

The Amata Times

News from the World's Leading Industrial City Developer – Q3 / 2016



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The new normal for business

How connectivity is changing Asia's trade landscape

Two new forms of connectivity are radically altering Asia's business outlook: the standardization defined by the AEC and TPP agreements, and the online retail marketplace made possible by the new generation of apps and devices. These shifts feed off of one another, and they both have extraordinary implications for the worlds of manufacturing, warehousing, and logistics, in particular.

With 8% of the world's population living in ASEAN, the region's ongoing shifts to standardized trade rules and e-commerce mean that the business world at large has needed to undergo a massive adaptation as quickly as possible. The interconnected economies of the region have incentivized central production strategies based in countries like Thailand and Vietnam, on account of their relatively low costs for land, labor, and taxes.

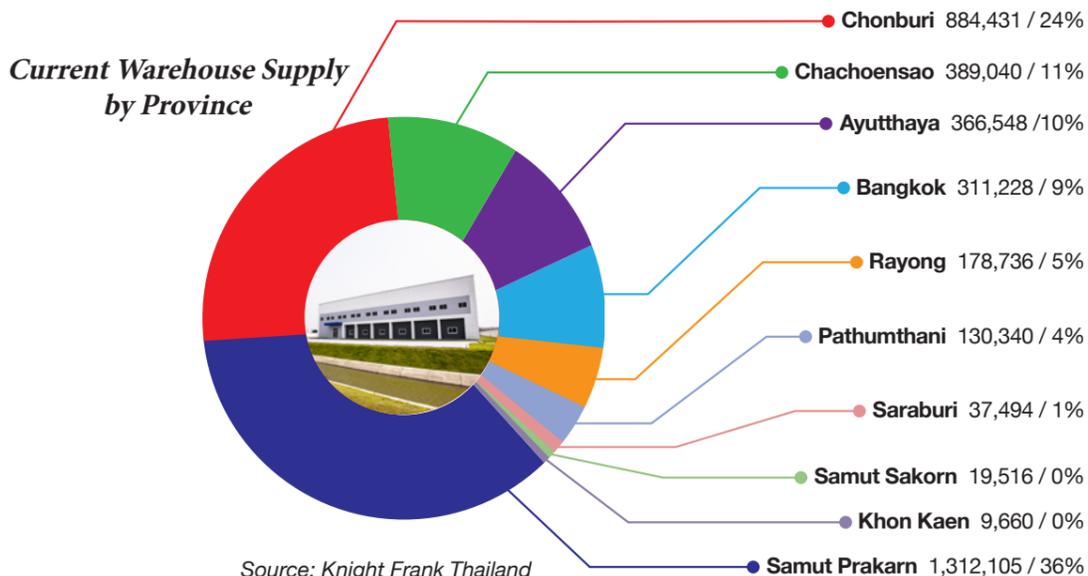
This surge in private sector activity has necessitated corresponding increases in infrastructure investment from the corresponding governments, as well as a dramatic increase in warehouse space (doubling in Thailand between 2011 and 2015). The simultaneous rise in

activity and in e-commerce requires separate initiatives to meet the new challenges created by the boom.

The appeal of e-commerce lies in its structure of allowing micro-purchases to diverse destinations, with an emphasis on speed – the opposite of traditional logistics practice. Recent adaptations have included multi-story warehouses located in big cities, and an Uberization of delivery assignments based on algorithms that maximize driver efficiency. If e-commerce created this challenge, it can also help to solve it.

Ripple effects are felt elsewhere in the retail economy, with shopping malls an example of another sector needing to adapt. With e-retailers like Lazada now providing the type of convenience that shopping malls have long enjoyed, malls will need to invest in new features and experiences if they wish to hold onto their customer base.

To understand this pivotal moment in the business world, it is worth taking a moment to consider the current state of affairs, as well as



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Streamlined: The allure of ready built industrial facilities



Getting production underway in a highly functional manufacturing space no longer requires long meetings with developers or moving into used factories that were designed with another tenant in mind. Amata's ready built facilities are designed to provide a flexible production space for a wide range of industries, and come in a host of different sizes all the way from 320 sq.m. to 5,000 sq.m. of floor space.

The ready built factories come with beautifully finished office space, utilities, landscaping and seamless, top-quality service. Add in the other advantages – flexible lease terms, quick setup time, and no need to make investments in land – and your company's move to fully functioning production has never been easier.

Ready built facilities can be found at Amata's strategically located properties in both Vietnam and Thailand, whose proximity to major motorways, shipping ports, and airports means significant advantages in transportation and logistics.

Standard Amata ready built facilities feature 850 sq.m. to 5,000 sq.m. of floor space, a live load of 2-3 tons per sq.m. A security guard booth is set up, as well as a reception area, mezzanine office, restrooms on both floors, and a production area with a shutter door.

A special variant on our standard ready built factories can also be found at Amata's OTA Techno Park (OTP) in Amata Nakhon Industrial Estate in Chonburi. These ready built factories are designed in particular for Japanese SMEs with compact

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The new normal

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how we got here, so that we may understand the forces that will continue to shape the landscape in the future.

Large-scale global trade became truly viable thanks to the invention and regulation of the modern shipping container within the last fifty years, accelerating the need for the recent wave of standardized trade agreements that would allow companies to take advantage of the new possibilities. Just as upgrades of roads and rails allowed goods to be transported reliably overland, the new acceptance of digital communication did the same with information, facilitating efficient coordination between remote locations within a business. Each of these industry-wide leaps contains a common element at its core: connectivity.

The connected world soon saw hundreds of industrial estates spring up across the region, with tax incentives, reduced import tariffs, and streamlined visa and work permit processes among the benefits accorded to businesses located in various countries' industrial parks.

Both Thailand and Vietnam are in position to gain as much as they give regarding industrial estates and their tenants. Among the benefits conferred by the Industrial Estates Authority of Thailand are the abilities of multinational investors in these estates to own their own land and also to do business without taking a local partner. These and other attractive options have helped the country's manufacturing scene thrive, turning it into ASEAN's leading automotive producer, as well as its leading supplier of electronic parts and components destined for further processing in Asia.

Vietnam alone now features over 200 industrial parks, whose 84,000 combined hectares outnumber the roughly 20,000 hectares devoted to similar operations in Thailand. The country offers steadily decreasing corporate tax rates (28% in 2008, 25% in 2013, 22% in 2015, 20% now) and preferential

treatment for investment in high-technology industry, as well as other especially desirable sectors, including infrastructural development, environmental protection, scientific research, and software manufacturing.

This targeted use of incentives has played a part in transforming the country's export production from basic products such as crude oil, textiles, and footwear, into its current growth into a source for higher value-added products, as evidenced by Samsung's decision to invest USD 3 billion into production there. This shift towards higher-end production is part of the reason why Vietnam's GDP is on track to triple its GDP from USD 116 billion in 2010 to USD 350 billion in 2020.

The current state of logistics has Thailand ranked third in ASEAN, behind Singapore and Malaysia but ahead of many others, according to the World Bank's Logistics Performance Index (LPI). With excellent roads and related commercial services, but failing to make the necessary steps toward quality rail development, the country remains one of the top exporters of the region. Vietnam's score is alongside that of Indonesia, with somewhat less developed roads and customs procedures.

Countries across the region are increasingly aware of the vital role that foreign investment plays in their economic development, and, as such, the Asia of tomorrow is likely to be even better optimized for success in the world of trade.

The business world is at its best when it adapts quickly to changing conditions, and pushes forward with innovative ideas to address real-world needs. The new generation of industrial estates, modern warehouses, and highly adapted logistics companies dotted across the ASEAN landscape make for an excellent example of utility created through design, and the economic engine harnessed by these drivers of commerce will play a key role in business success for a long time to come.

Streamlined

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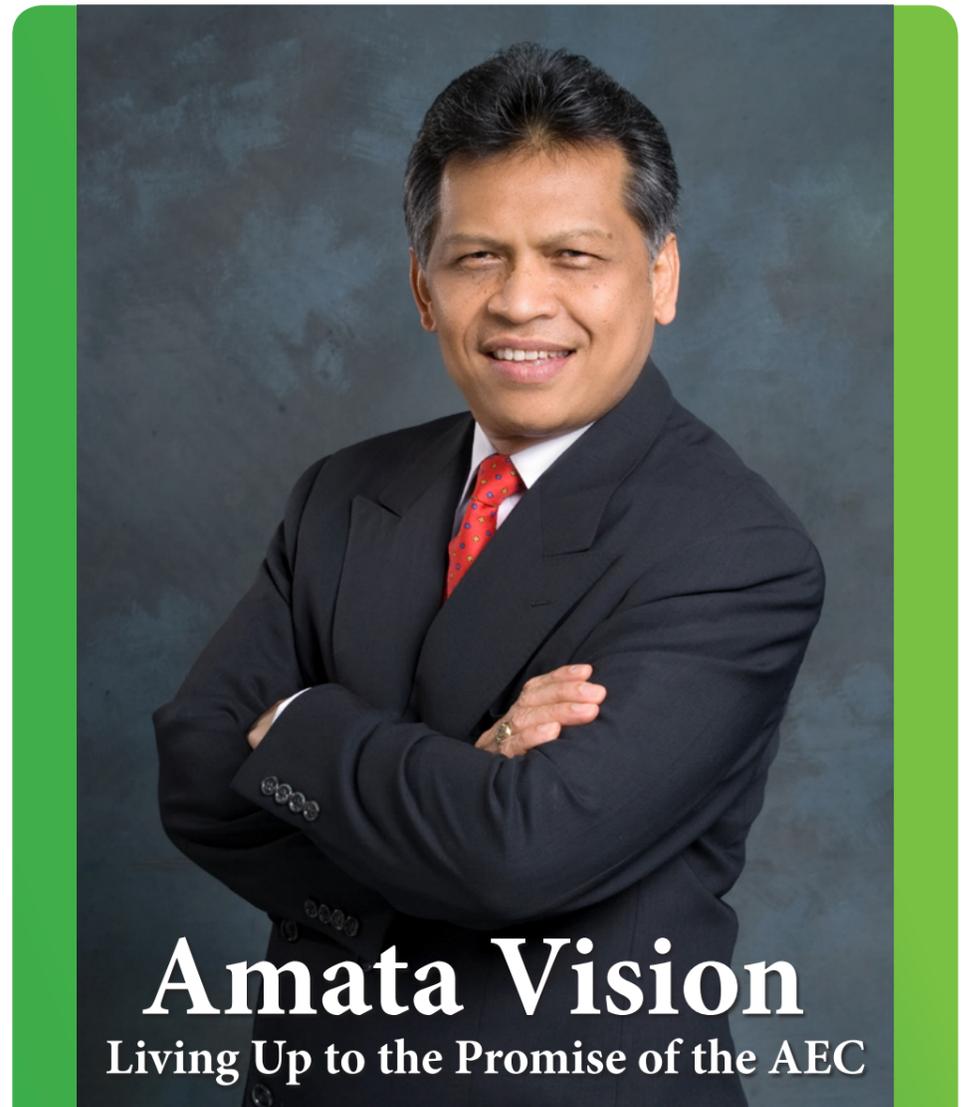
manufacturing needs, and a choice of floor space dimensions is available between 320, 640, 960, and 1,280 sq.m.

Tenants here will enjoy shared facilities and resources such as a Japanese help desk and Japanese-speaking staff, reception and common area, meeting and training rooms, as well as product display corners. Occupying a total area of 15 rai, OTP is part of Amata's continuing mission to adapt and innovate according to the needs of a highly diverse global manufacturing industry.

For more information about Amata ready built facilities in Thailand, please call +66 (0)38 939 007 ext. 420, or send an email to tirakarn@amata.com or piyatida@amata.com (English speaking), or krichaya@amata.com (Japanese speaking).

For OTA Techno Park inquiries, contact ota@amata.com.

For Vietnam, contact marketing@amata.com.vn, or call +84 61 399 1007.



Amata Vision

Living Up to the Promise of the AEC

By Dr. Surin Pitsuwan Chairman of the Board
at Amata Corporation Public Company Limited

The new ASEAN Economic Community (AEC) was conceived as a competitive economic platform for all of its member states. To maintain our competitiveness against other countries or regions, such as China, India and even Africa, the AEC will have to be more knowledge-driven in our industries. This effort will require massive investment from governments as well as foreign businesses, but the rapid development within ASEAN is a testament to the lasting value that this investment brings.

It's crucial to note that the quality of FDI is at least as important as the quantity. With the globalized world now focused on high-tech innovation, there is a perfect overlap between the skills needed in today's advanced economy, and the type of education and infrastructure needed to modernize entire societies. As high-tech production comes to the AEC, it provides incentives for the very types of internal advances that will put ASEAN on equal footing with the rest of the world in the decades to come.

By helping to bring in much-needed FDI in advanced fields, industrial estates like Amata ensure the establishment of a well-educated workforce, a larger pool of managerial talents, training facilities, as well as research and development services that have close connections with universities and academic institutions both domestic and international.

Amata continues to lead the way in pro-

viding the necessary electricity, water, roads and other soft infrastructure such as customs facilities, bonded warehouses, licensing agencies, and more. Amata was among the first of its kind in ASEAN offering these services four decades ago, and we have since expanded to many locations in Vietnam – with possible future sites in Myanmar and other ASEAN member states.

Amata's mission is to remain the best in its class, leading the pack with innovative services to our foreign clients for a long time to come. We provide much more than just land for factories, by also improving the quality of life for executives, managers, and workers in all areas. Here in Thailand, we are broadening our services into education, health care, sport facilities, technical training, research and other incubators for innovation. We can proudly say we are providing Thailand and ASEAN with a competitive edge to achieve the vision of the AEC.

Ultimately, lasting success comes when expectations within the business community and the wider population are both fulfilled. Production will always be a key ingredient, but its benefits are best experienced within a more holistic vision of progress. Good governance, far-sighted policy and further developments in education can help ensure that the majority enjoy the promised benefits of integration, and share in the bright vision of the AEC as it looks ahead.



www.amata.com

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Customers in Profile

*Bruce McLeod, Director & General Manager
Fisher & Paykel Appliances (Thailand) Co., Ltd.*

You won't often meet a more friendly or good-natured businessman than Bruce McLeod. As a man who often finds himself relocating with his family – back and forth between New Zealand and Australia, then out to Mexico, and now settling into Thailand – an easygoing approach is important when building the human connections that help turn each new setting into a comfortable home.

Those connections, together with a strong focus on achieving results, have helped Bruce inspire a team of motivated and energized employees who believe in their work. When discussing his approach to management and teamwork, however, he is quick to acknowledge the values he learned from some highly influential people in his life.

Born and raised in New Zealand, Bruce singles out his uncle as someone he looked up to throughout childhood. While working on the family farm, he learned morals and ideals from his uncle – as well as the importance of hard work. Bruce also credits his former boss at Fisher & Paykel for showing a level head for business while always challenging his team to achieve more.

A full thirty years after joining Fisher & Paykel as an engineer on the factory floor, Bruce has grown into the role of leader and mentor to other people. A large part of that job involves motivating his staff constructively, just as his predecessors did. In practical terms, this means listening to other ideas, rewarding dedication, sticking to deadlines, and encouraging an atmosphere of collaboration, quality, honesty, respect, and trust. It means making everyone feel like they belong.

Finding out where the company belonged was a separate matter, and one that took much longer to resolve. Originally founded in New Zealand, Fisher & Paykel enjoyed decades of prosperity before beginning to see itself out-competed on the world stage by giant multi-nationals that benefited from cheaper land, labor costs, and tax rates; preferential treatment from raw materials suppliers; and economies of scale in terms of production.

With the future of the company in doubt, Fisher & Paykel opened up factories in Mexico and Thailand to try to offset rising costs. Its branch in Thailand has since become the main center of operations, with the factory in Mexico now primarily servicing the needs of the U.S. market. Even so, the company determined that long-term survival meant being absorbed into a larger entity, and in 2012, it was taken over by the Chinese manufacturer Haier.

Now able to enjoy the benefits of size, as well as having a reliable financial backer behind it, Fisher & Paykel has been able to renew its commitment to research and development, leading to new innovation.

Bruce's road to Thailand also went through Mexico, where he spent seven years managing the company factory and watching his family immerse themselves into North American culture and sports. As for Bruce, golf is his personal sport of choice. He also finds plenty of comfort in following his country's rugby team, the All Blacks. "It helps if you know that your team is going to win most of the time," he says.

Fisher & Paykel has also found its formula for winning. By settling on Thailand as its main source of production, the company is able to concentrate its key personnel, a mix of Thais and expats, in Rayong – and therefore invest in that location as its hub for production.

The approach is paying off. With perhaps more new products introduced in the past year than in the previous five years combined, the company is setting its sights on continually advancing its commitment to quality kitchen and laundry appliances, and leading the field in efficiency and sustainability.

Founded in 1934, Fisher & Paykel manufactures quality kitchen and laundry appliances. Their products have won prestigious 'Red Dot' awards in recognition of their excellence in design.

Employees: 3,300, including 1,500 in Thailand at Amata City.

Product line: Active Smart refrigerators, AeroTech ovens, DishDrawer dishwashers, Smart Drive washing machines. The company also manufactures gas and electric cooktops.

Market reach: Available in more than 80 countries.

Corporate Office: Auckland, New Zealand.

Parent company: Haier (China), acquired in 2012.

Community involvement: Participating in fundraising efforts in Rayong, helping to clean up neighborhood parks, visiting schools and giving talks to students.

The World We Live In

Adapt

If you read the news regularly or listen to conversations at business conferences or Chamber of Commerce events, it becomes clear that the outlook for the global economy is modest at best. There is a distinct lack of optimism among economists, business leaders, and government ministers. Indeed, many would call the current situation "gloomy". World economic growth is only expected to be 3.2% this year, while volatile oil prices, a dip in global consumption, and fears about the Chinese economy all contribute to these somber assessments of the economic outlook for 2016.

Thailand in particular seems to be headed for a tough year economically: one of the worst droughts in modern memory has profoundly affected the agriculture sector, Thai exports have dropped year-on-year due to falling global demand, and government infrastructure projects have been somewhat slow to get off the ground.

So amidst all of this "doom and gloom", how should businesses and individuals adapt and even thrive in such a seemingly stagnant global economy?

Some of the keys to success in an economic downturn, according to many investors and commentators, are planning, preparation, and making strategic investments.

Individual consumers often react to economic strain by looking for "value-for-money", improving their skills, and preparing for future opportunities. Companies can, and should, do the same by looking for areas of strategic investment, maximizing efficiencies internally, and improving the experience of their clients and customers.

The current Chairman, President, and CEO of JPMorgan Chase states, "Companies that grow for the sake of growth or that expand into areas outside their core business strategy often stumble. On the other hand, companies that build scale for the benefit of their customers and shareholders more often succeed over time."

Savvy investors also become more active when things are not going well, as M&A can be a strong area of growth for companies that have the financial resources. The "Oracle of Omaha", Warren Buffett, famously says, "We simply attempt to be fearful when others are greedy, and greedy when others are fearful." Seeing the "bright spots" is an essential skill when it comes to evaluating prospects and potential in a gloomy economy.

As in all seemingly dire situations, the news about the global economy is not all bad. In fact, there is reason for hope. In China, GDP grew by just 6.9% in 2015, its lowest rate in 25 years, but domestic consumption is up. India's economy is expected to grow by 7.3% in 2016, and there are some signs that the U.S. economy is moving in the right direction, with April retail sales seeing the biggest increase in over a year.

Even for the Thai economy, there is reason for optimism. According to Finance Minister Apisak Tantirowang, growth in 2016 is still expected to reach 3%. This will be fuelled by tourism, with income projected to be 1.5 trillion baht (up from 1.4 trillion last year), and by public spending. Recent reports also indicate that luxury brands are still strong in the Kingdom, and overall private consumption appears to be improving.

And there are a number of industries that offer potential growth for companies in Thailand, and have been earmarked by the government for tax and non-tax incentives this year. These include smart electronics, digital and medical technologies, robotics, biotechnologies, aviation and logistics, and next-generation automobiles.

Finance Minister Tantirowang recently told the Asian Development Bank, "Not only are we seeking to strengthen growth, but we would also like to achieve growth with quality. For this reason, we will also try to put in place policies to encourage green consumption and green investment in line with the widely recognized Sustainable Development Goals."

With its experience in manufacturing and high-tech, Thailand is also well placed within ASEAN to be a leader in e-commerce, FinTech, and the Internet of Things (IoT) industries. The growing middle class in both domestic and regional markets makes these service sector industries a perfect opportunity for investment. With the right combination of private sector investment and government incentives, these industries could lead to increased GDP growth and enhanced confidence in the Thai economy.

A gloomy economy doesn't have to be bad for an individual or for a company. In fact, being able to adapt to a stagnant or depressed economy has been the reason for many individual fortunes and business success stories over the years. All it takes is being ready for the opportunity when it comes along. As the Roman philosopher Seneca reminds us, "Luck is what happens when preparation meets opportunity."



Customer News

Amata Vietnam

Asahi Kasei Homes Group opens its first overseas production plant



Mr. Koki Kaneyuki, General Director of Asahi Kasei Jyuko Vietnam Co., Ltd., receives a gift from Ms. Pham Thi Thanh Huong, Vice President of Amata (Vietnam) Joint Stock Company

The grand opening ceremony of Asahi Kasei Jyuko Vietnam Co., Ltd. group's first overseas plant was held on May 18th. The company is a joint venture of Asahi Kasei Homes Group and Asahi Kasei Engineering, among Japan's

biggest construction materials manufacturers San Steel Industries and Yamato Koki. Located on a plot of 2 hectares, with an investment of approximately USD15 million, the factory produces steel frames with an annual output capacity of 7,000 tons.

www.asahi-kasei.co.jp

Muro Tech Vietnam Corporation holds ground-breaking ceremony



Mr. Hideki Fujita, General Director of Muro Tech Vietnam Corporation, Ms. Pham Thi Thanh Huong, Vice President of Amata (Vietnam) Joint Stock Company, and other VIPs attended the ceremony.

On May 30th, Muro Tech Vietnam Corporation kicked off construction of a new manufacturing plant with an auspicious ground-breaking ceremony. It is a subsidiary of Muro Corporation Japan. Muro produces over 18,000 auto parts that are indispensable for automobiles to run safely, used by eleven major Japanese automakers. Further, Muro invented the Vislider, a system that automates the task

of screw-driving. Besides Japan, Muro has manufacturing plants in the U.S., Canada, Thailand, and Indonesia. The Vietnam factory, an investment of about USD4.7 million, will produce automobile parts for engines, transmissions, and axles, as well as computer parts and precision parts.

We would like to extend our heartfelt congratulations to Muro Tech Vietnam!

www.muro.co.jp

South Korean Hansungbolt signs a deal with Amata Vietnam



Kim Do-Joon, President of Thai Hansungbolt Co., Ltd. and Mai Lieu Ngoc, Marketing Executive, Amata (Vietnam) Joint Stock Company, present the signed agreement.

Hansungbolt Vina Co., Ltd. was established as a subsidiary in Vietnam of Hansung Bolt Co., Ltd., Seoul, South Korea. It entered into an agreement with Amata (Vietnam) Joint Stock Company for the lease of land to build a new manufacturing plant. Hansung specializes in the making of bolts, screws, and nuts.

We cordially welcome Hansungbolt to Amata City Bien Hoa!

Deputy PM chairs grand opening of Posco-Thailand Coated Steel



Thailand's Deputy Prime Minister Tanasak Patimapragorn and some 200 officials attended the grand opening celebration of Posco-Thailand Coated Steel Company at Amata City industrial estate, Rayong. It is Posco's first automotive steel plate plant in Thailand with an annual capacity of 450,000 tons, an investment of US\$300 million.

Posco is Korea's biggest steelmaker; the company sold about 8.7 million tons of automo-

tive steel plates last years, accounting for ten percent of the total global need of automotive steel plates. With the newly established automotive steel plate plant in Thailand, the Korean steelmaker aims to sell over 9 million tons of it this year and more than 10 million tons a year starting from 2018, it added.

"As a hub country for the ASEAN (Association of Southeast Asian Nations) Economic Community that was launched last year, Thailand is becoming the vehicle production base and the center of the consumer-electronics industry in Southeast Asia," said Posco Chairman and CEO Kwon Oh-joon in his opening speech at the completion ceremony. "With the newly completed plant, Posco will do the best to become a total solutions partner for Thailand with differentiated products and tailored solutions."

Amata Cares: CSR

Amata Thailand



Amata City dedicated World Environmental Day activities to the honor of H.M. King Bhumibol Adulyadej, who is this year marking his 70th year on the throne as the world's longest-reigning monarch. In H.M.'s eyes, "life should return to the forests." This was, therefore, the theme for Amata and the 500 participants from factories, government agencies, and schools who participated in the tree-planting exercise. It is not only about increasing the green space in and around the industrial estate, but also about re-establishing Mother Nature's integrity by bringing people from different communities together to do good. Amata planted some 2,000 trees that day.



Earlier this year, Amata attended the Environmental Governance Award (Green Star Award) run by the Industrial Estate Authority of Thailand. Seven Amata customers - Oriental Copper, Suncall High Precision, Transitions Optical, Amata B. Grimm Power 3, Yamaha Motor Parts Manufacturing, USUI International Corporation, and Daikin Industries - received awards for their efforts in the environmental governance assessment program.

Amata Vietnam



For World Environment Day (WED) on June 5th, Amata (Vietnam) Joint Stock Company organized an awareness-raising program demonstrating the importance of environmental protection and care.



Since 2005, Amata has been organizing annual events on Environment Day. Aside from planting trees - several thousand have now been planted - Amata sponsors a parade, a fun quiz, and clean-up work.

"Go Green" was Amata's theme for this year's WED. Prior to the day, Amata and members of 22 customers from Amata City Bien Hoa Industrial Estate planted 3,500 Melaleuca trees alongside 1.3 kilometers of road.

The "Go Green" theme was not meant solely to honor Environmental Day. The theme is also meant to carry an encouraging message to the Amata City Bien Hoa community. That message is to stimulate businesses and individuals to respect the environment through compliance with environmental standards, to recycle waste, and to save energy and natural resources for the long term. Such sustainable thinking will help us build a prosperous future.

Fujipoly expands into Amata Nakorn



Hirotooshi Ota, President, Fujipoly (Thailand) Co., Ltd., centered right, exchanges the agreement with Amata's Corporate Marketing Officer Viboon Kromadit, centered left.

A fully-owned subsidiary of Fuji Polymer Industries Company of Japan, Fujipoly (Thailand) Co., Ltd. has been well established in Thailand since the 1990s and runs a manufacturing plant

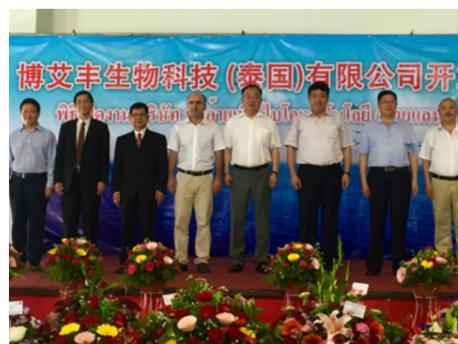
north of Bangkok. With business growing, Fujipoly has recently entered into an agreement with Amata Corporation PCL. for the purchase of land at Amata Nakorn. Fujipoly is a leader in producing Silicone Rubber Products, such as thermal interface materials, silicone extrusion products, and other silicone parts, such as tubes, check valves, O-rings, tapes, and others, mainly serving the automotive industry.

Fujipoly's new factory is being built on a plot of over five rai.

We would like to cordially welcome Fujipoly to the Amata family!

www.fujipoly.com

Boaifeng Biotechnology opens Thailand branch



Second from right: Mr. Zhijun Gao, Owner Boaifeng Technology

Boaifeng specializes in the production of artemia cysts and is the largest producer of these

cysts in Asia. Artemia are tiny eggs, serving as living food in agriculture and aquatic farming industry; in Thailand, in particular, it is used by shrimp farmers. Boaifeng Biotechnology (Thailand) Co., Ltd. is located at Amata City industrial estate in Rayong. The new factory can cultivate and process 500 tons of artemia cysts annually. Boaifeng's headquarters and three production facilities are located in China and Kazakhstan.

Amata wishes Boaifeng Biotechnology every success to come!

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