immediately, who will investigate the matter in order to find a remedy.

Beside the monitoring, training and communication mentioned above, the implementations include the requirement of Directors and employees to comply with this policy, the practical guideline for financial records which focus on both payment evidence and reason. Also, the internal audit function has regular auditing program to identify whether the information is not aligned with the fact and would lead to corruption.

(Details of Anti-Bribery and Corruption Policy can be seen on the Company’s website: <http://www.siamcitycement.com>)

## **Principle 6.5 Mechanism for Handling Complaints and Actions in case of Whistle Blowing**

The Board of Directors has monitored controls to ensure that an effective mechanism and process for handling complaints and whistle blowing be established and be in place to record, track, resolve, and report complaints and feedback of the stakeholders and to further ensure the availability of convenient complaint channels for more than one, thus includes the disclosure of the complaint receiving channels in the Company's website and annual report.

The Board of Directors has monitored controls to ensure that the Company has clear operating guidelines in the case of a whistle blowing including the process on the information verification, operations and reporting to the Board as well as overseeing to ensure that the appropriate whistle blower protection measures are in place when they made the report in good faith.

The Board of Directors has mapped out a policy on the receipts of complaints and whistleblowing to enable the stakeholders to make their reports of whistle blowing and the commission of offences or violations of laws and regulations with respect to the carrying out of business operations such as financial statement irregularity, bribery and corruption practice, theft of property, malfeasance, erroneous account recording, abusive use of Company's property and information, violation of policy on offering or accepting the gifts, entertainment in order that information on the complaints can be checked and verified in accordance with the fact-finding process and can be forwarded to the Audit Committee and the Board of Directors respectively. In addition, mechanism for the protections of the informants and whistleblowers including persons against whom the complaints are lodged and prescribed.

INSEE Speak Up reporting channels consists of 4 channels covering 5 countries as follows:

1. Hotline:

Thailand:	001 800 441 0657	(press 72235)
Vietnam:	120 324 19	(press 72235)
Bangladesh:	000 800 091 031	(press 72235)
Sri Lanka:	011 242 2173	(press 72235)
Indonesia:	001 803 441 476	(press 72235)
2. Email: [inseespeakup@expolink.co.uk](mailto:inseespeakup@expolink.co.uk)

3. Website: [wrs.expolink.co.uk/inseespeakup](http://wrs.expolink.co.uk/inseespeakup)
4. Application: "SpeakingUp" access code: InseeSpeakup

This process is another additional channel to enable all groups of the stakeholders to make their reports on matters which would cause damage to the Company, to the Company's Board of Directors. There will be persons assigned to receive the reports or complaints; a process for carrying out the investigation and reporting back to the Company's Board of Directors; In addition, all stakeholders can file the complaints to the Board of Directors at [companysecretary@siamcitycement.com](mailto:companysecretary@siamcitycement.com).

SCCC is firmly determined to maintain its high standard on the matter of good corporate governance as mentioned in its promise that SCCC shall be the faithful, honest, ethical and transparent organization. As such, a notification on an inappropriate event or in violation of the Code of Business Conduct by personnel of the Company is reasonably protected from the environmentally working condition.

## **Principle 7: Ensure Disclosure and Financial Integrity**

### **Principle 7.1 Financial Report Preparation and Significant Information Disclosure**

The Board of Directors is responsible for overseeing to ensure that the financial preparation and significant information disclosure systems are properly and adequately handled in a timely manner and in accordance with the relevant rules, standards and practical guidelines.

SCCC discloses the relevant and significant information on the basis of transparency, completeness and a timely manner both on the aspect of financial and non-financial information such as the Company's operational result of the Board and Committees in the previous year, CG Policy, CSR Policy and Environmental and Social Policy and compliance with various policies through accessible channels with equality and reliability according to the standards and regulations set by SEC and SET. In this respect, the Board has ensured that people related to the preparation and disclosure possess appropriate knowledge, skills, experiences and number for their accountabilities. Mentioned people are mainly the accounting and financial line key executives, bookkeepers, internal audits, Company Secretary and investor relations.

The Board has made available the quality financial report preparation process and ensured that the information stated in the financial report is accurate and in accordance with the generally acceptable accounting standard and that it has audited by the independent auditors certified by the SEC. There must also be the Board's responsibility to the financial report all along with the independent auditor report in the annual report by giving approval on such financial information disclosure. The Board has already taken considerations on the factors, the matter of the adequacy evaluation of the internal control system including the observations of the auditors through other communication channels, comments of Audit Committee and in alignment with the objectives, main goals, strategies and Company's policies.

The Board has monitored controls over the information disclosures which include financial statements, annual report, Form 56-1 that adequately reflect the Company's financial status and operational result including the encouragement of the Company to conduct the management discussion and analysis or MD&A to support the financial statement disclosure every quarter, so as to enable the investors to know the information and understand the changes that is occurring to the Company's financial statements and operational result. Other than solely the numeric figure information in the financial statements and in the case of any information disclosure which is related to any Director, such Director in particular must oversee to ensure that the disclosure on his/her part is completely and accurately undertaken.

### **Principle 7.2 Financial Liquidity and Solvency**

The Board has monitored controls to ensure that the Management keeps tab on the follow-ups and assessment of the corporate financial status and the continuing and regular submission of the relevant report to the Board. In this connection, the Board shall jointly collaborate with the Management to find remedial solutions to correct the discrepancies in a timely manner should there be any indicative signal of problems about the financial liquidity and solvency.

### **Principle 7.3 Remedial Actions to Solve Financial Problem**

In approving any transactions or presenting any comments to a shareholders meeting, the Board must be assured that such transactions will not affect the continuity of the business operations on financial liquidity or solvency.

The Board must monitor controls to ensure that the company has the implementation plan or other mechanism that can solve financial problems and keep such plan or mechanism closely monitored and oversee to ensure that the corporate businesses are carried on with due care and in compliance with the requirements in relation to the information disclosure by taking into account the impartiality towards the stakeholders including creditors as well as monitoring the follow-ups to solve the problems which, in this respect, the Management shall be the party to regularly report the relevant situation. The Board must be assured that any decision making in solving the corporate financial problems irrespective of any method must be in a reasonable manner.

### **Principle 7.4 Sustainability Report Preparation**

The Board has considered the appropriate disclosure of information in compliance with the laws, the ethical code, anti-corruption policy, treatments of employees and stakeholders which include fair treatments and respect to human rights, social and environmental responsibilities and by taking into account the report framework acceptable at domestic or international level which has been defined as the policy. Such information shall be disclosed in the annual report.

The Board has ensured that the disclosed information is a significant matter that reflects the practical implementation towards the creation of sustainable corporate values regularly.

The Board of Directors has monitored controls to ensure that the Management has established a unit or provided a person to functions as the investor relations who shall perform duties in communicating it with the shareholders and other stakeholders, (such as an investor, an analyst) appropriately, equally and in a timely manner.

The Board of Directors put importance on the discharging of duties of the Company's "Spokesperson" who must be suitable to perform such duties, understands the

corporate business including the objectives, main goals, values and well communicate with the capital market. Because the person appointed to perform such duties has to perform his/her duties with due care, CEO is therefore designated to be responsible for giving information to the third persons.

The Board of Directors also set out the Disclosure Policy, and the Communication Policy. Respectively, the tasks related to Investor Relations (IR) is assigned to specific person in order to communicate it with the third parties, including investors, institutional investors, general investors, analysts, and associated state agencies with equality and fairness. The Company provides the opportunity as well to such parties to visit our Executives as appropriate. The information provided is an information for public disclosure, accurate, not misleading and informative to aid the investors in their investment decisions. The Board must ensure that the communication and information are disclosed to the public in an appropriate, equal, timely manner, and is used with the proper channel. The secrets and information impacting the securities price must be protected. Besides, the communication must be in the same direction throughout the entire organization in compliance with such policy.

The Company attached importance to equitable and transparent treatment to all shareholders with which they will be provided with important, complete, and updated information and convenience in understanding the Company's information. Importantly, at the shareholders' meeting, there will be no agendas or changes in any significant information should be added without giving notice to the shareholders in advance.

In fostering relationships with investors and interested parties, persons responsible for investor relations; persons responsible for social responsibility; and persons responsible for sustainable development are always delegated to organize suitable activities, such as site visits and social and environment activities (See details in section "Social Responsibility" of the annual report).

## **Principle 7.5** **Person responsible for Investor Relations**

Mr. Kasem Makrailert is in charge of Investors Relations activities of the Company. In 2019, the Company met approximately 50 individual investors, institutional investors, securities analysts, and provided information through quarterly press release. Investors can direct their Company enquiries to the following channels:

**Address: Finance and Controlling  
Siam City Cement Public Company Limited  
199 Column Tower, 11<sup>th</sup> Fl.,  
Ratchadapisek Road, Klongtoey Sub-district,  
Klongtoey District, Bangkok, 10110**

**Telephone: +66 2 797 7165**

**Email: [kasem.makrailert@siamcitycement.com](mailto:kasem.makrailert@siamcitycement.com)**

The Board has monitored controls to ensure that the management had prescribed directions and provide supports in the investor relations functions such as the standard operating procedures (SOP) in giving information, policy or SOP on information management which definitely affects securities prices; this to includes the clearly defined accountabilities of the investor relations in order that the information communications and disclosures can be efficiently and constantly made (such as analysis meeting on the Company's performance, news release, etc.).

## **Principle 7.6** **Application of IT Technology for Use in Information Disseminations**

Apart from the information disseminations in accordance with the established criteria and through the capital market channel, Annual Registration Statement (Form 56-1) and annual report, the Board has defined that the information both in Thai and English be disclosed through the Company's website at [www.siamcitycement.com](http://www.siamcitycement.com) where the information in which has regularly been updated and fully accounted for according to Corporate Governance Code for Listed Companies.

## **Principle 8: Ensure Engagement and Communication with Shareholders**

### **Principle 8.1 Participating in Decision Making**

SCCC is firmly committed to protect the rights and benefits of our shareholders. The Company's Board of Directors is aware of and put importance on the rights of our shareholders (including the institutional shareholders) equitably and that under no circumstances shall the Company perform any acts in a manner likely to violate or derogate the rights of our shareholders. The Company adopts the policy in encouraging, supporting and providing facilitations to our shareholders to exercise their fundamental rights in accordance with the law by participating in the shareholders' meetings, casting ballots either in person or by proxy, appointing or removing Directors, fixing Directors' remunerations in all forms and appointing the auditor as well as matters that would pose an impact on the Company such as allocation of dividends, stipulations or revisions of Articles of Association and Memorandum of Association, capital decrement or increment, and special transaction approvals, etc.

The Board of Directors ensures that the shareholders shall take part in making important decisions, issues specified by laws, and issues that may impact the direction of the business operation are listed in the meeting agenda and pass the consideration and/or the shareholders' approval.

The Company's Board of Directors supports the shareholders' participation by prescribing criteria to allow the minority shareholders to propose a meeting agenda prior to the shareholders' meeting. In this connection, the Board will consider to include such proposed agenda. If the Board of Directors shall deny the proposed agenda; explanation must be given at the shareholders' meeting. Additionally, the Board of Directors must provide a process that allows the minority shareholders to participate in the nominations and appointments of Directors however, qualifications of the shareholders who will be entitled to nominate names of persons for elections as a Director to be a one shareholder or by an individual case who holds the share and is entitled to cast the ballots summed up in total of not less than 14,900,000 shares (or zero point zero three four percentage (5%) of the Company's total number of the eligible voting shares) which is the very low number of the shares must be prescribed. This

practice is a part of the process to ensure that the minority shareholders can elect independent Directors to look after their benefits on their behalf. The Board will ensure that the disclosure of such criteria will be made to shareholders in advance of 3 to 4 months before the date of the shareholders' annual general meeting, as well as opening the opportunity to shareholders to submit questions before the meeting by specifying the criteria for question submission in advance and disseminating such criteria on the Company's website.

For Annual General Meeting 2020, the Board gives opportunity to shareholders to submit to propose the agenda item, director candidate and relevant questions prior to the Annual General Meeting between 1 October 2019 - 15 January 2020 by establishing clear criteria for advance submission and disseminating such criteria on the Company's website <https://www.siamcitycement.com/en/investor/annual> However, no question was submitted.

The Company's Board of Directors shall ensure that the Notices of Shareholders' Meeting contain correct, complete and adequate information for shareholders' use of rights. In addition, meeting agendas are clearly specified and forwarded to the shareholders along with related document. The Notices of Shareholders' Meeting, agendas, and opinion of the Board of Directors were disseminated through the Company's website before the date of the meeting. Such Notices of Shareholders' meeting and relevant documents shall be made entirely in English and disseminated altogether along with the Thai versions every time.

### **Principle 8.2 Actions on Shareholders Meeting Date**

The Company's Board of Directors ensures that information, date, time, and place of the meeting as well as the meeting agendas are provided with supporting explanations and reasons on each agenda that is specified in the Notices of Shareholders' Meeting. The Board's Notices of Shareholders' Meeting must consist of:

- 1) Shareholders' meeting date, time and place.
- 2) Meeting agendas which have been specified as either for acknowledgement or approval including specific matter in relation to the Directors, matters of the Director elections and approval, and on Directors' remunerations in a separate agenda

3) Objectives a, rationale and the Board's comments in each proposed agenda which include:

(1) Agenda on dividend payment approval - dividend payment policy, proposed dividend payment rate together with supporting rationales and information. In the case of a stay on the dividend payment, relevant rationales and information should as well be given.

(2) Agenda on Directors' appointments - Specify the names, ages, educational and working backgrounds, number of listed companies and general companies having term of office as a Director, nomination rules and procedures, type of Director nominated and in the case of a nomination for reappointment of a previous Director for term of office once again, specify the information on meeting attendances in the previous year and date of appointment to be the Company's Director.

(3) Agenda on Directors' remuneration approval - Policy and rules on defining directors' remuneration of each position and all forms of Directors' remunerations both tangible money and other benefits.

(4) Agenda on the appointment of auditors - Name of auditors, the Company they belong to, working experiences, auditors' independency, auditing fees and other service charges.

4) Proxy Letter in accordance with the form prescribed by Ministry of Commerce.

5) Other meeting supporting information such as vote casting steps, vote counting and vote counting result notification, right of each category of share on vote casting, information of independent Directors whom Company has proposed as the proxies from shareholders, documents which shareholders must produce prior to attending the meeting, proxy supporting documents and map of the meeting place, etc.

The Board has monitored controls to ensure that actions on the shareholders' meeting date are carried on in an orderly manner with transparency, efficiency and facilitation to shareholders ability to exercise their rights.

In setting the meeting, the date, time and place must be considered at the shareholders convenience. The time interval must have been discussed in order to facilitate travels and attendance of the shareholders.

The Board of Directors shall ensure that there are no actions that would limit the opportunity of attending the meeting or cause undue burden on the shareholders and shall send Proxy Letters along with the Notices of Meeting, as well as timely publication at the Company's website ([www.siamcitycement.com](http://www.siamcitycement.com)), for the shareholders' options and facilitations in case that they cannot attend a meeting in person. In addition, the Board does not specify any requirements for the shareholder's proxy in cases of documents and or evidences of identification that exceed applicable legal and regulatory requirements. However, duty stamps are also prepared for the appointment of proxies.

At the same manner, the Company's Board of Directors provide opportunity for shareholders who are unable to attend the meeting to appoint any of the independent Directors or other persons as their proxies to participate and cast their votes in the meeting and encourages the shareholders to use Form B Proxy Letter and nominate the independent Directors of more than 1 person as their options in delegating their proxies.

The Board of Directors has a policy to support and facilitate all groups of shareholders, including institutional shareholders to attend the meetings. Hence, the coordination has been made between SCCC and institutional shareholders and/or custodians who are the depositary and curator of securities for foreign investors in verifying the names, number of shares and documents supporting the delegation of proxy before a meeting in order to reduce the time of document verification on the meeting date.

The Board of Directors promote the use of technology for the shareholders' meeting by adopting the computer and barcode systems for registration, vote counting and result display. This is to expedite the meeting process with accuracy and to facilitate the shareholders in exercising their rights fully in participating and casting their votes in the meeting

The Chairman of the Board is the Chairman of the shareholders' meeting having the responsibility to comply with applicable legal requirements and the Company's Articles of Association; to allocate sufficient time for consideration and debate of agendas, and to provide opportunity to all shareholders who wish to share their opinions or ask questions related to the Company.

To enable the shareholders to participate in making crucial decision, Directors who are shareholders participating the meeting should not allow the addition of meeting agendas that have not been duly notified in advance, particularly the important matters that the shareholders should use an ample time to study on its information before making decision.

All Directors, relevant Executives and Directors of committees should attend the meeting to answer questions from shareholders on Company-related matters.

The Company conducts the meetings in a transparent manner with examination mechanisms available. The Chairman of the Board of Directors shall, before the meeting is about to convene, assigns the Company Secretary to give explanations to the meeting on number of attendance, proportion of shareholders who personally attended the meeting and or by proxies, steps and methods in displaying result of the ballots, including opportunity to the shareholders to set the issues and make inquiries as well as ensuring that inquiries and answers, ballot result on each agenda as to how the agreement, disagreement or abstention on ballot casting of the shareholders are, including names of Directors attending the meeting and taking leave of absence from attending the meeting, are recorded in the Minutes of Shareholders' Meeting.

Before casting the votes on each agenda, the Chairman of the Board of Directors opens the opportunity to the shareholders to express their opinions, give their recommendations or even make inquiries. The Chairman and related Executive Committee Members shall be the parties to answer the questions, make considerations on the opinions and recommendations from the shareholders for further actions as appropriate.

In the Company shareholders' meeting, rendering of resolution on each matter would be arranged in the case where such particular agenda contains several matters such as an appointment of Directors, etc. Casting the ballots is strictly undertaken in compliance with the law. The shareholders are independent in giving, denying their approvals or abstaining from casting the votes in each matter of the agenda. In a normal case, the pertinent resolution shall be determined by the majority of votes of the shareholders in attendance and casting the ballots. One share is equal to one vote. In the case of a tie vote, the Chairman of the Meeting shall have a right to cast an additional vote which is the casting vote.

The Board of Directors are encouraged to provide ballot papers for voting in cases of important matters and to provide independent persons to count the vote or verifications in the meeting and announce the vote results that giving, denying their approvals or abstaining from casting in each agenda as well as recording in the Minutes of Shareholders' Meeting.

The Board shall ensure accurate, timely and complete disclosure of shareholder resolutions and preparation of the Minutes of the Shareholders' Meeting. On the same day after the conclusion of the meeting, the Company shall inform the Stock Exchange of Thailand, in the form of a newsletter and Company's website, the resolution of each agenda of the Shareholders' meeting by indicating the votes as "approved", "disapproved" or "abstained from voting".

Explanations on the steps of casting the ballots and methods of displaying result of the votes to the meeting before the meeting is convened including the opportunity opened to the shareholders to set the issues or make inquiries as well as ensuring that inquiries and answers and ballot result on each agenda as to how the agreement, disagreement or abstention on ballot casting of the shareholders are, including names of Directors attending the meeting and absent from attending the meeting, are recorded in the Minutes of Shareholders' Meeting.

The Board ensures that copies of the shareholders' minutes of meeting are forwarded to the Stock Exchange of Thailand within Fourteen (14) days from the shareholders' meeting date by overseeing to ensure that the Minutes of Shareholders' Meeting is recorded with the following information:

- (1) Names of Directors and Executives in attendance and proportion of attending and non-attending Directors.
- (2) Method of vote casting and counting, meeting resolutions and vote casting result ("approved", "disapproved" and "abstained from voting") on each agenda.
- (3) Important Issues of inquiries and replies in the meeting.

## 8. Compliance with Corporate Governance Code on other Matters

Compliances with Corporate Governance Code on other matters such as shareholders' right protections, equal treatments of all groups of shareholders, roles of stakeholders, information disclosures and transparency and Board's responsibilities are as follows:

1. Shareholding structure of the Company group must be no cross nor pyramid holding type in the group of Company and there shall be no portfolio structure type having inter-transactions in a manner likely to cause the conflict of interests.
2. The Company has free float in excess of fifteen percent (15%) of the shares having already been issued.
3. Shareholdings of Directors and the management are disclosed, directly and indirectly, in the annual report and that the Company Directors' total shareholdings are not in excess of twenty-five percent (25%) of the shares having already been issued.
4. The Board has monitored controls to ensure that the Company discloses the shareholding structure of shareholders with transparency by providing details on the controlling interests of major shareholders and proportion of minority shareholders which clearly reveals the fact on the beneficial owner of the Company as well as disclosing the Directors' and the Executive's shareholdings, directly and indirectly, in the annual report every year.
5. In the case of a Company's share buy-back, the Company will not neglect the shareholders' equal treatments.
6. The Company will not hinder nor create any obstacles in opening the opportunity to the shareholders to be able to have communications with one another.
7. The Company will not neglect to disclose the shareholder's agreement having implicitly significant impact on the Company or other shareholders. (If any)
8. Currently the Company has one and single type of share which is the ordinary share. In a shareholders meeting, a shareholder has one vote per share.
9. Over in the past year, there was no transaction on financial assistance to non-subsiary Company.
10. Directors and executives of the Company do not have penalty record in relation to the securities laws.
11. Over in the past year, there was no apparent case in which the Company had violated or non-complied with the rules on inter-transactions or the rules on asset trades.
12. The Company has prepared CSR report as an integral part of the annual report with the disclosure of GRI Index.
13. Procedural guidelines on the treatments for the stakeholders on various aspects are as follows:
  - (1) The Board of Directors give importance to good health and safe working place, it has established the policy and guidelines on the occupational health and safety and disclosed the statistics of accident occurrence or rates of absence and work-related injury on a regular basis. In 2019, Lost Time Injury Frequency Rate (LTIFR) for employee and contractor is accounted 0.29 per one million worked-hours. And the Company lost 2 persons of contractors.
  - (2) Stipulations of Procedures and Practical Guidelines on Non-Violation of Creditors

The Company's Board of Directors places the importance on the obligations having with all groups of our creditors. SCCC is firmly committed with the ideal adherence in carrying out business operations to build up reliability and equitability upon the creditors by having the policy and practical guidelines as follows:

1. To strictly and fully comply with the commitments and conditions on debt payments as agreed upon both on the aspect of the back payments of the loans and relevant interests within the prescribed period of time; looking after the collaterals and encumbered charges and liabilities which may contingently occur;
2. To manage capital for suitable structure in order to build up confidence in our creditors on our financial status and good solvency; and
3. Should there be a case in which we cannot comply with any Clause of the conditions or as agreed upon, SCCC would notify the creditors accordingly in advance without covering up any facts in order that a joint consideration to find a solution in solving the problem can be made.

### (3) Intellectual Property Rights

The Company also emphasizes on respecting intellectual property rights of the third parties. It is the Company's policy that Directors, Executives and employees and other persons acting on behalf of the Company shall avoid infringement of intellectual property rights of the third parties. At the same time, the Directors, Executives and employees and other persons acting on behalf of the Company shall protect and inspect the Company's intellectual property for the interest of the Company as prescribed in the Code of Business Conduct and related policies, for instance, Appropriate Use of Company IT Asset Policy, Information Classification and Handling Policy, etc.

### 14. Non-financial Performance Indicators

In order to create confidence in our customers and optimally satisfy them for our services, the Company has established INSEE Service Center to give recommendations relating to the products and services including the advice in relation to the method in solving the problems, after sales services including receipts of complaints when problems arises as well as providing the management process in order to establish good relationship with our customers which is the Net Promoter Score (NPS) for use in working and service providing improvements in order to elevate the level of satisfactions of our customers and their overall feelings as to whether they will continue to provide supports to the Company or not and whichever the level of our customers would support the Company. Therefore, we can assure that our after-sales service, our close look after the product quality would make the Company's products remained in the hearts of our customers to the extent that they are loyal to our product brand from being the Net Promoter Score (NPS) of 2019 to keep the good score continuously.

Detail of SD Performance Indicators are available in the Company's website.

# Sustainable Development



Our Contribution to the UN's Sustainable Development Goals

**SUSTAINABLE  
DEVELOPMENT  
GOALS**





12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



15 LIFE ON LAND



17 PARTNERSHIPS FOR THE GOALS



Vocational Education  
Commission 2019 -  
Masonry Skill Contests

# Sustainable Development

Throughout the past 50 years, Siam City Cement Group has been conducting its businesses based on good corporate governance and society and environment responsibility in accordance with the sustainable development. To create shared value and to exceed the expectations of all our stakeholders, which we believe to be the foundation for sustainable growth and business progress.

The Company has developed the social responsibility policy as a guideline in carrying out the work in this area in seven important aspects:

- 1. Strict adherence to corporate governance** for transparency, respect for human rights, and equal and fair treatment to all stakeholders, namely, employees, shareholders, customers, business partners and the community
- 2. Care for the employees and respect for equal rights for human** in accordance with the international norms on human rights and all related labor laws
- 3. Pay close attention to building good relationship with customers and suppliers** - listening to their recommendations in order to be able to completely fulfill their needs and create good and sustainable relationship with suppliers to build shared value
- 4. Be mindful of the environment and sustainable development** - promoting and giving importance to the protection of the environment, reduce the impact on the environment and the community by strictly adhering to the highest standard in environmental management
- 5. Be attentive to the community and social development** by supporting the sustainable development of the communities in all locations that we operate, as well as the society in general
- 6. Support controlling and reporting** to follow up and report on various activities that are relevant to the operation including those involving the society to allow the general public to be aware of various channels where stakeholders may share suggestions and recommendations to be considered for sustainable development

- 7. Anti-bribery and corruption** - Businesses are conducted in a transparent and ethical fashion as well as to strictly follow all rules and regulations



## Stakeholders and ways to foster lasting relationship

The Company strongly believes that the good support from all key stakeholders is a cornerstone of the operations. Therefore, the Company created communication channels as a tool for exchanging the ideas and experiences to get those valued information, opinions and engagements. This would lead to major benefits as follows:

- Serves as a solid foundation for a strong business operation
- Allows the business to set effective policies and appropriate work plans
- Uses the suggestions and recommendations of stakeholders to support new innovations and solve certain problems
- Promotes good image for the business and supports our license to operate

The Company has identified all major stakeholders and analyzed their expectations as well as communicated and built relationship to access the stakeholders' opinions and to take that information to apply to strategic planning and business activities regularly.

In summary, the Company has set the following goals and processes to build the relationship with respective stakeholders:

Stakeholders	Ways to foster lasting relationships:
 <p><b>Customers</b> Respond to every need to be a part of the customers' success.</p>	<ul style="list-style-type: none"> <li>• Constantly survey customers' opinions</li> <li>• Arrange regular small meetings and customers' visits</li> <li>• Develop communication channels, promotes on-line transactions for increased speed, convenience and effectiveness</li> <li>• Develop more value-added products</li> </ul>
 <p><b>Employees</b> Take care of the employees' safety and work environment, promote good livelihood and create opportunities for development and advancement in the work place.</p>	<ul style="list-style-type: none"> <li>• Develop leadership capabilities in supervisors to be more attentive to subordinates</li> <li>• Promote engagement and two-way communications within the organization</li> <li>• Develop environment and safety culture in the workplace</li> <li>• Regularly surveys employees' opinions</li> </ul>
 <p><b>Communities</b> Implement CSR-in-process to prevent or minimize operational impact on the communities, including creating projects to continuously support the communities' sustainable development the so-called CSR-after-process.</p>	<ul style="list-style-type: none"> <li>• Regularly carry out official surveys of the communities' opinions</li> <li>• Develop communication channels, both official and unofficial</li> <li>• Arrange factory visits for community leaders and the public</li> <li>• Promote the community's engagement and joint management in some important projects</li> <li>• Create the Fund for community development and environment, as well as the advisory panel in relations to community relations</li> </ul>
 <p><b>Goods &amp; Service Suppliers</b> Promotes good cooperation and mutual support to create business opportunities and mutual growth.</p>	<ul style="list-style-type: none"> <li>• Announce and implement the Suppliers Code of Conduct</li> <li>• Announce and implement the Sustainable Procurement Policy &amp; Guidelines</li> <li>• Arrange meetings to promote good communications and training programs on various topics</li> </ul>
 <p><b>Shareholders</b> Carry out business operations with good corporate governance while building sustainable progress for the organization.</p>	<ul style="list-style-type: none"> <li>• Organize the Annual Shareholders Meeting</li> <li>• Regularly communicate and arrange field visits, and participations in CSR and environmental projects</li> </ul>
 <p><b>Government Agencies &amp; Independent Organizations</b> Strictly adhere to the laws and provide good cooperation with the government sector and seek out opportunities for joint activities and projects which are beneficial to the society and nation.</p>	<ul style="list-style-type: none"> <li>• Study legal implications and controls all aspects of the business to ensure legal compliance</li> <li>• Participate in meetings, seminars and forums with government agencies, as well as support official exhibitions and seminars</li> <li>• Support and participate in projects for society and nation as organized by the government sector and organizations such as the Chai Pattana Foundation</li> </ul>
 <p><b>Media</b> To promote good understanding of the Company's operations among the media, including policies and major projects so that the media would be able to communicate them more accurately and properly to our stakeholders and the general public.</p>	<ul style="list-style-type: none"> <li>• Regularly support the media with information, operational facts and figures, and progress of major projects</li> <li>• Regularly arrange opportunities for the media to meet the senior management, visit factory and participate in social and environmental responsibility activities</li> </ul>

## Thailand Sustainability Investment (THSI) 2019

From the business process set on the foundation of sustainable development of the Company through full consideration of the environment, society and good corporate governance throughout all these years, Siam City Cement Public Company Limited has been chosen by the Stock Exchange of Thailand (SET) to be included in the Thailand Sustainability Investment (THSI) list for 2019 in the category of Listed Companies with 30,000-100,000 million baht of securities value. The SET has assessed and evaluated from the Company's operations in regard to sustainability that covers all dimensions of environment, society and economy including corporate governance - from the policy formulation, target setting and the policy implementation with the determination to create a sustainable investment ecology.

## Conducting Business with Good Governance

Siam City Cement Group strictly adheres to the good governance principles in its business conduct by paying full attention to responsibility towards the society and the environment, as well as to try our best to fulfill the needs of our stakeholders. In 2019, the Company's good governance activities are as follows:

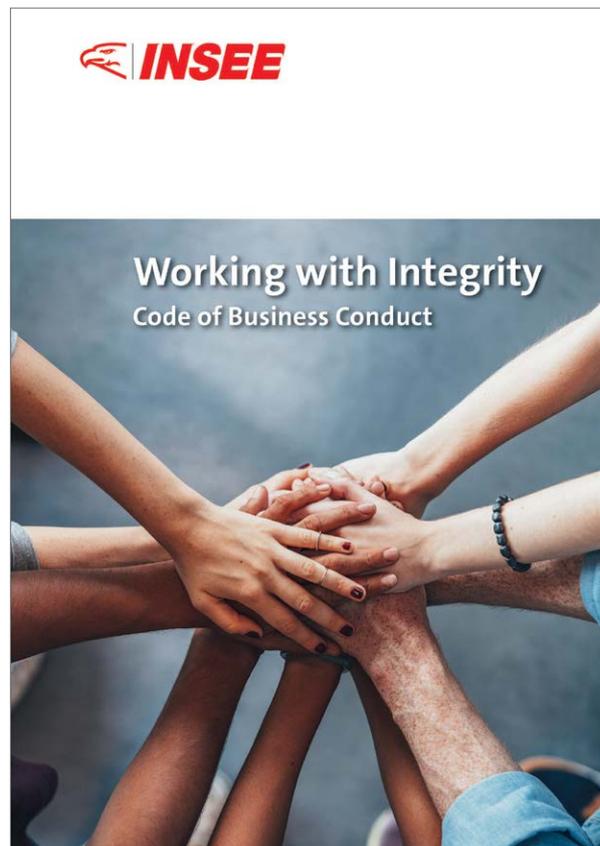
### Management standard given "Excellence" recognition for 4<sup>th</sup> year running

In 2019, the Company was again evaluated for its management practice and was awarded an "Excellence" recognition by the Institute of Directors (IOD) for the fourth year in a row.

### Membership in the "Collective Action Coalition Against Corruption"

The Company was awarded the certificate signifying membership in the "Collective Action Coalition Against Corruption" for at least three years as from August 18, 2017 to August 18, 2020. In 2019, the Company continued to reinforce and remind all the employees through communications and trainings on the

Company's policy on bribery and corruption with stringent practice in doing business and dealing with all stakeholders with transparency and according to the laws.



### Code of Business Conduct: The key to Regional Business

In 2019, the Company continued to enforce the application of the Code of Business Conduct among all our Group companies in Thailand and its subsidiaries, namely in, Sri Lanka, Vietnam, Bangladesh and Indonesia. The Company also arranged for working seminars on the application of the Code of Business Conduct for new hires at all levels to ensure that all our employees conduct the businesses honestly and in accordance with good corporate governance.

And to support our determination to provide the best service to customers and to work with our business partners in a transparent and honest manner, the Company has stipulated the "No-Gift" policy that requires all employees and members of the management

to refrain from accepting gifts, souvenirs or any other tangible items. If this is ethically unavoidable, the employee must report the gift on the “E-Gift Disclosure” channel for transparency.

### “INSEE Speak Up” Covers the Region

In 2019, the Company continued to provide the channel for complaint and whistleblowing process called “INSEE Speak Up” to cover all countries in which the INSEE Group operates, as managed by an independent outsource firm and a screening Committee has been set up to monitor, analyze and investigate the complaints and suggestions in order to adjust the work and controlling processes as well as protecting the corporate culture.

### Compliance

In 2019, the Company has defined the role, responsibility, and accountability of compliance matter to further strengthen the compliance environment in Thailand and overseas subsidiaries. In addition, the Company has made a quarterly report on the monitoring of compliance with various laws including the results of the disclosure information on conflict of interest of the management and employees; and the related party transactions to the Audit Committee.

In addition, the Company has organized regular trainings and workshops on compliance to develop the employees’ knowledge and understanding in accordance with the policy that is applicable to effective work process to avoid risks that come with non-compliance.

## Social Responsibility Projects and Promotion of Relationship with the Community - Year 2019

Siam City Cement Public Company Limited is mindful of and pays close attention to the responsibility toward the society, community and the environment by conducting business on the basis of good corporate governance to create shared value and close relationship with all stakeholders continuously and sustainably. We give full importance to the development of the society both at the national level and the communities surrounding all our manufacturing units in Thailand and every country in which we operate. Our actions include CSR In-Process and CSR After-Process activities carried out through knowhow, expertise and resources of the Company as major tools with which to support sustainable development.

The CSR-DIW Continuous Award 2019 presented by the Department of Industrial Works, Ministry of Industry, to the factories in the Siam City Cement Group in Saraburi Province including all cement plants, INSEE Mortar plant as well as INSEE Ecocycle Company Limited and Siam City Power Company Limited, is a clear testament to the success of Siam City Cement Group in its determined quest for corporate social responsibility.

### Key CSR Projects

#### Projects for responsibility toward the society and communities in Thailand

- Green School Project



For the past 10 years, the Company has been cooperating closely with the Border Patrol Police to build school buildings for children and youths in remote areas where facilities are insufficient. In 2019, the Company constructed a new school in Ban Huay Poom, Chiangkham District, Phayao Province with the aim for it to be a facility offering fine education for children in the community and to become a knowledge center of the community in relation to natural resources and environment. The INSEE ASA Border Patrol Police School at Ban Huay Poom is the 31<sup>st</sup> in the Green School Project. For the past 10 years, more than 52,000 children and youths living in far-flung remote corners of the country have benefited from this project. Moreover, the facilities have become a learning platform through the good cooperation with various government and non-government agencies as well as serving the Company's employees in their INSEE ASA volunteer activities.

- **INSEE Green Park (Suan Ming Mongkol)**



In celebration of the 84<sup>th</sup> birthday of His Majesty the late King Bhumibol Adulyadej on December 5, 2011, and to apply the value of the Group companies in caring for the community, society and environment, the Company has developed the INSEE Green Park on the Company's own land on Mitraphab Highway, Kaengkoy District of Saraburi Province for the public and the people in the area who can use the park as a place for relaxation, physical exercises, other forms of community interaction as well as for community members to bring their handicraft and OTOP products to sell at the park for extra income. The park also serves as a model public park

to showcase environmental friendliness, as a large green natural classroom and as the promotion of public awareness on care for the environment for the people. This model public park has received the "Thailand Energy Award" from the Ministry of Energy, while the "ASEAN Energy Award" was received in 2015 in the category of "Energy Conservation in Creative Construction of a Tropical Building".

- **INSEE Artificial Reef Project**



Siam City Cement Group has cooperated with the Department of Marine and Coastal Resources, Ministry of Natural Resources and the Environment, since 2016 in the INSEE Artificial Reef Project whose objective is to revive and rejuvenate the coastal biodiversity and marine resources by placing artificial reefs constructed from the leftover concrete which returned from customers. This is in accordance with the CSR concept of Creating Shared Value (CSV). This means that the artificial reefs, not only help to conserve marine resources and environment, restoring biodiversity and preserving the livelihood of the coastal fishermen, but also solve the problem of concrete waste that otherwise would have to go to landfill. In 2019, the Company produced 105 blocks of artificial reefs from concrete waste returned from customers. The Company will turn over these artificial reefs to the Department of Marine and Coastal Resources to be placed in the sea around Koh Larn, Chonburi Province in early 2020 to serve as habitat for fish and other marine creatures.

- **INSEE Share project, consisting of two main activities:**

#### **INSEE Safety First**

The Company has assigned the Company's OH&S officers to be the trainers and speakers to disseminate knowledge and raise awareness on safety in the workplace and everyday life to students at technical colleges that are affiliated with the Ministry of Education who would have to undergo training in both the manufacturing and business sectors, especially in regard to the use of personal protection equipment (PPE), the basics of Cardio-Pulmonary Resuscitation (CPR), use of fire extinguishers, fire escape and safe driving. The training was also held for skilled workers at 10 Skill Development Centers of the Skill Development Department, Ministry of Labor. In 2019, which is the third year of the project, more than 2,000 participants have attended the program.

#### **INSEE Mason 4.0 Project**

The project to develop the masonry skills and the use of various construction materials, such as cement, steamed light-weight concrete and Conwood wood replacement products. This was carried out through both the acquisition of both theoretical and practical knowledge with the 18-hour vocational curriculum aimed at developing the skills that can be further promoted and create opportunities in supplementary occupations and to increase income for the low-wage group. This is also in response to the government policy in the development of masonry skills to support Thailand 4.0 policy. At present, more than 500 technical school instructors, masons attached to sub-district administration offices and general masons have taken this training course.

- **Project to support masonry and concrete skill contests for vocational students**

For more than 20 years, the Company has continued to support skill contests in the fields of construction, masonry and concrete both at the regional and national levels through vocational colleges under the Vocational Education Commission, Ministry of Education, to help promote the skills and increase

the work experience for technical college students in the field of construction throughout the country. In 2019, the Company contributed about 800,000 baht in the form of cement, equipment, budget and prizes for contests at the regional and national levels. Also, the students have learned to apply the INSEE Petch hydraulic cement which is a newly innovated product before entering the contest.



- **Think Waste Wise Project**

This is the project that INSEE Ecocycle Company Limited and Siam City Cement Public Company Limited cooperated with the Department of Environmental Quality Promotion, Ministry of Natural Resources and Environment to provide youth and children with the knowledge and the promotion of the proper and academically correct management of waste, increase the rate of most effective recycling of garbage and reduce the amount of waste. In 2019, three schools were targeted: No.1 Nikom Thapkwang Songkror Community School, No.2 Nikom Thapkwang Songkror Community School, Kaengkoy District, Saraburi Province, and Ban Khao Tabak School, Sri Racha District, Chonburi Province. The main activities of the project cover the application of knowledge on the management of waste, educational medium and support media such as color-coded garbage bins, the organization of garbage bank, etc., as well as observation trips by teachers and students to successful garbage-free schools.

- **INSEE Green Village**

This is a long-running project launched in 2011 based upon the need of the community and their leaders who saw differing needs for their communities. The activities included the training in “Green Knowledge”, growing trees to increase green spaces, drinking water management, waste separation and the setup of village garbage banks.

In 2019, the plastic waste management activity has been included as part of the integrated drive to reduce waste from upstream to downstream. A total of 35 households participated in this project and will be continued and expanded in the years to come. Two years on is the “Nursery for Saplings to be Planted at Spent Mines” project, where the saplings are delivered to the Company’s depleted mine restoration project. This has become another revenue stream for members of the community. The organic vegetable garden project was started at Moo 5 Tabkwang Sub-District to promote the utilization of minimal spaces to grow organic and chemical-free vegetable using discarded materials to build the vegetable patches. In addition, Moo 2, and most recently Moo 8, of Tabkwang Sub-District took part in the “Conservationist Families” project with the cooperation of Siam City Power Co., Ltd. who provided knowledge on how to most effectively conserve electricity mostly through the adjustment in daily activities.

- **INSEE ASA Project to develop schools and religious buildings**

This is the project designed to promote the involvement of SCCC employees by leveraging their specialized knowledge and expertise, such as masonry, electrical, structural design, paint and landscaping, to fulfill the needs of schools, communities and places of worship around the vicinity of the factories. In 2019, SCCC has applied INSEE ASA project at three schools and two Buddhist temples.

## **Projects for responsibility toward the society and communities in Siam City Cement Group Regional Companies**

### **‘One Child - One Tree’ Project by INSEE Cement Lanka**

*Green Trek toward creating Green future leaders.*

INSEE Cement Lanka has further expanded its unique ‘One Child - One Tree’ initiative this year. Together with the Colombo Plan, INSEE Cement celebrates the birth of every child by gifting a fruit plant in the child’s name. The programme was to inspire and ignite the children aged between 5 and 15 years.

INSEE- Colombo Plan initiative is extended to reach more children in Puttalam and Anuradhapura this year collaborating with Tarana Foundation and Child Fund Sri Lanka in creating shared value to benefit the school children in the area. INSEE also partnered with Puttalam Zonal Education Department and the community clergy and teachers to implement the project. We also involved university students to join hands with us expecting them to replicate similar practices as future leaders.



This project is an excellent example of how the collaboration of Public Private Partnership (PPP) effectively benefits the environment and future generations in a meaningful way. This year we reached out to around 4,660 school children from 11 schools in Puttalam and 1,156 school children from 16 schools in Anuradhapura Districts. In 2018 the Company engaged with 706 children from 10 primary schools in the Anuradhapura district itself.

Highlight was the Company setting up a monitoring and Geographic Information System (GIS) - a tracking system with the support of Child Fund Sri Lanka and its local community partner 'Voice' to digitally track the growth of the plant digitally on a Google map app with the interactive support of the school children, their parents and the environment teachers in the respective schools. Through One Child One Tree programme INSEE Cement Sri Lanka is planning to reach out to schools across the island, year-on-year, because as a responsible Corporate Citizen, we believe in building a green sustainable future for our future generations.

#### Community Wellness Initiatives by INSEE Cement Lanka



The Company have committed to support the underserved communities in Puttalam and Aruwakkalu with the aim of improving the health and wellbeing of hundreds of villagers in these areas. As part of this effort, we maintain two medical centres providing free medical consultation and prescribed medicinal drugs. Medical facilities are provided twice a week for both Eluwankulam and Puttalam communities and few other underprivileged communities around the area. In addition, we conduct an annual medical camp in

Puttalam, Aruwakkalu and Galle offering free medical screening and consultation to neighbouring communities. At the request of INSEE's in-house Medical Doctor Dr. S. Dematapitiya, many more specialist doctors have also been offering their support for this annual endeavour by INSEE.

Result: Over 100 villagers obtain free medical services every week under this initiative.

#### CSR Works by Chip Mong INSEE Cement Corporation, Cambodia

We started our CSR work in early 2017, just several months after our plant construction started, and one year before we officially opened the plant in February 2018. Our CSR activities have been implemented based on the needs of communities through internal and external community needs assessment. We do this is to make sure our CSR work meets the needs of the communities.

We are committed to efficiently and properly managing the utilisation of Cambodia's natural resources and deploying its extensive and talented human capital to realize this goal. Besides, the Company keeps seeking innovative approaches to reduce carbon footprint, to create net water positive and to provide better quality products and services in response to the needs of the people without sacrificing the interests of future generations. And, our main CSR projects and activities -- Education, Road Safety, Environment and Hygiene, Community Infrastructure Development -- are aligned with United Nations' Sustainable Development Goals.

And finally, we have strong commitment to drive our business development and operation by balancing the interdependent economic, social and environmental dimensions of sustainable development. Because of these, we won Eurocham CSR Contest Award in June 2019.



## Sustainable Development Roadmap

Siam City Cement Public Company Limited has drawn up the Sustainable Development Roadmap (SD Roadmap) with set long-term goals and the six important sustainable development plans since 2009 to fulfill the expectations of all stakeholders and to concretely promote shared values in economic, social and environmental aspects for all our stakeholders.

In the ensuing years, the collective plans have been progressing satisfactorily and most of the objectives have been met although some objectives were lower than planned due to the external factors that have led to more challenges and control issues. Nevertheless, the Company is still fully devoted and determined to continue on our just causes to ensure that our SD Roadmap continue the progress well into the future.



### CO<sub>2</sub> Emission Reduction

In 2019, the Company's CO<sub>2</sub> emission was 693 kilograms per ton/cement which was slightly better than the 2018 figures. The major contribution was the quest to use more alternative fuels through the project to sift for plastic waste from community incineration plants for use as alternative fuel. This RDF project has been progressing well. Another key driver was the innovative cement production process that is more friendly to the environment called "Hydraulic Cement" that has reduced clinker factor that not only is more environment-friendly but also has better workability property. This new type of cement has been well received by customers from all sectors in the past year.

In summary, the Company has managed to reduce CO<sub>2</sub> emission from the 2007 base year by 57 kilograms per ton/cement, equivalent to a 7.5-percent reduction. Although this is still far from our target of 20-percent reduction by 2020, the Company is determined to work even harder on this objective through new projects as well as the exchange knowledge and learn from new development initiated by related agencies at the international level.

### Stakeholders Engagement with Green Heart Activities

The "Green Heart" concept was initiated in 2009 with the aim to campaign for more innate awareness on environment conservation along employees, customers, business partners and the community. This campaign has been an on-going endeavor and has resulted in the Company being acknowledged as Thailand's first cement producer that was awarded the "Green Industry Level 5 - Green Network" for all of our production facilities since 2014. The continuous development and improvement has led the Green Industry Level 5 to be reissued in 2018. This experience has given the Company the opportunity to impart the experience to many agencies in the government and private sectors that have visited our facilities over the years until today.

In 2019, the Company became a member of an important environmental conservation agency Bio-Diversity Network Alliance (B-DNA) that has been supported by the International Union for Conservation of Nature (IUCN) and major government agencies that are in charge of environmental protection as well as many leading private conglomerates. This is to promote the cooperation between all parties to ensure strength in our bid to support the conservation of nature and the environment in Thailand as well as the SDGs of United Nations

### Community Involvement & Development

The Company has mandated all production units of every company within the Siam City Cement Group in Thailand to prepare the Community Engagement Plan on a yearly basis. This plan covers both CSR In-process and CSR after-process, while also requiring good communication with the communities, the promotion of participation of the people in the communities in the community development projects.

In 2019, the Company organized a workshop for all staff involved in the responsibly towards the society and community relations to promote knowledge, understanding and to exchange experience and conduct visits to model communities that were strong and have succeeded in community development.

In addition, the Company's cement plants in Saraburi Province have received the CSR-DIW Continuous Awards for 2019 from the Department of Industrial Works, Ministry of Industry. This is another indication of the Company's success in the responsibility towards the society and the creation of the good and lasting relationship with the communities surrounding the Company.



### Zero Waste to Landfill

The Company is well aware of the major problem of trash and waste, which have great impact on the environment and health of the people. Therefore, we have set the goal to reduce our waste to landfill to zero and to drive forward the 3Rs (reduce, Reuse, Recycle) campaign. All cement plants, Conwood plant and the Company's alternate fuel preparation plants have reached this goal since 2011. At present, the main challenge is with the ready-mixed concrete business where most of the waste came from the surplus concrete returned to the Company by the customers. Aside from the 3Rs effort and to seek cooperation from the customers, the Company has installed a total of 14 concrete recycling machines at high-output concrete plants in Bangkok and the Eastern seaboard. With the installation of these machines the amount of waste to landfill has been greatly reduced while the resultant stones and sand were recycled as new raw materials.

Overall, the achievement of INSEE Concrete's waste management from 2009 to 2019 showed that the Company managed to reduce concrete waste by 62.2 percent - or a reduction from 2009 base year of 2.89-percent waste to only 1.09 percent in 2019.



### Green Heart products & services innovation

The Siam City Cement Group is determined to continuously develop products and services that are friendly to the environment to fulfill the demand of the customers and the society under the Green Heart Label system and in accordance with the ISO14021 - Environmental labels and declarations.

In recent time, the Company has developed and introduced hydraulic cement to the market. The hydraulic cement contains a less percentage of clinker than ordinary Portland cement, thus reducing the demand on natural resources, and lessening energy used in the production process thus also cutting the greenhouse gas emission. The product has been well received by the customers in both the government and private sector and has shown increased proportion of sales in the year 2019. The Company is leveraging the sale of bag cement under the INSEE Petch Plus which is hydraulic cement throughout the country and replace the sale of Portland cement in order to stress the determination to develop the eco-friendly cement market.

In addition to bag cement, the Company has also developed INSEE Petch Quick Cast which is hydraulic powder cement for sale to customers who produce ready-cast concrete products. The selling point of this product is the increased efficiency and quality of the finished products. It has also been well received by the customers.

In 2019, the Company's total sale of Green Heart products reached 48 percent of total revenue of group companies in Thailand. This means that the Company will be able to reach the targeted percentage of sales of products and services under the Green Heart Label of 40 percent by the 2020 goal.



### Water Management and Conservation

Water resources are considered by the Company as very important to our conservation goals and must be utilized in the most efficient manner. In past year, the Company managed to reduce water consumption per product already by 20 percent. This is from the 276 liter per ton/cement in the 2012 base year to 220 liter per ton/cement in 2018. The Company will try to maintain this level of water usage into the future.

The Company has set a new water conservation target by concentrating on the increase use of surface water with the goal of using surface water for 50 percent of the total consumption by 2023 when compared to the 25-percent use of surface water in 2018.

In 2019, the Company has already increased by 29 percent the use of surface water, or equivalent to 323,607 cubic meters.



As the Company has diversified the businesses from Thailand to the surrounding regions in the past years, the Company has been studying important aspects of sustainability that the Company should concentrate on as well as to set new long-term goals for Siam City Cement Group. This new set of goals are being considered and should be released for implementation within 2020 in order to increase added value to the society and the environment as well as to fulfill the expectations of the stakeholders in the years to come.

## The Development of Sustainability Management towards International Standard



The Company is determined to continuously develop the management of sustainability to achieve internationally recognized standards.

Since the Company became a member of the World Business Council for Sustainable Development - Cement Sustainability Initiative (WBCSD-CSI) in October 2015, it has gained a lot of knowledge and has adapted many sustainability processes to match with the CSI standards so as to be recognized internationally. Some examples are: The reduction of impact on climate change; the management of fuels and raw materials; the management of health and hygiene in the workplace; water management; the promotion of biodiversity diversity; and, the reporting and disclosure of crucial information related to sustainability. Also significant is the Company having been inspected and evaluated by CSI experts in 2018 in which most of the Company's sustainability processes were found to be on average or of higher standard compared to other CSI members.

At the end of 2018, the Cement Sustainability Initiative (CSI) was dissolved with the consent of its members who were world's leading cement and concrete manufacturers. In its place, the Global Cement and

Concrete Association (GCCA) was established with the aim for this body to become the representative of this industry in the communication to the world and to show that the cement and concrete businesses operate with responsibility in conjunction with the promotion of standard procedures leading to sustainable development, particularly in regard to the reduction of greenhouse gas emission and the promotion of innovation that will add value for the society and all stakeholders. The Company became a member of GCCA in 2018 and since then has attended conferences and taken initiatives to achieve the internationally recognized standards set by GCCA.



**For detailed information and SD data regarding Economic Performance Index, Social Performance Index and Environmental Performance Index, please directly access to the Company's website at [www.siamcitycement.com](http://www.siamcitycement.com)**

# General Information and Other Important Information

## 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.

<b>Company Name:</b>	Siam City Cement Public Company Limited
<b>Stock Code:</b>	SCCC
<b>Registration No.:</b>	0107536001346 (Formerly, BorMorJor. 208)
<b>Type of Business:</b>	Cement production and distribution
<b>Head Office:</b>	Column Tower, 3 <sup>rd</sup> , 10 <sup>th</sup> - 12 <sup>th</sup> Floor, 199 Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand
<b>Factory:</b>	<ul style="list-style-type: none"> <li>Plant 1 and Plant 3, 99 Moo 9, Mitraparp Road, Km. 129, Thap Kwang Sub-district, Kaeng Khoi District, Saraburi Province, 18260, Thailand</li> <li>Plant 2, 219 Moo 5, Mitraparp Road, Km. 131, Thap Kwang Sub-district, Kaeng Khoi District, Saraburi Province, 18260, Thailand</li> <li>Mortar Plant, 41/2 Moo 5, Mitraparp Road, Km. 129, Thap Kwang Sub-district, Kaeng Khoi District, Saraburi Province, 18260, Thailand</li> <li>AFR Platform, 301 Moo 5, Mitraparp Road, Km.133, Thap Kwang Sub-district, Kaeng Khoi District, Saraburi Province, 18260, Thailand</li> </ul>
<b>Telephone:</b>	+ 66 2 797 7000
<b>Fax:</b>	+ 66 2 797 7001 - 2
<b>Website:</b>	<a href="http://www.siamcitycement.com">http://www.siamcitycement.com</a>
<b>Company's Ordinary Shares Issued and Paid-up:</b>	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 2019

<b>Company Name</b>	<b>Type of Business / Product</b>	<b>Registered Capital (million Baht)</b>	<b>Number of Issued &amp; Paid-up Ordinary (million shares)</b>	<b>% Direct Shareholding</b>
<b>Held by Siam City Cement Public Company Limited</b>				
<b>Siam City Concrete Company Limited</b> Column Tower, 3 <sup>rd</sup> , 10 <sup>th</sup> - 12 <sup>th</sup> Floor, 199 Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel: + 66 2 797 7555 Fax: + 66 2 797 7005	Ready-mixed Concrete and Aggregates	2,500	25.00	100.00
<b>INSEE Superblock Company Limited</b> Column Tower, 3 <sup>rd</sup> , 10 <sup>th</sup> - 12 <sup>th</sup> Floor, 199 Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel: + 66 2 797 7000 Fax: + 66 2 797 7001-2	Light-weight Concrete product	500	5.00	100.00
<b>Conwood Company Limited</b> Crystal Design Center, L1 Building, Room No.111, 1 <sup>st</sup> Floor, 1448/14 Soi Ladprao 87 (Chantrasuk), Klongchan, Bangkok, Bangkok 10240, Thailand Tel: + 66 2 797 7444 Fax: + 66 2 797 7004	Construction Material	300	3.00	100.00
<b>INSEE Ecocycle Company Limited</b> Column Tower, 3 <sup>rd</sup> , 10 <sup>th</sup> - 12 <sup>th</sup> Floor, 199 Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel: + 66 2 797 7000 Fax: + 66 2 797 7001-2	Industrial Waste Disposal and Alternative Fuel and Raw Material Trading and Industrial Cleaning Service Business	400	4.00	100.00
<b>Siam City Power Company Limited</b> Column Tower, 3 <sup>rd</sup> , 10 <sup>th</sup> - 12 <sup>th</sup> Floor, 199 Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel: + 66 2 797 7000 Fax: + 66 2 797 7001-2	Electricity Generation from Waste Heat	2,000	20.00	100.00

<b>Company Name</b>	<b>Type of Business / Product</b>	<b>Registered Capital (million Baht)</b>	<b>Number of Issued &amp; Paid-up Ordinary (million shares)</b>	<b>% Direct Shareholding</b>
<b>INSEE Digital Company Limited</b> Shinawatra Tower 3, 32 <sup>nd</sup> 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
<b>Globe Cement Company Limited</b> 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
<b>Siam City Cement Trading Company Limited</b> Column Tower, 3 <sup>rd</sup> , 10 <sup>th</sup> - 12 <sup>th</sup> Floor, 199 Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel: + 66 2 797 7000 Fax: + 66 2 797 7001-2	Import and Export Cement and Other Cement-related Products	10	1.00	100.00
<b>Siam City Cement (Bangladesh) Limited</b> Tower 52 (9 <sup>th</sup> Floor), Road-11, Block-C Banani Model Town, Dhaka-1213, Bangladesh Tel: + 88 09609 011 200 Tel: + 88 02 9891981	Cement Manufacturing	2,800 million BDT	48.74	100.00
<b>Siam City Cement (Lanka) Limited</b> 413, R.A. De Mel Mawatha Colombo 03 Sri Lanka Tel: + 94 11 7 800800 Fax: + 94 11 2 555433	Cement Manufacturing	1,663 million LKR	165.80	98.95
<b>Siam City Cement (Vietnam) Limited</b> 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
<b>Lanna Resources Public Company Limited</b> 888/99 Mahathun Plaza Building, 9 <sup>th</sup> 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

<b>Company Name</b>	<b>Type of Business / Product</b>	<b>Registered Capital (million Baht)</b>	<b>Number of Issued &amp; Paid-up Ordinary (million shares)</b>	<b>% Direct Shareholding</b>
<b>Thai Agro Energy Public Company Limited</b> 888/114 Mahatun Plaza Building, 11 <sup>th</sup> Floor, Pleonchit Road, Lumpini, Pathumwan, Bangkok 10330, Thailand Tel: + 66 2 627 3890-94, + 66 2 255 4380-84 Fax: + 66 2 627 3889	Ethanol Production and Distribution	1,000	1,000.00	4.72
<b>Chip Mong INSEE Cement Corporation Limited</b> 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
<b>Held by Conwood Company Limited</b>				
<b>PT. Conwood Indonesia</b> North Tower, Menara Jamsostek 14 <sup>th</sup> 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
<b>Held by Siam City Cement (Lanka) Company Limited</b>				
<b>INSEE Ecocycle Lanka (private) Limited</b> 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
<b>Mahaweli Marine Cement (Private) Ltd.</b> 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
<b>Held by Siam City Cement (Vietnam) Limited</b>				
<b>Siam City Cement Nhon Trach Limited</b> 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, 33<sup>rd</sup> Floor,  
 193/136-137 Rachadapisek Road, Klongtoey,  
 Bangkok 10110, Thailand  
 Tel: + 66 2 264 9090  
 Fax: + 66 2 264 0789-90

# Company's Securities and Shareholders

## 1. Securities issued by the Company

(1) The Company registration capital is 2,980 million Baht, with paid-up of 2,980 million Baht of 298 million ordinary shares, and with par value of 10 Baht per share, be listed in The Stock Exchange of Thailand.

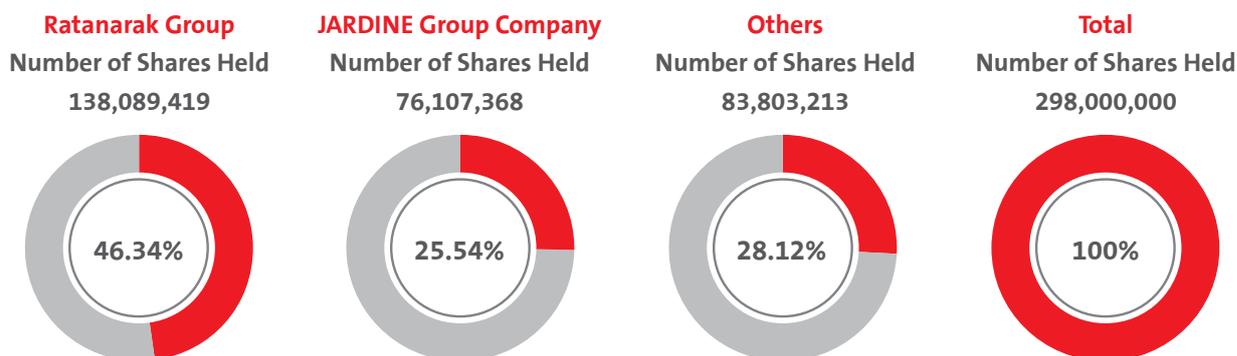
(2) The other type of share which is different from the ordinary share's right  
-None-

## 2. Shareholders

(1) Major Shareholders as of 14 August, 2019<sup>1</sup> are the following:

Rank	Major Shareholders	Shares	% Shares <sup>2</sup>
1.	Sunrise Equity Company Limited <sup>3</sup>	106,612,288	35.78
2.	JARDINE CYCLE & CARRIAGE LIMITED <sup>3</sup>	76,107,368	25.54
3.	Bangkok Broadcasting and Television Company Limited (BBTV) <sup>3</sup>	28,091,034	9.43
4.	THAI NVDR COMPANY LIMITED <sup>4</sup>	5,262,123	1.77
5.	Vayupak Mutual Fund 1 by MFC Asset Management Public Company Limited	2,920,399	0.98
6.	Vayupak Mutual Fund 1 by Krungthai Asset Management Public Company Limited	2,920,399	0.98
7.	Mrs. Sasithon Ratanarak	2,734,639	0.92
8.	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	2,623,224	0.88
9.	NORTRUST NOMINEES LTD-CL AC	2,558,845	0.86
10.	RBC INVESTOR SERVICES TRUST	2,449,269	0.82
11.	BBHISL NOMINEES LIMITED	1,991,373	0.67
12.	THE BANK OF NEW YORK MELLON	1,834,297	0.62
13.	Aberdeen Long-term Equity Fund	1,745,295	0.59
14.	STATE STREET EUROPE LIMITED	1,570,930	0.53
15.	Aberdeen Growth Fund	1,530,231	0.51
16.	Bua Luang Long-term Equity Fund	1,502,700	0.50
17.	Ms. Sudthida Ratanarak	1,500,000	0.50

## (2) Proportion of Shareholding

**Remark:**

1. The record date was scheduled on 14 August 2019 to identify the Shareholders entitled to interim dividend, and the Shareholders register closing date was scheduled on 15 August 2019. During the year, the investors can access the up-to-date information at [www.siamcitycement.com](http://www.siamcitycement.com) under the heading Investor Information.
2. The proportion of the equity interest of each of the Major Shareholders is based on the total issued and paid-up of 298 million shares, 10 Baht per share. Foreign Limit is scheduled at 49% (at 14 August 2019, foreign shareholders portion is 31.49%)
3. The majority of shareholders who are a group whose movement has a marked influence on the establishment of corporate policy and strategy.
4. Thai NVDR Co., Ltd. is the lawful shareholder of authorized shares, holding Non-Voting Depository Receipt (NDVR). Thai NVDR Co., Ltd. is not entitled to vote as the shareholder, except the case where the meeting is called for revoking securities from being the listed company in the stock exchange. The information of investors under Thai NVDR Co., Ltd. is shown on the website: [www.set.or.th](http://www.set.or.th)

### 3. Securities issued by the Company

- **Debt Securities:**

	Set 2	Set 3	Set 4	Set 5
<b>Type of security</b>	Senior and Unsecured Debentures			
<b>Term to maturity</b>	7 years	8 years	10 years	3 years
<b>Value of debentures</b>	2,000 million Baht	2,000 million Baht	2,000 million Baht	1,000 million Baht
<b>Number of debentures</b>	2 million units	2 million units	2 million units	1 million units
<b>Par value per unit</b>	1,000 Baht	1,000 Baht	1,000 Baht	1,000 Baht
<b>Offering price per unit</b>	1,000 Baht	1,000 Baht	1,000 Baht	1,000 Baht
<b>Issuing date</b>	14 June 2013	29 April 2016	29 April 2016	9 May 2017
<b>Maturity date</b>	14 June 2020	29 April 2024	29 April 2026	9 May 2020
<b>Coupon date</b>	4.30 percent per annum	2.46 percent per annum	2.70 percent per annum	2.49 percent per annum
<b>Credit rating</b>	A	A	A	A

	Set 6	Set 7	Set 8
<b>Type of security</b>	Senior and Unsecured Debentures	Senior and Unsecured Debentures	Senior and Unsecured Debentures
<b>Term to maturity</b>	7 years	10 years	12 years
<b>Value of debentures</b>	2,500 million Baht	5,000 million Baht	4,500 million Baht
<b>Number of debentures</b>	2.5 million units	5 million units	4.5 million units
<b>Par value per unit</b>	1,000 Baht	1,000 Baht	1,000 Baht
<b>Offering price per unit</b>	1,000 Baht	1,000 Baht	1,000 Baht
<b>Issuing date</b>	9 May 2017	9 May 2017	9 May 2017
<b>Maturity date</b>	9 May 2024	9 May 2027	9 May 2029
<b>Coupon date</b>	3.65 percent per annum	4.08 percent per annum	4.26 percent per annum
<b>Credit rating</b>	A	A	A

- **Equity Securities:**

Authorized shares: 298 million ordinary shares with the par value of 10 Baht per share.

Issued shares: 298 million ordinary shares.

Issued and outstanding shares: 298 million ordinary shares.

- **Derivatives:**

None

## 4. Dividend Policy of the Company

“The Company shall allocate dividend payment at least 60 percent of net profit on its consolidated financial statements. In case of negative financial situation, the Board may propose a lower percentage of dividend payment as it considers appropriate under such circumstance.”

### Explanation:

This Dividend Policy was approved by the 17<sup>th</sup> Annual General Meeting of Shareholders, on 9 April 2010, as a general principle. However, in proposing dividend for approval of Shareholders, the Company has to comply with the laws, i.e., dividend has to be paid from net profit of the Company’s separate financial statements. Therefore, if the Company does not have sufficient net profit, dividend proposal shall be applicable with such situation.

During 2017 - 2019, the Company allocated dividends as follows:

### For fiscal year 2019, total dividend is 8 Baht per share

- The Board of Directors approved payment of interim dividend on 31 July 2019 of 4 Baht per share.
- The Board of Directors proposes the Shareholders to approve payment of dividend for the second half of 2019 on 26 March 2020 for 4 Baht per share.
- Dividend payout 2,384 Million Baht, 75.5 percent

### For fiscal year 2018, total dividend is 8 Baht per share

- The Board of Directors approved payment of interim dividend on 24 July 2018 of 4 Baht per share.
- The Shareholders approved payment of dividend for the second half of 2018 on 26 March 2019 for 4 Baht per share.

- Dividend payout 2,384 Million Baht, 78.9 percent

### For fiscal year 2017, total dividend is 10 Baht per share

- The Board of Directors approved payment of interim dividend on 2 August 2017 of 6 Baht per share.
- The Shareholders approved payment of dividend for the second half of 2017 on 30 March 2018 for 4 Baht per share.
- Dividend payout 2,980 Million Baht, 151.7 percent

### Dividend Policy of the Company’s subsidiaries

All dividend payments by the Company’s subsidiaries must be approved by a resolution of the respective shareholders meeting which must be considered on its separate financial statement and must be in compliance with the relevant laws and regulations. The Subsidiaries may from time to time pay shareholders interim dividend if their Board of Directors considers it appropriate given their profitability levels.

In each case, the subsidiary company must allocate not less than one-twentieth of its net profits as reserves until the total amount allocated is equal to or more than one-tenth of the company’s capital.

# Directors' and Executives' Information

## Mr. Paul Heinz Hugentobler

### Chairman of the Board of Directors

Age 70 years

Family Relationship Among Executives: Nil  
Appointed as Director since: 13 August 1998

#### Education

<b>Certificate:</b>	International Senior Management Program, Harvard Business School, USA
<b>Master Degree:</b>	Lic.oec.HSG, Graduated School St. Gallen, Switzerland
<b>Bachelor Degree:</b>	B.S.C. in Civil Engineering, Swiss Federal Institute of Technology, Zurich, Switzerland

#### Company's Shareholding Ratio (%)

As of 31 Dec 2019 None (0.00%)

#### Work Experience 5-year Credential

##### Listed Company

##### Siam City Cement Public Company Limited / Cement Producer and Construction Materials

Mar 2017 - Present	Chairman of the Board of Directors
Jul 2014 - Present	Chairman of Nomination and Compensation Committee
Jul 2014 - May 2017	Member of Governance and Risk Committee
2001 - Mar 2017	Vice Chairman

##### Lanna Resources Public Company Limited / Coal Mining

2000 - Present Director

##### Holcim Company Limited / Cement Producer

2002 - Feb 2014 Member of the Executive Committee

##### Other Company

##### Siam City Concrete Company Limited (Subsidiary) / Ready-mixed Concrete and Aggregates

Jul 2017 - May 2019 Chairman

##### Siam City Cement (Vietnam) Limited (Subsidiary) / Cement Manufacturing (Registered in Vietnam)

Apr 2017 - May 2019 Chairman

##### Siam City Cement Trading Company Limited (Subsidiary) / Cement and Raw Material Trading

Mar 2017 - May 2019 Chairman

##### Siam City Cement (Bangladesh) Limited (Subsidiary) / Cement Manufacturing (Registered in Bangladesh)

May 2016 - May 2019 Director

##### Siam City Cement (Lanka) Limited (Subsidiary) / Cement Manufacturing (Registered in Sri Lanka)

Aug 2016 - May 2019 Chairman

##### Chip Mong INSEE Cement Corporation / Cement Producer (Registered in Cambodia)

Dec 2015 - May 2019 Director

#### Training Experience

##### By INSEAD, Fontainebleau, France:

2015 Leading from the Chair

# Mr. Vanchai Tosomboon

## Director

Age 70 years

Family Relationship Among Executives: Nil

Appointed as Director since: 14 June 2004

## Education

**Master Degree:** MBA, Asian Institute of Management, Philippines

**Bachelor Degree:** Bachelor of Laws, Thammasat University

## Company's Shareholding Ratio (%)

As of 31 Dec 2019 \*(0.0330)

\*direct holding of 98,456 shares, no indirect or Nominee holding

## Work Experience 5-year Credential

### Listed Company

#### Siam City Cement Public Company Limited / Cement Producer and Construction Materials

Jul 2014 - Present Member of Governance and Risk Committee

Jul 2014 - Present Member of Nomination and Compensation Committee

Jan 2012 - Present Advisor

Jun 2004 - Present Director

#### Lanna Resources Public Company Limited / Coal Mining

Jan 1999 - Present Director

### Other Company

#### Chip Mong INSEE Cement Corporation / Cement Producer (Registered in Cambodia)

Dec 2015 - Present Director

#### Krungsri Securities Public Company Limited / Securities Business

Aug 2014 - Present Independent Director and Member of Audit Committee

#### Siam City Cement (Vietnam) Limited (Subsidiary) / Cement Manufacturing (Registered in Vietnam)

Apr 2017 - May 2019 Director

#### Siam City Cement (Lanka) Limited (Subsidiary) / Cement Manufacturing (Registered in Sri Lanka)

Aug 2016 - May 2019 Director

#### Conwood Company Limited (Subsidiary) / Construction Material

Feb 2002 - Mar 2016 Director

## Training Experience

### By Thai Institute of Directors (IOD):

2015 Corporate Governance for Capital Market Intermediaries Class 10/2015 (CGI)

2015 Advanced Audit Committee Program Class 19/2015 (AACP)

2004 Director Accreditation Program Class 7/2004 (DAP)

2001 Director Certificate Program Class 7/2001 (DCP)

### By International Institute of Management Development (IMD) Switzerland:

2006 Senior Management Program

2002 Breakthrough Program for Senior Executives

2000 Managing Corporate Resources

# Ms. Nopporn Tirawattanagool

## Director

Age 65 years

Family Relationship Among Executives: Nil

Appointed as Director since: 23 April 2012

## Education

<b>Master Degree:</b>	Master of Accounting, Thammasat University
<b>Bachelor Degree:</b>	Bachelor of Business Administration (in Accounting), Thammasat University

## Company's Shareholding Ratio (%)

As of 31 Dec 2019 None (0.00%)

## Work Experience 5-year Credential

### Listed Company

#### Siam City Cement Public Company Limited / Cement Producer and Construction Materials

Jul 2014 - Present	Member of Governance and Risk Committee
Jul 2014 - Present	Member of Nomination and Compensation Committee
Apr 2012 - Present	Director

#### Bank of Ayudhya Public Company Limited / Commercial Bank

Jan 2015 - Present	Member of Risk and Compliance Committee
Jan 2014 - Present	Director (Authorized Signatory)
Apr 2010 - Present	Member of Nomination and Remuneration Committee
Apr 2010 - Jan 2014	Director

#### Grand Canal Land Public Company Limited / Real Estate

Apr 2016 - Present	Director
May 2015 - Apr 2016	Director (Authorized Signatory)

#### Srivichaivejvivat Public Company Limited / Hospital

Oct 2014 - Present	Director
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#### Allianz Ayudhya Capital Public Company Limited (formerly Sri Ayudhya Capital Public Company Limited) / General Insurance

May 2013 - Present	Member of Nomination and Remuneration Committee
Apr 2013 - Present	Director

## Other Company

#### BBTV Asset Management Limited / Advertisement and Holdings

Apr 2017 - Present	Director (Authorized Signatory)
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#### CKS Holding Company Limited / Holding

May 2015 - Present	Director (Authorized Signatory)
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#### Super Assets Company Limited / Real Estate

May 2015 - Present	Director (Authorized Signatory)
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#### C.K.R Company Limited / Holding

May 2015 - Present	Director (Authorized Signatory)
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#### The Bangkok Lighters Company Limited / Asset Management

May 2015 - Present	Director (Authorized Signatory)
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#### The Thai Tapioca Flour Produce Company Limited / Real Estate

May 2015 - Present	Director (Authorized Signatory)
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#### Cyber Venture Company Limited / Holding

May 2015 - Present	Director (Authorized Signatory)
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#### Khao Kheow Country Club Company Limited / Golf Course

Apr 2015 - Present	Director (Authorized Signatory)
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#### Siam Purimongkol Company Limited / Real Estate

Apr 2015 - Present	Director (Authorized Signatory)
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#### Grand Fortune Company Limited / Real Estate

Dec 2014 - Present	Director (Authorized Signatory)
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#### Bangkok Broadcasting & TV Company Limited / Television Broadcasting

Apr 2014 - Present	Director
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#### BBTV Satelvision Company Limited / Advertisement

Apr 2014 - Present	Director (Authorized Signatory)
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#### GL Asset Company Limited / Advertisement

Apr 2014 - Present	Director (Authorized Signatory)
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#### Mahakij Holding Company Limited / Advertisement and Holding

Apr 2014 - Present	Director (Authorized Signatory)
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#### BBTV Production Company Limited / Advertisement

Apr 2014 - Present	Director (Authorized Signatory)
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#### BBTV Alliance Company Limited / Holding Company

Jan 2014 - Present	Director (Authorized Signatory)
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#### BBTV Bond Street Building Company Limited / Real Estate Investment

Jan 2014 - Present	Director (Authorized Signatory)
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#### ITBC Business Consultant Group Company Limited / IT Consultant

Aug 2012 - Present	Director (Authorized Signatory)
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#### Exclusive Senior Care International Company Limited / Development of Facilities for Elderly Health Rehabilitation

Apr 2011 - Present	Director (Authorized Signatory)
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**BBTV International Holdings Company Limited / Holding**  
Sep 2010 - Present Director (Authorized Signatory)

**Sunrise Equity Company Limited / Holding**  
Sep 2010 - Present Director (Authorized Signatory)

**BBTV Equity Company Limited / Office Building Rental**  
Sep 2010 - Present Director (Authorized Signatory)

### Training Experience

#### By Thai Institute of Directors (IOD):

2018	National Director Conference "Rising Above Disruptions: A Call for Action"
2017	National Director Conference "Steering Governance in a Changing World"
2015	Risk Management Program for Corporate Leaders Class 1/2015 (RCL)
2013	Anti-Corruption for Executive Program, Class 7/2013 (ACEP)
2011	Financial Institutions Governance Program Class 2/2011 (FGP)
2010	Audit Committee Program Class 31/2010 (ACP)
2010	Director Certification Program Class 135/2010 (DCP)
2009	Role of the Compensation Committee Class 8/2009 (RCC)
2003	Director Accreditation Program Class 5/2003 (DAP)

#### By PriceWaterHouseCoopers (PwC):

2016	Training on International Financial Reporting Standard 9 (IFRS9)
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#### By The Stock Exchange of Thailand (SET):

2016	CG Forum 2/2016 "Honest, Cautious, Protective For the Director"
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#### By ACIS Professional Center Co., Ltd:

2017	Strategic IT Governance (for Non-IT)
2016	Seminar on "Cyber Security Awareness Training for Senior Executive"

#### By Others:

2019	Agile Leadership for Board of Directors
2019	Bangkok Sustainable Banking Forum "An Industry Wake-up call"
2019	IT Governance & Cyber Resilience
2018	IT Security Trend Update
2018	Future Customer Experience in Financial and Banking Services

## Mr. Pongpinit Tejagupta

### Director

Age 65 years

**Family Relationship Among Executives:** Nil

**Appointed as Director since:** 26 February 2010

### Education

**Master Degree:** MBA, University of Detroit, Michigan, U.S.A.

**Bachelor Degree:** Accounting Chulalongkorn University

### Company's Shareholding Ratio (%)

**As of 31 Dec 2019** None (0.00%)

### Work Experience 5-year Credential

#### Listed Company

#### Siam City Cement Public Company Limited / Cement Producer and Construction Materials

Jul 2014 - Present	Chairman of Governance and Risk Committee
Jul 2014 - Present	Director
Apr 2011 - Jul 2014	Chairman of the Audit Committee
Feb 2010 - Jul 2014	Independent Director
Feb 2010 - Apr 2011	Member of the Audit Committee

#### Eastern Star Real Estate Public Company Limited / Real Estate

Aug 2019 - Present	Vice Chairman
Apr 2015 - Present	Director

#### Bank of Ayudhya Public Company Limited / Commercial Bank

2005 - 2013	Director
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#### Other Company

#### Allianz Ayudhya Assurance Public Company Limited / Life Insurance

May 2018 - Present	Independent Director and Member of Audit Committee
2003 - Apr 2018	Director

#### Siam City Cement (Lanka) Limited (Subsidiary) / Cement Manufacturing (Registered in Sri Lanka)

Aug 2016 - May 2019	Director
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#### Media Studio Co., Ltd./ TV Content Provider

May 2015 - Feb 2018	Chairman
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#### Bangkok Broadcasting & TV. Co., Ltd./ Television Broadcasting

May 2014 - Apr 2017	Director
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## Training Experience

### By Thai Institute of Directors (IOD):

2013	Risk Management Committee Program Class 1/2013 (RMP)
2013	Anti-Corruption for Executive Program Class 7/2013 (ACEP)
2013	How to Develop a Risk Management Plan Class 4/2013 (HRP)
2013	Chartered Director Class Class 7/2013 (CDC)
2012	Role of the Compensation Committee Class 14/2012 (RCC)
2012	Role of the Nomination and Governance Committee Class 2/2012 (RNG)
2011	The Board's Roles in Merger & Acquisitions Class 1/2011 (M&A)
2010	Monitoring Fraud Risk Management Class 2/2010 (MFM)
2010	Monitoring of the Quality of Financial Reporting Class 10/2010 (MFR)
2010	Monitoring the Internal Audit Function Class 7/2010 (MIA)
2010	Monitoring the system of Internal Control and Risk Management Class 9/2010 (MIR)
2010	Financial Institutions Governance Program Class 1/2010 (FGP)
2010	Successful Formulation & Execution of Strategy Class 7/2010 (SFE)
2010	Advanced Audit Committee Program Class 30/2010 (ACP)
2009	Director Certification Program Class 126/2009 (DCP)
2008	Director Accreditation Program Class 71/2008 (DAP)

### By SEC and SET:

2018	Inaugural Corporate Governance Conference 2018 on 19 September 2018
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## Mr. Benjamin Herrenden Birks

### Director

Age 46 years

Family Relationship Among Executives: Nil

Appointed as director since: 1 October 2019

### Education

**Master Degree:** Master of Art with Honors, University of St Andrews, Scotland

**Certificate:** General Management Program, Harvard Business School, USA

### Company's Shareholding Ratio (%)

As of 31 Dec 2019 None (0.00%)

### Work Experience 5-year Credential

#### Listed Company

#### Siam City Cement Public Company Limited / Cement Producer and Construction Materials

Oct 2019 - Present Member of Nomination and Compensation Committee

Oct 2019 - Present Director

#### Other Company

#### Jardine Cycle and Carriage Limited / Investment Holding Company (Registered in Singapore)

Oct 2019 - Present Group Managing Director

#### Jardine International Motors / Automotive (Registered in Hong Kong)

Jan 2019 - Sep 2019 CEO

#### Zung Fu Group / Automotive (Registered in Hong Kong)

2016- 2018 CEO

#### Jardine Pacific / Services provider (Registered in Hong Kong)

2012 - 2016 CEO

#### IKEA / Furniture (Registered in Hong Kong)

2008 - 2012 CEO

## Dr.h.c. Harald Link

### Independent Director

Age 64 years

Family Relationship Among Executives: Nil

Appointed as Director since: 24 September 1998

#### Education

<b>PhD:</b>	Honorary Doctor of Business Administration (Management), Rajamangala University of Technology Srivijaya
<b>Master Degree:</b>	Lic.oe.HSG, University of St. Gallen, Switzerland

#### Company's Shareholding Ratio (%)

As of 31 Dec 2019 \*(0.0153)

\*direct holding of 45,598 shares, no indirect or nominee holding

#### Work Experience 5-year Credential

##### Listed Company

##### Siam City Cement Public Company Limited / Cement Producer and Construction Materials

Jul 2014 - Present	Member of Nomination and Compensation Committee
Sep 1998 - Present	Independent Director
Jul 2014 - Jun 2015	Chairman of the Audit Committee
1998 - 2009	Member of the Audit Committee

##### True Corporation Public Company Limited / Telecommunication

Sep 2017 - Present	Chairman of the Compensation and Nominating Committee
2010 - Present	Independent Director
2000 - 2010	Director

##### B. Grimm Power Public Company Limited / Resources, Energy & Utilities

Jul 2017 - Present	Chairman
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##### Other Company

##### B. Grimm Group of Company

1987 - Present	Chairman
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#### Training Experience

##### By Thai Institute of Directors (IOD):

2017	Director Accreditation Program Class 134/2017 (DAP)
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##### By Thailand National Defence College (NDC):

2004	Diploma in the Joint State-Private Sector Course Class 17 (Por Roar Aor 17)
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##### By St. Gallen, Switzerland:

2003	Course on Good Corporate Governance
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##### By Institute of Business and Industrial Development (IBID):

Executive Management with Business Development and Investment Class 1

##### By Thailand Energy Academy:

Certificate in Energy Literacy for Sustainable Future (TEA Class 2)

##### By Capital Market Academy:

Certificate (CMA Class 11)

## Dr. Sune Sornchaitanasuk

### Independent Director and Chairperson of Audit Committee

Age 57 years

Family Relationship Among Executives: Nil

Appointed as Director since: 10 June 2015

#### Education

<b>PhD:</b>	Doctor of Management Communication Management Program, Suan Dusit Rajabhat University
<b>Master Degree:</b>	Master of Industrial Business, King Mongkut's University of Technology North Bangkok
<b>Certificate:</b>	CPA, Institute of Certified Accounting & Audit of Thailand Certified Public Accountant No. 3733
<b>Bachelor Degree:</b>	Bachelor of Accounting, Thammasat University

#### Company's Shareholding Ratio (%)

As of 31 Dec 2019 None (0.00%)

## Work Experience 5-year Credential

### Listed Company

#### Siam City Cement Public Company Limited / Cement Producer and Construction Materials

Jun 2015 - Present Chairperson of Audit Committee and  
Independent Director

#### B.Grimm Power Public Company Limited / Resources, Energy&Utility

Apr 2018 - Present Member of Audit Committee and  
Independent Director

#### Namyong Terminal Public Company Limited / Terminal Service, Storage Services and Other Services

2016 - Present Chairperson of the Audit Committee  
and Independent Director

### Other Company

#### CPA Associate Thailand Company Limited / Accounting and Audit

2015 - Present Director

#### AMC Medical Center (Thailand) Company Limited / Medical Equipment

Mar 2013 - Present CEO

## Training Experience

### By Thai Institute of Directors (IOD):

2019	Ethical Leadership Program Class 16/2019 (ELP)
2017	Strategic Board Master Class 1/2017 (SBM)
2013	Successful Formulation and Execution of Strategy Class 17/2013 (SFE)
2008	Role of the Chairman Program Class 18/2008 (RCP)
2008	Monitoring the Internal Audit Function Class 2/2008 (MIA)
2008	Monitoring the System of Internal Control and Risk Management Class 3/2008 (MIR)
2008	Chartered Director Class Class 3/2008 (CDC)
2007	Quality of Financial Reporting Class 5/2007 (QFR)
2005	Director Diploma Examination 18/2005 (Fellow Member)
2005	Audit Committee Program Class 5/2005 (ACP)

2005	Director Certification Program Class 53/2005 (DCP)
2004	Director Accreditation Program Class 28/2004 (DAP)

## Mr. Pradap Pibulsonggram

### Independent Director and Member of Audit Committee

Age 70 years

Family Relationship Among Executives: Nil

Appointed as Director since: 21 April 2011

### Education

Bachelor Degree: B.A. in Political Science/ Economics,  
Auckland University, New Zealand

### Company's Shareholding Ratio (%)

As of 31 Dec 2019 None (0.00%)

## Work Experience 5-year Credential

### Listed Company

#### Siam City Cement Public Company Limited / Cement Producer and Construction Materials

Apr 2011 - Present Member of the Audit Committee and  
Independent Director

#### TEAM Consulting Engineering and Management Public Company Limited / Consulting Services in Engineering and environment

2011 - Present Senior Advisor

### Other Company

#### ASEAN Department, Ministry of Foreign Affairs

Oct 2016 - Present Advisor

#### Monitoring and Evaluation Committee of the Integration logistics research project between National Research Council (NRCT) and the Thailand Research Fund (TRF)

2013 - 2019 Director

#### Pibulsongkram Rajabhat University Council / Educational Institution

Mar 2011 - 2019 Councillor

#### ASEAN Connectivity Coordinating Committee

Jan 2011 - Mar 2016 Thai Representative

## Training Experience

### By Thai Institute of Directors (IOD):

2018	Strategic Board Master Class 5/2018 (SBM)
2017	Board Matters and Trends Class 2/2017 (BMT)
2014	How to Measure the Success of Corporate Strategy Class 4/2014 (HMS)
2013	Successful Formulation and Execution of Strategy Class 17/2013 (SFE)
2013	Anti-Corruption for Executive Program Class 8/2013 (ACEP)
2012	Monitoring the System of Internal Control and Risk Management Class 12/2012 (MIR)
2012	Monitoring the Quality of Financial Reporting Class 14/2012 (MFR)
2012	Monitoring Fraud Risk Management Class 8/2012 (MFM)
2012	Monitoring the Internal Audit Function Class 13/2012 (MIA)
2011	Audit Committee Program Class 37/2011 (ACP)
2011	Financial Statements for Directors Class 14/2011 (FSD)
2011	Directors Certification Program Class 149/2011 (DCP)

## Mr. Charin Satchayan

### Independent Director and Member of Audit Committee

Age 53 years

**Family Relationship Among Executives:** Nil

**Appointed as Director since:** 7 April 2016

### Education

<b>Master Degree:</b>	Executive Master of Business Administration, Sasin Graduate Institute of Business, Administration of Chulalongkorn University,
<b>Certificate:</b>	Master of Law (LL.M.), (Under patronage of Fulbright Scholarship) Cornell University, U.S.A. Post Graduate Diploma in Business Law, Thammasat University
<b>Bachelor Degree:</b>	Bachelor of Law (Honours), Ramkhamhaeng University

### Company's Shareholding Ratio (%)

As of 31 Dec 2019 None (0.00%)

### Work Experience 5-year Credential

#### Listed Company

#### Siam City Cement Public Company Limited / Cement Producer and Construction Materials

Apr 2016 - Present Member of the Audit Committee and Independent Director

May 2017 - May 2018 Member of Governance and Risk Committee

#### Other Company

#### Charin & Associates Limited / Legal Consult

2011 - Present Managing Partner

### Training Experience

#### By Thai Institute of Directors (IOD):

2016	Board that Make a Difference Class 2/2016 (BMD)
2016	Family Business Governance for Sustainability Class 5/2016 (FBG)
2014	Director Certification Program Class 196/2014 (DCP)

## Mr. Stephen Patrick Gore

### Director

Age 47 years

Family Relationship Among Executives: Nil

Appointed as director since: 1 April 2019

### Education

**Bachelor Degree:** B.A. Hons in Politics, Philosophy and Economics, University of Oxford, UK

### Company's Shareholding Ratio (%)

As of 31 Dec 2019 None (0.00%)

### Work Experience 5-year Credential

#### Listed Company

**Siam City Cement Public Company Limited / Cement Producer and Construction Materials**

April 2019 - Present Member of Governance and Risk Committee

April 2019 - Present Director

#### Other Company

**Jardine Cycle and Carriage Limited / Investment Holding Company (Registered in Singapore)**

2019 - Present Director and Group Finance Director

**Jardine Pacific and Jardine Motors / Automobile (Registered in Hong Kong)**

2017 - 2019 CFO

**Bank of America Merrill Lynch / Banking (Registered in United States)**

2012 - 2017 Managing Director

**UBS AG / Banking (Registered in Switzerland)**

2009 - 2012 Managing Director

## Mr. Aidan John Lynam

### Director and Group of Chief Executive Officer

Age 59 years

Family Relationship Among Executives: Nil

Appointed as director since 26 March 2019

### Education

**Master Degree:** Executive MBA from IMD in Lausanne, Switzerland

**Bachelor Degree:** Honors Degree in Mechanical Engineering from University College Dublin, Ireland

### Company's Shareholding Ratio (%)

As of 31 Dec 2019 None (0.00%)

### Work Experience 5-year Credential

#### Listed Company

**Siam City Cement Public Company Limited / Cement Producer and Construction Materials**

Mar 2019 - Present Group CEO

Mar 2019 - Present Director

#### Other Company

**Siam City Concrete Company Limited (Subsidiary) / Ready-mixed Concrete and Aggregates**

May 2019 - Present Chairman

**Siam City Cement Trading Company Limited (Subsidiary) / Cement and Raw Material Trading**

May 2019 - Present Chairman

**Siam City Cement (Lanka) Limited (Subsidiary) / Cement Manufacturing (Registered in Sri Lanka)**

May 2019 - Present Director

**Siam City Cement (Vietnam) Company Limited (Subsidiary) / Cement Manufacturing (Registered in Vietnam)**

May 2019 - Present Chairman

**Siam City Cement (Bangladesh) Limited (Subsidiary) / Cement Manufacturing (Registered in Bangladesh)**

May 2019 - Present Chairman

**Chip Mong INSEE Cement Corporation / Cement Producer (Registered in Cambodia)**

May 2019 - Present Director

2015 - May 2019 CEO

**INSEE Digital Company Limited (Subsidiary) / Technical Services and Information Technology Management and Development Services**

2017 - Nov 2019 Chairman

**Holcim Ltd. (currently LafargeHolcim Ltd.) / Cement Production and Construction Materials (Registered in Switzerland)**

2010 - 2015 Area Manager and member of the senior management

**Training Experience****By Thai Institute of Directors (IOD):**

2019 Director Accreditation Program Class 166/2019 (DAP)

**Mr. Siva Mahasandana****Director and Chief Executive Officer Siam City Cement Public Company Limited****Age 57 years**Family Relationship Among Executives: Nil  
Appointed as Director since: 7 April 2016**Education****Master Degree:** MBA, Finance and Investment (Beta Gamma Sigma), The George Washington University, U.S.A.**Certificate:** Advanced Management Program, Harvard Business School, U.S.A.**Bachelor Degree:** Mechanical Engineering, Chulalongkorn University**Company's Shareholding Ratio (%)**

As of 31 Dec 2018 \*(0.0728)

\*direct holding of 216,926 shares, no indirect or nominee holding

**Work Experience 5-year Credential****Listed Company****Siam City Cement Public Company Limited / Cement Producer and Construction Materials**

Mar 2019 - Present Member of Group Executive Committee - CEO of Siam City Cement Public Company Limited (CEO SCCCTH)

Apr 2016 - Present Director and Chief Executive Officer

Feb 2015 - Apr 2016 Deputy Chief Executive Officer  
Feb 2015 - Feb 2016 Senior Vice President (Marketing & sales)  
Jan 2012 - Jan 2015 Senior Vice President (Saraburi Operations)**Lanna Resources Public Company Limited / Coal Mining**  
2016 - Present Director**Other Company****Siam City Power Company Limited (Subsidiary) / Electricity Generation from Waste Heat**Nov 2019 - Present CEO  
May 2019 - Present Chairman  
Mar 2016 - Mar 2017 Chairman**Globe Cement Company Limited (Subsidiary) / Cement Manufacturing**Sep 2019 - Present CEO  
May 2016 - Present Chairman**Siam City Cement (Vietnam) Company Limited (Subsidiary) / Cement Manufacturing (Registered in Vietnam)**

Apr 2017 - Present Director

**Siam City Cement Trading Company Limited (Subsidiary) / Cement and Raw Material Trading**

Mar 2017 - Present Director

**Siam City Concrete Company Limited (Subsidiary) / Ready-mixed Concrete and Aggregates**Jul 2017 - Present Director  
Feb 2015 - Jul 2017 Chairman  
2004 - Jan 2012 CEO**INSEE Digital Company Limited (Subsidiary) / Technical Services and Information Technology Management and Development Services**Jul 2017 - Present Director  
Mar 2016 - Jul 2017 Chairman**INSEE Superblock Company Limited (Subsidiary) / Light-Weight Concrete Products**

Mar 2016 - Present Chairman

**Thai Cement Manufacturer Association / Cement Manufacturers Coordinating Office**

Feb 2015 - Present Chairman

**Conwood Company Limited (Subsidiary) / Construction Material**

Feb 2015 - Present Chairman

**PT Conwood Indonesia Company Limited (Subsidiary) / Architectural and Decorative Building Materials Producer (Registered in Indonesia)**

Apr 2015 - Present President Commissioner

**Siam City Cement (Bangladesh) Limited (Subsidiary) /  
Cement Manufacturing (Registered in Bangladesh)**  
May 2016 - May 2019 Director

**INSEE Ecocycle Company Limited (Subsidiary) / Industrial  
Waste Disposal and Alternative Fuel and Raw Material  
Trading and Industrial Cleaning Service Business**  
Mar 2016 - May 2019 Chairman

**Siam City Cement (Lanka) Limited (Subsidiary) /  
Cement Manufacturing (Registered in Sri Lanka)**  
Aug 2016 - May 2019 Director

### Training Experience

#### By Thai Institute of Directors (IOD):

2018 Role of the Chairman Program (RCP)  
2015 Corporate Governance for Executive  
Class SCCC/2015 (CGE)  
2015 Director Certification Program  
Class 206/2015 (DCP)

#### By Thailand Energy Academy:

2015 Senior Management Program of  
Energy Literacy (Vor Por Nor 7)

#### By International Institute of Management Development (IMD), Switzerland:

2007 Senior Leadership Program  
2005 Senior Management Program

## Mr. Mark Anatol Schmidt

### Group Chief Financial Officer

Age 49 years

Family Relationship Among Executives: Nil

Appointed as Executive since: 1 April 2019

### Education

**Master Degree:** MBA, Finance, Fribourg University,  
Switzerland

**Certificate:** Swiss Certified Accountant, Expert  
Suisse, Zurich, Switzerland

Advanced Management Program,  
Harvard Business School,  
Cambridge, USA

### Company's Shareholding Ratio (%)

As of 31 Dec 2019 None (0.00%)

### Work Experience 5-year Credential

#### Listed Company

**Siam City Cement Public Company Limited /  
Cement Producer and Construction Materials**  
April 2019 - Present Member of Group Executive  
Committee - Group Chief Financial  
Officer (Group CFO)

#### Other Company

**INSEE Digital Company Limited (Subsidiary) / Technical  
Services and Information Technology Management and  
Development Services**

Nov 2019 - Present Chairman

**PT Conwood Indonesia Company Limited (Subsidiary) /  
Architectural and Decorative Building Materials Producer  
(Registered in Indonesia)**

Jun 2019 - Present Commissioner

**Conwood Company Limited (Subsidiary) / Construction  
Material**

May 2019 - Present Director

**Siam City Cement (Lanka) Limited (Subsidiary) /  
Cement Manufacturing (Registered in Sri Lanka)**

May 2019 - Present Director

**Siam City Cement (Vietnam) Company Limited (Subsidiary) /  
Cement Manufacturing (Registered in Vietnam)**

May 2019 - Present Director

**Siam City Cement (Bangladesh) Limited (Subsidiary) /  
Cement Manufacturing (Registered in Bangladesh)**

May 2019 - Present Director

**Holcim Indonesia, Jakarta (Indonesia) / Cement Manufacturing  
(Registered in Indonesia)**

2015 - Feb 2019 CFO Indonesia

**Holcim Brazil, Sao Paulo (Brazil) / Cement Manufacturing  
(Registered in Brazil)**

2014 - 2015 CFO Brazil

**Holcim Group Services, Zurich (Switzerland) /  
Cement Manufacturing (Registered in Switzerland)**

2010 - 2014 Head Corporate Holding

### Training Experience

#### By The Stock Exchange of Thailand (SET):

2019 e-Learning CFO's Orientation Program

#### By Thai Institute of Directors (IOD):

2019 Director Accreditation Program  
Class 166/2019 (DAP)

**By IOSH:**

2016 Managing Safely Course

**By IMD, Lausanne, Switzerland:**

2015 Holcim Future Leadership Course

**By LEAN Institute, Brazil:**

2014 LEAN management

**By State Accountancy Board, Wilmington, USA:**

Certified Public Accountant Examination

## Mr. Philippe Bernard Richart

### Chief Executive Officer Siam City Cement (Vietnam) Limited

Age 53 years

**Family Relationship Among Executives:** Nil

**Appointed as Executive since:** 1 March 2019

**Education**

**Master Degree:** MBA in International Business,  
George Washington University,  
Washington D.C., USA

**Bachelor Degree:** Civil Engineer, Ecole des Hautes  
Etudes Industrielles, Lille, France

**Company's Shareholding Ratio (%)**

**As of 31 Dec 2019** None (0.00%)

**Work Experience 5-year Credential****Listed Company**

#### Siam City Cement Public Company Limited / Cement Producer and Construction Materials

2019 - Present Member of Group Executive  
Committee - CEO of Siam City  
Cement (Vietnam) Limited  
(CEO SCCVN)

**Other Company**

#### INSEE Ecocycle Company Limited (Subsidiary) / Industrial Waste Disposal and Alternative Fuel and Raw Material Trading and Industrial Cleaning Service Business

May 2019 - Present Chairman

#### Siam City Cement (Bangladesh) Limited (Subsidiary) / Cement Manufacturing (Registered in Bangladesh)

May 2019 - Present Director

#### Siam City Cement (Vietnam) Limited (Subsidiary) / Cement Manufacturing (Registered in Vietnam)

2017 - Present CEO

#### Siam City Cement (Lanka) Limited (Subsidiary) / Cement Manufacturing (Registered in Sri Lanka)

2016 - Dec 2016 CEO and Director

#### Lafarge Holcim (formerly called Holcim) / Cement Manufacturing (Registered in Sri Lanka)

2013 - June 2015 CEO and Managing Director

#### Holcim, Vietnam / Cement Manufacturing (Registered in Vietnam)

2007 - 2012 RMX Director

**Training Experience****By IMD Lausanne, Switzerland:**

Holcim Future Leadership Course  
Holcim Senior Leadership Program  
Holcim Senior Management Program

**By INSEAD:**

2012 Business Marketing Program

## Ms. Anuttara Panpothong

### Group HR & Talents and SVP P&OP

Age 47 years

Family Relationship Among Executives: Nil

Appointed as Executive since: 1 November 2017

#### Education

<b>Master Degree:</b>	MBA, Finance and Investment, The George Washington University, Washington D.C., U.S.A.
<b>Bachelor Degree:</b>	BBA, Finance and Banking, (First Class Honours) Thammasat University

#### Company's Shareholding Ratio (%)

As of 31 Dec 2019     None (0.00%)

#### Work Experience 5-year Credential

##### Listed Company

##### Siam City Cement Public Company Limited / Cement Producer and Construction Materials

Mar 2019 - Present	Member of Group Executive Committee - Group HR and Talents
Nov 2017 - Present	Senior Vice President (People and Organizational Performance)

##### TATA steel (Thailand) Public Company Limited / Steel Producer and Distributor

Mar 2018 - Present	Independent Director
Mar 2018 - Present	Member of the Audit Committee
Mar 2018 - Present	Member of the Corporate Governance, Nomination and Remuneration Committee

##### Unilever Thailand / Consume Producer

Sep 2015 - Oct 2017	Vice President (Human Resources)
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##### Bank of Ayudhya Public Company Limited / Commercial Bank

Jul 2010 - Aug 2015	First Executive Vice President, Group Head of Human Resources and Internal Communication
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##### Ayudhya Allianz CP, Thailand / Insurance

Jan 2009 - Jun 2010	Chief Officer Human Resources Department
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#### Other Company

##### Siam City Cement (Lanka) Limited (Subsidiary) / Cement Manufacturing (Registered in Sri Lanka)

May 2019 - Present	Director
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##### Siam City Concrete Company Limited (Subsidiary) / Ready-mixed Concrete and Aggregates

Mar 2018 - Present	Director
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##### Conwood Company Limited (Subsidiary) / Architectural and Decorative Building Materials Producer

Dec 2017 - May 2019	Director
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#### Training Experience

##### By Thai Institute of Directors (IOD):

2019	Strategic Board Master Class 6/2019 (SBM)
2018	Directors Certification Program Class 265 (DCP)

# Management Discussion and Analysis

**The following management discussion and analysis is intended to provide the reader with sufficient business insight to understand the financial position of the Company and should be read in conjunction with our financial statements and the accompanying notes.**

**Group Performance:** The SCCC Group reported a net income of 3,157 million Baht for the year 2019, a slight increase of 4 percent over prior year. Growth was mainly driven by the solid performance of concrete business in Thailand, growth in our trading activities, strong contribution of the joint venture in Cambodia and gain from hedging of foreign currency transactions.

Cement business was adversely affected by challenging market conditions in the region and geopolitical uncertainties. Domestic cement demand was expected to be on level with prior year on the back of contracted residential construction activities of -5 percent. Government infrastructure projects were the key volume driver. The Group managed to increase penetration in Greater Bangkok and Eastern Seaboard projects which bolstered sales growth of 5 percent. The positive impact from revenue growth were partially offset by higher plant maintenance and electricity consumption during the period.

For Southern Vietnam market, cement demand was stagnant following government temporary measure on restricted construction license issuance in Ho Chi Minh City, a key growth market in which we operate. Net sales of Vietnam subsidiaries in Vietnam Dong (VND) contracted by -5 percent driven mainly by deflated sales volume (decrease by -9 percent when converted into THB due to VND currency depreciation). Imported material cost increase during the first half year coupled with higher maintenance cost linked to capacity upgrade and escalated electricity tariff negatively impacted profitability further.

Sri Lanka market was not only affected by adverse global economic conditions but also from local political instability, delayed infrastructure project spending and unusually heavy rainfall. Consequently, cement demand contracted by -3 percent, intensifying market competition. Sri Lanka subsidiaries net sales in Sri Lanka Rupee (LKR) was on level with prior year (decrease by -14 percent when converted into THB due to LKR currency depreciation). Production cost escalated due to higher import cost as well as lower production volume as a result of weak demand.

Bangladesh cement demand recovered and reported growth of over 8 percent. Bangladesh subsidiary reported net sales in Bangladesh Taka growth at 4 percent (on level with prior year when converted into THB due to BDT currency depreciation). Apart of recent changes in income tax which was imposed on imported materials, Bangladesh subsidiary's profitability was also impacted by sharp increase of imported clinker and other raw materials cost.

Ready-mixed concrete and aggregate businesses in Thailand reported growth of 7 percent supported by higher volume concentrated in Bangkok, suburban and Eastern Seaboard areas. Selling price of concrete, rock and sand improved and coupled with lower cartage cost, profitability improved and contributed to the Group profit for the period. The Group discontinued its ready-mixed concrete business in Vietnam by the end of 2019 to efficiently reallocate its capital and resources.

Fiber cement business' net sales contracted following the deflating residential construction activities in Thailand. Net sales decreased mainly due to lower selling price affected by intense market competition. Several cost reduction initiatives including the use of alternative lower cost raw material helped alleviate its profit margin. Indonesia housing demand showed sign of recovery which contributed to higher net sales and combined with the extensive cost saving initiatives improved the performance of the Indonesian subsidiary.

Accelerated demand of light-weight concrete coupled with growing panel and wall solutions supported the recovery of autoclaved aerated concrete products' net sales by almost 20 percent compared to prior year. The Group focused on driving higher machine utilization, reducing waste from production to improve cost efficiency which contributed to an improved profitability.

Waste management and industrial cleaning services reported growth of over 13 percent compared to prior year. The Group participated in projects which require a high level of safety and regulatory compliance and specific industrial knowledge such as chemical cleaning in the oil and gas as well as petrochemical sectors.

Trading business generated strong net sales growth of 86 percent following higher demand of clinker, cementitious materials and solid fuels among countries in Asia and Oceania regions. The growth in trading activities and expanded trading product portfolio contributed to the Group's higher profitability.

## Analysis of Financial Performance

### Revenues

(Unit: Million Baht)

	For the year ended December 31			
	2019	2018	+/-	+/- (%)
<b>Revenues</b>				
Net sales	47,593	44,764	2,829	6%
Gain on exchange	141	-	141	-
Other income	257	276	(19)	(7%)
<b>Total Revenues</b>	<b>47,991</b>	<b>45,040</b>	<b>2,951</b>	<b>7%</b>

The suppressed regional and local economic factors remained key challenges for cement demand on the back of the subdued construction activities in key markets. Net sales of cement business contracted by -3 percent from prior year and contributed to 62 percent of total Group net sales (2018: contributed 68 percent of the Group net sales). For the ready-mixed concrete and aggregate businesses, despite adverse impact from deflating residential construction, the strong foothold and penetration into key volume contributing sectors like government infrastructure projects led to net sales growth of 5 percent compared to prior year. Ready-mixed concrete and aggregate businesses contributed to the Group net sales at 18 percent, a similar rate compared with prior year. Trading business reported net sales to 3rd parties increase by 3 billion Baht, reaching the net sales of over 6 billion Baht, contributing to 14 percent of the Group net sales (2018: contributed 8 percent of the Group net sales).

The Group hedged its net exposure in foreign currencies, mainly from export to 3rd parties in USD currency, to mitigate foreign exchange exposure and risk thereof. Gain on exchange of 141 million Baht mainly reflects benefits from the hedging of foreign currencies transactions realized during the year.

Other income mainly comprised of revenue from selling of byproducts, gain from assets disposal and interest earned from short term investment as part of liquidity management.

## Expenses

(Unit: Million Baht)

	For the year ended December 31			
	2019	2018	+/-	+/- (%)
<b>Expenses</b>				
Cost of sales and services	32,463	29,300	3,163	11%
Selling and distribution expenses	8,120	8,248	(128)	(2%)
Administrative expenses	2,071	2,150	(79)	(4%)
Loss on exchange	-	62	(62)	-
Other expenses	389	270	119	(44%)
<b>Total expenses</b>	<b>43,043</b>	<b>40,030</b>	<b>3,013</b>	<b>8%</b>

Cost of sales and services increased 11 percent from prior year, mainly driven by maintenance activities and the higher electricity cost in key markets, coupling with effects from imported material cost hike in key overseas markets. Thailand had an increased level of shut downs for maintenance during the period which resulted in higher maintenance cost and electricity consumption. The Vietnam subsidiary had a major kiln shut down for maintenance and capacity upgrading while the escalated electricity tariff rate, the lower utilization of alternative fuel and alternative raw materials (AFR) and the imported purchase clinker cost hike affected higher production cost for the period. The Sri Lanka subsidiary, in responding to the contracted cement demand, reduced its cement production. The lower production resulted in higher total production cost per ton from lower kiln feed and higher fixed cost absorption. Bangladesh subsidiary was adversely affected by the government's new income tax regime imposed on imported clinker and raw materials which resulted in an additional increase of raw materials cost.

Selling and distribution expenses were lower mainly due to smart spending on sales and marketing activities. In addition, the downward trend of diesel prices benefitted the distribution cost.

Administrative expenses decreased further because of additional fixed cost initiatives launched during the year.

Other expenses increased mainly due to closing of certain business activities. Vietnam subsidiary discontinued its ready-mixed concrete business in 2019 and is in the process to sell the remaining assets. Globe, a Thai subsidiary undertaking white cement business, ceased its business activities in January 2020. The Group assessed the fair value of assets under the two subsidiaries and recognized impairment of certain assets in the period.

## Depreciation, Interest and Tax

(Unit: Million Baht)

	For the year ended December 31			
	2019	2018	+/-	+/- (%)
<b>Depreciation, Interest and Tax</b>				
Depreciation and amortization	3,330	3,268	62	2%
Finance cost	1,459	1,350	109	8%
Income tax expenses	<b>698</b>	<b>569</b>	<b>129</b>	<b>23%</b>

The depreciation and amortization expenses increased due to the finalization of some capital expenditure projects as well as the renewal of certain concession permits

Finance cost reflected interest expenses incurred from the loan from financial institutions and debenture, and fees related to trade financing to support growing international trading activities.

Income tax expenses increased due to the cessation of Thailand tax privilege for International Trading Center (ITC), the expiration of income tax exemption privilege for one of the waste heat recovery system at Saraburi plant and the new tax regime in Bangladesh on imported materials irrespective of the annual taxable profit.

## Analysis of Financial Position

### Net Working Capital

	Unit	2019	2018
Accounts receivable turnover	Times	8.74	7.95
Days receivable outstanding	Days	41	45
Inventory turnover	Times	6.57	6.43
Days inventory	Days	55	56
Accounts payable turnover	Times	5.74	5.78
Days payable outstanding	Days	63	62

The Group Net Working Capital amounted to 4.9 percent of net sales as compared to 6.3 percent in last year. While days inventory and days payable outstanding remained at almost the same level as prior year, the decrease of days receivable outstanding reflected efforts of the Group to collect due receivables on time despite difficult economic conditions.

## Key Financial Assets

### Non-current assets held for sales

Vietnam subsidiary discontinued its ready-mixed concrete business in December 2019. The subsidiary has entered into a Memorandum of Understanding to sell certain properties, machinery and equipment related to the ready-mixed concrete business to a 3rd party. Those assets were stated at fair value and presented as non-current assets held for sales.

### Property, Plant and Equipment and Intangible Assets (Net)

(Unit: Million Baht)

	As of December 31			
	2019	2018	+/-	+/- (%)
Property, plant and equipment	32,523	35,459	(2,936)	(8%)
Intangible assets	10,844	10,309	535	5%
Other non-current assets	317	288	29	10%

Capital expenditures (CAPEX) were made to maintain or to optimize its operation where considered necessary. CAPEX spending for Property, Plant and Equipment during the period was 1,370 million. Some of the key CAPEX projects during 2019 are listed below;

- Grinding mills improvement of 52 million Baht
- Waste-heat recovery system improvement of 26 million Baht
- Kiln capacity upgrade to 5,000 tpd for 133 million Baht in Vietnam
- New palletizer of 75 million Baht in Vietnam
- Cement silo and belt replacement of 27 million Baht in Sri Lanka

Loss on asset disposals, impairment and write-off amounting to 279 million Baht were recorded during the year. Depreciation charges for the year was 2,845 million Baht.

Since the overseas business units operated under different functional currencies, they were subjected to currency translation into Thai Baht. As a result of the Thai Baht appreciation over the year, loss from translation of property, plant and equipment in overseas subsidiaries into Thai Baht was 887 million Baht.

Intangible assets consisted of mining concession, computer software, customer relationship, brands and the right to use of assets. The Group completed renewal of certain concession permits required for quarry operation and recognized future payments obligation to relevant government agencies according to the permits at net present value as incremental value of concession. Amortization charges for the year was 482 million Baht. Loss from translation of intangible assets in overseas subsidiaries into Thai Baht was 457 million Baht.

### Funding

As at 31 December 2019, the capital structure of the Group consisted of net financial debt at 24,863 million Baht (gross financial debt amount of 29,684 million Baht, net of cash and cash equivalents amount of 4,821 million Baht) and shareholders' equity of 32,671 million Baht. This represented a net financial debt to equity ratio of 0.76 times which was reduced from prior year (2018: 0.82 times).

## Short-Term and Long-Term Debt

The gross financial debt included debentures consisting of a series of unsubordinated and unsecured debentures at varying maturity which are prudently spread across to avoid concentration risk as mentioned below;

Issued date	Amount Million Baht	Due date
14 June 2013	2,000	2020
29 April 2016	4,000	2024, 2026
9 May 2017	13,000	2020, 2024, 2027, 2029

The proceed of debenture was mainly used to finance the acquisitions of overseas business units in the recent years. In addition, the Group carried long term loans from financial institutions amounting 7,437 million Baht and short-term loan including current portion of long-term loan and debenture of 6,226 million Baht. The Group plans to redeem debenture become due in 2020 in full amount.

## Shareholder's Equity

As at 31 December 2019, the shareholders' equity amounted to 32,671 million Baht (2018: 34,541 million Baht). The equity consists of accumulated reserves, share premium and retained earnings amounting to 38,666 million Baht. In addition, a negative currency translation adjustment of 7,272 million Baht is recorded which increased by 2,184 million Baht during the year due to the currency depreciation experienced by our overseas subsidiaries.

## Analysis of Cash Flow Statement

The Group reported a cash and cash equivalent balance of 4,821 million Baht as at 31 December 2019 which is used to maintain sufficient liquidity for the operations and the upcoming repayment of debenture. Net cash generated from operating activities was 7,586 million Baht (2018: 6,989 million Baht) thanks to the higher profits and cash generated from operating activities and better net working capital management.

Net cash outflows from investing activities amounted to 1,435 million Baht (2018: 2,220 million Baht) which was mainly related to capital expenditure.

Net cash outflows from financing activities of 3,855 million Baht (2018: net cash inflows 3,847 million Baht) was primarily related to the total dividend paid amounting to 2,596 million Baht and repayment of bank overdraft and short-term loans from financial institution at net amount of 1,241 million Baht during the year.

# Related Party Transactions

Related party transactions (interchangeable word with connected transactions) refer to transactions made by the Company or its Subsidiaries with the connected person. The Board of Directors is aware that sound approval mechanism and procedure for the benefit of the Company is for the equitable treatment of shareholders.

## Criteria for entering into related party transactions and the future trend

The Company has identified approval mechanism and procedure in alignment with the related regulations and the principle of good corporate governance, as the following summaries:

1) The Board of Directors approved the approval principles in accordance with Section 89/12 of the SEC Act and delegated the Management to approve the entering into transactions which were made as the Group's normal business or made to support the Group's normal business. Such approval principles are aligned with the Rules on Connected Transactions, under the Notification of the Capital Market Supervisory Board. In the essence, the approvals were based upon the Company's benefit as if the transactions were made with any third party (arm's length basis).

- 2) The Board of Directors approved the Related Party Transactions Policy for the Group, adopting the procedures of the relevant rules and regulations for entering into the transactions and disclosure of information.
- 3) The Management identified monitoring and reviewing processes to ensure that the entering into related party transactions were made in accordance with the Policy and presented summary report to the Audit Committee and the Board of Directors on a quarterly basis.
- 4) The Audit Committee reviewed the transactions to ensure that such transactions were for the benefits of the Company and on the arm's length basis, and to monitor trend of transactions to be suitable with the business of the Company.

The Audit Committees reviewed the related party transactions of the Company and its Subsidiaries as presented by the Management and was of the opinion that the related party transactions entered in the fiscal year ending 31 December 2019 are in accordance with the laws and the SET regulations and are reasonable and for the highest benefit for the Company, as summarized in the table below.

Related parties/ Relation to the Company	Categories/ Detail of transactions	Related transactions (Million Baht)			Rational and necessity
		2019	2018	2017	
1. <b>Turangga Resources Pte. Ltd. (Turangga)/</b> Indirect subsidiary of major shareholder (Jardine Cycle & Carriage Limited)	Normal business transaction/ Purchase of coal for cement production	512.2	256.2	-	Coal is major fuel for cement production. Purchase of fuel from various sources was to mitigate risk of supply. A trading subsidiary sourced fuel to provide companies in the Group and/or resold to third parties.

Related parties/ Relation to the Company	Categories/ Detail of transactions	Related transactions (Million Baht)			Rational and necessity
		2019	2018	2017	
<b>2. Bank of Ayudhya Public Company Limited (BAY)/</b> Subsidiary of major shareholder (Bangkok Broadcasting & TV. Company Limited) with a co-director, Ms. Nopporn Tirawattanagool	Support normal business transaction/ Interest expense from short term loan to subsidiary	7.6	9.6	82.8	BAY is a commercial bank, providing service of borrowing/depositing cash. Subsidiary selected BAY after comparing with other banks
	Support normal business transaction/ Interest income from short term deposit of Company/ subsidiaries	2.3	6.1	5.1	
<b>3. HR Professional Consulting and Service Company Limited (HR Pro)/</b> Indirect subsidiary of major shareholder (Bangkok Broadcasting & TV. Company Limited)	Support normal business transaction/ Company/subsidiaries used outsourced services	210.8	160.8	185.8	HR Pro provided services for employee transportation, concrete sampling collection, maintenance services. Company/subsidiaries selected HR Pro through bidding process
<b>4. Lanna Resources Public Company Limited (Lanna)/</b> Company is a direct shareholder, holding 44.99% with co-directors i.e. Mr. Paul Heinz Hugentobler Mr. Vanchai Tosomboon Mr. Siva Mahasandana	Normal business transaction/ Purchase of coal for cement production and trading business	777.4	931.0	1,505.7	Coal is major fuel for cement production. Company purchased fuel from various sources to mitigate risk of supply and to support trading business of subsidiary
<b>5. Chip Mong INSEE Cement Corporation (CMIC)/</b> Company is a direct shareholder, holding 40% with co-directors i.e. Mr. Vanchai Tosomboon Mr. Aidan John Lynam	Normal business transaction/ Company/ subsidiaries sold cement and cementitious products	1,534.1	1,103.7	387.8	CMIC was short of cement supply, therefore it purchased products from Company/ subsidiary among other suppliers
	Support normal business transaction/ A subsidiary provided IT services to CMIC	26.7	37.0	67.7	CMIC needed support on data management for cement business from the Group

Related parties/ Relation to the Company	Categories/ Detail of transactions	Related transactions (Million Baht)			Rational and necessity
		2019	2018	2017	
	Normal business transaction/ Company used marketing services in Cambodia	0.3	51.8	-	CMIC provided cement marketing activities such as market research and strategy
	Normal business transaction/ Company purchased cement bags and refractory bricks	2.3	-	-	Company purchased cement bags and refractory bricks during its supply shortage
<b>6. Siam City Cement (Vietnam) Limited (SCCVN)/</b> Company is a direct shareholder, holding 65% with co-directors i.e. Mr. Aidan John Lynam, Mr. Siva Mahasandana and following are representatives of the Company in SCCVN i.e. Mr. Mark Anatol Schmidt (Director) and Mr. Philippe Bernard Richart (CEO)	Normal business transaction/ Company/subsidiaries sold cementitious products	1,017.0	1,060.5	1,547.7	SCCVN purchased products from Company/subsidiary among other suppliers
	Support normal business transaction/ A subsidiary provided IT services to SCCVN	106.5	107.3	86.0	SCCVN needed support on data management for cement business from the Group
<b>7. Siam City Cement Nhon Trach Limited (SCCNT)/</b> Company is an indirect shareholder.	Normal business transaction/ Subsidiary sold cementitious products	218.6	261.1	164.3	SCCNT purchased products from subsidiary among other suppliers
<b>8. Mahaweli Marine Cement (Private) Limited (MMC)/</b> Company is an indirect shareholder.	Normal business transaction/ Subsidiary sold cement product	137.5	513.0	297.3	MMC purchased products from Company/subsidiary among other suppliers

# Summary of Specified Items Per Form 56-2

Compared in accordance with Form of Annual Report for a security-issuing company (Form 56-2) issued under the relevant notification of the Capital Market Supervisory Board regarding Rules, Condition and Procedures for Disclosure of Information Relating to Financial Status and Operating Result of Issuing Company.

	Required Items in Guideline for 56-2	Item in this Annual Report	Page
<b>1</b>	<b>Company's Business</b>		
1.1	Company History, over all of business, corporate policy, mission, vision, objective, goals, and strategy	<ul style="list-style-type: none"> <li>• Vision Mission and Commitments</li> <li>• Company History</li> <li>• Business Growth and Development Plan</li> <li>• Group Business Portfolio</li> </ul>	3 14-15 19-20 29-47
1.2	Change and Major developments	<ul style="list-style-type: none"> <li>• Milestone Changes in Business Operations</li> <li>• Major Development and Initiatives in 2019</li> </ul>	48 49-55
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2.2	Product and services (in last year)	<ul style="list-style-type: none"> <li>• Major Development and Initiatives 2019</li> <li>• Group Business Portfolio</li> </ul>	49-55 29-47
2.3	Market and Competition	<ul style="list-style-type: none"> <li>• Group Business Portfolio</li> <li>• The Cement Industry's 2020 Outlook</li> </ul>	29-47 18
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<b>6</b>	<b>Dividend Policy</b>	<b>Dividend Policy of the Company</b>	<b>127</b>
<b>7</b>	<b>Management Structure</b>	<b>Management Structure</b>	<b>57-66</b>
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8.4	Corporate Governance for operating	<ul style="list-style-type: none"> <li>• Principle 3.6 : Corporate Governance for Subsidiaries and Associated Company</li> <li>• Corporate Governance for Subsidiaries and Associated Company</li> </ul>	83-84 69
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For more information, the investor shall study the Company's information from the Annual Registration Statement (Form 56-1) at <http://www.sec.or.th> and <http://www.siamcitycement.com>

# Financial Report 2019



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# Report of the Board of Directors' Responsibilities for Financial Statements

The financial statements of Siam City Cement Public Company Limited and its subsidiaries have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547. The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543. The Company has chosen with careful consideration its accounting policies, which are proper to its business operations, and has always strictly adhered to these policies in all material respect. All material information has been sufficiently disclosed in the notes to the financial statements.

The Board of Directors of the Company is held accountable for correctness, completeness and timelines of the aforementioned financial statements, including financial data as shown in the annual report. The Board has also adopted effective internal control system which provides a reasonable basis and assurance that the financial data reported are accurate, complete and adequate to protect assets and prevent possible misappropriation including other operational irregularities in the operations of the Company.

The Audit Committee, consisting of three independent directors performing its duties in compliance with The Stock Exchange of Thailand guidelines under the Best Practice Guidelines for Audit Committees, assists the Board of Directors by overseeing internal and external audit matters on its behalf, and operates under a written charter adopted by the Committee and the Board of Directors. The report of the Audit Committee and the report of the independent auditor appear in this annual report.



**Mr. Paul Heinz Hugentobler**  
Chairman of the Board of Directors



**Mr. Aidan John Lynam**  
Director and Group Chief Executive Officer

# Report of the Audit Committee

## To the Shareholders of Siam City Cement Public Company Limited

We are pleased to present our report for the financial year ended 31 December 2019.

The Audit Committee comprises 3 independent directors and performed its duties as assigned by the Board of Directors under a written Charter adopted by the Audit Committee and approved by the Board of Directors and in compliance with the regulations of the Stock Exchange of Thailand (SET).

In 2019, the Audit Committee held 11 monthly meetings. In the meetings, the Audit Committee discussed with the Management, the Internal Audit and the Company's External Auditors, various topics under its responsibility, such as integrity of financial reporting, effectiveness of the risk management system, internal control system covering its operations in Thailand and overseas subsidiaries and lead to further strengthening of internal control, risk management, technology and global best practices, and compliance to all relevant laws and regulations.

The Audit Committee's main activities are summarized below:

**(1) Financial Reports Review:** The Audit Committee reviewed quarterly, annually and consolidated financial statements for the year 2019 of Siam City Cement Public Company Limited and subsidiaries, including related party transactions and items with potential conflicts of interest with the Management and the Internal Auditor and External Auditor. The Audit Committee discussed with the External Auditor on the accuracy and completeness of the financial statements, significant adjustment which affected to the financial statements, adequacy and suitability of account recording methods, audit scope, accuracy and adequacy of information disclosure as well as the External Auditors' independence. These were to ensure that the financial statements were prepared in conformity with legal requirements and generally accepted accounting principles, reliable and timely, and information was sufficiently disclosure. In addition, the Audit Committee also held one private meeting with the External Auditor in the absence of the Management to discuss the external audit plan and approach and the results of their examinations and evaluations of the Company's internal controls, and the quality of financial reporting.

**(2) Internal Audit Oversight:** The Audit Committee reviewed the Internal Audit performance, audit findings and recommendation on a monthly basis. The Audit Committee provided recommendations and monitored corrective actions for significant aspects for good governance and adequate internal control. Where the improvements were required, the Audit Committee was satisfied that Management had taken appropriate remedial actions. The Audit Committee requested special reviews of the areas with high risk such as cyber security, support functions, subsidiaries, etc. Finally, the Audit Committee reviewed and approved an Internal Audit Annual Plan 2020 including the budget to support the plan.

- (3) Internal Control Effectiveness Review:** The Audit Committee reviewed the internal control system together with Internal Auditor and Risk Advisory Services on a monthly basis, and with Group Chief Finance Officer and External Auditors on a quarterly basis by reviewing stewardship of properties, resource assumption, prevention or reduction of errors or damage, losses, waste, or corrupt practices, operations, credibility of financial reports, and compliance with relevant laws and regulations. The Company's External Auditor agreed that no significant issues or shortcomings were found. The Audit Committee reviewed the updated Manual of Authorities and Policy Landscape that was implemented across the group in 2019.
- (4) Review of Compliance and Good Corporate Governance:** In 2019, the Audit Committee focused on the management policy in support of systematic corporate governance and leveraging IT in conducting corporate governance and internal audit to increase the efficiency and preventing non-compliance with the laws and company regulations that relevant to the business. In addition, Audit Committee also reviewed the WhistleBlower complaints received through the "INSEE Speak Up" hot line and investigations thereon and provided recommendations on process improvement to raise efficiency and ensure alignment with good governance.
- (5) Risk Management Review:** The Audit Committee reviewed the Company's risk management mechanism of the risks arising from both internal and external. The Audit Committee also reviewed the efficiency and suitability of risk management processes regularly and provided recommendations for improvement, which have been incorporated in the Risk Management framework for 2020.
- (6) Appointment of the External Auditors for 2020:** The Audit Committee recommended the appointment of Ms. Siriwan Nitdamrong and/or Ms. Kamontip Lertwitworatep and/or Ms. Sarinda Hirunprasurtwutti of EY Office Limited as the Company's External Auditors for 2020 with its audit fees for the Board's concurrence and the shareholders' approval at the AGM 2020.

In summary, the Audit Committee performed its duties and responsibilities stated in its Board-approved charter with competence, experience, care, prudence, and adequate independence for the equitable benefit of stakeholders. Whilst reviewing the quarterly and annual financial statements for 2019, and the above-mentioned assessments performed by the External and Internal Auditors, the Audit Committee did not note non-compliance of the Company's activities with the Securities and Exchange Act and with rules and regulations of the Stock Exchange of Thailand.

February 12, 2020

For and on behalf of the Audit Committee  
Siam City Cement Public Company Limited



**Dr. Sunee Sornchaitanasuk**  
Chairperson of the Audit Committee

# Independent Auditor's Report

## Independent Auditor's Report

To the Shareholders of Siam City Cement Public Company Limited

### Opinion

I have audited the accompanying consolidated financial statements of Siam City Cement Public Company Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2019, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Siam City Cement Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Siam City Cement Public Company Limited and its subsidiaries and of Siam City Cement Public Company Limited as at 31 December 2019, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

### **Revenue recognition**

As discussed in Note 4.1 of the financial statements regarding the accounting policies on revenue recognition from sales of goods, sales of goods represented significant amounts in the financial statements and directly affect profit or loss of the Group. In addition, the sales transactions of the Group are made with a large number of customers and there is a variety of arrangements and conditions, pertaining to matters such as sales promotions, discounts and special programme to boost sales. As a result, the Group's recognition of revenue from sales and recording of deferred revenue from sale promotions and discounts are complex. I therefore gave significant attention to the revenue recognition of the Group.

I examined the Group's revenue recognition by assessing and testing the Group's IT system and its internal controls with respect to the revenue cycle by making inquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. I applied a sampling method to select sales transactions occurring during the year and near the end of the accounting period to examine the supporting documents and reviewed credit notes that the Group issued after the period-end. I tested the data being used in calculating and recording deferred revenue from sales promotions and discounts at the end of reporting period whether it was consistent with the conditions of the relevant agreements or arrangements with the customers. I also performed analytical procedures of disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

## **Goodwill and brands with indefinite useful lives**

I have focused my audit on the consideration of the impairment of goodwill and brands with indefinite useful lives as discussed in Note 17 of the financial statements, because the assessment of impairment of goodwill and brands is a significant accounting estimate requiring management to exercise a high degree of judgement in identifying the cash generating units, estimating the cash inflows that are expected to be generated from that group of assets in the future, and setting an appropriate discount rate and long-term growth rate.

For the consideration of the impairment of goodwill and brands with indefinite useful lives, I assessed the identification of cash generating units and the financial models selected by management by gaining an understanding of management's decision-making process and assessing whether the decisions made were consistent with how assets are utilised. In addition, I tested the significant assumptions applied by management in preparing estimates of the cash flows expected to be realised from the assets, by comparing those assumptions with information from both internal and external sources and comparing past cash flow projections to actual operating results in order to evaluate the exercise of management judgement in estimating the cash flow projections. I also evaluated the discount rate applied by management through analysis of the moving average finance costs of the Company and of the industry and involving internal specialist to assist in the assessment of this information for goodwill and brands from the significant business combinations by comparing it to external sources based on a specialist's knowledge and past experience, tested the calculation of the realisable values of the assets using the selected financial model and considered the impact of changes in key assumptions on those realisable values, especially changes in the discount rate and long-term revenue growth rates. Moreover, I reviewed the disclosures made with respect to the impairment assessment for goodwill and brands, as well as sensitivity of the impact of changes in key assumptions to the cash flow projections.

## **Other Information**

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.



Siriwan Nitdamrong

Certified Public Accountant (Thailand) No. 5906

EY Office Limited

Bangkok: 20 February 2020

Siam City Cement Public Company Limited and its subsidiaries

Statements of financial position

As at 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	6, 7	4,820,998,156	2,647,086,510	1,449,904,118	689,314,593
Trade and other receivables	6, 8	5,455,711,119	5,433,075,960	3,185,244,563	2,723,616,232
Short-term loans to related parties	6	-	-	3,225,000,000	3,170,000,000
Derivative receivables		895,250	5,435,921	471,402	-
Inventories	9	4,608,212,754	4,873,099,562	2,358,221,387	2,344,222,817
Advance payments for purchases of goods		79,527,949	302,616,504	17,730,454	47,922,524
Non-current assets held for sale	10	65,075,000	-	-	-
Other current assets		393,958,247	360,541,986	149,415,182	89,291,768
<b>Total current assets</b>		<b>15,424,378,475</b>	<b>13,621,856,443</b>	<b>10,385,987,106</b>	<b>9,064,367,934</b>
<b>Non-current assets</b>					
Restricted bank deposits	7	17,115,662	12,326,355	-	-
Investments in subsidiary companies	11	-	-	39,900,676,263	39,900,676,463
Investment in joint venture	12	1,973,369,404	1,984,781,039	2,145,610,960	2,145,610,960
Investments in associated companies	13	2,068,913,187	2,041,359,678	577,896,135	577,896,135
Investment properties	14	315,440,506	315,440,506	647,277,127	651,199,573
Property, plant and equipment	15	32,522,667,760	35,458,974,839	13,156,906,507	14,280,123,204
Assets not used in operations	16	64,705,033	64,677,715	37,813,185	38,358,542
Goodwill	17	13,593,959,991	14,584,518,345	-	-
Intangible assets	18	10,844,035,794	10,308,954,901	3,413,301,684	2,228,415,146
Deferred tax assets	32	1,064,125,053	881,603,464	610,954,209	480,744,794
Other non-current assets		317,402,125	288,187,418	151,635,125	145,009,889
<b>Total non-current assets</b>		<b>62,781,734,515</b>	<b>65,940,824,260</b>	<b>60,642,071,195</b>	<b>60,448,034,706</b>
<b>Total assets</b>		<b>78,206,112,990</b>	<b>79,562,680,703</b>	<b>71,028,058,301</b>	<b>69,512,402,640</b>

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

## Siam City Cement Public Company Limited and its subsidiaries

## Statements of financial position (continued)

As at 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term loans from related financial institution	6	100,000,000	160,000,000	-	-
Bank overdrafts and short-term loans					
from other financial institutions	19	2,587,515,972	3,968,231,679	-	1,000,000,000
Trade and other payables	6, 20	5,683,983,374	5,625,902,258	3,143,820,084	2,835,594,067
Current portion of long-term loans from related financial institution	6	-	90,000,000	-	-
Current portion of long-term loans from other financial institutions	21	538,959,690	342,282,983	-	-
Current portion of liabilities under finance lease agreements	22	12,219,184	10,000,095	-	-
Current portion of debentures	23	2,999,417,570	-	2,999,417,570	-
Current portion of long-term liabilities for concession					
and license fee	24	27,768,797	-	27,768,797	-
Derivative payables		-	15,556,476	-	42,516
Income tax payable		770,049,250	613,410,586	208,255,330	134,132,719
Deferred revenue		901,399,437	780,622,259	504,270,472	473,148,594
Accrued electricity		243,203,097	254,377,543	231,554,667	242,794,802
Other accrued expenses		1,330,217,427	1,475,724,240	653,165,678	666,032,494
Other current liabilities		218,917,404	244,019,240	57,102,473	54,340,212
<b>Total current liabilities</b>		<b>15,413,651,202</b>	<b>13,580,127,359</b>	<b>7,825,355,071</b>	<b>5,406,085,404</b>
<b>Non-current liabilities</b>					
Long-term loans from other financial institutions					
- net of current portion	21	7,437,369,725	7,371,206,771	6,979,000,000	6,968,500,000
Liabilities under finance lease agreements					
- net of current portion	22	36,902,918	16,919,799	-	-
Debentures - net of current portion	23	15,971,478,911	18,965,771,306	15,971,478,911	18,965,771,306
Long-term liabilities for concession and license fee					
- net of current portion	24	1,072,109,754	-	1,061,812,416	-
Provision for long-term employee benefits	25	2,809,783,044	2,150,444,162	1,967,123,237	1,510,538,576
Provision for site restoration and decommissioning costs	26	160,415,858	127,885,504	54,318,690	50,235,449
Deferred tax liabilities	32	2,506,781,283	2,669,119,282	-	-
Other non-current liabilities	27	126,625,092	140,175,505	-	-
<b>Total non-current liabilities</b>		<b>30,121,466,585</b>	<b>31,441,522,329</b>	<b>26,033,733,254</b>	<b>27,495,045,331</b>
<b>Total liabilities</b>		<b>45,535,117,787</b>	<b>45,021,649,688</b>	<b>33,859,088,325</b>	<b>32,901,130,735</b>

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

## Siam City Cement Public Company Limited and its subsidiaries

## Statements of financial position (continued)

As at 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>Liabilities and shareholders' equity (continued)</b>					
<b>Shareholders' equity</b>					
Share capital					
Registered					
298,000,000 ordinary shares of Baht 10 each		<u>2,980,000,000</u>	<u>2,980,000,000</u>	<u>2,980,000,000</u>	<u>2,980,000,000</u>
Issued and fully paid up					
298,000,000 ordinary shares of Baht 10 each		2,980,000,000	2,980,000,000	2,980,000,000	2,980,000,000
Share premium		26,412,550,914	26,412,550,914	26,412,550,914	26,412,550,914
Retained earnings					
Appropriated - statutory reserve	28	300,000,000	300,000,000	300,000,000	300,000,000
Unappropriated		8,973,490,527	8,425,610,537	7,476,419,062	6,918,720,991
Other components of shareholders' equity		<u>(7,272,134,150)</u>	<u>(5,087,690,022)</u>	-	-
Equity attributable to owners of the Company		31,393,907,291	33,030,471,429	37,168,969,976	36,611,271,905
Non-controlling interests of the subsidiaries		<u>1,277,087,912</u>	<u>1,510,559,586</u>	-	-
<b>Total shareholders' equity</b>		<u>32,670,995,203</u>	<u>34,541,031,015</u>	<u>37,168,969,976</u>	<u>36,611,271,905</u>
<b>Total liabilities and shareholders' equity</b>		<u>78,206,112,990</u>	<u>79,562,680,703</u>	<u>71,028,058,301</u>	<u>69,512,402,640</u>

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

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Directors

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## Siam City Cement Public Company Limited and its subsidiaries

## Income statements

For the year ended 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>Revenues</b>					
Revenue from contract with customers	29	47,592,899,420	44,763,911,649	22,431,401,935	21,167,535,278
Dividend income	11, 13	-	-	1,703,301,293	2,240,500,904
Gain on exchange		141,153,309	-	16,634,611	-
Other income		256,918,905	275,759,643	164,037,559	202,260,123
<b>Total revenues</b>		<b>47,990,971,634</b>	<b>45,039,671,292</b>	<b>24,315,375,398</b>	<b>23,610,296,305</b>
<b>Expenses</b>					
Cost of sales		31,168,806,756	28,194,538,401	14,310,174,261	13,442,110,302
Cost of services		1,293,697,791	1,105,306,810	141,322,517	96,996,262
Selling and distribution expenses		8,119,960,793	8,248,468,789	3,662,032,476	3,720,724,120
Administrative expenses		2,071,021,880	2,150,110,703	1,580,642,273	1,521,038,127
Loss on exchange		-	61,584,110	-	8,052,641
Other expenses		389,404,605	269,881,606	143,543,455	166,234,928
<b>Total expenses</b>	30	<b>43,042,891,825</b>	<b>40,029,890,419</b>	<b>19,837,714,982</b>	<b>18,955,156,380</b>
<b>Profit before share of profit from investments in joint venture and associated companies, finance cost and income tax expenses</b>					
		4,948,079,809	5,009,780,873	4,477,660,416	4,655,139,925
Share of profit from investment in joint venture	12	317,761,260	73,078,198	-	-
Share of profit from investments in associated companies	13	218,284,170	257,172,140	-	-
<b>Profit before finance cost and income tax expenses</b>		<b>5,484,125,239</b>	<b>5,340,031,211</b>	<b>4,477,660,416</b>	<b>4,655,139,925</b>
Finance cost		(1,459,407,757)	(1,349,769,365)	(1,035,169,670)	(1,046,073,502)
<b>Profit before income tax expenses</b>		<b>4,024,717,482</b>	<b>3,990,261,846</b>	<b>3,442,490,746</b>	<b>3,609,066,423</b>
Income tax expenses	32	(697,505,245)	(568,811,145)	(343,898,281)	(281,010,358)
<b>Profit for the year</b>		<b>3,327,212,237</b>	<b>3,421,450,701</b>	<b>3,098,592,465</b>	<b>3,328,056,065</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		3,156,985,406	3,021,825,091	3,098,592,465	3,328,056,065
Non-controlling interests of the subsidiaries		170,226,831	399,625,610	-	-
		<b>3,327,212,237</b>	<b>3,421,450,701</b>		
<b>Basic earnings per share</b>					
Profit attributable to equity holders of the Company	33	10.59	10.14	10.40	11.17
Weighted average number of ordinary shares (shares)		298,000,000	298,000,000	298,000,000	298,000,000

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

## Siam City Cement Public Company Limited and its subsidiaries

## Statements of comprehensive income

For the year ended 31 December 2019

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Profit for the year</b>	<u>3,327,212,237</u>	<u>3,421,450,701</u>	<u>3,098,592,465</u>	<u>3,328,056,065</u>
<b>Other comprehensive income:</b>				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>				
Exchange differences on translation of financial statements in foreign currency	<u>(2,376,491,876)</u>	<u>(2,102,176,413)</u>	<u>-</u>	<u>-</u>
Other comprehensive income to be reclassified to profit or loss in subsequent periods	<u>(2,376,491,876)</u>	<u>(2,102,176,413)</u>	<u>-</u>	<u>-</u>
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>				
Actuarial gain (loss) - net of tax	<u>(225,113,176)</u>	<u>19,549,934</u>	<u>(156,902,154)</u>	<u>5,597,834</u>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods	<u>(225,113,176)</u>	<u>19,549,934</u>	<u>(156,902,154)</u>	<u>5,597,834</u>
<b>Other comprehensive income for the year</b>	<u>(2,601,605,052)</u>	<u>(2,082,626,479)</u>	<u>(156,902,154)</u>	<u>5,597,834</u>
<b>Total comprehensive income for the year</b>	<u><u>725,607,185</u></u>	<u><u>1,338,824,222</u></u>	<u><u>2,941,690,311</u></u>	<u><u>3,333,653,899</u></u>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	<u>747,428,102</u>	<u>950,883,901</u>	<u><u>2,941,690,311</u></u>	<u><u>3,333,653,899</u></u>
Non-controlling interests of the subsidiaries	<u>(21,820,917)</u>	<u>387,940,321</u>		
	<u><u>725,607,185</u></u>	<u><u>1,338,824,222</u></u>		

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

Siam City Cement Public Company Limited and its subsidiaries  
 Statements of changes in shareholders' equity  
 For the year ended 31 December 2019

(Unit: Baht)

<b>Consolidated financial statements</b>										
Equity attributable to owners of the Company										
	Issued and paid up share capital	Share premium	Retained earnings	Other components of shareholders' equity			Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries		Total shareholders' equity
				Appropriated - statutory reserve	Unappropriated	foreign currency statements in		translation of financial statements on	income - Exchange differences on	
<b>Balance as at 1 January 2018</b>	2,980,000,000	26,412,550,914	300,000,000	7,768,233,752	(2,997,198,898)	34,463,585,768	1,475,569,728	-	35,939,155,496	
Profit for the year	-	-	-	3,021,825,091	-	3,021,825,091	399,625,610	-	3,421,450,701	
Other comprehensive income for the year	-	-	-	19,549,934	(2,090,491,124)	(2,070,941,190)	(11,685,289)	-	(2,082,626,479)	
Total comprehensive income for the year	-	-	-	3,041,375,025	(2,090,491,124)	950,883,901	387,940,321	-	1,338,824,222	
Dividend paid (Note 34)	-	-	-	(2,383,998,240)	-	(2,383,998,240)	-	-	(2,383,998,240)	
Decrease in non-controlling interests of the subsidiaries from dividend payments of subsidiaries	-	-	-	-	-	-	(352,950,463)	-	(352,950,463)	
<b>Balance as at 31 December 2018</b>	2,980,000,000	26,412,550,914	300,000,000	8,425,610,537	(5,087,690,022)	33,030,471,429	1,510,559,586	-	34,541,031,015	

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

Siam City Cement Public Company Limited and its subsidiaries  
 Statements of changes in shareholders' equity (continued)  
 For the year ended 31 December 2019

(Unit: Baht)

Consolidated financial statements (continued)											
Equity attributable to owners of the Company											
Issued and paid up share capital	Share premium	Retained earnings	Other components of shareholders' equity			Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries			Total shareholders' equity	
			Appropriated - statutory reserve	Unappropriated	translation of financial statements in foreign currency		income - Exchange differences on translation of financial statements in foreign currency	Other comprehensive income - Exchange differences on translation of financial statements in foreign currency	Shareholders' equity		Shareholders' equity
2,980,000,000	26,412,550,914	300,000,000	8,425,610,537	(5,087,690,022)	33,030,471,429	1,510,559,586	34,541,031,015				
-	-	-	3,156,985,406	-	3,156,985,406	170,226,831	3,327,212,237				
-	-	-	(225,113,176)	(2,184,444,128)	(2,409,557,304)	(192,047,748)	(2,601,605,052)				
-	-	-	2,931,872,230	(2,184,444,128)	747,428,102	(21,820,917)	725,607,185				
-	-	-	(2,383,992,240)	-	(2,383,992,240)	-	(2,383,992,240)				
-	-	-	-	-	-	(211,650,757)	(211,650,757)				
2,980,000,000	26,412,550,914	300,000,000	8,973,490,527	(7,272,134,150)	31,393,907,291	1,277,087,912	32,670,995,203				

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

**Siam City Cement Public Company Limited and its subsidiaries**  
**Statements of changes in shareholders' equity (continued)**  
**For the year ended 31 December 2019**

	Separate financial statements					(Unit: Baht)
	Issued and paid up share capital	Share premium	Retained earnings		Total shareholders' equity	
			Appropriated - statutory reserve	Unappropriated		
<b>Balance as at 1 January 2018</b>	2,980,000,000	26,412,550,914	300,000,000	5,969,065,332	35,661,616,246	
Profit for the year	-	-	-	3,328,056,065	3,328,056,065	
Other comprehensive income for the year	-	-	-	5,597,834	5,597,834	
Total comprehensive income for the year	-	-	-	3,333,653,899	3,333,653,899	
Dividend paid (Note 34)	-	-	-	(2,383,998,240)	(2,383,998,240)	
<b>Balance as at 31 December 2018</b>	<b>2,980,000,000</b>	<b>26,412,550,914</b>	<b>300,000,000</b>	<b>6,918,720,991</b>	<b>36,611,271,905</b>	
<b>Balance as at 1 January 2019</b>	2,980,000,000	26,412,550,914	300,000,000	6,918,720,991	36,611,271,905	
Profit for the year	-	-	-	3,098,592,465	3,098,592,465	
Other comprehensive income for the year	-	-	-	(156,902,154)	(156,902,154)	
Total comprehensive income for the year	-	-	-	2,941,690,311	2,941,690,311	
Dividend paid (Note 34)	-	-	-	(2,383,992,240)	(2,383,992,240)	
<b>Balance as at 31 December 2019</b>	<b>2,980,000,000</b>	<b>26,412,550,914</b>	<b>300,000,000</b>	<b>7,476,419,062</b>	<b>37,168,969,976</b>	

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

**Siam City Cement Public Company Limited and its subsidiaries**

**Statements of cash flows**

**For the year ended 31 December 2019**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Cash flows from operating activities</b>				
Profit before tax	4,024,717,482	3,990,261,846	3,442,490,746	3,609,066,423
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Share of profit from investments in joint venture and associated companies	(536,045,430)	(330,250,338)	-	-
Dividend income	-	-	(1,703,301,293)	(2,240,500,904)
Depreciation and amortisation	3,329,657,260	3,268,188,900	1,451,688,349	1,324,440,905
Increase in allowance for doubtful accounts and reduction of inventory to net realisable value	122,558,133	67,310,543	23,789,005	13,285,886
Gain on disposal of non-current asset held for sale	(87,156,497)	-	-	-
Allowance for impairment loss of non-current assets held for sale	7,856,327	-	-	-
Increase in allowance for impairment loss on investment properties, property, plant and equipment, assets not used in operations and intangible assets	134,030,589	2,274,688	14,353,062	5,868,623
Loss on disposals/write-off of property, plant and equipment, assets not used in operations and intangible assets	183,185,849	258,229,752	131,403,816	194,029,040
Provision for long-term employee benefits and other provisions	517,482,137	217,963,234	330,432,320	119,798,530
Amortisation of deferred income from grants related to assets	(8,607,959)	(5,738,640)	-	-
Unrealised loss (gain) on exchange	(19,673,883)	(18,535,028)	(3,867,125)	28,565
Interest income	(58,829,762)	(38,549,683)	(92,960,569)	(101,286,926)
Interest expenses	1,297,815,632	1,212,006,962	949,939,849	971,122,766
Profit from operating activities before changes in operating assets and liabilities	8,906,989,878	8,623,162,236	4,543,968,160	3,895,852,908
Operating assets (increase) decrease:				
Trade and other receivables	(79,470,315)	356,610,344	(482,583,066)	576,794,538
Inventories	199,129,103	(1,001,936,533)	(16,487,895)	(448,789,042)
Advance payments for purchases of goods	223,088,555	31,463,791	30,192,070	32,589,276
Other current assets	(69,616,869)	(84,616,902)	(61,097,326)	(4,039,782)
Operating liabilities increase (decrease):				
Trade and other payables	188,281,936	1,217,684,662	368,008,661	601,796,541
Accrued expenses and other current liabilities	(12,182,722)	(289,144,493)	14,347,385	(106,628,654)
Provision for long-term employee benefits	(87,946,477)	(129,193,086)	(51,859,188)	(45,499,525)
Provision for site restoration	(3,978,873)	(3,893,507)	(3,978,873)	(3,893,507)
Other non-current liabilities	(4,834,842)	(2,088,634)	-	-
Cash from operating activities	9,259,459,374	8,718,047,878	4,340,509,928	4,498,182,753
Cash received from interest income	58,212,175	37,000,963	92,790,608	92,844,344
Cash paid for interest expenses	(1,078,961,314)	(963,733,708)	(711,589,520)	(761,312,979)
Cash paid for income tax	(652,894,345)	(802,446,382)	(360,759,546)	(263,687,905)
<b>Net cash from operating activities</b>	<b>7,585,815,890</b>	<b>6,988,868,751</b>	<b>3,360,951,470</b>	<b>3,566,026,213</b>

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

## Siam City Cement Public Company Limited and its subsidiaries

## Statements of cash flows (continued)

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Cash flows from investing activities</b>				
Net decrease (increase) in short-term loans to related parties	-	-	(55,000,000)	285,000,000
Increase in restricted bank deposits	(5,789,453)	-	-	-
Proceeds from disposals of non-current asset held for sale	99,179,754	-	-	-
Proceeds from disposals of property, plant and equipment and assets not used in operations	13,917,107	61,563,420	363,551	1,030,692
Cash paid for business acquisitions	-	(203,844,885)	-	-
Cash received from land deposit	-	24,794,938	-	-
Cash received from grants related to assets	-	129,119,388	-	-
Acquisitions of property, plant and equipment	(1,476,109,805)	(2,216,630,113)	(491,290,853)	(581,527,354)
Increase in intangible assets	(195,106,264)	(237,310,456)	(153,196,653)	(196,425,478)
Increase in other non-current assets	(29,214,707)	(1,991,390)	(6,625,036)	(1,204,210)
Dividend received	158,236,567	224,365,282	1,703,301,293	2,240,500,904
<b>Net cash from (used in) investing activities</b>	<b>(1,434,886,801)</b>	<b>(2,219,933,816)</b>	<b>997,552,302</b>	<b>1,747,374,554</b>
<b>Cash flows from financing activities</b>				
Net increase (decrease) in short-term loans from related financial institution	(60,000,000)	20,000,000	-	-
Net decrease in bank overdrafts and short-term loans from other financial institutions	(1,181,349,990)	(755,808,518)	(1,000,000,000)	(2,300,000,000)
Repayment of long-term loans from related financial institution	(90,000,000)	(180,000,000)	-	-
Increase in long-term loans from other financial institutions	604,997,038	398,091,565	-	-
Repayment of long-term loans from other financial institutions	(302,457,078)	(327,994,858)	-	-
Cash paid for liabilities under finance lease agreements	(12,738,082)	(52,400,828)	-	-
Dividend paid	(2,595,642,997)	(2,736,948,703)	(2,383,992,240)	(2,383,998,240)
Cash paid for interest expenses	(217,756,494)	(212,323,423)	(214,815,303)	(211,661,732)
<b>Net cash used in financing activities</b>	<b>(3,854,947,603)</b>	<b>(3,847,384,765)</b>	<b>(3,598,807,543)</b>	<b>(4,895,659,972)</b>
<b>Increase (decrease) in translation adjustments</b>	<b>(122,963,136)</b>	<b>17,937,209</b>	<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>	<b>2,173,018,350</b>	<b>939,487,379</b>	<b>759,696,229</b>	<b>417,740,795</b>
Cash and cash equivalents at beginning of year	2,647,086,510	1,706,854,945	689,314,593	270,829,612
Effect of change in foreign exchange rate on cash at banks	893,296	744,186	893,296	744,186
<b>Cash and cash equivalents at end of year (Note 7)</b>	<b>4,820,998,156</b>	<b>2,647,086,510</b>	<b>1,449,904,118</b>	<b>689,314,593</b>

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

## Siam City Cement Public Company Limited and its subsidiaries

## Statements of cash flows (continued)

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Supplemental disclosures of cash flows information:</b>				
Non-cash related transactions from investing activities:				
Payables from acquisitions of property, plant and equipment and intangible assets	378,643,719	505,585,700	27,095,213	83,619,018
Long-term liabilities for license fee	81,379,223	-	81,379,223	-
Transferred investment properties to non-current asset held for sale	-	36,818,196	-	-
Transferred property, plant and equipment to investment properties	-	-	6,802,046	-
Transferred property, plant and equipment to non-current assets held for sale	72,931,327	-	-	-
Transferred property, plant and equipment to intangible assets	198,336,498	199,274,467	110,934,185	-
Transferred property, plant and equipment to assets not used in operations	25,529,731	4,382,340	-	-
Transferred intangible assets to property, plant and equipment	-	5,912,458	-	-
Increase (decrease) in property, plant and equipment from change in provision for site restoration and decommissioning costs	28,177,664	(7,598,975)	6,161,964	(7,336,610)
Non-cash related transactions from financing activities:				
Increase in long-term liabilities from obtaining mining concession	989,557,308	-	979,505,928	-
Acquisitions of equipment under finance lease agreements	32,665,238	24,000,000	-	-

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

**Siam City Cement Public Company Limited and its subsidiaries****Notes to consolidated financial statements****For the year ended 31 December 2019****1. General information**

Siam City Cement Public Company Limited ("the Company") was incorporated as a limited company under Thai laws and registered the change of its status to a public limited company under the Public Limited Companies Act on 5 November 1993. The Company operates in Thailand and its principal activity is the manufacture of cement, with the registered office address at 199, 3rd, 10th - 12th Floor, Column Tower, Ratchadapisek Road, Klongtoey, Bangkok, and its address of factory no.1 and no. 3 is at 99 Moo 9, factory no. 2 is at 219, mortar factory is at 41/2 and AFR Platform is at 301 Moo 5, Mitraparp Road Km. 129 - 133, Tabkwang, Kaengkhoi, Saraburi.

**2. Basis of preparation**

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

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

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

**2.2 Basis of consolidation**

- a) The consolidated financial statements include the financial statements of Siam City Cement Public Company Limited ("the Company") and the following subsidiary companies ("the subsidiaries"):

Company's name	Country of incorporation	Registered capital		Shareholding percentage		Nature of business
		<u>2019</u> (Million Baht)	<u>2018</u> (Million Baht)	<u>2019</u> (Percent)	<u>2018</u> (Percent)	
<u>Held by the Company</u>						
Siam City Concrete Co., Ltd.	Thailand	2,500	2,500	100.00	100.00	Ready-mixed concrete and aggregates
Siam City Power Co., Ltd.	Thailand	2,000	2,000	100.00	100.00	Electricity generation from waste heat
Conwood Co., Ltd.	Thailand	300	300	100.00	100.00	Construction material
INSEE Superblock Co., Ltd.	Thailand	500	500	100.00	100.00	Light-weight concrete products
INSEE Ecocycle Co., Ltd.	Thailand	400	400	100.00	100.00	Industrial waste disposal and alternative fuel and raw material trading and industrial cleaning service business
INSEE Digital Co., Ltd.	Thailand	700	700	100.00	100.00	Technical services and information technology management and development services
Globe Cement Co., Ltd.	Thailand	701	701	100.00	100.00	Cement manufacturing
Siam City Cement Trading Co., Ltd.	Thailand	10	10	100.00	100.00	Import and export cement and other cement-related products
Siam City Cement (Bangladesh) Ltd.	Bangladesh	Taka 2,800 million	Taka 2,800 million	100.00	100.00	Cement manufacturing
Siam City Cement (Lanka) Ltd.	Sri Lanka	LKR 1,663 million	LKR 1,663 million	98.95	98.95	Cement manufacturing
Siam City Cement (Vietnam) Ltd.	Vietnam	VND 3,030.4 billion	VND 3,030.4 billion	65.00	65.00	Cement manufacturing
<u>Held by Siam City Cement (Lanka) Ltd.</u>						
INSEE Ecocycle Lanka (Private) Ltd.	Sri Lanka	LKR 1,460 million	LKR 1,460 million	100.00	100.00	Waste disposal and management
Mahaweli Marine Cement (Private) Ltd.	Sri Lanka	LKR 48 million	LKR 48 million	90.00	90.00	Cement trading
<u>Held by Siam City Cement (Vietnam) Ltd.</u>						
Siam City Cement Nhon Trach Ltd.	Vietnam	VND 812.1 billion	VND 812.1 billion	100.00	100.00	Cement manufacturing
<u>Held by Conwood Co., Ltd.</u>						
PT. Conwood Indonesia	Indonesia	USD 78.3 million	USD 78.3 million	100.00	100.00	Construction material

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as applied to the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing at the end of reporting period, and revenues and expenses are translated using monthly average exchange rate. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statements of changes in shareholders’ equity until disposal of the foreign operations, except to extent that the translation difference is allocated to non-controlling interests.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified as part of the gain or loss on disposal in the income statement. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss in the income statement.

- f) Material balances and transactions amongst the Group are eliminated in the preparation of the consolidated financial statements.
- g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated statement of financial position.
- h) The Group applies the acquisition method for all business combinations when control is transferred to the Group other than those with entities under common control.

The Group measures any non-controlling interests at its proportionate interest in the identifiable net assets of the acquirees.

Transaction costs that the Group incurs in connection with a business combination, such as consulting fees are expenses as incurred.

- 2.3 The separate financial statements present investments in subsidiaries, joint venture and associates under the cost method.

### 3. New financial reporting standards

#### (a) Financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for use of the standards. The adoption of these financial reporting standards and interpretations does not have any significant impact on the Group's financial statements. However, the new standard involves changes to key principles, which are summarised below.

#### **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 supersedes the following accounting standards together with related interpretations.

TAS 11 (revised 2017)	Construction Contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

This standard does not have any significant impact on the Group's financial statements.

**(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2020**

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which involve changes to key principles, which are summarised below.

**Financial reporting standards related to financial instruments**

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations as follows:

Financial Reporting Standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting Standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Group expects the adoption of these accounting standards to result in the following adjustments:

- Recognition of credit losses - The Group is to recognise an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Group applies the simplified approach to consider impairment of trade receivables.
- Recognition of derivatives - The Group is to initially recognise all derivatives at their fair value on the contract date and subsequently measure them at fair value at the end of each reporting period. Changes in the fair value of derivatives are recognised in the income statement.

The management of the Group is currently evaluating the impact of these standards on the financial statements in the year when they are adopted.

### **TFRS 16 Leases**

IFRS 16 supersedes TAS 17 Leases together with related interpretations. The standard set out the principles of the recognition, measurement, presentation and disclosure of leases and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify all leases as either operating or finance leases using similar principles to those under TAS 17.

The Group plans to adopt TFRS 16 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The management of the Group is currently finalising the impact of the standard on the financial statements in the year when it is adopted.

## **4. Significant accounting policies**

### **4.1 Revenue recognition**

#### **a) Sales of goods**

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally upon delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting discounts, allowances and price promotions to customers.

The Group has a loyalty programme which allows customers to accumulate points that can be redeemed for free products. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a deferred revenue until the points are redeemed. Revenue is recognised upon redemption of products by the customer.

b) Rendering of services

Revenue from industrial cleaning service and wall panel solution service is recognised over time when services have been rendered taking into account the stage of completion, measured based on comparison of actual construction costs incurred up to the end of the period and total anticipated construction costs to be incurred to completion.

Other service revenues are recognised in the amount to which the Group has a right to invoice as it corresponds directly with the value to the customer of the Group's performance completed to date or are recognised at a point in time upon completion of the service.

The recognised revenue which is not yet due per the contracts has been presented under the caption of "Unbilled revenues" included as part of trade and other receivables in the statement of financial position. The amounts recognised as unbilled revenues are reclassified to trade receivables when the Group's right to consideration is unconditional such as upon completion of services and acceptance by the customer.

The obligation to transfer goods or services to a customer for which the Company and its subsidiaries have received consideration (or an amount of consideration is due) from the customer is presented under the caption of "Advance received from customers" included as part of other current liabilities in the statement of financial position, which are recognised as revenue when the Group performs under the contract.

c) Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

d) Dividend income

Dividends are recognised when the right to receive the dividends is established.

## 4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

### **4.3 Trade accounts receivable and allowance for doubtful accounts**

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

### **4.4 Inventories**

Finished goods and work in process are valued at the lower of cost (under the average method) and net realisable value and include all cost of raw materials, labour and factory overhead.

Raw materials and store supplies are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

Allowance for diminution in value of inventories and obsolete inventories is made for obsolete or deteriorated inventories.

### **4.5 Non-current assets held for sale**

Non-current assets (or disposal groups comprising assets and liabilities) are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use which are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is allocated first to goodwill (if any), and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets and deferred tax assets. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses on remeasurement are recognised in the income statement.

Once classified as held for sale, property, plant and equipment and intangible assets are no longer depreciated or amortised.

### **4.6 Investments**

- a) Investments in joint venture and associates are accounted for in the consolidated financial statements using the equity method.
- b) Investments in subsidiaries, joint venture and associates are accounted for in the separate financial statements using the cost method.

Allowance for diminution in value of investments is made when the net realisable value of investments is lower than the cost of investments.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in the income statement.

#### 4.7 Investment properties

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

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over the estimated useful lives of 10 - 35 years.

Depreciation of the investment properties is included in determining income.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement in the year when the asset is derecognised.

#### 4.8 Property, plant and equipment and depreciation

Land is stated at cost less allowance for loss on impairment (if any). Mineral reserves and site restoration cost are stated at cost less accumulated depreciation, which are depreciated based on the physical unit-of-production method over their estimated commercial lives, and allowance for loss on impairment (if any).

Building and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of asset (if any).

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

	<u>Useful lives</u>
Building and structures	1 - 40 years
Machinery and equipment	1 - 35 years
Furniture, fixtures and office equipment	1 - 31 years
Motor vehicles	1 - 30 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under construction and installation.

When the use of a property changes from owner-occupied and/or a property not used in operations to investment properties, such property is reclassified as investment properties at its carrying amounts.

Subsequent costs, which are costs of replacing a part of an item of property, plant and equipment, are recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on such disposal of an asset is included in the income statement when the asset is derecognised.

#### 4.9 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### 4.10 Intangible assets and amortisation

Intangible assets acquired through business combinations are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses (if any).

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

A summary of the intangible assets with finite useful lives are as follows:

	<u>Useful lives</u>
Mining concession and license fees	Term of agreements
Computer software	3 - 10 years
Customer relationships	5 - 10 years
Customer list	15 years
Right of use	48 years
Other intangible assets	3 - 35 years

Mining concession, plant license of aggregate business and mining deposit right of an overseas subsidiary are amortised based on the physical unit-of-production method over their estimated commercial lives.

Intangible assets with indefinite useful lives, which are brands, are not amortised, but are tested for impairment annually either individually or at the cash generating unit level. The assessment of indefinite useful lives of the intangible assets is reviewed annually.

No amortisation is provided on intangible assets under development.

#### **4.11 Goodwill**

Goodwill is initially recorded at cost, which equals to the excess of cost of business combinations over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in the consolidated income statement.

Goodwill is carried at cost less any accumulated impairment losses (if any). Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in business combinations is allocated to each of the Group's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combinations. The Group estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the consolidated income statement. Impairment losses relating to goodwill cannot be reversed in future periods.

#### **4.12 Grants related to assets**

Grants are recognised when there is reasonable assurance that the grants will be received and all attached conditions will be complied with. Grants related to assets are presented as deferred income and are recognised in the income statement over the useful lives of the assets as a reduced depreciation expense.

#### 4.13 Related party transactions

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

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

#### 4.14 Long-term lease

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

Leases not transferring a significant portion of the risks and rewards of its underlying asset's ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

##### *Determining whether an arrangement contains a lease*

At inception of an arrangement, the Group determines whether such arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. The liability is subsequently reduced as payments are made and an imputed finance charge on the liability is recognised using incremental borrowing rate.

#### 4.15 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items included in the consolidated financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies, including goodwill and fair value adjustments arising from acquisitions of overseas entities are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

#### 4.16 Impairment of assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in the income statement.

In the assessment of asset impairment if there is any indication that the previously recognised impairment losses may no longer exist or may have decreased, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement.

## 4.17 Employee benefits

### Short-term employee benefits

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

### Post-employment benefits and other long-term employee benefits

#### *Defined contribution plans*

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

#### *Defined benefit plans and other long-term employee benefits*

The Group and their employees have jointly established a contributory, unfunded provident fund. The fund is monthly contributed by the employees and the Group.

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law and other employee benefit plans. The Group treats these severance payment obligations as a defined benefit plan. In addition, the Group provides other long-term employee benefit plans, namely resignation plan and long service awards.

The obligation under the defined benefit plans and other long-term employee benefit plans is determined by a professionally qualified independent actuary, on a regular basis, based on actuarial techniques, using the projected unit credit method. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in the other comprehensive income.

Actuarial gains and losses arising from other long-term employee benefits are recognised immediately in the income statement.

Past service costs are recognised in the income statement on the earlier of the date of the plan amendment or curtailment and the date that the Group recognises restructuring-related costs.

The defined benefit obligations are measured at the present value of estimated future cash flows using a discount rate that is similar to the interest rate on government bond.

#### 4.18 Provision for site restoration and decommissioning costs

The Group recognises a provision for site restoration and decommissioning costs when an obligation exists. The estimated amount of the eventual costs relating to the restoration of the site and the decommissioning is discounted to its present value. The site restoration and decommissioning costs are included in property, plant and equipment and depreciated based on the physical unit-of-production method over their estimated commercial lives and on a straight-line basis over the expected period of the decommissioning, respectively. The recognised provision for site restoration and decommissioning costs is based on the estimated restoration and decommissioning costs which involves various assumptions, such as restoration and decommissioning period, future inflation rate and the discount rate.

Long-term provisions are determined by discounting the expected cash flows at a pre-tax rate. The unwinding of the discount is recognised as finance costs.

#### 4.19 Provisions

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

#### 4.20 Income tax

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

##### **Current tax**

The Company and its subsidiaries in Thailand provide income tax in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation. Corporate income tax is calculated at 20 percent for non-promoted operations and is exempted for promoted operations or tax privilege scheme under International Trading Center (ITC) for subsidiaries in Thailand.

The overseas subsidiaries calculate corporate income tax on their taxable profits in accordance with tax rates regulated in tax law of those countries.

## **Deferred tax**

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

The Group recognises deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At the end of each reporting period, the Group reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

### **4.21 Financial instruments**

Financial instruments presented in the statements of financial position consist of cash and cash equivalents, trade and other receivables, short-term loans, trade and other payables, bank overdrafts and short-term borrowings, long-term borrowings, liabilities under finance leases, debentures and derivative receivables and payables. The accounting policy is separately disclosed in the related notes.

#### **Accounting for derivative financial instruments and hedging activities**

The Group's forward exchange contracts and the subsidiary's cross currency and interest rate swap are initially recognised at fair value on the date a derivative contract is entered into and such derivatives are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss for derivatives on which the Group adopts to hedge accounting is dependent on the nature of the item being hedged. On the date a derivative contract is entered into, the Group designates certain derivatives as either

- 1) a hedge of the fair value of a recognised asset or liability (fair value hedge) or
- 2) a hedge of a particular risk associated with a recognised asset or liability, such as future interest payments on floating rate debt (cash flow hedge) or
- 3) a hedge of a foreign currency risk of a firm commitment (cash flow hedge)

Changes in the fair value of derivatives that are designated and qualify as fair value hedges and that are highly effective are recorded in the income statement, along with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that are highly effective are recognised in the other comprehensive income. Where the firm commitment results in the recognition of an asset or a liability, the gains or losses previously deferred in the other comprehensive income are transferred from equity and included in the initial measurement of the non-financial asset or liability. Otherwise, amounts deferred in the other comprehensive income are transferred to the income statement and classified as revenue or expense in the same periods during which the cash flows, such as interest payments, or hedged firm commitments, affect the profit or loss.

Certain derivative transactions, while providing effective economic hedges under the Group's risk management policies, may not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

When a hedging instrument is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in the other comprehensive income until the committed transaction occurs. However, if a committed transaction is no longer expected to occur, the cumulative gain or loss that was reported in the other comprehensive income is immediately transferred to the income statement. In the case of a fair value hedge, however, the adjustment to the carrying amount of the hedged item is amortised to the income statement from the moment it ceases to be adjusted for in changes to fair value, with it being fully amortised by maturity date.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives designated as hedges to specific assets and liabilities or to specific firm commitments. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

## 4.22 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categories of input to be used in fair value measurement as follows:

- |         |   |
|---------|---|
| Level 1 | Use of quoted market prices in an observable active market for such assets or liabilities     |
| Level 2 | Use of other observable inputs for such assets or liabilities, whether directly or indirectly |
| Level 3 | Use of unobservable inputs such as estimates of future cash flows                             |

At the end of each reporting period, the Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

## 5. Significant accounting judgements and estimates

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

### Significant judgements and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The significant estimates and assumptions that may have a risk of causing an adjustment to the carrying amounts of assets within the next financial year relate primarily to allowance for impairment of goodwill and intangible assets with indefinite useful lives and provision for long-term employee benefits at the end of reporting period. The post-employment benefits and other long-term employee benefit liabilities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and staff turnover rates. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

All other estimates mentioned above are further detailed in the corresponding disclosures.

### Litigation

The Group has contingent liabilities as a result of litigation. The Group's management has used judgement to assess the results of the litigation and believes that the provision made would be sufficient. However, actual results could differ from the estimates.

## 6. Related party transactions

During the years, the Group had significant business transactions with related parties. Such transactions, which are summarised below, arose in ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements	financial statements	financial statements	financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Sales and service income	-	-	6,308	5,987	Market price
Dividend income	-	-	1,545	2,016	At the declared rate
Interest income	-	-	74	83	Market interest rate
Other income	-	-	201	227	Cost plus margin
Purchases of goods	-	-	3,343	3,046	Market price
Purchases of asset	-	-	-	70	Contractual agreed price
Purchase of utility	-	-	1,379	1,308	Market price
Service fee expenses	-	-	411	390	Contractual agreed price
<u>Transactions with joint venture</u>					
Sales and service income	1,561	1,141	721	641	Market price
Other income	-	41	-	41	Contractual agreed price
Purchases of goods	2	-	2	-	Market price
Service fee expenses	-	52	-	52	Contractual agreed price

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	
<u>Transactions with associated companies</u>					
Dividend income	-	-	158	224	At the declared rate
Purchases of goods	777	931	-	163	Market price
<u>Transactions with related companies</u>					
Interest income	2	6	1	3	Market interest rate
Purchases of goods	512	371	-	34	Market price
Service fee expenses	211	161	78	81	Contractual agreed price
Interest expenses	8	10	1	-	Market interest rate

The balances of the accounts as at 31 December 2019 and 2018 between the Company and those related parties are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Deposits and short-term investments at related financial institution (Note 7)</b>				
Related financial institution (related by common directors)	322,977	942,438	86,063	536,462
Total deposits and short-term investments at related financial institution	<u>322,977</u>	<u>942,438</u>	<u>86,063</u>	<u>536,462</u>
<b>Trade and other receivables - related parties (Note 8)</b>				
Subsidiaries	-	-	1,677,474	1,320,029
Joint venture	137,644	169,701	92,093	83,981
Total trade and other receivables - related parties	<u>137,644</u>	<u>169,701</u>	<u>1,769,567</u>	<u>1,404,010</u>
<b>Short-term loans to related parties</b>				
<u>Subsidiaries</u>				
Conwood Company Limited	-	-	1,470,000	1,400,000
INSEE Digital Company Limited	-	-	615,000	635,000
INSEE Superblock Company Limited	-	-	660,000	630,000
Globe Cement Company Limited	-	-	480,000	455,000
INSEE Ecocycle Company Limited	-	-	-	50,000
Total short-term loans to related parties	<u>-</u>	<u>-</u>	<u>3,225,000</u>	<u>3,170,000</u>

Movements in short-term loans to related parties during the year ended 31 December 2019 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2018	-	3,170,000
Add: Increase during the year	-	345,000
Less: Repayment during the year	-	(290,000)
Balance as at 31 December 2019	-	3,225,000

As at 31 December 2019, the Company had short-term loans to related parties of Baht 3,225 million (2018: Baht 3,170 million), which carry interest at the rate of 2.18 - 2.36 percent per annum (2018: 2.18 percent per annum) and are due for repayment within one year from drawing dates.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Short-term loans from related financial institution</b>				
Related financial institution (related by common directors)	100,000	160,000	-	-
Total short-term loans from related financial institution	100,000	160,000	-	-

Movements in short-term loans from related financial institution during the year ended 31 December 2019 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2018	160,000	-
Add: Increase during the year	635,000	-
Less: Repayment during the year	(695,000)	-
Balance as at 31 December 2019	100,000	-

As at 31 December 2019, the subsidiary had short-term loans from related financial institution of Baht 100 million (2018: Baht 160 million) which carry interest at the rate of 1.95 percent per annum (2018: 2.05 percent per annum).

As at 31 December 2019 and 2018, the Group had unused facilities of short-term loans from related financial institution of Baht 65 million and Baht 5 million, respectively.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Trade and other payables - related parties</b>				
<b>(Note 20)</b>				
Subsidiaries	-	-	1,661,532	1,408,064
Associated company	184,592	280,875	-	-
Joint venture	4,968	16,010	4,968	16,010
Related companies (related by common shareholders and/or common directors)	126,990	125,296	37,607	17,400
Total trade and other payables - related parties	<u>316,550</u>	<u>422,181</u>	<u>1,704,107</u>	<u>1,441,474</u>
<b>Long-term loans from related financial institution</b>				
Related financial institution (related by common directors) - portion due within one year	<u>-</u>	<u>90,000</u>	<u>-</u>	<u>-</u>

Movements in long-term loans from related financial institution during the year ended 31 December 2019 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2018	90,000	-
Less: Repayment during the year	(90,000)	-
Balance as at 31 December 2019	<u>-</u>	<u>-</u>

On 11 June 2012, a subsidiary entered into a loan agreement with the related financial institution, obtaining loan facilities of Baht 900 million. The loans carry interest at THBFIX 6 months reference rate plus a margin and are repayable in 10 semi-annually installments from December 2014 to June 2019.

This loan agreement contains covenants with which the subsidiary has to comply, pertaining to matters such as maintaining of certain financial ratios, maintaining of percentage of shares held by the major shareholder and negative pledge.

#### Directors and management's benefits

During the years ended 31 December 2019 and 2018, the Group had employee benefit expenses payable to their directors and management as below.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Short-term employee benefits	142	122	142	122
Post-employment benefits and other long-term employee benefits	3	5	3	5
Total	<u>145</u>	<u>127</u>	<u>145</u>	<u>127</u>

#### **Employee Joint Investment Program (EJIP Program)**

On 2 December 2011, the meeting of the Company's Board of Directors passed a resolution approving an Employee Joint Investment Program for the Company. The program runs for a period of 4 years (only the period of the Company's contribution) or 7 years (included silent period) starting from 1 January 2012. The details and conditions in relation to such program depend on the decision of the Company's Board of Directors. The Company obtained approval from the Securities and Exchange Commission of Thailand on 11 January 2012.

On 22 October 2015, the meeting of the Company's Board of Directors passed a resolution approving an additional Employee Joint Investment Program for the Company. The program runs for a period of 4 years (only the period of the Company's contribution) or 7 years (included silent period) starting from 1 January 2016. The details and conditions in relation to such program depend on the decision of the Company's Board of Directors. The Company obtained approval from the Securities and Exchange Commission of Thailand on 16 December 2015.

## 7. Cash and cash equivalents/Restricted bank deposits

As at 31 December 2019 and 2018, cash and cash equivalents consist of the following:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash and bank deposits	1,614,199	2,204,215	179,904	689,315
Short-term investments in fixed deposits	3,223,915	455,198	1,270,000	-
Total	4,838,114	2,659,413	1,449,904	689,315
Less: Restricted bank deposits	(17,116)	(12,326)	-	-
Total cash and cash equivalents	4,820,998	2,647,087	1,449,904	689,315
Of which at related financial institution	322,977	942,438	86,063	536,462

As at 31 December 2019, bank deposits in savings accounts and fixed deposits carried interest between 0.01 and 7.00 percent per annum (2018: between 0.01 and 8.50 percent per annum).

As at 31 December 2019, the subsidiaries had placed their deposits of Taka 47 million and Baht 0.4 million, totaling Baht 17.1 million (2018: Taka 31 million and Baht 0.4 million, totaling Baht 12.3 million) with banks to secure bank guarantees issued by banks on behalf of the subsidiaries.

## 8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates:				
Current to 30 days	90,003	148,287	1,540,336	1,243,746
Over 30 days to 60 days	-	-	9,401	3,994
Over 60 days to 90 days	-	-	8,699	7,970
Over 90 days	-	-	3,152	20,730
Total trade receivables - related parties	<u>90,003</u>	<u>148,287</u>	<u>1,561,588</u>	<u>1,276,440</u>
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates:				
Current to 30 days	4,021,748	3,805,247	1,366,695	1,312,457
Over 30 days to 60 days	149,058	171,043	2,101	9,451
Over 60 days to 90 days	105,537	107,411	3,931	4,148
Over 90 days	397,023	333,330	57,462	-
Total trade receivable - unrelated parties	<u>4,673,366</u>	<u>4,417,031</u>	<u>1,430,189</u>	<u>1,326,056</u>
Less: Allowance for doubtful accounts	<u>(194,163)</u>	<u>(140,755)</u>	<u>(35,067)</u>	<u>(14,546)</u>
Total trade receivables - unrelated parties - net	<u>4,479,203</u>	<u>4,276,276</u>	<u>1,395,122</u>	<u>1,311,510</u>
Total trade receivables - net	<u>4,569,206</u>	<u>4,424,563</u>	<u>2,956,710</u>	<u>2,587,950</u>
<u>Other receivables</u>				
Other receivables - related parties	<u>47,641</u>	<u>21,414</u>	<u>207,979</u>	<u>127,570</u>
Other receivables - unrelated parties	<u>54,777</u>	<u>66,918</u>	<u>21,579</u>	<u>8,341</u>
Receivables from the Revenue Department	665,191	822,234	-	-
Unbilled revenues	<u>129,257</u>	<u>104,915</u>	<u>-</u>	<u>-</u>
Total other receivables - unrelated parties	<u>849,225</u>	<u>994,067</u>	<u>21,579</u>	<u>8,341</u>
Less: Allowance for doubtful accounts	<u>(10,361)</u>	<u>(6,968)</u>	<u>(1,023)</u>	<u>(245)</u>
Total other receivables - unrelated parties - net	<u>838,864</u>	<u>987,099</u>	<u>20,556</u>	<u>8,096</u>
Total other receivables - net	<u>886,505</u>	<u>1,008,513</u>	<u>228,534</u>	<u>135,666</u>
Total trade and other receivables - net	<u>5,455,711</u>	<u>5,433,076</u>	<u>3,185,245</u>	<u>2,723,616</u>

## 9. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2019	2018	2019	2018	2019	2018
Finished goods	1,291,569	1,240,094	(51,228)	(8,385)	1,240,341	1,231,709
Work in process	120,551	151,452	-	-	120,551	151,452
Raw materials	887,404	920,565	(4,509)	(4,461)	882,895	916,104
Store supplies	2,406,094	2,265,255	(258,832)	(239,703)	2,147,262	2,025,552
Goods in transit	217,164	548,283	-	-	217,164	548,283
<b>Total</b>	<b>4,922,782</b>	<b>5,125,649</b>	<b>(314,569)</b>	<b>(252,549)</b>	<b>4,608,213</b>	<b>4,873,100</b>

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2019	2018	2019	2018	2019	2018
Finished goods	592,360	398,638	-	-	592,360	398,638
Work in process	39,857	41,731	-	-	39,857	41,731
Raw materials	120,904	121,318	(4,239)	(4,461)	116,665	116,857
Store supplies	1,561,849	1,385,948	(37,552)	(38,579)	1,524,297	1,347,369
Goods in transit	85,042	439,628	-	-	85,042	439,628
<b>Total</b>	<b>2,400,012</b>	<b>2,387,263</b>	<b>(41,791)</b>	<b>(43,040)</b>	<b>2,358,221</b>	<b>2,344,223</b>

During the current year, the Group reduced cost of inventories by Baht 62.0 million (2018: Baht 25.5 million) to reflect the net realisable value, which was included in cost of sales (Separate financial statements: reversed the write-down of cost of inventories by Baht 1.2 million, and reduced the amount of inventories recognised as expenses during the year (2018: reduced cost of inventories by Baht 6.6 million to reflect the net realisable value, which was included in cost of sales)).

## 10. Non-current assets held for sale

In December 2019, an overseas subsidiary entered into the Memorandum of Understanding to sell certain plant and equipment of its concrete business with selling price of approximately Baht 65.1 million in which the subsidiary expects to dispose such assets in the year 2020.

In accordance with TFRS 5, the non-current assets held for sale were written down to their fair value less cost to sell of Baht 7.9 million. The fair value is measured based on expected selling price for the relevant assets.

## 11. Investments in subsidiary companies

Details of investments in subsidiary companies as presented in the separate financial statements are as follows:

Company's name	Type of relation	Shareholding		Cost		Dividends received	
		percentage				during the years	
		<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
		(%)	(%)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)
<b>Local subsidiaries</b>							
Siam City Concrete Co., Ltd.	Direct holding	100.00	100.00	2,500,000	2,500,000	115,000	-
Siam City Power Co., Ltd.	Direct holding	100.00	100.00	2,000,000	2,000,000	556,000	730,000
Conwood Co., Ltd.	Direct holding	100.00	100.00	300,000	300,000	-	-
INSEE Superblock Co., Ltd.	Direct holding	100.00	100.00	499,999	499,999	-	-
INSEE Ecocycle Co., Ltd.	Direct holding	100.00	100.00	400,000	400,000	50,000	20,000
INSEE Digital Co., Ltd.	Direct holding	100.00	100.00	700,000	700,000	-	-
Globe Cement Co., Ltd.	Direct holding	100.00	100.00	63,802	63,802	-	-
Siam City Cement Trading Co., Ltd.	Direct holding	100.00	100.00	10,000	10,000	430,999	250,000
<b>Overseas subsidiaries</b>							
Siam City Cement (Bangladesh) Ltd.	Direct holding	100.00	100.00	2,124,391	2,124,391	-	-
Siam City Cement (Lanka) Ltd.	Direct holding	98.95	98.95	13,191,469	13,191,469	-	367,890
Siam City Cement (Vietnam) Ltd.	Direct holding	65.00	65.00	18,111,015	18,111,015	393,066	648,246
Total				<u>39,900,676</u>	<u>39,900,676</u>	<u>1,545,065</u>	<u>2,016,136</u>

### Siam City Cement (Vietnam) Limited

On 25 July 2019, the meeting of the Board of Directors of Siam City Cement (Vietnam) Limited approved to merge the business with Siam City Cement Nhon Trach Limited, which is a subsidiary of Siam City Cement (Vietnam) Limited. After the transaction is completed, Siam City Cement Nhon Trach Limited will further register for the dissolution. However, the timing of such transaction will be determined later on.

### Siam City Cement (Bangladesh) Limited

On 8 September 2019, the Extraordinary General Meeting of the Shareholders of Siam City Cement (Bangladesh) Limited ("the subsidiary") passed a resolution to amend the registered share capital in the memorandum of association from "The authorised share capital of Taka 2,800 million divided into 60,000,000 ordinary shares of Taka 46.0 each and 869,566 preference shares of Taka 46.0 each" to be "The authorised share capital of Taka 2,800 million divided into 55,769,566 ordinary shares of Taka 46.0 each and 5,100,000 preference shares of Taka 46.0 each".

## 12. Investment in joint venture

### 12.1 Details of investment in joint venture

Investment in joint venture represents investment in entity which is jointly controlled by the Company and other company. Details of this investment are as follows:

Joint venture	Nature of business	Country of incorporation	Shareholding percentage		Consolidated financial statements		Separate financial statements	
			2019	2018	Carrying amount based on equity method		Carrying amount based on cost method	
			(%)	(%)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)
Chip Mong INSEE Cement Corporation	Cement Manufacturing	Cambodia	40	40	1,973,369	1,984,781	2,145,611	2,145,611
<b>Total</b>					<b>1,973,369</b>	<b>1,984,781</b>	<b>2,145,611</b>	<b>2,145,611</b>

The Company pledged the share certificate of the joint venture to secure the credit facilities agreement of the joint venture with a financial institution. The credit facilities agreement contains covenants with which the Company must comply, pertaining to maintaining of shareholding percentage.

### 12.2 Share of profit and other comprehensive income

During the years, the Company recognised its share of profit and other comprehensive income from investment in joint venture in the consolidated income statement as follows:

Joint venture	(Unit: Thousand Baht)			
	Share of profit from investment in joint venture during the years		Share of other comprehensive income from investment in joint venture during the years	
	2019	2018	2019	2018
Chip Mong INSEE Cement Corporation	317,761	73,078	(329,173)	-
<b>Total</b>	<b>317,761</b>	<b>73,078</b>	<b>(329,173)</b>	<b>-</b>

## 12.3 Summarised financial information about joint venture

## Summarised information about financial position

	(Unit: Million Baht)	
	<u>2019</u>	<u>2018</u>
<b>Chip Mong INSEE Cement Corporation</b>		
Cash and cash equivalents	298	209
Other current assets	981	1,116
Non-current assets	6,081	6,714
Short-term loans	-	(304)
Current portion of long-term loans	(237)	-
Other current liabilities	(691)	(740)
Long-term loans - net of current portion	(1,415)	(2,421)
Other non-current liabilities	(82)	(90)
<b>Net assets</b>	<b><u>4,935</u></b>	<b><u>4,484</u></b>
<b>Carrying amounts of joint venture based on equity method</b>	<b><u>1,973</u></b>	<b><u>1,985</u></b>

## Summarised information about comprehensive income

	(Unit: Million Baht)	
	<u>2019</u>	<u>2018</u>
<b>Chip Mong INSEE Cement Corporation</b>		
Sales and service income	5,483	4,221
Interest income	3	1
Depreciation and amortisation	(377)	(353)
Interest expenses	(128)	(146)
Income tax expenses	(12)	(86)
Profit	794	183
Other comprehensive income	-	-
Total comprehensive income	794	183

## 13. Investments in associated companies

### 13.1 Details of associated companies

Company's name	Nature of business	Country of incorporation	Type of relation	Shareholding percentage		Consolidated financial statements		Separate financial statements	
						Carrying amount based on equity method		Carrying amount based on cost method	
				2019 (%)	2018 (%)	2019 (Thousand Baht)	2018 (Thousand Baht)	2019 (Thousand Baht)	2018 (Thousand Baht)
Lanna Resources Public Co., Ltd.	Coal mining	Thailand	Direct holding	44.99	44.99	2,032,091	1,940,967	483,427	483,427
Thai Agro Energy Public Co., Ltd.	Ethanol production and distribution	Thailand	Direct holding	4.72	4.72	36,822	100,393	94,469	94,469
Total						2,068,913	2,041,360	577,896	577,896

### 13.2 Share of profit and other comprehensive income and dividend received

During the years, the Company recognised its share of profit and other comprehensive income from investments in associated companies in the consolidated financial statements and dividend income in the separate financial statements as follows:

Company's name	Consolidated financial statements		Share of other comprehensive income		Dividend received	
	Share of profit from investments in associated companies during the years		from investments in associated companies during the years		during the years	
	2019	2018	2019	2018	2019	2018
Lanna Resources Public Co., Ltd.	194,470	242,389	(32,494)	(21,592)	70,852	217,280
Thai Agro Energy Public Co., Ltd.	23,814	14,783	-	(122)	87,385	7,085
Total	218,284	257,172	(32,494)	(21,714)	158,237	224,365

(Unit: Thousand Baht)

### 13.3 Fair value of investments in listed associated companies

Fair values as at 31 December 2019 and 2018 of investments in associated companies that are listed on the Stock Exchange of Thailand which were based on the closing price as quoted on the Stock Exchange of Thailand are as follows:

	(Unit: Million Baht)	
	2019	2018
Lanna Resources Public Co., Ltd.	1,819	2,763
Thai Agro Energy Public Co., Ltd.	155	97
Total	1,974	2,860

## 13.4 Summarised financial information about material associated company

## Summarised information about financial position

	(Unit: Million Baht)	
	<u>2019</u>	<u>2018</u>
<b>Lanna Resources Public Company Limited</b>		
Current assets	4,477	4,335
Non-current assets	5,456	5,320
Current liabilities	(2,866)	(2,719)
Non-current liabilities	(1,084)	(1,018)
<b>Net assets</b>	<b>5,983</b>	<b>5,918</b>
Less: Non-controlling interests of the subsidiaries	(1,617)	(1,553)
<b>Net assets - after non-controlling interests of the subsidiaries</b>	<b>4,366</b>	<b>4,365</b>
<b>Carrying amounts of associate based on equity method</b>	<b>2,032</b>	<b>1,941</b>

## Summarised information about comprehensive income

	(Unit: Million Baht)	
	<u>2019</u>	<u>2018</u>
<b>Lanna Resources Public Company Limited</b>		
Revenue	9,367	12,577
Profit	432	539
Other comprehensive income	(72)	(48)
Total comprehensive income	360	491

## 14. Investment properties

The net book value of investment properties as at 31 December 2019 and 2018 is presented below.

	Consolidated		(Unit: Thousand Baht)		
	financial statements		Separate financial statements		
	Land	Total	Land	Office building and factory	Total
<b>As at 31 December 2019:</b>					
Cost	322,305	322,305	391,381	370,828	762,209
Less: Accumulated depreciation	-	-	-	(108,068)	(108,068)
Less: Allowance for impairment	(6,864)	(6,864)	(6,864)	-	(6,864)
Net book value	<u>315,441</u>	<u>315,441</u>	<u>384,517</u>	<u>262,760</u>	<u>647,277</u>

	(Unit: Thousand Baht)				
	Consolidated		Separate		
	financial statements		financial statements		
	Land	Total	Land	Office building and factory	Total
<b>As at 31 December 2018:</b>					
Cost	322,305	322,305	384,579	370,828	755,407
Less: Accumulated depreciation	-	-	-	(97,343)	(97,343)
Less: Allowance for impairment	(6,864)	(6,864)	(6,864)	-	(6,864)
Net book value	<u>315,441</u>	<u>315,441</u>	<u>377,715</u>	<u>273,485</u>	<u>651,200</u>

A reconciliation of the net book value of investment properties for the years ended 31 December 2019 and 2018 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Net book value at beginning of year	315,441	352,072	651,200	665,457
Transfer in (out)	-	(36,818)	6,802	-
Depreciation for the year	-	-	(10,725)	(10,762)
Decrease (increase) in allowance for impairment during the year	-	187	-	(3,495)
Net book value at end of year	<u>315,441</u>	<u>315,441</u>	<u>647,277</u>	<u>651,200</u>

On 21 December 2018, a subsidiary entered into land sales agreement to sell land with cost of Baht 36.8 million and transferred such land from investment properties to asset held for sales, which was included in other current assets in the consolidated statement of financial position as at 31 December 2018. The subsidiary completed the sale of such land during the current year and the Group recognised gain on disposal of Baht 87.2 million in the consolidated statement of income for the year ended 31 December 2019.

As at 31 December 2019 and 2018, the fair values of the investment properties, which were determined based on valuation performed by an independent valuer, were Baht 1,280 million and Baht 1,280 million, respectively (Separate financial statements: Baht 1,659 million and Baht 1,803 million, respectively).

## 15. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						
	Land, mineral reserve and site restoration	Building and structures	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under construction and installation	Total
<b>Cost:</b>							
1 January 2018	3,307,663	18,040,626	46,693,789	2,708,755	2,307,906	5,218,778	78,277,517
Increase from business combination	-	-	42,359	43,306	9,717	-	95,382
Additions	-	50,736	75,647	26,584	42,740	1,941,316	2,137,023
Disposals and write-off	(11,362)	(121,170)	(650,769)	(141,050)	(117,821)	-	(1,042,172)
Transfer in (out)	282,853	484,543	2,951,386	68,544	172,425	(4,157,495)	(197,744)
Translation adjustment	(56,434)	(309,659)	(747,502)	(24,705)	(37,804)	(64,577)	(1,240,681)
31 December 2018	3,522,720	18,145,076	48,364,910	2,681,434	2,377,163	2,938,022	78,029,325
Additions	26,563	19,711	96,942	26,232	95	1,200,856	1,370,399
Disposals and write-off	-	(51,459)	(504,753)	(23,644)	(67,279)	-	(647,135)
Transfer in (out)	510,170	404,958	1,903,066	69,680	47,243	(3,369,688)	(434,571)
Translation adjustment	(64,214)	(531,483)	(934,721)	(35,674)	(40,700)	(43,340)	(1,650,132)
31 December 2019	3,995,239	17,986,803	48,925,444	2,718,028	2,316,522	725,850	76,667,886
<b>Accumulated depreciation:</b>							
1 January 2018	503,217	8,688,373	27,930,664	1,993,451	1,407,000	-	40,522,705
Depreciation for the year	52,027	584,208	1,785,560	183,777	222,609	-	2,828,181
Disposals and write-off	-	(44,491)	(450,200)	(138,113)	(96,522)	-	(729,326)
Transfer in (out)	-	-	(189)	6,625	(6,436)	-	-
Translation adjustment	(605)	(61,044)	(227,978)	(32,418)	(21,521)	-	(343,566)
31 December 2018	554,639	9,167,046	29,037,857	2,013,322	1,505,130	-	42,277,994
Depreciation for the year	33,839	601,879	1,851,541	162,025	195,637	-	2,844,921
Disposals and write-off	-	(22,364)	(355,706)	(19,405)	(64,641)	-	(462,116)
Transfer in (out)	-	(26,267)	(83,345)	(2,371)	(26,543)	-	(138,526)
Translation adjustment	(16,865)	(205,691)	(490,003)	(26,274)	(23,858)	-	(762,691)
31 December 2019	571,613	9,514,603	29,960,344	2,127,297	1,585,725	-	43,759,582
<b>Allowance for impairment:</b>							
1 January 2018	188,545	32,611	64,353	6,221	-	-	291,730
Increase (decrease) during the year	4,956	-	(1,259)	775	-	-	4,472
Translation adjustment	-	-	(3,846)	-	-	-	(3,846)
31 December 2018	193,501	32,611	59,248	6,996	-	-	292,356
Increase during the year	5,379	21,837	63,964	2,009	80	463	93,732
Translation adjustment	-	-	752	-	-	-	752
Transfer in	-	-	(1,204)	-	-	-	(1,204)
31 December 2019	198,880	54,448	122,760	9,005	80	463	385,636
<b>Net book value:</b>							
31 December 2018	2,774,580	8,945,419	19,267,805	661,116	872,033	2,938,022	35,458,975
31 December 2019	3,224,746	8,417,752	18,842,340	581,726	730,717	725,387	32,522,668

(Unit: Thousand Baht)

## Separate financial statements

	Land, mineral	Building and	Machinery	Furniture, fixtures		Assets under	Total
	reserve and site restoration			structures	and office equipment	Motor vehicles	
<b>Cost:</b>							
1 January 2018	1,179,770	7,520,206	25,729,839	1,725,777	1,604,455	2,761,242	40,521,289
Additions	-	38,933	45,279	5,301	17,406	514,015	620,934
Disposals and write-off	(7,336)	(58,902)	(335,062)	(91,223)	(27,037)	-	(519,560)
Transfer in (out)	-	204,185	1,433,679	11,488	33,451	(1,682,803)	-
31 December 2018	1,172,434	7,704,422	26,873,735	1,651,343	1,628,275	1,592,454	40,622,663
Additions	6,163	13,712	26,298	8,404	95	386,257	440,929
Disposals and write-off	-	(2,045)	(361,850)	(2,427)	(28,699)	-	(395,021)
Transfer in (out)	(6,182)	156,686	1,471,067	22,766	58,794	(1,820,867)	(117,736)
31 December 2019	1,172,415	7,872,775	28,009,250	1,680,086	1,658,465	157,844	40,550,835
<b>Accumulated depreciation:</b>							
1 January 2018	69,340	4,940,205	18,022,999	1,330,164	1,020,580	-	25,383,288
Depreciation for the year	6,246	206,238	809,439	88,643	128,648	-	1,239,214
Disposals and write-off	-	(13,592)	(207,587)	(89,977)	(20,554)	-	(331,710)
31 December 2018	75,586	5,132,851	18,624,851	1,328,830	1,128,674	-	26,290,792
Depreciation for the year	6,487	215,409	873,886	72,261	130,370	-	1,298,413
Disposals and write-off	-	(2,045)	(230,622)	(1,975)	(28,611)	-	(263,253)
31 December 2019	82,073	5,346,215	19,268,115	1,399,116	1,230,433	-	27,325,952
<b>Allowance for impairment:</b>							
1 January 2018	31,300	-	15,054	438	-	-	46,792
Increase during the year	4,956	-	-	-	-	-	4,956
31 December 2018	36,256	-	15,054	438	-	-	51,748
Increase during the year	-	187	16,041	-	-	-	16,228
31 December 2019	36,256	187	31,095	438	-	-	67,976
<b>Net book value:</b>							
31 December 2018	1,060,592	2,571,571	8,233,830	322,075	499,601	1,592,454	14,280,123
31 December 2019	1,054,086	2,526,373	8,710,040	280,532	428,032	157,844	13,156,907

As at 31 December 2019, the subsidiaries had motor vehicles and equipment with net book value of Baht 61.6 million (2018: Baht 33.0 million) which were acquired under finance lease agreements.

As at 31 December 2019 and 2018, certain plant and equipment items have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation and allowance for impairment loss) of those assets amounted to Baht 15,068 million and Baht 17,356 million, respectively (Separate financial statements: Baht 12,205 million and Baht 11,414 million, respectively).

## 16. Assets not used in operations

(Unit: Thousand Baht)

	Consolidated financial statements				Total
	Land	Building and structures	Machinery and equipment	Furniture, fixtures and office equipment	
<b>Cost:</b>					
1 January 2018	22,512	562,491	1,164,663	7,343	1,757,009
Transfer in	4,382	-	-	-	4,382
31 December 2018	26,894	562,491	1,164,663	7,343	1,761,391
Transfer in (out)	-	41,978	(1,508)	336	40,806
31 December 2019	26,894	604,469	1,163,155	7,679	1,802,197
<b>Accumulated depreciation:</b>					
1 January 2018	-	445,850	1,000,530	6,007	1,452,387
Depreciation for the year	-	2,098	323	-	2,421
31 December 2018	-	447,948	1,000,853	6,007	1,454,808
Depreciation for the year	-	2,098	323	-	2,421
Transfer in (out)	-	18,335	(2,643)	336	16,028
31 December 2019	-	468,381	998,533	6,343	1,473,257
<b>Allowance for impairment:</b>					
1 January 2018	-	85,724	156,855	1,336	243,915
Increase (decrease) during the year	572	(2,582)	-	-	(2,010)
31 December 2018	572	83,142	156,855	1,336	241,905
Increase (decrease) during the year	(572)	21,766	1,888	-	23,082
Transfer out	-	-	(752)	-	(752)
31 December 2019	-	104,908	157,991	1,336	264,235
<b>Net book value:</b>					
31 December 2018	26,322	31,401	6,955	-	64,678
31 December 2019	26,894	31,180	6,631	-	64,705

(Unit: Thousand Baht)

	Separate financial statements			Total
	Building and structures	Machinery and equipment	Furniture, fixtures and office equipment	
<b>Cost:</b>				
1 January 2018	133,316	328,650	7,343	469,309
31 December 2018	133,316	328,650	7,343	469,309
31 December 2019	133,316	328,650	7,343	469,309
<b>Accumulated depreciation:</b>				
1 January 2018	95,386	294,771	6,007	396,164
Depreciation for the year	2,098	323	-	2,421
31 December 2018	97,484	295,094	6,007	398,585
Depreciation for the year	2,098	323	-	2,421
31 December 2019	99,582	295,417	6,007	401,006
<b>Allowance for impairment:</b>				
1 January 2018	7,012	26,600	1,336	34,948
Decrease during the year	(2,582)	-	-	(2,582)
31 December 2018	4,430	26,600	1,336	32,366
Decrease during the year	(1,876)	-	-	(1,876)
31 December 2019	2,554	26,600	1,336	30,490
<b>Net book value:</b>				
31 December 2018	31,402	6,956	-	38,358
31 December 2019	31,180	6,633	-	37,813

During the year 2019, the Company reversed allowance for impairment of assets not used in operations of Baht 1.9 million (2018: Baht 2.6 million).

The management has assessed the allowance for impairment of assets not used in operations and believes it to be adequate and that such assets are saleable in the future at prices not less than their carrying value.

## 17. Goodwill

Goodwill comprises the value of expected synergies and cost saving arising from the acquisitions and other benefits from combining the acquirer's and acquiree's business.

Movements in the goodwill account during the years ended 31 December 2019 and 2018 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements
	<hr/>
Book value as at 1 January 2018	15,058,210
Add: Increase from business combination	94,597
Less: Translation adjustment	<u>(568,289)</u>
Book value as at 31 December 2018	14,584,518
Less: Translation adjustment	<u>(990,558)</u>
Book value as at 31 December 2019	<u>13,593,960</u>

### Acquisition of industrial cleaning service business

On 18 May 2018, INSEE Ecocycle Company Limited (“the subsidiary”) entered into assets sales and purchase agreement to purchase part of business of P.G. Service Co., Ltd., which engaged in industrial cleaning service business by using hydro and mechanical procedures appropriate for the nature of each industry, and related businesses at the amount of Baht 204 million. Subsequently on 31 May 2018, the business acquisition was successfully completed and the subsidiary had received the transfer of the assets from such company.

The Group recorded expenses related to the business acquisition of Baht 2.7 million in the consolidated statement of income for the year ended 31 December 2018.

The Group assessed the fair value of identifiable net assets acquired as at the acquisition date. The assessment process was completed in the current year and within the measurement period of 12 months from the acquisition date pursuant to the period allowed by Thai Financial Reporting Standard No. 3 “Business Combinations”.

Fair values of the identifiable net assets acquired as at the acquisition date are as follows:

	(Unit: Thousand Baht)
Inventories	266
Machinery and equipment	95,382
Intangible assets	13,600
Fair value of net assets	<u>109,248</u>
Goodwill	<u>94,597</u>
Cost of the business acquisition	<u><u>203,845</u></u>

Goodwill of Baht 94.6 million comprises the value of expected synergies and cost saving arising from the acquisition and other benefits from combining the business.

The Group allocated goodwill acquired through business combinations and brands with indefinite useful lives to the cash generating units (CGUs) for annual impairment testing as follows:

	(Unit: Thousand Baht)				
	31 December 2019				
	Siam City Cement (Bangladesh) Limited	Siam City Cement (Lanka) Limited	Siam City Cement (Vietnam) Limited	Industrial cleaning service business	Total
Goodwill	375,080	2,536,084	10,588,199	94,597	13,593,960
Brands	-	2,770,055	-	-	2,770,055

	(Unit: Thousand Baht)				
	31 December 2018				
	Siam City Cement (Bangladesh) Limited	Siam City Cement (Lanka) Limited	Siam City Cement (Vietnam) Limited	Industrial cleaning service business	Total
Goodwill	409,413	2,715,380	11,365,128	94,597	14,584,518
Brands	-	2,965,889	-	-	2,965,889

The recoverable amount of the CGUs has been determined based on fair value less costs of disposal using the income approach, which is measured using cash flow projections based on financial budgets approved by management, covering 4 - 9 years. The fair value measurement is categorised within Level 3 of the fair value hierarchy.

Key assumptions used in fair value measurement of goodwill and brands with indefinite useful lives as at 31 December 2019 and 2018 are summarised below.

(Unit: Percent per annum)

	31 December 2019			
	Siam City Cement (Bangladesh) Limited	Siam City Cement (Lanka) Limited	Siam City Cement (Vietnam) Limited	Industrial cleaning service business
Long-term growth rates	6.0	6.0	4.0	2.5
Pre-tax discount rates	12.0	13.0	11.5	10.1

(Unit: Percent per annum)

	31 December 2018			
	Siam City Cement (Bangladesh) Limited	Siam City Cement (Lanka) Limited	Siam City Cement (Vietnam) Limited	Industrial cleaning service business
Long-term growth rates	6.0	6.0	4.0	3.2
Pre-tax discount rates	12.0	13.0	11.5	12.5

The management determined growth rates based on expected market growth and pre-tax discount rates that reflect the risks specific to each CGU.

The changes in key assumptions that affect their recoverable amounts to close with their carrying values as at 31 December 2019 are summarised below.

(Unit: Percent per annum)

	Siam City Cement (Lanka) Limited	Siam City Cement (Vietnam) Limited
Decrease in long-term growth rates	0.35	0.20
Increase in pre-tax discount rates	0.28	0.12

The management believes that there is no impairment loss for goodwill and brands with indefinite useful lives.

## 18. Intangible assets

(Unit: Thousand Baht)

Consolidated financial statements								
	Mining concession and license fees	Computer software	Customer relationships	Brands	Right of use	Other intangible assets	Intangible assets under development	Total
<b>Cost</b>								
1 January 2018	2,272,618	1,791,131	113,720	3,550,904	4,180,450	546,622	572,851	13,028,296
Increase from business combination								
	-	-	13,600	-	-	-	-	13,600
Additions	-	65,195	-	-	-	15,543	157,107	237,845
Write-off	-	(71,924)	-	-	-	(26,245)	-	(98,169)
Transfer in (out)	-	497,190	-	-	-	7,517	(311,345)	193,362
Translation adjustment	-	(53,374)	(1,359)	(585,015)	(567,578)	(24,212)	(1,421)	(1,232,959)
31 December 2018	2,272,618	2,228,218	125,961	2,965,889	3,612,872	519,225	417,192	12,141,975
Additions	11,195	35,682	-	-	-	159	1,258,620	1,305,656
Write-off	-	(25,623)	-	-	-	-	-	(25,623)
Transfer in (out)	1,326,896	206,797	-	-	-	18,716	(1,353,753)	198,656
Translation adjustment	-	(43,079)	(6,176)	(195,834)	(240,281)	(17,878)	(570)	(503,818)
31 December 2019	3,610,709	2,401,995	119,785	2,770,055	3,372,591	520,222	321,489	13,116,846
<b>Accumulated amortisation</b>								
1 January 2018	410,372	524,534	22,012	-	283,029	302,321	-	1,542,268
Amortisation during the year								
	56,371	227,105	14,518	-	118,419	21,174	-	437,587
Write-off	-	(71,924)	-	-	-	(11,699)	-	(83,623)
Translation adjustment	-	(18,683)	(288)	-	(35,012)	(9,229)	-	(63,212)
31 December 2018	466,743	661,032	36,242	-	366,436	302,567	-	1,833,020
Amortisation during the year								
	93,980	240,702	14,252	-	106,353	27,028	-	482,315
Write-off	-	(13,539)	-	-	-	-	-	(13,539)
Transfer in	-	320	-	-	-	-	-	320
Translation adjustment	-	(15,292)	(2,133)	-	(18,482)	(10,616)	-	(46,523)
31 December 2019	560,723	873,223	48,361	-	454,307	318,979	-	2,255,593
<b>Allowance for impairment:</b>								
1 January 2018	-	-	-	-	-	-	-	-
31 December 2018	-	-	-	-	-	-	-	-
Increase during the year	-	17,217	-	-	-	-	-	17,217
31 December 2019	-	17,217	-	-	-	-	-	17,217
<b>Net book value</b>								
31 December 2018	1,805,875	1,567,186	89,719	2,965,889	3,246,436	216,658	417,192	10,308,955
31 December 2019	3,049,986	1,511,555	71,424	2,770,055	2,918,284	201,243	321,489	10,844,036

(Unit: Thousand Baht)

	Separate financial statements					Total
	Mining concession and license fees	Computer software	Customer lists	Other intangible assets	Intangible assets under development	
<b>Cost</b>						
1 January 2018	2,108,446	91,808	-	281,668	220,219	2,702,141
Additions	-	656	70,000	479	125,290	196,425
Transfer in (out)	-	12,752	-	7,517	(20,269)	-
Write-off	-	(16,043)	-	(26,081)	-	(42,124)
31 December 2018	2,108,446	89,173	70,000	263,583	325,240	2,856,442
Additions	-	215	-	-	1,213,867	1,214,082
Transfer in (out)	1,326,896	104,802	-	12,913	(1,333,677)	110,934
31 December 2019	3,435,342	194,190	70,000	276,496	205,430	4,181,458
<b>Accumulated amortisation</b>						
1 January 2018	385,136	36,639	-	161,786	-	583,561
Amortisation during the year	49,630	10,107	5,063	7,244	-	72,044
Write-off	-	(16,043)	-	(11,535)	-	(27,578)
31 December 2018	434,766	30,703	5,063	157,495	-	628,027
Amortisation during the year	88,148	26,560	4,666	20,755	-	140,129
31 December 2019	522,914	57,263	9,729	178,250	-	768,156
<b>Net book value</b>						
31 December 2018	1,673,680	58,470	64,937	106,088	325,240	2,228,415
31 December 2019	2,912,428	136,927	60,271	98,246	205,430	3,413,302

The management has assessed the allowance for impairment of intangible assets with indefinite useful lives, which are brands, as discussed in Note 17 of the financial statements and believes that there is no impairment loss for such intangible assets.

## 19. Bank overdrafts and short-term loans from other financial institutions

Movements in bank overdrafts and short-term loans from other financial institutions during the year ended 31 December 2019 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2018	3,968,232	1,000,000
Add: Increase during the year	17,196,738	6,720,000
Less: Repayment during the year	(18,382,628)	(7,720,000)
Translation adjustment	(194,826)	-
Balance as at 31 December 2019	2,587,516	-

As at 31 December 2019, the Group had bank overdrafts and short-term loans from commercial banks of Baht 2,588 million (2018: Baht 3,968 million) which carry interest at the rate of 4.53 - 10.79 percent per annum (2018: 1.55 to 12.80 percent per annum).

As at 31 December 2019 and 2018, the Group had unused facilities of bank overdrafts and short-term loans of Baht 14,280 million and Baht 13,958 million, respectively (the Company only: Baht 10,053 million and Baht 10,053 million, respectively).

As at 31 December 2019, a portion of bank overdrafts of an overseas subsidiary of Indonesian Rupiah 44,551 million or approximately Baht 96.8 million (2018: Indonesian Rupiah 38,210 million or approximately Baht 85.9 million) is secured by the credit utilisation agreements entered into by a subsidiary in Thailand with a financial institution, obtaining standby letter of credit facilities. The credit utilisation agreements contain covenants with which the subsidiary has to comply, pertaining to matters such as maintaining of certain financial ratios, maintaining of percentage of shares held by the major shareholder and negative pledge.

## 20. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Trade payables - related parties	207,854	350,196	1,274,455	1,135,455
Trade payables - unrelated parties	4,890,546	4,685,477	1,369,563	1,309,419
Other payables - related parties	108,696	71,985	429,652	306,019
Other payables - unrelated parties	411,474	410,973	52,798	59,129
Retention payable	13,841	38,776	2,397	1,628
VAT payable	51,572	68,495	14,955	23,944
Total trade and other payables	<u>5,683,983</u>	<u>5,625,902</u>	<u>3,143,820</u>	<u>2,835,594</u>

## 21. Long-term loans from other financial institutions

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Long-term loans from other financial institutions	7,976,330	7,713,490	6,979,000	6,968,500
Less: Portion due within one year	<u>(538,960)</u>	<u>(342,283)</u>	<u>-</u>	<u>-</u>
Long-term loans from other financial institutions - net of current portion	<u>7,437,370</u>	<u>7,371,207</u>	<u>6,979,000</u>	<u>6,968,500</u>

Movements in long-term loans from other financial institutions during the year ended 31 December 2019 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2018	7,713,490	6,968,500
Add: Increase during the year	604,997	-
Amortisation of transaction costs during the year	10,500	10,500
Less: Repayment during the year	(302,457)	-
Translation adjustment	(50,200)	-
Balance as at 31 December 2019	<u>7,976,330</u>	<u>6,979,000</u>

On 16 December 2016, the Company entered into a loan agreement with a financial institution obtaining loan facilities of Baht 7,000 million. The loans carry interest at fixed rate of 3 percent throughout the loan period and are repayable in full amount at the end of the fifth year from drawing date. The loan facilities of Baht 7,000 million had been drawn by the Company on 17 January 2017.

The loan agreement contains covenants with which the Company has to comply, pertaining to matters such as maintaining of certain financial ratios, maintaining of percentage of shares held by the major shareholders and negative pledge.

As at 31 December 2019, the overseas subsidiaries had long-term loans from other financial institutions of LKR 2,816 million and VND 406,660 million or equivalent to Baht 997.3 million (2018: LKR 1,755 million and VND 309,787 million or equivalent to Baht 745.0 million) which carry interest at the rate of 3.00 to 11.31 percent per annum (2018: 6.35 to 13.96 percent per annum) and are repayable within 2023.

As at 31 December 2019, the Group had unused facilities of long-term loans of USD 10.9 million and VND 270,149 million or equivalent to Baht 683 million (2018: USD 29.3 million and VND 268,987 million or equivalent to Baht 1,326 million).

## 22. Liabilities under finance lease agreements

Liabilities under finance lease agreements in the consolidated statement of financial position as at 31 December 2019 and 2018 is presented below.

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Liabilities under finance lease agreements	68,308	29,356
Less: Deferred interest expenses	<u>(19,186)</u>	<u>(2,436)</u>
Total	49,122	26,920
Less: Portion due within one year	<u>(12,219)</u>	<u>(10,000)</u>
Liabilities under finance lease agreements - net of current portion	<u>36,903</u>	<u>16,920</u>

The subsidiaries have entered into the finance lease agreements for lease of vehicles and equipment for use in its operations, whereby it is committed to pay rental on a monthly basis. The term of the agreements is generally 3 - 15 years.

Movements in liabilities under finance lease agreements during the year ended 31 December 2019 are summarised below.

	(Unit: Thousand Baht)
Balance as at 31 December 2018	26,920
Add: Increase during the year	32,665
Recognition of interest expenses during the year	2,275
Less: Installment paid during the year	<u>(12,738)</u>
Balance as at 31 December 2019	<u>49,122</u>

As at 31 December 2019 and 2018, future minimum lease payments required under the finance lease agreements were as follows:

	(Unit: Million Baht)			
	31 December 2019			
	Less than 1 year	1 - 5 years	More than 5 years	Total
Future minimum lease payments	15	20	33	68
Deferred interest expenses	<u>(3)</u>	<u>(7)</u>	<u>(9)</u>	<u>(19)</u>
Present value of future minimum lease payments	<u>12</u>	<u>13</u>	<u>24</u>	<u>49</u>

	(Unit: Million Baht)		
	31 December 2018		
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	12	18	30
Deferred interest expenses	<u>(2)</u>	<u>(1)</u>	<u>(3)</u>
Present value of future minimum lease payments	<u>10</u>	<u>17</u>	<u>27</u>

## 23. Debentures

As at 31 December 2019 and 2018, the details of debentures account in the consolidated financial statements and the separate financial statements are made up as follows:

	Number of units	Price per unit (Baht)	Period (Years)	Maturity date	Interest rate (percent per annum)	Fair values per unit		Carrying values	
						2019 (Baht)	2018 (Baht)	2019 (Thousand Baht)	2018 (Thousand Baht)
Debenture Series									
No. 2/2013	2,000,000	1,000	7	14 June 2020	4.30	1,013	1,028	2,000,000	2,000,000
Debenture Series									
No. 1/2016	2,000,000	1,000	8	29 April 2024	2.46	1,017	976	2,000,000	2,000,000
Debenture Series									
No. 2/2016	2,000,000	1,000	10	29 April 2026	2.70	1,029	965	2,000,000	2,000,000
Debenture Series									
No. 1/2017	1,000,000	1,000	3	9 May 2020	2.49	1,004	1,002	1,000,000	1,000,000
Debenture Series									
No. 2/2017	2,500,000	1,000	7	9 May 2024	3.65	1,065	1,034	2,500,000	2,500,000
Debenture Series									
No. 3/2017	5,000,000	1,000	10	9 May 2027	4.08	1,120	1,055	5,000,000	5,000,000
Debenture Series									
No. 4/2017	4,500,000	1,000	12	9 May 2029	4.26	1,136	1,057	4,500,000	4,500,000
Total								19,000,000	19,000,000
Less: Deferred transaction costs								(29,104)	(34,229)
Total debentures								18,970,896	18,965,771
Less: Portion due within one year								(2,999,417)	-
Debentures - net of current portion								15,971,479	18,965,771

Movements in debentures during the year ended 31 December 2019 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2018	18,965,771	18,965,771
Add: Amortisation of transaction costs during the year	5,125	5,125
Balance as at 31 December 2019	18,970,896	18,970,896

The above debentures are unsubordinated, unsecured and no discount with a name-registered debenture certificates. Debenture agreements contain a covenant with which the Company must comply, pertaining to maintaining financial ratio.

## 24. Long-term liabilities for concession and license fee

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Long-term liabilities for concession and license fee	1,099,879	-	1,089,581	-
Less: Portion due within one year	<u>(27,769)</u>	-	<u>(27,769)</u>	-
Long-term liabilities for concession and license fee - net of current portion	<u>1,072,110</u>	-	<u>1,061,812</u>	-

Movements in long-term liabilities for concession and license fee during the year ended 31 December 2019 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial	financial
	statements	statements
Balance as at 31 December 2018	-	-
Add: Increase during the year	1,099,896	1,089,845
Recognition of interest expenses during the year	28,943	28,696
Less: Payment during the year	<u>(28,960)</u>	<u>(28,960)</u>
Balance as at 31 December 2019	<u>1,099,879</u>	<u>1,089,581</u>

During the current year, the Group entered into various agreements to pay for renewal or obtaining of mining concession which are payable in 7 - 11 equal, annual installments and carrying interest at the rate of 2.5 percent per annum, to the Department of Primary Industries and Mines and received the permit for utilisation of certain concessions in forest reserve areas that the Group is committed to pay a fee to the Royal Forest Department in 5 equal, annual installments.

## 25. Provision for long-term employee benefits

### 25.1 Defined contribution plans

The Company, the local subsidiaries and their permanent employees have jointly registered a provident fund scheme under Provident Fund Act B.E. 2530. Such fund is monthly contributed by both the employees and the Group at rates of 5 - 10 percent of the employees' basic salaries. The fund is managed by Krungsri Asset Management Company Limited. In addition, the subsidiaries in Sri Lanka and Bangladesh and their employees have jointly registered a provident fund on which the subsidiaries contribute at the rate of 12 percent to the provident fund as well as the subsidiaries in Sri Lanka and their employees have jointly registered a trust fund on which the subsidiaries contribute at the rate of 3 percent to the trust fund.

During the year 2019, the Group recognised the contributions of Baht 182 million (2018: Baht 179 million) and the Company recognised the contributions of Baht 100 million (2018: Baht 98 million) as expenses.

### 25.2 Defined benefit plans

#### 25.2.1 Provident fund

The Group and their permanent employees have jointly established a contributory, unfunded provident fund. Employees who have completed at least 5 years of service are entitled to full benefits, while employees leaving before completing 5 years of service do not receive the contributions made by the Group. Under the regulations of the fund, members are required to pay, and the Group accrues, monthly contributions to the fund at 5 percent of the members' basic salaries.

#### 25.2.2 Employee retirement benefit under labor law

The Group has obligations in respect of severance payments it must make to employees upon retirement under labor law. The Group treats these severance payment obligations as defined benefit plans.

#### 25.2.3 Other long-term employee benefits

The Group has provided other long-term employee benefit plans, namely resignation plan and a long service award for employees.

The defined benefit liabilities are measured at the present value of estimated future cash flows using a discount rate that is similar to the interest rate on government bond. A professionally qualified independent actuary values the defined benefit obligations on a regular basis.

Movements in provision for long-term employee benefits are shown as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	Provident fund	Employee retirement benefit under labor law	Other long-term employee benefits	Total
<b>Balance as at 1 January 2018</b>	1,023,366	1,058,454	60,626	2,142,446
Included in income statement:				
Current service cost	23,690	93,031	8,814	125,535
Interest cost	29,430	36,416	1,592	67,438
Gain on settlements	-	(1,499)	-	(1,499)
Actuarial gain arising from:				
Financial assumptions changes	-	-	(63)	(63)
Experience adjustments	-	-	(797)	(797)
Included in statement of comprehensive income:				
Actuarial (gain) loss arising from:				
Demographic assumptions changes	-	59	-	59
Financial assumptions changes	(61,191)	(21,449)	(229)	(82,869)
Experience adjustments	49,029	(2,224)	8,913	55,718
Employee contributions	19,064	-	-	19,064
Benefits paid during the year	(12,137)	(114,974)	(21,146)	(148,257)
Translation adjustment	-	(26,331)	-	(26,331)
<b>Balance as at 31 December 2018</b>	<b>1,071,251</b>	<b>1,021,483</b>	<b>57,710</b>	<b>2,150,444</b>

(Unit: Thousand Baht)

	Consolidated financial statements			
	Provident fund	Employee retirement benefit under labor law	Other long-term employee benefits	Total
<b>Balance as at 1 January 2019</b>	1,071,251	1,021,483	57,710	2,150,444
Included in income statement:				
Current service cost	20,814	124,530	8,984	154,328
Interest cost	31,704	44,264	1,579	77,547
Past service cost	-	249,404	-	249,404
Included in statement of comprehensive income:				
Actuarial (gain) loss arising from:				
Demographic assumptions changes	-	123	-	123
Financial assumptions changes	113,557	164,311	2,795	280,663
Experience adjustments	-	(365)	-	(365)
Employee contributions	20,428	-	-	20,428
Benefits paid during the year	(19,519)	(77,559)	(11,298)	(108,376)
Translation adjustment	-	(14,413)	-	(14,413)
<b>Balance as at 31 December 2019</b>	<u>1,238,235</u>	<u>1,511,778</u>	<u>59,770</u>	<u>2,809,783</u>

(Unit: Thousand Baht)

	Separate financial statements			Total
	Provident fund	Employee retirement benefit under labor law	Other long-term employee benefits	
<b>Balance as at 1 January 2018</b>	842,160	576,915	47,683	1,466,758
Included in income statement:				
Current service cost	18,092	40,991	5,732	64,815
Interest cost	24,222	16,127	1,256	41,605
Actuarial gain arising from:				
Financial assumptions changes	-	-	(58)	(58)
Experience adjustments	-	-	(630)	(630)
Included in statement of comprehensive income:				
Actuarial (gain) loss arising from:				
Financial assumptions changes	(49,022)	(6,413)	(160)	(55,595)
Experience adjustments	39,559	3,647	5,391	48,597
Employee contributions	15,379	-	-	15,379
Transfer out to subsidiary	(1,965)	(6,914)	(575)	(9,454)
Benefits paid during the year	(4,776)	(41,425)	(14,677)	(60,878)
<b>Balance as at 31 December 2018</b>	<b>883,649</b>	<b>582,928</b>	<b>43,962</b>	<b>1,510,539</b>

(Unit: Thousand Baht)

	Separate financial statements			
	Provident fund	Employee retirement benefit under labor law	Other long-term employee benefits	Total
<b>Balance as at 1 January 2019</b>	883,649	582,928	43,962	1,510,539
Included in income statement:				
Current service cost	16,379	53,706	5,978	76,063
Interest cost	26,122	22,794	1,214	50,130
Past service cost	-	186,124	-	186,124
Included in statement of comprehensive income:				
Actuarial loss arising from:				
Financial assumptions changes	90,554	103,718	1,855	196,127
Employee contributions	16,127	-	-	16,127
Benefits paid during the year	(17,595)	(42,738)	(7,654)	(67,987)
<b>Balance as at 31 December 2019</b>	<u>1,015,236</u>	<u>906,532</u>	<u>45,355</u>	<u>1,967,123</u>

On 5 April 2019, The Labour Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Group has additional liabilities for long-term employee benefits of Baht 249.4 million (The Company only: Baht 186.1 million). During the current year, the Group reflected the effect of the change by recognising past services costs as expenses in the income statements.

The Group expects to pay Baht 66 million of long-term employee benefits during the next year (Separate financial statements: Baht 45 million) (2018: Baht 60 million, separate financial statements: Baht 40 million).

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefits is 16 years for the Company and local subsidiaries and 6 - 16 years for the overseas subsidiaries (Separate financial statements: 16 years) (2018: 16 years for the Company and local subsidiaries and 10 - 17 years for the overseas subsidiaries (Separate financial statements: 16 years)).

Significant actuarial assumptions are summarised below.

	Consolidated financial statements		Separate financial statements	
	<u>2019</u> (% per annum)	<u>2018</u> (% per annum)	<u>2019</u> (% per annum)	<u>2018</u> (% per annum)
Discount rate	1.9, 8.0, 10.0, 10.4, 11.0	2.9, 8.7, 12.2, 12.3	1.9	2.9
Salary increase rate	6.0, 8.0	6.0, 8.0	6.0	6.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at 31 December 2019 and 2018 is summarised below.

(Unit: Million Baht)

	As at 31 December 2019			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(259.5)	300.1	(184.0)	211.5
Salary increase rate	170.2	(148.7)	108.3	(95.1)

(Unit: Million Baht)

	As at 31 December 2018			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(190.8)	220.0	(136.9)	156.9
Salary increase rate	108.8	(95.1)	67.7	(59.5)

**26. Provision for site restoration and decommissioning costs**

(Unit: Thousand Baht)

	Consolidated financial statements		
	Provision for site restoration	Provision for decommissioning	
		costs	Total
<b>As at 1 January 2018</b>	122,232	5,860	128,092
Unwinding of discount	11,162	248	11,410
Utilised during the year	(3,893)	-	(3,893)
Change in discount rate	(7,336)	(262)	(7,598)
Translation adjustment	(125)	-	(125)
<b>As at 31 December 2018</b>	122,040	5,846	127,886
Increase during the year	20,401	-	20,401
Unwinding of discount	12,801	110	12,911
Utilised during the year	(3,978)	-	(3,978)
Change in discount rate	6,162	1,615	7,777
Translation adjustment	(4,581)	-	(4,581)
<b>As at 31 December 2019</b>	152,845	7,571	160,416

(Unit: Thousand Baht)

	Separate financial statements
	Provision for site restoration
<b>As at 1 January 2018</b>	59,135
Unwinding of discount	2,330
Utilised during the year	(3,893)
Change in the discount rate	(7,337)
<b>As at 31 December 2018</b>	50,235
Unwinding of discount	1,900
Utilised during the year	(3,978)
Change in the discount rate	6,162
<b>As at 31 December 2019</b>	54,319

### **Provision for site restoration**

Provision for site restoration is recognised by areas of operating mining concession at the rate determined by the quarry engineer of the Group. The rate is based on the estimated cost for site restoration through to the end of the site. Provision for site restoration is discounted to its present value. The Group reviews and revises the rate to reflect the actual expenses incurred on a regular basis.

### **Provision for decommissioning costs**

The Group recognises a provision for decommissioning costs associated with machinery and equipment owned by the Group. The Group is committed to decommissioning the machinery and equipment which have been used in the operation after expiry date of land rental agreement.

## **27. Grants related to assets**

On 18 May 2018, a subsidiary received the subsidy of JPY 457.1 million (or equivalent to Baht 129.1 million) from Global Environment Centre Foundation (“GEC”) for Power Generation System by Waste Heat Recovery, which reduces carbon dioxide (CO<sub>2</sub>) emission. The subsidiary has to comply the conditions as required by Joint Crediting Mechanism (JCM) Financing Programme.

As at 31 December 2019, deferred income on the grants related to assets of Baht 114.8 million (2018: Baht 123.4 million), which was included in other non-current liabilities in the consolidated statement of financial position.

## **28. Statutory reserve**

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, statutory reserve has been set aside exceeding 10 percent of the registered share capital.

**29. Revenue from contracts with customers**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Type of goods or services:</b>				
Sales of cement and cement-related products	37,795,765	35,471,663	22,272,415	21,052,612
Sales of concrete and aggregates	8,149,653	7,795,244	-	-
Revenues from industrial waste disposal and industrial cleaning services	1,296,075	1,157,604	-	-
Others	351,406	339,401	158,987	114,923
Total revenue from contracts with customers	<u>47,592,899</u>	<u>44,763,912</u>	<u>22,431,402</u>	<u>21,167,535</u>
<b>Timing of revenue recognition:</b>				
Revenue recognised at a point in time	47,071,574	44,377,652	22,431,402	21,167,535
Revenue recognised over time	521,325	386,260	-	-
Total revenue from contracts with customers	<u>47,592,899</u>	<u>44,763,912</u>	<u>22,431,402</u>	<u>21,167,535</u>

**30. Expenses by nature**

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Raw materials and supplies used	17,672,630	15,782,737	9,182,816	8,586,635
Changes in inventories of finished goods and work in process	(20,574)	(209,055)	(191,848)	147,845
Other production expenses	8,261,470	6,900,070	3,288,950	2,716,900
Salaries, wages and other employee benefits	5,668,066	5,193,833	2,829,549	2,291,133
Transportation expenses	4,912,956	5,033,947	2,120,401	2,271,486
Depreciation and amortisation (Note 31)	3,329,657	3,268,189	1,451,688	1,324,441
Other expenses	3,218,687	4,060,169	1,156,159	1,616,716
Total expenses	<u>43,042,892</u>	<u>40,029,890</u>	<u>19,837,715</u>	<u>18,955,156</u>

### 31. Summary of depreciation and amortisation

(Unit: Thousand Baht)

	Consolidated financial statements					
	2019			2018		
	Cost of sales and services	Selling and distribution expenses and administrative expenses	Total	Cost of sales and services	Selling and distribution expenses and administrative expenses	Total
Property, plant and equipment	2,649,186	195,735	2,844,921	2,620,124	208,057	2,828,181
Assets not used in operations	-	2,421	2,421	-	2,421	2,421
Intangible assets	412,230	70,085	482,315	361,187	76,400	437,587
Total depreciation and amortisation	<u>3,061,416</u>	<u>268,241</u>	<u>3,329,657</u>	<u>2,981,311</u>	<u>286,878</u>	<u>3,268,189</u>

(Unit: Thousand Baht)

	Separate financial statements					
	2019			2018		
	Cost of sales and services	Selling and distribution expenses and administrative expenses	Total	Cost of sales and services	Selling and distribution expenses and administrative expenses	Total
Investment properties	-	10,725	10,725	-	10,762	10,762
Property, plant and equipment	1,193,176	105,237	1,298,413	1,133,574	105,640	1,239,214
Assets not used in operations	-	2,421	2,421	-	2,421	2,421
Intangible assets	123,555	16,574	140,129	54,271	17,773	72,044
Total depreciation and amortisation	<u>1,316,731</u>	<u>134,957</u>	<u>1,451,688</u>	<u>1,187,845</u>	<u>136,596</u>	<u>1,324,441</u>

**32. Income tax**

Income tax expenses for the years ended 31 December 2019 and 2018 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Current income tax:</b>				
Current income tax charge	787,217	673,201	437,973	294,953
Income tax of overseas subsidiary paid for tax on importation of materials during the year	41,708	-	-	-
Adjustment in respect of income tax of previous year	(21,901)	(1,876)	(3,092)	(6,925)
Withholding tax deducted at source recognised as expense during the year	2,509	59,844	-	51,505
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(112,028)	(162,358)	(90,983)	(58,523)
<b>Income tax expenses reported in the income statements</b>	<u>697,505</u>	<u>568,811</u>	<u>343,898</u>	<u>281,010</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2019 and 2018 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Deferred tax relating to actuarial gain (loss)	(54,149)	5,700	(39,226)	1,399

The reconciliation between accounting profit and income tax expenses is shown below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Accounting profit before tax	4,024,717	3,990,262	3,442,491	3,609,066
Applicable tax rates	10%, 15%, 20%, 25%, 28%, 35%	10%, 15%, 20%, 25%, 28%, 35%	20%	20%
Accounting profit before tax multiplied by				
income tax rates	684,046	694,692	688,498	721,813
Adjustment in respect of income tax				
of previous year	(21,901)	(1,876)	(3,092)	(6,925)
Income tax of overseas subsidiary paid for tax on				
importation of materials during the year	41,708	-	-	-
Withholding tax deducted at source recognised as				
expenses during the year	2,509	59,844	-	51,505
Effects of:				
Promotional privileges (Note 40)	(84,004)	(134,619)	-	-
Profit not subject to tax under International				
Trading Center (ITC) tax privilege scheme	(14,453)	(10,289)	-	-
Utilisation of tax loss carried forward	-	(15,578)	-	-
Non-deductible expenses	139,390	146,352	4,173	22,023
Income not subject to tax	-	(81,209)	(340,660)	(448,100)
Additional expense deductions allowed	(94,130)	(72,524)	(5,021)	(5,427)
Unrecognised tax losses as deferred tax assets	45,454	67,459	-	-
Recognition of deferred tax assets of				
previous years	(29,529)	(121,247)	-	(43,578)
Taxable withholding tax deducted at source				
expenses	(502)	(10,301)	-	(10,301)
Others	(4,237)	2,229	-	-
Total	(42,011)	(229,727)	(341,508)	(485,383)
Write-off of deferred tax assets	33,154	45,878	-	-
Income tax expenses reported in				
the income statements	697,505	568,811	343,898	281,010
Effective income tax rate	17.3%	14.3%	10.0%	7.8%

On 25 July 2017, Siam City Cement Trading Company Limited obtained an approval from the Revenue Department to be International Trading Center (ITC), which has received tax privileges for exemption of income tax for international trading of goods under the conditions as required by the Revenue Department for 15 accounting periods from 19 July 2017 to 31 December 2031. However, on 1 November 2019, Royal Decree No. 687 was published in the Royal Gazette which stipulated cessation of the tax privileges on qualifying incomes of International Trading Center (ITC), effective from 1 June 2019.

A reconciliation of the book value of deferred tax assets and deferred tax liabilities for the years ended 31 December 2019 and 2018 is presented below.

	Consolidated financial statements				Separate financial statements				
	As at 1 January 2019	Recognised in the income statement	Recognised in other comprehensive income	Translation adjustment	As at 31 December 2019	As at 1 January 2019	Recognised in the income statement	Recognised in other comprehensive income	As at 31 December 2019
(Unit: Thousand Baht)									
<b>Deferred tax assets</b>									
Provision for long-term employee benefits	384,027	76,733	54,149	(3,165)	511,744	269,047	48,868	39,226	357,141
Property, plant and equipment and assets not used in operations	163,806	27,424	-	448	191,678	68,280	17,313	-	85,593
Deferred revenue	178,050	29,630	-	(3,034)	204,646	102,555	34,204	-	136,759
Unused tax losses	177,881	(49,552)	-	(6,024)	122,305	-	-	-	-
Others	127,039	45,106	-	2,890	175,035	40,863	(9,402)	-	31,461
<b>Total</b>	<b>1,030,803</b>	<b>129,341</b>	<b>54,149</b>	<b>(8,885)</b>	<b>1,205,408</b>	<b>480,745</b>	<b>90,983</b>	<b>39,226</b>	<b>610,954</b>
<b>Deferred tax liabilities</b>									
Property, plant and equipment	1,184,600	712	-	(79,300)	1,106,012	-	-	-	-
Intangible assets	1,633,719	(28,558)	-	(108,268)	1,496,893	-	-	-	-
Others	-	45,159	-	-	45,159	-	-	-	-
<b>Total</b>	<b>2,818,319</b>	<b>17,313</b>	<b>-</b>	<b>(187,568)</b>	<b>2,648,064</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred tax assets (liabilities) - net</b>	<b>(1,787,516)</b>	<b>112,028</b>	<b>54,149</b>	<b>178,683</b>	<b>(1,442,656)</b>	<b>480,745</b>	<b>90,983</b>	<b>39,226</b>	<b>610,954</b>
<b>Statements of financial position:</b>									
Deferred tax assets	881,603				1,064,125	480,745			610,954
Deferred tax liabilities	(2,669,119)				(2,506,781)	-			-
<b>Deferred tax assets (liabilities) - net</b>	<b>(1,787,516)</b>				<b>(1,442,656)</b>	<b>480,745</b>			<b>610,954</b>

(Unit: Thousand Baht)

	Consolidated financial statements				Separate financial statements				
	As at 1 January 2018	Recognised in the income statement	Recognised in other comprehensive income	Translation adjustment	As at 31 December 2018	As at 1 January 2018	Recognised in the income statement	Recognised in other comprehensive income	As at 31 December 2018
<b>Deferred tax assets</b>									
Provision for long-term employee benefits	389,035	6,578	(5,700)	(5,886)	384,027	262,003	8,443	(1,399)	289,047
Property, plant and equipment and assets not used in operations	108,281	55,525	-	-	163,806	18,918	49,362	-	68,280
Deferred revenue	124,745	53,453	-	(148)	178,050	117,020	(14,465)	-	102,555
Unused tax losses	162,501	50,859	-	(35,479)	177,881	-	-	-	-
Others	88,341	46,528	-	(7,830)	127,039	25,680	15,183	-	40,863
<b>Total</b>	<b>872,903</b>	<b>212,943</b>	<b>(5,700)</b>	<b>(49,343)</b>	<b>1,030,803</b>	<b>423,621</b>	<b>58,523</b>	<b>(1,399)</b>	<b>480,745</b>
<b>Deferred tax liabilities</b>									
Property, plant and equipment	1,297,629	56,400	-	(169,429)	1,184,600	-	-	-	-
Intangible assets	1,958,164	(5,815)	-	(318,630)	1,633,719	-	-	-	-
<b>Total</b>	<b>3,255,793</b>	<b>50,585</b>	<b>-</b>	<b>(488,059)</b>	<b>2,818,319</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred tax assets (liabilities) - net</b>	<b>(2,382,890)</b>	<b>162,358</b>	<b>(5,700)</b>	<b>438,716</b>	<b>(1,787,516)</b>	<b>423,621</b>	<b>58,523</b>	<b>(1,399)</b>	<b>480,745</b>
<b>Statements of financial position:</b>									
Deferred tax assets	797,245				881,603	423,621			480,745
Deferred tax liabilities	(3,180,135)				(2,669,119)	-			-
<b>Deferred tax assets (liabilities) - net</b>	<b>(2,382,890)</b>				<b>(1,787,516)</b>	<b>423,621</b>			<b>480,745</b>

As at 31 December 2019, the subsidiaries had unused tax losses of Rupiah Indonesia 403,229 million, Baht 451 million and Taka 47.1 million, totaling Baht 1,344 million (2018: Rupiah Indonesia 445,676 million, Baht 480 million and Taka 25.1 million, totaling Baht 1,331 million) that were not recognised deferred tax assets.

Details of expiry date of unused tax losses of the subsidiaries are summarised below.

	(Unit: Million Baht)	
	Consolidated	
	financial statements	
	<u>2019</u>	<u>2018</u>
31 December 2019	-	212
31 December 2020	492	519
31 December 2021	269	184
31 December 2022	219	129
31 December 2023	199	287
31 December 2024	148	-
31 December 2025	17	-
	<u>1,344</u>	<u>1,331</u>

### 33. Earnings per share

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

### 34. Dividends

On 30 March 2018, the Annual General Meeting of the shareholders of the Company passed a resolution to approve a final dividend for 2017 of Baht 4.0 per share, totaling Baht 1,192 million. Thus, including the interim dividend of Baht 6.0 per share, the total dividend payment for 2017 amounted to Baht 10.0 per share. The dividend was paid on 27 April 2018.

On 24 July 2018, the meeting of the Company's Board of Directors approved the payment of an interim dividend from the Company's profit for the six-month period ended 30 June 2018 of Baht 4.0 per share, totaling Baht 1,192 million. The Company paid such dividend on 23 August 2018.

On 26 March 2019, the Annual General Meeting of the shareholders of the Company passed a resolution to approve a final dividend for 2018 of Baht 4.0 per share, totaling Baht 1,192 million. Thus, including the interim dividend of Baht 4.0 per share, the total dividend payment for 2018 amounted to Baht 8.0 per share. The dividend was paid on 25 April 2019.

On 31 July 2019, the meeting of the Company's Board of Directors approved the payment of an interim dividend from the Company's profit for the six-month period ended 30 June 2019 of Baht 4.0 per share, totaling Baht 1,192 million. The Company paid such dividend on 28 August 2019.

### **35. Segment information**

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Group is organised into business units based on their products and services and have three reportable segments as follows:

1. The cement segment, which produces and sells cement.
2. The concrete and aggregate segment, which produces and sells ready-mixed concrete and aggregate.
3. The trading segment, which import and export cement and cement-related products.

The Group has no operating segments have been aggregated to form the above reportable operating segments and has not changed the organisation of its reportable segments, during the current year.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue and profit information regarding the Group's operating segments for the years ended 31 December 2019 and 2018.

(Unit: Million Baht)

For the years ended 31 December

	Cement		Concrete and aggregates		Trading		Others		Total segments		Adjustments and eliminations		Consolidated	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	Revenue from external customers	29,614	30,419	8,477	8,045	6,423	3,461	3,079	2,839	47,593	44,764	-	-	47,593
Inter-segment revenue	7,524	7,030	402	366	6,646	7,198	1,386	1,276	15,958	15,870	(15,958)	(15,870)	-	-
Interest income	50	31	7	7	1	-	1	1	59	39	-	-	59	39
Interest expenses	1,285	1,202	7	9	-	1	80	83	1,372	1,295	(74)	(83)	1,298	1,212
Depreciation and amortisation	2,655	2,617	289	266	2	1	419	421	3,365	3,305	(35)	(37)	3,330	3,268
Share of profit from investments in joint venture and associated companies accounted for by the equity method	536	330	-	-	-	-	-	-	536	330	-	-	536	330
Income tax expenses (revenues)	464	402	46	(11)	81	66	75	112	666	569	32	-	698	569
Material non-cash items other than depreciation and amortisation:														
Increase in impairment loss and loss on write-off of assets	279	223	29	29	-	-	16	9	324	261	-	-	324	261
Impairment loss on the remeasurement to fair value less costs to sell of non-current assets held for sale	-	-	8	-	-	-	-	-	8	-	-	-	8	-
<b>Segment profit</b>	<b>11,584</b>	<b>12,165</b>	<b>1,740</b>	<b>1,486</b>	<b>1,680</b>	<b>1,598</b>	<b>950</b>	<b>1,019</b>	<b>15,954</b>	<b>16,268</b>	<b>(824)</b>	<b>(804)</b>	<b>15,130</b>	<b>15,464</b>

## Geographic information

Revenue from external customers is based on locations of the customers.

	(Unit: Million Baht)	
	<u>2019</u>	<u>2018</u>
Revenue from external customers		
Thailand	25,139	23,939
Vietnam	7,465	8,347
Sri Lanka	5,464	6,061
Bangladesh	2,187	2,103
Cambodia	1,799	1,587
China	1,180	315
Australia	1,138	-
Others	3,221	2,412
Total	<u>47,593</u>	<u>44,764</u>
Non-current assets (other than financial instruments and deferred tax assets)		
Thailand	29,419	29,791
Vietnam	18,602	20,273
Sri Lanka	11,726	12,831
Indonesia	1,013	1,085
Bangladesh	958	1,079
Total	<u>61,718</u>	<u>65,059</u>

## Major customers

For the years 2019 and 2018, the Group has no major customer with revenue of 10 percent or more of an entity's revenues.

## 36. Contingent liabilities

### 36.1 Bank guarantees

36.1.1 As at 31 December 2019, there were outstanding bank guarantees of Baht 585 million, LKR 805 million, Taka 47 million and VND 17,884 million (2018: Baht 228 million, USD 0.2 million, LKR 854 million, Taka 31 million and VND 28,630 million) (Separate financial statements: Baht 63 million (2018: Baht 43 million)) issued by banks on behalf of the Group in respect of electricity usage and other guarantees as required in the normal course of its business.

36.1.2 As at 31 December 2019, the associated companies and joint venture had outstanding bank guarantees of Baht 5.9 million, Indonesian Rupiah 9,500 million and USD 0.2 million (2018: Baht 5.9 million, Indonesian Rupiah 50,302 million and USD 0.1 million) issued by banks on behalf of the associated companies and joint venture as required in the normal course of their businesses.

## 36.2 Litigation of overseas subsidiaries

36.2.1 A subsidiary in Sri Lanka has a dispute which was filed against the Arbitrator dated 14 June 2017 regarding obligation to retrospectively pay the allowance of LKR 10,000 being paid to certain employees of a company. Currently, the case is in the arbitration process. The management of the subsidiary believes that possibility of the unfavourable result of the dispute to the subsidiary is remote and provision has not therefore been recorded.

36.2.2 A subsidiary in Sri Lanka was alleged by the Customs Department of Sri Lanka for failure to pay customs levies and tax on certain payments such as demurrage, calorific value and moisture adjustment, war risk premium, loading-unloading and stevedoring charges. On 7 February 2019, the Customs Department of Sri Lanka ordered the subsidiary to pay customs levies and tax totaling LKR 545 million (approximately Baht 91 million). However, the subsidiary appealed the order since the subsidiary believes that there have been no irregularities in payment of levies/duties and there is no basis of such allegation. Based on the currently available information as at the reporting date and legal counsel opinion, the management of the subsidiary believes that possibility of the unfavourable result of the case to the subsidiary is remote and provision has not therefore been recorded.

In addition, the Customs Department of Sri Lanka investigated on importation of cement and other related products of another subsidiary in Sri Lanka. However, the subsidiary has declared the correct transaction value in term of "Schedule E" of the Customs Ordinance thereby defrauding government revenue by way of evading payment of due customs duty and other levies and, based on the currently available information as at the reporting date and legal counsel opinion, the management of the subsidiary believes that possibility of the unfavourable result of the case to the subsidiary is remote and provision has not therefore been recorded.

36.2.3 A subsidiary in Sri Lanka has disputes relating to income tax assessments for the years 2004 - 2006 totaling LKR 119 million (approximately Baht 20 million) for the deductibility of interest and royalty claims. However, the subsidiary appealed against the decision of the Department of Inland Revenue of Sri Lanka. Based on the currently available information as at the reporting date and legal counsel opinion, the management of the subsidiary believes that possibility of the unfavourable result of the case to the subsidiary is remote and provision has not therefore been recorded.

In addition, three subsidiaries in Sri Lanka have other proceedings/assessments for general and tax related pending against the subsidiaries. Based on the currently available information as at the reporting date and opinion of legal counsel and tax consultants of the subsidiaries, the management of the subsidiaries believes that possibility of the unfavourable result of the cases to the subsidiaries is remote and provision has not therefore been recorded.

36.2.4 A subsidiary in Bangladesh has disputes and litigations with relevant authorities relating to VAT and income tax with the claims/assessments totaling Taka 194 million (approximately Baht 69 million) in which they are under hearing of the High Court of Bangladesh. However, as at 31 December 2019, the management of the subsidiary had reviewed the merits of those to assess possible outcomes and recorded a provision for the disputes and litigations of Taka 33 million (approximately Baht 12 million).

## **37. Commitments**

37.1 As at 31 December 2019 and 2018, the Group had the following significant outstanding commitments:

37.1.1 The Group entered into the service agreements with a subsidiary in respect of the Group's computer system. The Group is committed to pay the fees on the basis and at the rate as stipulated in the agreements.

37.1.2 The Group entered into an agreement with a company in respect of computer system maintenance. The Group is committed to pay a fee on the basis and at the rate as stipulated in the agreement.

37.1.3 The Group entered into long-term service agreements regarding temporary employment services. The Group is committed to pay the service fees at the rate as stipulated in the agreements.

37.1.4 The Group entered into various agreements with local companies in respect of the lease of land, office building space, motor vehicles and other services for periods ranging from 1 year to 30 years.

As at 31 December 2019 and 2018, the future lease and service fees payable by the Group are as follows:

Payable	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
In up to 1 year	372	453	133	140
In over 1 year and up to 5 years	554	704	135	214
In over 5 years	632	580	-	-

37.1.5 The Group has commitments in respect of raw materials and fuel purchases, logistic services, lease of equipment, sales contracts as required in the normal course of its business.

37.1.6 The Group entered into an agreement with a company in respect of accounting software licenses and maintenance. The Group is committed to pay a fee on the basis and at the rate as stipulated in the agreement.

37.1.7 The Company entered into an agreement with a company in respect of computer software implementation. The Company is committed to pay a fee on the basis and the rate as stipulated in the agreement.

37.1.8 The Company has commitment regarding the contribution to the funds in accordance with the requirements and legally applicable rate specified by Department of Primary Industries and Mine.

37.1.9 The Group had outstanding capital expenditure and construction commitments of Baht 335 million (Separate financial statements: Baht 142 million) (2018: Baht 232 million and separate financial statements: Baht 159 million).

37.1.10 A subsidiary entered into a technology license agreement with an overseas company for a period of 10 years, commencing 6 March 2002 to 5 March 2012, with an automatic renewal for every 1 year period. The subsidiary is committed to pay licensing fee on the basis and at the rate as stipulated in the agreement.

37.1.11 A subsidiary entered into an agreement with a company in respect of computer software license. The subsidiary is committed to pay a license fee on the basis and at the rate as stipulated in the agreement.

37.1.12 A subsidiary entered into an electricity supply agreement with a local power plant with 15-year duration from the operation date. The subsidiary shall purchase and pay electricity supply at the quantity and the rate as stipulated in the agreement.

37.1.13 A subsidiary has commitment regarding the contribution to the Power Development Fund in accordance with the regulation required by the Energy Regulatory Commission. The contribution is calculated based on the sale quantities and legally applicable rate.

37.2 The associated companies and joint venture entered into several lease agreements in respect of the lease of land, office building space, motor vehicles, and other services. As at 31 December 2019, the future lease and service fees payable by the associated companies and joint venture under these lease and service agreements of Baht 794 million (2018: Baht 112 million).

37.3 The associated companies and joint venture had outstanding capital expenditure and construction commitments of USD 2.6 million and Baht 61.5 million, totaling approximately Baht 139.2 million (2018: USD 0.4 million and Baht 289.5 million, totaling approximately Baht 302.0 million).

### 38. Fair value hierarchy

As at 31 December 2019 and 2018, the Group had the assets and liabilities that were measured at fair value or disclosed fair value using different levels of inputs as follows:

(Unit: Million Baht)

	As at 31 December 2019				
	Consolidated			Separate	
	financial statements			financial statements	
	Level 1	Level 2	Level 3	Level 1	Level 2
<b>Assets measured at fair value</b>					
Derivatives					
Forward exchange contracts	-	0.9	-	-	0.5
Non-current assets held for sale	-	-	65.1	-	-
<b>Assets for which fair value is disclosed</b>					
Investments in associated companies	1,973.5	-	-	1,973.5	-
Investment properties	-	1,279.8	-	-	1,658.5
<b>Liabilities for which fair value is disclosed</b>					
Fixed rate long-term loan	-	7,273.9	-	-	7,273.9
Debentures	-	20,498.7	-	-	20,498.7

(Unit: Million Baht)

	As at 31 December 2018			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	Level 1	Level 2	Level 1	Level 2
<b>Assets measured at fair value</b>				
Derivatives				
Forward exchange contracts	-	5.4	-	-
<b>Liabilities measured at fair value</b>				
Derivative				
Cross currency and interest rate swap	-	(15.6)	-	-
<b>Assets for which fair value is disclosed</b>				
Investments in associated companies	2,859.6	-	2,859.6	-
Investment properties	-	1,279.8	-	1,802.8
<b>Liabilities for which fair value is disclosed</b>				
Fixed rate long-term loan	-	7,206.9	-	7,206.9
Debentures	-	19,554.9	-	19,554.9

### 39. Financial instruments

#### 39.1 Financial risk management

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

##### ***Credit risk***

The Group is exposed to credit risk primarily with respect to trade receivables. The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Group does not have high concentration of credit risk since they have a variety of customer base and large number of customers. The maximum exposure to credit risk is limited to the carrying amounts of trade receivables as stated in the statement of financial position.

## Interest rate risk

The Group's exposure to interest rate risk relates primarily to their interest-bearing bank deposits, short-term loans, bank overdrafts, short-term borrowings, long-term borrowings, liabilities under finance leases, long-term liabilities for concession and debentures. However, since most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal, except for fixed rate long-term loan and debentures in which their fair values had been disclosed in Note 38 of the financial statements.

Significant financial assets and liabilities that are subject to interest as at 31 December 2019 and 2018 classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements							
As at 31 December 2019							
Fixed interest rates						Effective interest rate (% p.a.)	
Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total		
<b>Financial assets</b>							
Cash and cash equivalents	3,660	-	-	561	600	4,821	0.01 - 7.00
Restricted bank deposits	17	-	-	-	-	17	1.50
	<u>3,677</u>	<u>-</u>	<u>-</u>	<u>561</u>	<u>600</u>	<u>4,838</u>	
<b>Financial liabilities</b>							
Short-term loans from related financial institution	100	-	-	-	-	100	1.95
Bank overdrafts and short-term loans from other financial institutions	2,588	-	-	-	-	2,588	4.53 - 10.79
Liabilities under finance lease agreements	12	13	24	-	-	49	2.11 - 7.45
Long-term loans from other financial institutions	539	7,437	-	-	-	7,976	3.00 - 11.31
Debentures	2,999	4,493	11,479	-	-	18,971	2.46 - 4.30
Long-term liabilities for concession and license fee	6	460	550	-	84	1,100	3.39 - 4.15
	<u>6,244</u>	<u>12,403</u>	<u>12,053</u>	<u>-</u>	<u>84</u>	<u>30,784</u>	

(Unit: Million Baht)

Consolidated financial statements							
As at 31 December 2018							
Fixed interest rates							
Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)	
<b>Financial assets</b>							
Cash and cash equivalents	455	-	-	1,094	1,098	2,647	0.10 - 8.50
Restricted bank deposits	12	-	-	-	-	12	1.50
	<u>467</u>	<u>-</u>	<u>-</u>	<u>1,094</u>	<u>1,098</u>	<u>2,659</u>	
<b>Financial liabilities</b>							
Short-term loans from related financial institution	160	-	-	-	-	160	2.05
Bank overdrafts and short-term loans from other financial institutions	3,968	-	-	-	-	3,968	1.55 - 12.80
Liabilities under finance lease agreements	10	17	-	-	-	27	2.11 - 7.45
Long-term loans from related financial institution	-	-	-	90	-	90	THBFIX plus a margin
Long-term loans from other financial institutions	342	7,371	-	-	-	7,713	3.00 - 13.96
Debentures	-	2,998	15,968	-	-	18,966	2.46 - 4.30
	<u>4,480</u>	<u>10,386</u>	<u>15,968</u>	<u>90</u>	<u>-</u>	<u>30,924</u>	

(Unit: Million Baht)

Separate financial statements							
As at 31 December 2019							
Fixed interest rates							
Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)	
<b>Financial assets</b>							
Cash and cash equivalents	1,270	-	-	90	90	1,450	0.01 - 1.00
Short-term loans to related parties	3,225	-	-	-	-	3,225	2.18 - 2.36
	<u>4,495</u>	<u>-</u>	<u>-</u>	<u>90</u>	<u>90</u>	<u>4,675</u>	
<b>Financial liabilities</b>							
Long-term loans from other financial institution	-	6,979	-	-	-	6,979	3.00
Debentures	2,999	4,493	11,479	-	-	18,971	2.46 - 4.30
Long-term liabilities for concession and license fee	6	453	547	-	84	1,090	3.39
	<u>3,005</u>	<u>11,925</u>	<u>12,026</u>	<u>-</u>	<u>84</u>	<u>27,040</u>	

(Unit: Million Baht)

Separate financial statements							
As at 31 December 2018							
Fixed interest rates							
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	551	138	689	0.10 - 0.40
Short-term loans to related parties	3,170	-	-	-	-	3,170	2.18
	3,170	-	-	551	138	3,859	
<b>Financial liabilities</b>							
Short-term loans from other							
financial institutions	1,000	-	-	-	-	1,000	1.55
Long-term loans from other							
financial institution	-	6,969	-	-	-	6,969	3.00
Debentures	-	2,998	15,968	-	-	18,966	2.46 - 4.30
	1,000	9,967	15,968	-	-	26,935	

### Foreign currency risk

The Group has a foreign currency risk in respect of the sales/purchase transactions in foreign currencies. The Group manages their exposure to foreign currency risk by natural balancing net position of receipt and payment of the foreign currency transactions in each period. The Group seeks to reduce the risk on net position by entering into forward exchange contracts when they consider appropriate. Generally, the forward contracts mature within one year.

The balances of financial assets and liabilities denominated in foreign currencies as at 31 December 2019 and 2018 are summarised below.

(Unit: Million)

As at 31 December 2019						
	Consolidated		Separate		Exchange rate as at 31 December 2019 (Baht per foreign currency unit)	
	financial statements		financial statements			
Foreign currency	Financial assets	Financial liabilities	Financial assets	Financial liabilities	Buying rate	Selling rate
US dollar	25	44	2	1	29.9767	30.3313
Euro	-	4	-	2	33.3775	34.0846

(Unit: Million)

Foreign currency	As at 31 December 2018				Exchange rate as at 31 December 2018	
	Consolidated		Separate			
	financial statements		financial statements		Buying rate	Selling rate
	Financial assets	Financial liabilities	Financial assets	Financial liabilities		
	13	81	2	8	32.2848	32.6148
US dollar						
	1	5	-	2	36.7620	37.4884
Euro						
	-	5	-	1	0.2892	0.2970
Japanese Yen						
	-	22	-	-	0.0014	0.0014
Vietnamese Dong						

Forward exchange contracts outstanding as at 31 December 2019 and 2018 are summarised below.

#### The Company and local subsidiary

As at 31 December 2019					
Foreign currency	Bought amount	sold amount	Contractual exchange rate for amount bought	Contractual exchange rate for amount sold	Contractual maturity date
	(Million)	(Million)	(Baht per 1 foreign currency unit)	(Baht per 1 foreign currency unit)	
Euro	0.6	-	33.50 - 33.53	-	2 January 2020 - 15 January 2020
US dollar	-	6.9	-	30.10 - 30.32	8 January 2020 - 28 February 2020

As at 31 December 2018			
Foreign currency	Bought amount	Contractual exchange rate for amount bought	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
Euro	0.1	37.44 - 37.76	22 January 2019 - 21 February 2019
US dollar	2.6	32.77	12 February 2019

## Overseas subsidiaries

As at 31 December 2019

Foreign currency	Bought	Contractual exchange rate for amount bought		Contractual maturity date
	amount (Million)	(LKR per 1 foreign currency unit)	(VND per 1 foreign currency unit)	
US dollar	9.1	181.75 - 182.15	23,264 - 23,334	2 January 2020 - 8 April 2020

As at 31 December 2018

Foreign currency	Bought	Contractual exchange rate for amount bought		Contractual maturity date
	amount (Million)	(LKR per 1 foreign currency unit)	(VND per 1 foreign currency unit)	
US dollar	15.1	181.68	23,318 - 23,498	4 January 2019 - 17 May 2019
Baht	0.4	-	712	4 January 2019

As at 31 December 2019, the subsidiary had no outstanding cross currency and interest rate swap agreement (2018: the subsidiary had outstanding cross currency and interest rate swap agreement to swap loan amount of USD 8.9 million to Baht 270 million and swap the interest rate of such loan from a fixed rate of 3.90 percent per annum to the floating rate THBFIX 6 months reference rate plus a margin).

### 39.2 Fair values of financial instruments

Since the majority of the Group's financial instruments bear floating interest rates or fixed interest rates close to the market rates, their fair value is not expected to be materially different from the amounts presented in the statements of financial position, except for the fair value of fixed rate long-term loan and debentures as disclosed in Note 38 of the financial statements.

The estimated fair value of derivatives is as follows:

	(Unit: Million Baht)	
	As at 31 December 2019	As at 31 December 2018
	Fair value	Fair value
	Gain	Gain (loss)
<b>Derivatives</b>		
Forward exchange contracts	0.9	5.4
Cross currency and interest rate swap	-	(15.6)

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercises judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both) liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

The methods and assumptions used by the Group in estimating the fair value of financial instruments are as follows:

- a) For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, accounts receivable, short-term loans, accounts payable, bank overdrafts, short-term borrowings and liabilities under finance leases, their carrying amounts in the statements of financial position approximate their fair value.
- b) For equity securities, their fair value is generally derived from quoted market prices, or based on generally accepted pricing models when no market price is available.
- c) For fixed rate long-term loan and debentures, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the financial instruments with similar terms and conditions.
- d) For derivatives, their fair value has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies and interest rate yield curves. The Group had considered the counterparty credit risk when determining the fair value of derivatives.

During the current year, there were no transfers within the fair value hierarchy.

#### 40. Promotional privileges

The subsidiaries have received promotional privileges under the Investment Promotion Act B.E. 2520 as approved by the Board of Investment. Subject to the imposed conditions, the significant privileges are as follows:

Descriptions	Privileged details		
	Siam City Power Co., Ltd.	Siam City Power Co., Ltd.	INSEE Digital Co., Ltd.
1. Certificate No.	2331(2)/Aor./2554	59-1306-1-00-1-0	59-1354-1-00-2-0
2. Certificate date	10 November 2011	6 October 2016	19 October 2016
3. Promotional privileges for	Electric power generator from waste heat of cement production	Electric power generator from waste heat of cement production	Development of enterprise software and/or digital content
4. The significant privileges are:			
4.1 Exemption from corporate income tax on income from the promoted operation, but not over 100 percent of investment excluding land and working capital.	8 years (expired on 10 August 2019)	5 years	7 years
4.2 A fifty percent reduction of the normal rate of corporate income tax on net earnings derived from the promoted activity for a period of five years after the expiration of the corporate income tax exemption period as mentioned in 4.1.	Not granted	Granted	Granted
4.3 Exemption from income tax on dividends paid from the promoted operation on which the corporate income tax is exempted throughout the corporate income tax exemption period.	8 years	5 years	7 years
4.4 Exemption from import duty on machinery as approved by the board.	Granted	Granted	Granted
4.5 Permission to bring in foreign technician or expertise including his/her spouse and person under his/her patronage to work in the kingdom only position and within the number and period as approved by the board.	Not granted	Not granted	Granted

On 23 August 2017, INSEE Digital Co., Ltd. obtained an approval from Board of Investment to extend the exemption period of corporate income tax privileges of certificate no. 59-1354-1-00-2-0 from 5 years to 7 years.

On 30 October 2018, Siam City Power Co., Ltd. obtained an approval from Board of Investment to extend the exemption period of corporate income tax privileges of certificate no. 59-1306-1-00-1-0 from 3 years to 5 years.

During the years ended 31 December 2019 and 2018, the subsidiaries had revenue from manufacturing and sales of electric power and provision of technical services, management and development of data system derived from the promoted operations of Baht 1,425 million and Baht 1,777 million, respectively, which were wholly sold and serviced to the related parties.

#### **41. Capital management**

The primary objective of the Company's capital management is to ensure that it has an appropriate capital structure in order to support its business and maximise shareholder value.

The Group manages its capital position by maintaining an appropriate debt-to-equity ratio. As at 31 December 2019, the Group's debt-to-equity ratio was 1.39:1 (2018: 1.30:1) and the Company's was 0.91:1 (2018: 0.90:1).

#### **42. Events after the reporting period**

##### **42.1 Dividend income from subsidiary companies**

On 29 January 2020, the meeting of Board of Directors of Siam City Cement (Lanka) Limited ("the subsidiary") approved the payment of a final dividend for 2019 of LKR 1.5 per share, totaling LKR 249 million. The Company will record the dividend income from the subsidiary of LKR 246 million or approximately Baht 42 million in the first quarter of 2020.

On 4 February 2020, the meeting of Board of Directors of Siam City Concrete Co., Ltd. ("the subsidiary") approved the payment of a final dividend for 2019 of Baht 1.0 per share, totaling Baht 25 million. The Company will record the dividend income from the subsidiary in the first quarter of 2020.

On 4 February 2020, the meeting of Board of Directors of Siam City Cement Trading Co., Ltd. ("the subsidiary") approved the payment of a final dividend for 2019 of Baht 22.0 per share, totaling Baht 22 million. The Company will record the dividend income from the subsidiary in the first quarter of 2020.

On 5 February 2020, the meeting of Board of Directors of Siam City Power Co., Ltd. (“the subsidiary”) approved the payment of a final dividend for 2019 of Baht 1.6 per share, totaling Baht 32 million. The Company will record the dividend income from the subsidiary in the first quarter of 2020.

On 7 February 2020, the Meeting of Members’ Council of Siam City Cement (Vietnam) Limited (“the subsidiary”) approved the payment of a final dividend for 2019 of VND 213,747 million. The Company will record the dividend income from the subsidiary of VND 138,935 million or approximately Baht 185 million in the first quarter of 2020.

On 14 February 2020, the meeting of Board of Directors of INSEE Ecocycle Co., Ltd. (“the subsidiary”) approved the payment of a final dividend for 2019 of Baht 5.0 per share, totaling Baht 20 million. The Company will record the dividend income from the subsidiary in the first quarter of 2020.

#### **42.2 Proposed dividends of the Company**

On 20 February 2020, the meeting of the Company’s Board of Directors approved to pay a final dividend for 2019 of Baht 4.0 per share, totaling Baht 1,192 million. Thus, including the interim dividend of Baht 4.0 per share, the total dividend payment for 2019 amounted to Baht 8.0 per share. The final dividend of Baht 1,192 million will be paid in April 2020. However, such dividend payment is subject to the approval of the Annual General Meeting of the Company’s shareholders to be held on 26 March 2020.

#### **43. Approval of financial statements**

These financial statements were authorised for issue by the Company’s Board of Directors on 20 February 2020.

# Management Discussion and Analysis

**The following management discussion and analysis is intended to provide the reader with sufficient business insight to understand the financial position of the Company and should be read in conjunction with our financial statements and the accompanying notes.**

**Group Performance:** The SCCC Group reported a net income of 3,157 million Baht for the year 2019, a slight increase of 4 percent over prior year. Growth was mainly driven by the solid performance of concrete business in Thailand, growth in our trading activities, strong contribution of the joint venture in Cambodia and gain from hedging of foreign currency transactions.

Cement business was adversely affected by challenging market conditions in the region and geopolitical uncertainties. Domestic cement demand was expected to be on level with prior year on the back of contracted residential construction activities of -5 percent. Government infrastructure projects were the key volume driver. The Group managed to increase penetration in Greater Bangkok and Eastern Seaboard projects which bolstered sales growth of 5 percent. The positive impact from revenue growth were partially offset by higher plant maintenance and electricity consumption during the period.

For Southern Vietnam market, cement demand was stagnant following government temporary measure on restricted construction license issuance in Ho Chi Minh City, a key growth market in which we operate. Net sales of Vietnam subsidiaries in Vietnam Dong (VND) contracted by -5 percent driven mainly by deflated sales volume (decrease by -9 percent when converted into THB due to VND currency depreciation). Imported material cost increase during the first half year coupled with higher maintenance cost linked to capacity upgrade and escalated electricity tariff negatively impacted profitability further.

Sri Lanka market was not only affected by adverse global economic conditions but also from local political instability, delayed infrastructure project spending and unusually heavy rainfall. Consequently, cement demand contracted by -3 percent, intensifying market competition. Sri Lanka subsidiaries net sales in Sri Lanka Rupee (LKR) was on level with prior year (decrease by -14 percent when converted into THB due to LKR currency depreciation). Production cost escalated due to higher import cost as well as lower production volume as a result of weak demand.

Bangladesh cement demand recovered and reported growth of over 8 percent. Bangladesh subsidiary reported net sales in Bangladesh Taka growth at 4 percent (on level with prior year when converted into THB due to BDT currency depreciation). Apart of recent changes in income tax which was imposed on imported materials, Bangladesh subsidiary's profitability was also impacted by sharp increase of imported clinker and other raw materials cost.

Ready-mixed concrete and aggregate businesses in Thailand reported growth of 7 percent supported by higher volume concentrated in Bangkok, suburban and Eastern Seaboard areas. Selling price of concrete, rock and sand improved and coupled with lower cartage cost, profitability improved and contributed to the Group profit for the period. The Group discontinued its ready-mixed concrete business in Vietnam by the end of 2019 to efficiently reallocate its capital and resources.

Fiber cement business' net sales contracted following the deflating residential construction activities in Thailand. Net sales decreased mainly due to lower selling price affected by intense market competition. Several cost reduction initiatives including the use of alternative lower cost raw material helped alleviate its profit margin. Indonesia housing demand showed sign of recovery which contributed to higher net sales and combined with the extensive cost saving initiatives improved the performance of the Indonesian subsidiary.

Accelerated demand of light-weight concrete coupled with growing panel and wall solutions supported the recovery of autoclaved aerated concrete products' net sales by almost 20 percent compared to prior year. The Group focused on driving higher machine utilization, reducing waste from production to improve cost efficiency which contributed to an improved profitability.

Waste management and industrial cleaning services reported growth of over 13 percent compared to prior year. The Group participated in projects which require a high level of safety and regulatory compliance and specific industrial knowledge such as chemical cleaning in the oil and gas as well as petrochemical sectors.

Trading business generated strong net sales growth of 86 percent following higher demand of clinker, cementitious materials and solid fuels among countries in Asia and Oceania regions. The growth in trading activities and expanded trading product portfolio contributed to the Group's higher profitability.

## Analysis of Financial Performance

### Revenues

(Unit: Million Baht)

	For the year ended December 31			
	2019	2018	+/-	+/- (%)
<b>Revenues</b>				
Net sales	47,593	44,764	2,829	6%
Gain on exchange	141	-	141	-
Other income	257	276	(19)	(7%)
<b>Total Revenues</b>	<b>47,991</b>	<b>45,040</b>	<b>2,951</b>	<b>7%</b>

The suppressed regional and local economic factors remained key challenges for cement demand on the back of the subdued construction activities in key markets. Net sales of cement business contracted by -3 percent from prior year and contributed to 62 percent of total Group net sales (2018: contributed 68 percent of the Group net sales). For the ready-mixed concrete and aggregate businesses, despite adverse impact from deflating residential construction, the strong foothold and penetration into key volume contributing sectors like government infrastructure projects led to net sales growth of 5 percent compared to prior year. Ready-mixed concrete and aggregate businesses contributed to the Group net sales at 18 percent, a similar rate compared with prior year. Trading business reported net sales to 3rd parties increase by 3 billion Baht, reaching the net sales of over 6 billion Baht, contributing to 14 percent of the Group net sales (2018: contributed 8 percent of the Group net sales).

The Group hedged its net exposure in foreign currencies, mainly from export to 3rd parties in USD currency, to mitigate foreign exchange exposure and risk thereof. Gain on exchange of 141 million Baht mainly reflects benefits from the hedging of foreign currencies transactions realized during the year.

Other income mainly comprised of revenue from selling of byproducts, gain from assets disposal and interest earned from short term investment as part of liquidity management.

## Expenses

(Unit: Million Baht)

	For the year ended December 31			
	2019	2018	+/-	+/- (%)
<b>Expenses</b>				
Cost of sales and services	32,463	29,300	3,163	11%
Selling and distribution expenses	8,120	8,248	(128)	(2%)
Administrative expenses	2,071	2,150	(79)	(4%)
Loss on exchange	-	62	(62)	-
Other expenses	389	270	119	(44%)
<b>Total expenses</b>	<b>43,043</b>	<b>40,030</b>	<b>3,013</b>	<b>8%</b>

Cost of sales and services increased 11 percent from prior year, mainly driven by maintenance activities and the higher electricity cost in key markets, coupling with effects from imported material cost hike in key overseas markets. Thailand had an increased level of shut downs for maintenance during the period which resulted in higher maintenance cost and electricity consumption. The Vietnam subsidiary had a major kiln shut down for maintenance and capacity upgrading while the escalated electricity tariff rate, the lower utilization of alternative fuel and alternative raw materials (AFR) and the imported purchase clinker cost hike affected higher production cost for the period. The Sri Lanka subsidiary, in responding to the contracted cement demand, reduced its cement production. The lower production resulted in higher total production cost per ton from lower kiln feed and higher fixed cost absorption. Bangladesh subsidiary was adversely affected by the government's new income tax regime imposed on imported clinker and raw materials which resulted in an additional increase of raw materials cost.

Selling and distribution expenses were lower mainly due to smart spending on sales and marketing activities. In addition, the downward trend of diesel prices benefitted the distribution cost.

Administrative expenses decreased further because of additional fixed cost initiatives launched during the year.

Other expenses increased mainly due to closing of certain business activities. Vietnam subsidiary discontinued its ready-mixed concrete business in 2019 and is in the process to sell the remaining assets. Globe, a Thai subsidiary undertaking white cement business, ceased its business activities in January 2020. The Group assessed the fair value of assets under the two subsidiaries and recognized impairment of certain assets in the period.

## Depreciation, Interest and Tax

(Unit: Million Baht)

	For the year ended December 31			
	2019	2018	+/-	+/- (%)
<b>Depreciation, Interest and Tax</b>				
Depreciation and amortization	3,330	3,268	62	2%
Finance cost	1,459	1,350	109	8%
Income tax expenses	<b>698</b>	<b>569</b>	<b>129</b>	<b>23%</b>

The depreciation and amortization expenses increased due to the finalization of some capital expenditure projects as well as the renewal of certain concession permits

Finance cost reflected interest expenses incurred from the loan from financial institutions and debenture, and fees related to trade financing to support growing international trading activities.

Income tax expenses increased due to the cessation of Thailand tax privilege for International Trading Center (ITC), the expiration of income tax exemption privilege for one of the waste heat recovery system at Saraburi plant and the new tax regime in Bangladesh on imported materials irrespective of the annual taxable profit.

## Analysis of Financial Position

### Net Working Capital

	Unit	2019	2018
Accounts receivable turnover	Times	8.74	7.95
Days receivable outstanding	Days	41	45
Inventory turnover	Times	6.57	6.43
Days inventory	Days	55	56
Accounts payable turnover	Times	5.74	5.78
Days payable outstanding	Days	63	62

The Group Net Working Capital amounted to 4.9 percent of net sales as compared to 6.3 percent in last year. While days inventory and days payable outstanding remained at almost the same level as prior year, the decrease of days receivable outstanding reflected efforts of the Group to collect due receivables on time despite difficult economic conditions.

## Key Financial Assets

### Non-current assets held for sales

Vietnam subsidiary discontinued its ready-mixed concrete business in December 2019. The subsidiary has entered into a Memorandum of Understanding to sell certain properties, machinery and equipment related to the ready-mixed concrete business to a 3rd party. Those assets were stated at fair value and presented as non-current assets held for sales.

### Property, Plant and Equipment and Intangible Assets (Net)

(Unit: Million Baht)

	As of December 31			
	2019	2018	+/-	+/- (%)
Property, plant and equipment	32,523	35,459	(2,936)	(8%)
Intangible assets	10,844	10,309	535	5%
Other non-current assets	317	288	29	10%

Capital expenditures (CAPEX) were made to maintain or to optimize its operation where considered necessary. CAPEX spending for Property, Plant and Equipment during the period was 1,370 million. Some of the key CAPEX projects during 2019 are listed below;

- Grinding mills improvement of 52 million Baht
- Waste-heat recovery system improvement of 26 million Baht
- Kiln capacity upgrade to 5,000 tpd for 133 million Baht in Vietnam
- New palletizer of 75 million Baht in Vietnam
- Cement silo and belt replacement of 27 million Baht in Sri Lanka

Loss on asset disposals, impairment and write-off amounting to 279 million Baht were recorded during the year. Depreciation charges for the year was 2,845 million Baht.

Since the overseas business units operated under different functional currencies, they were subjected to currency translation into Thai Baht. As a result of the Thai Baht appreciation over the year, loss from translation of property, plant and equipment in overseas subsidiaries into Thai Baht was 887 million Baht.

Intangible assets consisted of mining concession, computer software, customer relationship, brands and the right to use of assets. The Group completed renewal of certain concession permits required for quarry operation and recognized future payments obligation to relevant government agencies according to the permits at net present value as incremental value of concession. Amortization charges for the year was 482 million Baht. Loss from translation of intangible assets in overseas subsidiaries into Thai Baht was 457 million Baht.

### Funding

As at 31 December 2019, the capital structure of the Group consisted of net financial debt at 24,863 million Baht (gross financial debt amount of 29,684 million Baht, net of cash and cash equivalents amount of 4,821 million Baht) and shareholders' equity of 32,671 million Baht. This represented a net financial debt to equity ratio of 0.76 times which was reduced from prior year (2018: 0.82 times).

## Short-Term and Long-Term Debt

The gross financial debt included debentures consisting of a series of unsubordinated and unsecured debentures at varying maturity which are prudently spread across to avoid concentration risk as mentioned below;

Issued date	Amount Million Baht	Due date
14 June 2013	2,000	2020
29 April 2016	4,000	2024, 2026
9 May 2017	13,000	2020, 2024, 2027, 2029

The proceed of debenture was mainly used to finance the acquisitions of overseas business units in the recent years. In addition, the Group carried long term loans from financial institutions amounting 7,437 million Baht and short-term loan including current portion of long-term loan and debenture of 6,226 million Baht. The Group plans to redeem debenture become due in 2020 in full amount.

## Shareholder's Equity

As at 31 December 2019, the shareholders' equity amounted to 32,671 million Baht (2018: 34,541 million Baht). The equity consists of accumulated reserves, share premium and retained earnings amounting to 38,666 million Baht. In addition, a negative currency translation adjustment of 7,272 million Baht is recorded which increased by 2,184 million Baht during the year due to the currency depreciation experienced by our overseas subsidiaries.

## Analysis of Cash Flow Statement

The Group reported a cash and cash equivalent balance of 4,821 million Baht as at 31 December 2019 which is used to maintain sufficient liquidity for the operations and the upcoming repayment of debenture. Net cash generated from operating activities was 7,586 million Baht (2018: 6,989 million Baht) thanks to the higher profits and cash generated from operating activities and better net working capital management.

Net cash outflows from investing activities amounted to 1,435 million Baht (2018: 2,220 million Baht) which was mainly related to capital expenditure.

Net cash outflows from financing activities of 3,855 million Baht (2018: net cash inflows 3,847 million Baht) was primarily related to the total dividend paid amounting to 2,596 million Baht and repayment of bank overdraft and short-term loans from financial institution at net amount of 1,241 million Baht during the year.

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## **Siam City Cement Public Company Limited**

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