



# HEMARAJ

## Newsletter

The World Class Developer  
in Thailand

www.hemaraj.com

## Ultra High Speed Telecom for Hemaraj Customers

*This is Thailand's first FTTF (Fiber To The Factory) Architecture for Industrial Estates*



Hemaraj has signed an MOU with CAT Telecom Public Company Limited to kick off its 600 million baht "Ultra High Speed Telecommunications Network" project.  
*(continue on page 4)*

*In the picture: Mr. Jirayut Rungsrithong (4th from left), President of CAT Telecom Plc., and Mr. David Nardone (3rd from right), President and CEO of Hemaraj, exchange the MOU at the signing ceremony. Looking on are Mr. Sawasdi Horrungrueng (4th from right), Chairman of Advisors to the Board of Directors of Hemaraj.*

## BOI Extends Measures for Sustainable Development Investment in Country's Competitiveness

**Government Update**

Board of Thailand Board of Investment (BOI) gives a green light to launch the first round of investment promotion measures after its recent approval of policy focus on sustainable investment. With these measures, BOI expects to boost investment in areas related to country's competitiveness and environmental protection while maintaining help for SMEs in supporting industry. *(continue on page 8)*

Special Report from CEO

## Industrial Property – Restoring Sustainable Industrial Manufacturing

Industrial Demand Is Returning to Thailand and Global Markets

In early 2010, manufacturing demand and thus production levels are improving in Thailand. From the low points of mid 2009, durable goods consumption, production, and overall exports have all begun to pick up. This upward trend also reflects the pattern of emerging markets experiencing a faster recovery than mature developed markets.

Thailand's GDP is now projected to grow by 3.5% to 4.5% for 2010, a substantial improvement from the earlier forecasts of only 2%. Manufacturing, which comprises 35% of Thailand's 2008 GDP of approximately 9 trillion baht, is significantly important, as are exports, which totaled 5.2 trillion baht in 2008.

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## World Class Development by Hemaraj

- Hemaraj Chonburi Industrial Estate
- Hemaraj Eastern Industrial Estate (Map Ta Phut)
- Eastern Seaboard Industrial Estate (Rayong)
- Hemaraj Eastern Seaboard Industrial Estate
- S I L Industrial Land (Saraburi)
- Rayong Industrial Land
- The Park Chidlom, high-end residential condominium

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# Special Report from CEO

## Industrial Property - Restoring Sustainable Industrial Manufacturing

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Looking at leading indicators, manufacturing capacity utilization, upstream and intermediate petrochemical capacity utilization declined from the mid 90's percentile in late 2008 to the low 80's percentile in 2009. Automotive vehicle and parts capacity utilization declined from 75% in 2008 to the mid-40s percentile in middle of 2009, reflecting the severe local and global contraction that affected Thailand's export base. Yet, the end of 2009 and the beginning of 2010 have seen a remarkable bounce back to near pre-crisis manufacturing capacity utilization levels.

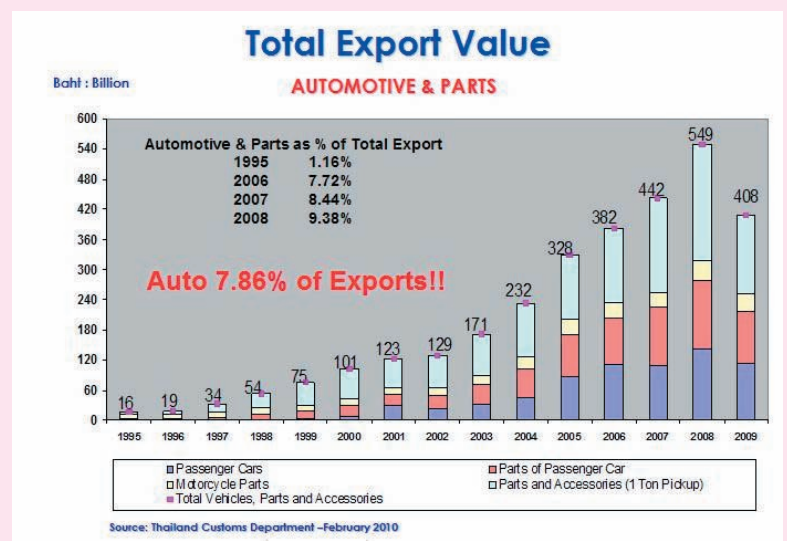
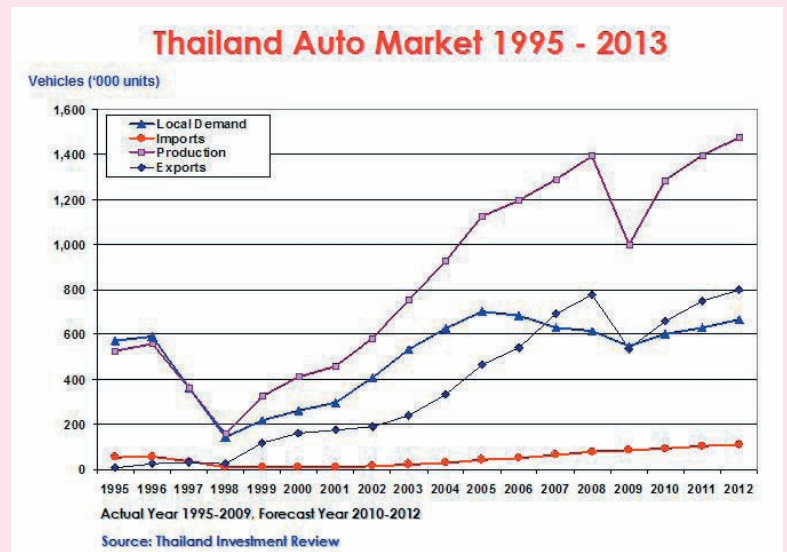
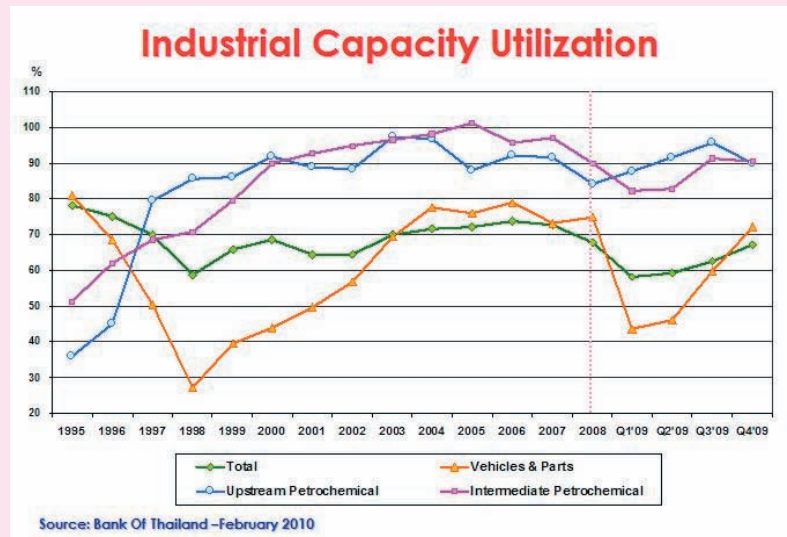
The Board of Investment 2009 final investment approvals were reasonable with 1,003 projects approved and baht 281 billion baht of investment. There were a large number of applications submitted, given the expiry of special investment year incentives, which should be extended through 2010, though, given poor 2009 investment conditions.

Vehicle demand in 2009 was almost evenly divided between domestic sales (548,000 units) and exports (536,000 units). Total 2009 production was 999,000 units, a decrease of 28% from 1.39 million units manufactured in 2008. However, 2010 has started strong with sales of 50,000 units and production of over 100,000 vehicles in January of 2010. Projections for 2010 are for domestic sales of 580,000-600,000 units and total production of 1.35 to 1.4 million vehicles.

Automotive exports have steadily increased since the mid-nineties, reaching almost ten percent of Thailand's total exports in 2008 before declining in 2009. Equally significant is the broadening of exports from only one-ton pickups to include passenger cars as well as automotive parts, reflecting the export supplier base for tier one suppliers. Thai vehicles and parts are exported to more than 100 countries and prospects have increased with ASEAN and other Free Trade Agreements.

## Map Ta Phut Negative For Investment

With the current pace of legislation and procedures for Health Impact Assessments, it is hard to contemplate how any companies will receive their Environmental Health Impact Assessments (EHIA) approvals in 2010. This could mean up to a 12 to 18 month delay for dozens of projects, costing billions of dollars and affecting employment, directly and indirectly, of tens of thousands of Thai workers. It is critical, therefore, to expand and model the just announced court approved mechanism in order to enable all projects to continue with construction in parallel with the EHIA at a minimum, so that additional extensive operational, financial, and supply chain losses will not be further incurred. In addition, most developed countries that have HIA assessments undertake the assessment during the operation, not prior to construction at all. This method would be fair for all the existing projects due to operate or that were operating prior to the HIA requirement and they could then undertake the EHIA in parallel if their EIA and permit are approved.



It is necessary for the government to accept responsibility and to mitigate losses that resulted from the failure of successive governments to promulgate the necessary laws and procedures to enable investors to comply with the Constitution. This is the key to rebuilding the loss of confidence on the part of both Thai and foreign investors. The actual situation of companies having complied with all known requirements and having obtained environmental approvals, industrial estate permits, Board of Investment promotion certificates, etc, and subsequently in good faith entered into contractual operational and financial commitments based on those approvals was quite reasonable based on the existing legal and regulatory framework. The recent portrayal of these companies as having ignored the requirements of the Constitution and failing to take appropriate environmental action has been populist rhetoric and mostly unfair to a number of award winning environmental projects and companies.

Certainly, companies would be prudent to protect their extensive capital investments by fully complying with reasonable and attainable international standards of environmental and health approvals for the well being of the environment and surrounding communities. Loading of NOX (Nitrous Oxide) and SOX (Sulfur Oxide) has been within standard in the Map Ta Phut area and, for several years, companies proposing new industrial projects have been trading emission capacity reductions at existing facilities through the Environmental Impact Assessment (EIA) process.

There have been VOC (Volatile Organic Chemical) emission leaks, which is an area that, in the past, had not been measured. There were also some untimely process and logistics safety failures, both during construction and operations, which need to be scrutinized, with monitoring tightened and strictly enforced. There are a host of complex and detailed issues that explain how and why communities have been negatively impacted by industrial development and these issues need to be dramatically improved by industry and government alike, while also building increased trust, communications, planning and local community funding.

There is an initial approved list of eight types of industries that require EHIA approvals although there is disagreement and debate on whether this should be nineteen or an infinite number of projects if they contain even small amounts of chemicals. The independent committee that will render "opinions" to the approving government organization is still being formed. Thus, EHIA approvals will be slowly resolved and this further assumes the requirements and approvals are both reasonable and to international standards, and attainable by investors. So, the Map Ta Phut crisis will linger in 2010.

## Investment Climate Setbacks

There have been numerous factors that have caused Thailand's investment climate to deteriorate. Politics have been fractured and has left successive governments without a mandate to implement programs that will have long-term investment and infrastructure benefits as opposed to populist short term stimulus spending. In general, though, infrastructure in Thailand is a positive.

Energy policy remains chaotic, with subsidized cooking fuel being used for vehicles and requiring the importation of LPG at a time when refineries are operating below capacity, and natural gas for vehicles subsidized at unsustainable levels. All of which distorts the energy economics of the correct fuel choice for the consumer and the fuel model reliance for the producer as well. In addition, highway infrastructure budgets are under-funded as local roads and constituencies have received these diverted funds. Other countries are moving ahead in telecom and liberalization of services, 3G services have not been implemented yet, as these sectors have been slow to open.

Policies making it more restrictive for labor practices and labor mobility as well as aggressive labor tactics have reduced Thailand's attractiveness and directly deterred investment. Investor sentiment is further dampened by anti-foreign practices relating to home ownership, not approving permanent residency permits, and various proposed visa and work permit restrictions.

In various investment climate rankings, such as the World Economic Forum, Thailand's ranking has deteriorated to # 36 in 2009 from # 28 in 2007. Supported by studies like the Doing Business 2010 by the Doing Business project at the World Bank Group, one would still conclude that overall investors find more positive attributes in investing in Thailand.

## Restoring Industrial Growth and Competitiveness

Restoring industrial growth in manufacturing and demand for developed industrial land in industrial estates for either capital or technology-intensive manufacturing has started to come back. In a 2009 mid-year survey on Japanese Foreign Direct Investment, chemicals was the most promising industrial sector cited by JBIC (Japan Bank for International Cooperation) ... a ranking that would certainly be lower in the wake of the Map Ta Phut situation. Automotive, given the survey timing in the heart of the global economic downturn, dropped to a much lower ranking.

However, as automotive volumes have returned and with Thailand's ranking as the # 14 automotive producer in the world, opportunities for growth are returning and we have experienced heightened activity in this industry. Interesting has been the growth in exports of Original Equipment Manufacturers "OEMs" vehicle products and auto parts over the last ten years. Domestic auto demand has been stagnant since 1995 while 2010 sales are unlikely to reach much more than the 596,000 units sold 15 years ago.

Domestic market demand is the key to Thailand's opportunity to produce a more robust automotive product line with innovative, not detuned local-only, products as a way to increase automotive production capabilities. Much of the recent expansion by Toyota has been mainstream passenger car models. The opening of the plant expansion by Ford and Mazda in 2009 was for "B" class small vehicles, the hot selling Mazda 2 and Ford Fiesta. Other production expansions by major automotive OEMs will have much the same theme, manufacturing mainstream, mostly passenger car, products.

Thailand would be better served by having the latest automotive products being affordable locally and to export automotive parts and OEM products where possible to the 10 million production volumes in Japan, the 4 million production volumes in Korea, the 1 million automotive demand in Australia, and potentially to China and to Thailand's developed automotive export base of over 100 countries today.

The ECO car niche product being pursued by government policy will have limited success. Fuel prices in Thailand are relatively low, not prohibitive to drive purchases of very small cars unwanted by consumers. Much of the Thai population lives outside of urban areas where the 1-ton pickup will continue to be a better choice and, with low tax, diesel or subsidized fuel, not more expensive. Exports of the Thai ECO vehicle will find trade barriers to importation, thus restricting production, yet exports are required to qualify for investment incentives or to even make the volumes viable. Thai OEM's will face competition from emerging countries, such as India, that have significantly higher ECO urban automotive volumes and more favorable supplier economies of scale.

Opportunities for 1-ton pickups, long the Thai vehicle champion and exported to 130 countries seem to have leveled off. There are other SUV and crossover SUV products in which Thailand does not have a strong production base due to restricted local demand.

Countries that have strong sustainable automotive production and strong exports or potential export capabilities, e.g. U.S.A., Japan, Germany, Brazil, Mexico, Korea, China, and India, all have a common thread — a ready and competitive large local automotive market with, typically, a broad latest technological lineup of products. Thailand does not have this kind of domestic market due to high excise taxes and policies that discourage domestic consumption and, thus, will not fully develop this potential sustainable export market. This creates risks of lost future automotive investment to other growing local consumption markets, such as for ASEAN Indonesia and to a lesser extent Vietnam.

Industrial capacity in developed countries is now contracting and being rationalized. Thus, much of the industrial opportunity and expansion we see today is due to consolidation — including the selection of one country to use AFTA or various FTA's to enhance export opportunities and trade, such as with Japan or Australia.

Other factors increasingly relevant after the crisis are to enhance competitiveness due to cost, currency, market access, and supplier base. Thailand has a well-developed and competitive automotive supplier base. The automotive industrial clusters such as the "Detroit of the East" automotive cluster with some 137 automotive suppliers and more than 220 auto factories at our Hemaraj Eastern Seaboard Industrial Estates offer a competitive advantage.

Both the private sector and government have roles in enhancing industrial productivity through increased capital investment and government incentives needed for this reinvestment. As well, streamlined standards, regulations, labor flexibility, and capacity building will increase competitiveness.

Forward thinking policies and a roadmap for energy, taxes, duties and excise are needed to enhance the local market consumption of automotive and other capital goods. Long term planning of economic and social development are required like our past experience with an active Eastern Seaboard Development Program. This would increase the predictability of policies so as not to have another Map Ta Phut setback as well as to provide the consistency and predictability needed for sustainable industrial development where communities and industry live in harmony. Manufacturing is an important sector for Thailand, representing some 35% of GDP. There are numerous environmental and industry success stories on which Thailand can build a long lasting competitive advantage with progressive policies for sustainable industrial development.

David Nardone  
President and CEO  
Hemaraj Land And Development Plc.

## Highlights

### Ultra High Speed Telecom for Hemaraj Customers

*(continue from page 1)*

Mr. David Nardone, President and CEO of Hemaraj, said: "Our latest investment in technology development ensures a higher level of fast and effective telecom infrastructure within our industrial estates and headquarters building. This will enable Hemaraj to better serve more than 500 existing customers and prospective clients. We are very delighted to work with CAT, the national telecommunications network provider who delivers both domestic telecom solutions and access to international secured networks."

CAT is gearing up for all FTTF installations that line along main road networks within Hemaraj's industrial estates using the Underground Air Blown Fiber System. The shift to the underground FTTF infrastructure is expected to help remove untidy cable installations on electric masts without obstructing the view within the premises.

The project is divided into two phases: the FTTF infrastructure development and then the Carrier Neutral Data Center in the near future. CAT is responsible for installation and integration works, as Hemaraj provides space (in industrial estates and at UM Tower) for that purpose and manages the marketing function of the project.

The network installations will start soon at Eastern Seaboard Industrial Estate (Rayong) and the adjacent Hemaraj Eastern Seaboard Industrial Estate, which are the key locations of the automotive industry in Thailand.

## Introduction of Industrial Skills Training to Schools

Ms. Narisara Chavaltanpipat, Deputy Minister of Education, recently presided over an MOU signing ceremony between Hemaraj, the Office of the Vocational Education Commission (VEC) and the Office of the Basic Education Commission (OBEC) to launch the “Industrial Skills Training” project.

The project targets students from extended schools under Chonburi Educational Service Office Area 3 and Rayong Educational Service Office Area 1. The objective is to equip the students with industrial skills essential for their future employment. It also aims to broaden students’ perspectives on vocational education, giving them promising career alternatives, particularly in response to requirements of the industrial sector.



The project focuses on improving industrial skills by providing alternative subjects such as industrial hygiene and safety classes for Mathayom 3 students, and elementary electricity classes for Mathayom 2 students. The schools in the pilot project include seven in areas around Hemaraj’s industrial estates. Four are in Chonburi Educational Service Area 3: the Baan Bowin School, Baan Hubbon School, Baan Surasak School, and Baan Khaokansong School. The three in Rayong Educational Service Area 1 are the Eastern Sugar Mill School, Baan Pakpraek School and Nikom Sang Ton Aeng, Rayong 8 School.

Mr. Vivat Jiratikarnsakul, Executive Vice President of Hemaraj, also pointed out: “To address the needs of the industrial sector, the generous support and development of labor skills is really critical, as the demand for skilled labor is persistently increasing. However, school students’ interest in furthering their study in vocational fields is not matching the demand due to a lack of understanding. Consequently, many students aim to follow the undergrad path, despite the fact that vocational programs seem to suit their capabilities better. This collaboration is therefore destined to guide secondary school students in the basics and broaden their horizons in industrial and vocational fields. This will benefit their future study and career path.”

Under the MOU, Hemaraj is responsible for cooperation between Rayong Technical College, which represents VEC, Chonburi Educational Service Office Area 3 and Rayong Educational Service Office Area 1. Both Educational Service Office Areas are directly responsible for coordination with participating schools, the course schedule, and the campaign for more participating schools, as well as monitoring of the project. Rayong Technical College will develop course outlines, curriculums and plans, provide trainers, and prepare equipment and materials as necessary for the courses to ensure the required standard. Any participating student who completes the course as specified will be awarded a certificate, of which credits received are transferable when applying to a vocational college degree program.

Previously, Hemaraj has joined hands with VEC to set up a Skills Training and Development Center at its Eastern Seaboard Industrial Estate (Rayong). The center provides the Accreditation Program for High Vocational Certificate, skills enhancement courses, and training as required by entrepreneurs and manufacturers.

*In the picture: Ms. Narisara Chavaltanpipat (center), Deputy Minister of Education, poses for a picture with Mr. Sawasdi Horrungruang (center right), Chairman of Advisors to the Board of Directors, Hemaraj, Mr. Pradit Rasitanon, (center left), VEC Deputy Secretary General, Mr. Sanae Khowto (5th from left), OBEC Deputy Secretary General, Mr. David Nardone (back row, 4th from right), Hemaraj’s President & CEO, Mr. Vivat Jiratikarnsakul (front row, 4th from right), Hemaraj’s Executive Vice President, Ms. Pattama Horrungruang (front row, 3rd from right), Hemaraj’s Senior Vice President and Chief Financial Officer, and other executives from Hemaraj, VEC and OBEC after the MOU signing ceremony.*

## Hemaraj and Schools Take Big Step Forward for Holistic Learning Approach

***As part of the Adopt-A-School project, the “Train the Trainers” primary teachers training program encourages the betterment of education in the Eastern Seaboard.***

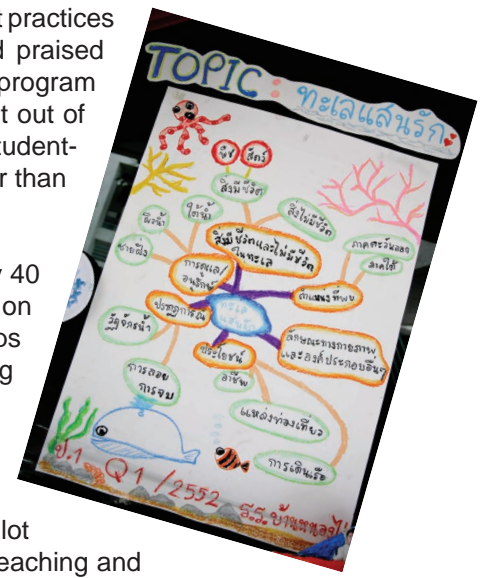
Hemaraj in collaboration with the AMCHAM Thailand Charitable Foundation (ATCF), recently held a “Holistic Learning Approach” seminar and exhibition at ESIE Plaza 1, Eastern Seaboard Industrial Estate, Rayong. Jointly presiding over the opening were Mr. Thongchai Munkong, Director of Rayong Educational Service Office Area 1, and Mr. Nattaset Posrithong, Director of Chonburi Educational Service Office Area 3.

The event was organized to complement the “Train the Trainers” primary teachers training program. It featured six rural schools in Rayong and Chonburi participating in a pilot project under this initiative, sharing what they have learned, their progress and achievements with others in the areas.

The “Train the Trainers” program is destined to disseminate the educational innovation and best practices of Lamplaimat Pattana School, which has been certified for outstanding performance and praised by local and international education evaluation agencies. Launched in 2008, this training program seeks to develop teachers with skills and abilities in teaching efficiently and getting the most out of limited educational resources. The focus of the program is on teacher ability to manage student-centered classrooms, where students are encouraged to think and express themselves rather than memorizing and repeating traditional teacher-directed lessons.

During the past two years, education administrators and primary school teachers from nearly 40 schools surrounding Hemaraj’s industrial estates in Rayong and Chonburi have been taken on field trips to Lamplaimat Pattana School in Buriram. They participated in a series of workshops and seminars, generating greater understanding of teaching principles and practices according to the new educational approach.

The pilot project under the program has been completed successfully with six schools, including Watmapchalood School, Nikom 2 School, Banmaenumkoo School, Bannongrai School, Banphansadethnai School and Watweluwanaram School. These were chosen as pilot schools, and have translated what they learned from the training and field trips into holistic teaching and learning plans, putting that into selected classrooms for a trial process.



Exhibits and presentations at the seminar and exhibition include the six model schools’ project details, administration strategies, and useful experiences from the last semester. Work by students in the project was also displayed.

In addition, the seminar includes demo classrooms conducted by teachers from Lamplaimat Pattana School for on-site training tailored to

second-year preschool and fifth-year primary school teachers.

The event also recruited more schools into the 2010 training scheme, which will be continuously supported by Hemaraj and ATCF.

Mr. David Nardone, President & CEO of Hemaraj, said: “The pilot project had an impressive result. Most participating schools are enthusiastic about continuing their participation and more schools are willing to join. For the 2010 academic year, Hemaraj will continue to work closely with Lamplaimat Pattana School to organize seminars on the holistic learning approach for 100 to 200 teachers from schools within areas around Hemaraj’s Industrial Estates in Rayong and Chonburi.”

“The Lamplaimat Pattana education model is significantly relevant to the 2008 Education Plan launched for the first time this year by the Ministry of Education,” Mr. Nardone added. “This training program is designed to be an active mechanism supporting the Ministry’s educational development effort. For more than a decade, Hemaraj has set itself the target of making a sustainable contribution to developing the country’s education. Our commitment is demonstrated through a range of educational and social service projects, including donations of books and school materials, school infrastructure renovations, student scholarships, and teacher training program.”



## Thriving Amid Chaos

Against the backdrop of the global recession, continued political instability, and court-ordered delays in projects in Map Ta Phut, investors continue to find Thailand a good place to do business. In fact, in a recent Grant Thornton International survey of more than 7,400 business owners in 36 countries about stress levels, Thailand ranked as the second least stressful location in Asia. This finding, combined with the World Bank study what ranked Thailand as the 12th easiest place to do business, may explain why foreign investors continue to choose Thailand as an investment location.

In 2009, the Board of Investment received 723.4 billion baht (US\$21.1 billion) in applications for investment incentives, a new record, and the trend during the first two months of 2010 remained strong.

Investors are bullish about the impact of Thailand’s free trade agreements (See article on page 7) and are responding to indications that global demand is picking up. Indeed, in recent months, many of Thailand’s long-time investors have expressed confidence in Thailand. They understand that the advantages that brought them to Thailand and enabled them to be profitable, remain relatively unaffected by the political situation.

For example, Unilever has indicated it will invest more than 400 million baht to upgrade its manufacturing facilities, add more production lines and increase the quality of its products.

Germany's Beiersdorf has invested close to 500 million to double capacity at its Nivea plant to cope with growth in exports following free-trade pacts with Asean and Australia. The capacity increase at the manufacturing facility in Samut Prakan's Bang Phli district is aimed at cashing in on Thailand's skilled and reliable workforce and free-trade agreements with Asean and Australia.

Ralph Gusko, Managing Director of Beiersdorf (Thailand), said that despite the economic and political situation, the decision to make Thailand its regional production hub reflected the fact that the country is the German giant's largest market in Southeast Asia and that it had shown constant double-digit growth. "Beiersdorf considers that we have good operations in Thailand. It is cost-competitive, the quality of production is excellent and we think it is a stable country in the long term," he said.

In terms of industries, there are several that are seeing signs of economic recovery.

In the hard disk drive (HDD) sector, industry leaders Seagate and Western Digital are projecting record HDD exports in 2010, with shipments in the 650-670 million range, up some 15% from 2009.

To meet rising demand in HDD and ICs, companies such as Hana Microelectronics (ICs), NXP (IC packaging), and Hutchison Technology (HDD) have all announced large-scale investments in the past year and many existing players have increase employment levels.

Thailand's auto industry is another industry that is preparing for growth, with recent estimates of a 30% increase in production in 2010. Both assemblers and parts and component manufacturers are expanding operations to enable them to meet future demand.

In March, General Motors announced it was proceeding with construction of three projects in Thailand this year: a next-generation pickup truck plant, an assembly plant for pickup-derived sport utility vehicles (SUV) and a diesel engine manufacturing plant. Once these plants are complete, GM Thailand expects the country will become an export hub for pickups and SUVs with two to three times growth over the next few years. It will debut new pickups, SUVs and the mid-sized Cruze sedan by the end of this year to replace the Optra.

The Thai government introduced the so-called eco-car scheme and attracted projects from 6 major assemblers, with total production set at a minimum of 675,000 vehicles per year. The first of the eco-cars — the Nissan March — was unveiled in March and eco-cars from Honda, Mitsubishi, Tata, Suzuki and Toyota are in various stages of development.

These are just a few examples of companies and industries that are optimistic about their futures in Thailand. Thailand's fundamental strengths, such as cost efficiencies, skilled workforce in many industries, and advanced infrastructure remain in place, and the advent of the ASEAN-wide free trade area (AFTA) and other free trade agreements presents investors with the opportunity to set up a production base in Thailand from which they can service the region.

## The Promise of ASEAN

Some three decades ago, Thailand was one of the driving forces in pushing the Association of Southeast Asian Nations (ASEAN) to promulgate an ASEAN-wide free trade agreement. The rationale for establishing the ASEAN Free Trade Zone (AFTA) was clear — while the ASEAN members are at varying stages of developments, no single nation is as strong as the 10 countries are together.

It is also clear that creation of a free trade of this magnitude (total population in excess of 580 million) makes ASEAN a force to be reckoned with on the global stage. Hence, creation of a single unified market serves to spur intra-regional trade, create cost efficiencies for investors who are now able to set up a production base in one country and service the entire region, and enables businesses to take advantage of the complementary nature of natural resources to lower production costs.

ASEAN Population	580 million
ASEAN GDP	US\$1.5 trillion
ASEAN trade	US\$1.7 trillion (2007)
FDI in ASEAN	US\$60 billion
ASEAN + China (CAFTA Free Trade Area) Population	1.9 billion
ASEAN-China Trade	US\$2.3 trillion (2007)

On 1 January 2010, the six original ASEAN (ASEAN-6) members (Thailand, Singapore, Malaysia, Indonesia, Philippines, and Brunei) reduced import duties to zero; the so-called CLMV countries (Cambodia, Laos, Myanmar and Vietnam) will follow suit in 2015.

On 1 January 2010, the China-ASEAN FTA also went into effect, reducing tariffs on goods from ASEAN-6 into China to 0.1% (from 9.8%) and goods from China seeing tariffs reduced from 12.8% to 0.6% by the ASEAN-6. By 2015, 90% of goods flowing between CLMV and China will be free of tariff.

1 January 2010	Import duties reduced to zero in Thailand, Malaysia, Indonesia, Singapore, Philippines, and Brunei on 90% of products (more than 7,800 tariff lines)
1 January 2010	China reduced most of its import duties to zero as part of China-ASEAN FTA (CAFTA)
1 January 2015	Import duties to be reduced to zero in Cambodia, Laos, Myanmar, and Vietnam
1 January 2015	Target date for ASEAN Economic Community (AEC)

The reduction of tariffs across ASEAN will certainly provide macroeconomic benefit to member countries, due to enhanced intra-regional and extra-regional trade. In Thailand, as in all ASEAN countries, some industries will benefit, while others will face new challenges and will be forced to adapt to the changing economic environment.

Among the industries that will benefit from ASEAN are several of Thailand's largest foreign-currency earning industries, including automotive and electronics.

For example, the ability to source tariff-free parts and components across ASEAN is seen as a benefit to automotive assemblers, as it will lower production costs, thereby making Thai-manufactured vehicles more competitive in the global marketplace. At the same time, the cost-savings can be passed on to the domestic auto market, thus providing a stimulus for domestic consumption. AFTA also offers significant opportunity for Thailand's world-class auto parts and components industry, in terms of increased intra-ASEAN exports.

Tariff reductions are also good news for the electronics and electrical appliances (E&E) industry, which has long been among Thailand's leading export industries. Thailand is generally acknowledged to be the leader in the E&E industry in ASEAN and implementation of AFTA is expected to spur new E&E investments in Thailand. Indeed, since

the beginning of the year, there have been several new E&E projects announced, including Hutchinson Technology Inc, which announce a 4.3 million baht (US\$130 million) HDD investment in February.

In addition, ASEAN is the largest market for Thai E&E exports, accounting for roughly 17% of the total. Thai manufacturers are likely to increase their marketing efforts within ASEAN, and expect exports to ASEAN to grow dramatically in the short-to-medium term.

In addition to automotive and E&E, textiles (especially bleached and dyed textile products) are expected to benefit, as they see increased orders from downstream manufacturers in the less-developed ASEAN countries, and Thai agriculture and food exports are also expected to benefit from the tariff reductions.

However, the agriculture industry will also face increased competition in terms of cheaper imported goods flooding the market. This was already seen following the implementation of the "Early Harvest" scheme of the ASEAN-China FTA. The Thai market was flooded with cheaper agricultural goods (e.g. garlic), with Thai garlic farmers unable to compete on price. Under the AFTA, Thailand can expect to see cheaper agricultural products, especially rice, from the CLMV countries.

To counter this, the Thai agriculture sector will need to upgrade production technology to increase yields and increasingly focus on higher added-value products to further leverage the country's leadership position.

The need to upgrade production technology and focus on added-value applies not only to the agriculture industry, but to almost every industry that is facing new competition from across the region.

In the light of new competition from within the region, companies need to take a serious look at their strengths and weaknesses and respond quickly to shore up areas in which they are at a competitive disadvantage.

In addition, companies need to be aware that opening up ASEAN presents threats in terms of new competitors aggressively targeting customers and the prospects of regional competitors attempting to hire staff away from you. What this means is that companies need to focus on enhancing their relationships, both with their customers and their workforce.

The bottom line is that AFTA (and CAFTA) offer real opportunities for companies that are able to successfully face the light of competition, but present real challenges to companies that are unable/unwilling to adapt to the changing trade environment.

## Government Update

### BOI extends measures for sustainable development investment in country's competitiveness

*(continue from page 1)*

Dr. Atchaka Sibunruang, BOI Secretary General, revealed after the board meeting chaired by Prime Minister Abhisit Vejjajiva, that the board approved the plan to relaunch five promotional measures that expired last year but have potential to contribute to sustainable development, enhance the country's competitiveness in science and technology, encourage existing investors to improve quality of their manufacturing as well as reduce environmental impact. Interested investors shall submit their

applications for special investment incentives before December 31, 2012. New additional investment promotion measures are scheduled to be discussed the next board meeting.

The measures approved by this board meeting include:

1. Extended measures from Thailand Investment Year 2008-09 program for 3 target industries namely 1.1 activities related to energy conservation and alternative energy 1.2 activities related to manufacturing eco-friendly materials and products 1.3 activities related to high technology. Major incentives that will be granted are exemption of import duties on machinery and equipment, 8-year exemption of corporate income tax (except the projects located in Bangkok) and 50% reduction of corporate income tax for five years.

2. Measure to promote machinery upgrading to conserve energy or reduce environmental impacts. This measure aims to encourage companies to invest in machinery upgrade for more energy efficiency use, for use of alternative sources of energy or for less

environmental impact use. Applicants must submit their machinery upgrade plan which must be implemented within three years after the promotion certificate is issued. Approved projects will be granted 3-year exemption of corporate income tax on the existing operation. The total amount of corporate income tax to be exempted must not exceed 70% of total value of investment in machinery upgrade.

3. Measure to promote technology upgrade for manufacturing of new products. This measure aims to encourage investors to make efficient use of their machinery as well as to be able to expand to a higher value product line while increasing revenue and maintaining employment. Qualified investors must invest in upgrading the existing manufacturing line for new product(s). The product(s) manufactured from the upgraded line must be different product(s) and must be given different name from the existing product(s). Approved projects will be granted exemption of import duties on machinery, exemption of corporate income tax on new product(s) for three years regardless of zone.



4. Measure to promote environmental conservation-related investment. This measure aims to encourage factories, especially oil refineries, gas separation, power plants, chemical and petrochemical plants, mineral and basic metal factories, to pay more attention to their environmental management. Existing companies, either BOI- or non-BOI promoted, can apply for these special investment incentives on the condition that environmental-conservation plan must be completely implemented within three years after the promotion certificate is issued. Approved projects will be granted exemption of import duties on machinery and equipment, exemption of

corporate income tax for a period of 3 years totaling up to 70% of investment in reducing impacts on environment.

5. Exemption of import duties on raw materials or the benefits according to Article 36 (1) and (2) for existing companies. This measure aims to help ease manufacturers' tax burden, bank assurance fees, raw material import duty interest, etc. Four supporting industries eligible for this incentive are manufacture of automobile parts, manufacture of plastic products or plastic coated products, manufacture of electronics and electrical parts and manufacture of electrical appliances and parts. BOI

will grant one-year exemption of import duties on raw materials used in the manufacture for export.

BOI, in addition, is working on new measures for sustainable investment which are inclusive of four measures: 1) measures to develop human resource that contribute to knowledge-based industries 2) measures to build competitiveness in science and technology 3) measures to promote environmental- and community-friendly investment 4) measures to build industry and services on cultural uniqueness and creativity.

## BOI-Promoted Firms that List on SET or MAI to Receive Extra Tax Privileges

The Thailand Board of Investment (BOI) has approved a policy change that raises the ceiling for tax exemptions on promoted projects if companies list on the Stock Exchange of Thailand (SET) or the Market for Alternative Investment (MAI).

Under the new privileges, as regards BOI announcement No. 7/2552, those companies with unexpired tax exemptions granted by the Board may seek to have the cap on their corporate income tax exemption lifted for the remainder of the promotion period. However, the companies must apply for this within 2012.

Although firms that are already listed on SET or MAI are not allowed to apply under this campaign, their subsidiaries or associated companies may seek to be listed on SET or MAI to receive the privileges.

This campaign will stimulate potential businesses, raise profitability, and encourage companies to list. Targeted sectors include agriculture and food, light industries with low investment but high profitability, and heavy industries that need to raise funds domestically. Star Microelectronics (Thailand) Pcl, a leader in electronics manufacturing and services, has become the first company to enjoy the tax holiday with no limit on profits under this campaign.

In 2009, and continuing into early 2010, SET and the BOI promoted this campaign to reach potential listings by conducting roadshows nationwide, including in

Sumutsakorn, Chonburi, Ayutthaya and Chiagmai. After the roadshows, SET and BOI received positive responses from many companies to apply for the extra tax benefit.

SET strongly encourages companies with BOI certificates or non-BOI privileges to explore this campaign and start preparing for listing. Doing so would give the firms tax savings and strengthen their business competitiveness.

For more information on this BOI benefit, the listing preparations, and the 2010 SET and BOI roadshow timetable, please contact SET directly via phone at 02-229-2029 or 02-229-2033 and by e-mail to [panya@set.or.th](mailto:panya@set.or.th) or [aunchalee@set.or.th](mailto:aunchalee@set.or.th).

## Customer Showcase

### Precision Valve Thailand



### Aerosol Leader on Way To 4 Million Units a Year

With an impressive heritage of many firsts, Precision Valve Thailand Ltd. remains at the forefront of the aerosol industry. Located in Eastern Seaboard Industrial Estate (Rayong), the company is a subsidiary of New York-based Precision Global, which patented the world's first aerosol valve in 1949. Precision also developed industry standards such as the under-the-cup filling machine in 1958 and the total-release actuator in 1977, and even saw the Pepsi Space Cans with its precision dispensing system blast off on the Challenger shuttle in the 1980s.

"We are an innovative company, always with something in the pipeline," said Mr. Andrew Sims, General Manager of Precision Valve Thailand.

The global market leader for more than half a century, Precision has operations in the Americas, Europe and Asia, delivering one-third of the world's aerosol valves. With 120 employees and 25,000sqm of space, the corporation's Rayong facility commenced production in January 2007.

The factory supplies valves to every element of the aerosol industry, currently producing 300 million units a year, exporting 70% of that output. The customer list includes aerosol filling giants Unilever, P & G, Beiersdorf and SC Johnson. The company's products are used in the personal care, household and industrial sectors, everything from deodorants and hair mousse to air fresheners and spray paint.

When looking to relocate its Singapore plant as part of down-costing, the company selected Eastern Seaboard as the best spot for several reasons. At the time, Precision Global was operating a small workshop in Bangkok to do finishing on the partially built valves from Singapore, so that helped make Thailand attractive with a level of expertise already in place here. The country also seemed to be the right choice because 30% of exports from Singapore were for the Thai market.

Since commencing full operations in 2007, Precision Valve Thailand has seen a steady increase in volume demand. This can be partially attributed to several European brands having moved to low-cost manufacturing bases in Asia. "More importantly, the aerosol industry in Thailand is now recognized as a regional hub for aerosol product manufacturing," Mr. Sims said.

He added that the establishment of the Thai Aerosol Association three years ago has spurred investment from foreign companies doing aerosol filling in Thailand. The skills base is growing and the country's aerosol industry infrastructure is strong. Producers of everything from plastic components and valves to chemicals and aerosol gases have moved here. "There is a ready-made aerosol industry here," the General Manager added.

The company has even enjoyed growth during the global economic downturn of the past two years, picking up business from European aerosol companies that moved their factories to Thailand and elsewhere in Asia to cut costs. In fact, January and February this year were its biggest volume months ever in Thailand. One new customer in particular boosted the plant's volume by 15%.

With three assembly lines running 24 hours a day, the company is almost at full capacity. A fourth assembly line will go on-stream in coming months, boosting annual capacity to 400 million valves.

The General Manager was quick to respond as to the company's competitive edge. "We are renowned for our quality," Mr. Sims said. Precision Valve Thailand employs the Six Sigma business-management strategy for ensuring quality, and has GMP, ISO 9001:2000 and ISO 14001:2004 certification on its manufacture and environmental practices.

"Another competitive advantage is that we are very responsive to our customers," he noted.

Precision Valve Thailand also cares about local needs. To give back to Thailand, the company operates a CSR program under which it supports needy causes in

local communities. A recent social-care example involved gift-giving and hosting a dinner for underprivileged children.

Precision Valve Thailand looked at various sites in the country before deciding on Eastern Seaboard Industrial Estate (Rayong). "We wanted a world-class facility and Hemaraj ticked all the right boxes," said Mr. Sims.

The Rayong estate met the company's requirements for uninterrupted power and water services, security, and good road infrastructure. "On top of that, there is an established engineering industry in the area for support in making parts, the labor pool here is excellent, and we have proximity to the deep-water port for shipping on a daily basis," he added.

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## Visy Packaging (Thailand) Limited

### *Plastic Cup Maker. Keeps It Clean*



Boasting a truly clean manufacturing process, Visy Packaging (Thailand) Limited is doing wonders for the image of plastics production. Using state-of-the-art systems, the company's specialized factory makes thermoformed barrier plastic cups at Hemaraj Eastern Seaboard Industrial Estate, Visy supplies multinationals such as Dole, Coca-Cola and Heinz.

The plant opened in October 2009, and 80% of its many customers are in the food industry. More than two-thirds of output is sold to clients in Thailand, with exports going mainly to the USA and China market.

Production at the Rayong plant is fully automated, an impressive operation of sensory cameras and precision robots. "This is the most advanced factory in the world for our sector," General Manager Mr. Simon Shale said proudly. "We have simplified the making of plastic products, changing it from a black art."

Once the line is set up, the machines run themselves. Staff only has to put a roll of polypropylene back on every hour or so, and check now and then to make sure things are going along smoothly.

Processes include extruding plastic in up to 13 layers. The plant's world-class thermoforming machines produce more than 1,200 cups a minute, or 1.2 billion pieces a year. "We have exclusivity on our technology," Mr. Shale said. "It's pretty amazing."

In addition to being ultra-high-tech, the factory is fully air-conditioned to help ensure there is no contamination. It follows strictly the HACCP (Hazard Analysis & Critical Control Points) food-safety management system for elimination of any biological or chemical risk from improper materials, production or handling. "I can guarantee customers that our cups are untouched cups. Others will take things off the line manually, but this plant is all automated," the general manager noted.

With virtually zero waste, as the processes work the scrap back into the material used, the factory is also very environmentally sound.

The plant uses Australian technology. The R&D work, as well, is done in Australia, with the focus currently on extending the performance of the plastic cup.

The company is a subsidiary of Melbourne-based Visy Industries Holdings Pty Ltd., which was founded in 1948 and today has 5,000 employees. The privately owned corporation is a world leader in packaging and recycling, with units in paper, cardboard, plastics, glass and metals. It also designs robotic systems. Operations extend from Australia to Asia, Europe and North America.

Many factors were behind the decision to locate in Thailand. Perhaps the biggest reason was to be closer to deep seaport and its main customer, fruit giant Dole Thailand, which it was servicing previously from Australia.

Besides being the food basket of Asia, Thailand is also what Mr. Shale calls the region's "safest entry destination for investment." Part of this is the attractive combination of low-cost but skilled labor in the country. Hemaraj played a role as well, meeting the

company's requirement for a rental facility at first, with an option to buy later, as a means of minimizing initial capital. Operating in Hemaraj Eastern Seaboard Industrial Estate (Rayong) also provides proximity to the Laemchabang deep-water port for shipping easily to Australia, China and around the world. Moreover, the estate gives the company quick access to raw materials such as polymers and plastics in nearby Map Ta Phut.

All of this makes good business sense, as such savings enable Visy Packaging (Thailand) to pour more funds into technology, automation and innovation. This in turn results in better products and services for customers. "We become more profitable by making our customers more profitable," Mr. Shale said.

The company also believes it has a responsibility to help local society. Besides providing top-end salaries and advanced skills training to Thai workers, it is active in CSR programs. Recent examples include sponsoring a wall construction at a near by temple and visiting schools to deliver contributions of goods. "There is an opportunity here for philanthropy and we can help," the General Manager said.

Steady growth is foreseen for the Thailand plant. "Visy is aware that Asia is calling. We will be investing more and more. In fact, we have rights from Hemaraj to quadruple our size here." Mr. Shale remarked.

To maintain its edge, Visy Packaging (Thailand) will be pursuing the right times and the right penetration routes for potential new products and services. But the biggest factor in any expansion decisions will be how customers can benefit from them.

Mr. Shale pointed to quality and innovation as two of Visy's competitive advantages. Another is certainly long-term sustainability, as the corporation has been meeting the needs of customers for more than 60 years.

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## Logistics Alliance (Thailand) Co., Ltd. Leads Distribution of Auto Parts

### *Handling with Consistency from Designing to Packing*



Established in 1997, Logistics Alliance (Thailand) Co., Ltd. (LAT) provides timely and quality logistics solutions, concentrating mainly on suppliers in the automotive industry.

Based in Eastern Seaboard Industrial Estate (Rayong), the company recently finished construction on its new distribution center. Logistics Alliance is already considering further expansion, in addition to centralizing its materials factory, knock-down products (KD) plant, and PxP facility with the head office for greater business efficiency.

Set up with investment from seven shareholders, including Malox Co., Ltd., a distribution subsidiary of Mazda Motor Corporation, the company currently administers services to Auto Alliance (Thailand) Co., Ltd. (AAT), which targets Japan, China, Europe and other global markets. AAT itself is a manufacturing joint venture between Mazda and Ford Motor Company.

Logistics Alliance procures auto parts from Thailand suppliers in a milk-run method and delivers them to AAT in accordance with the client's manufacturing plan. The company also packs auto parts provided by AAT for KD production and ships these products overseas. In addition, it packs AAT-made parts and delivers them to Ford Operation (Thailand) Co., Ltd.

"We can provide distribution adjusted to AAT's production system," said Toshifumi Murata, President Director of Logistics Alliance. "Our strength is that we have a consistent procedure from designing through packing as concerns the business of KD and parts management."

Mr. Toshifumi Murata elaborated that a consistent procedure controls costs, makes parts procurement logistics efficient, and ensures quality packing.

The company anticipates shipping 30,000 KD products in each of 2010 and 2011. Future business prospects are also bright. "We aim to seek out more auto makers and suppliers as clients," the company president said.

Mr. Murata explained that the company selected Eastern Seaboard Industrial Estate (Rayong) because of its proximity to Logistics Alliance's customer sites, which makes operations convenient. He added that the estate has a fully developed infrastructure, and offers the possibility that a foreign investor can purchase the land.

The efficiency of the local industry was also a factor. "In Thailand, there are not many negative incidents in packing and designing. This is because most processes are handled using CAD," Mr. Murata noted.

As the company's shareholders are mainly Japanese auto and logistics enterprises relocated to Thailand, it enjoys the advantage of receiving professional and technical support from these businesses. For example, the milk-run method involves a tie-up with NYK Logistics (Thailand) Co., Ltd., and the packing operations are in cooperation with Sankyu Laem Chabang (Thailand) Co., Ltd.

Logistics Alliance provides a comfortable and safe environment for its employees, and enjoys a high worker-retention rate. It nurtures engineers, with extensive training conducted at Malox in Japan. After they come back knowledgeable of the latest technologies, these engineers contribute to the technological capability of the company.

Certified to ISO 9001 and 14001, the company follows environment-friendly production techniques. These include reducing wood consumption in packing by disassembling and recycling waste materials such as cardboard, iron and plastic. In addition, Logistics Alliance is active in social-responsibility programs.

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## Fuji Xerox Eco-Manufacturing Co., Ltd., Recycles Corporation's Used Products

### Goal Is Zero Waste Via Disassembly and Reutilization

Fuji Xerox Eco-Manufacturing Co., Ltd. aims for zero waste in industry. As part of its corporate social responsibility (CSR) efforts, the company disassembles and sorts used copying machines, printers and cartridges, executing the reutilization of these resources. The products are collected from the operations in the Asia-Pacific region of its parent company, Japan-based Fuji Xerox Co., Ltd., which has marketing outlets in South Korea, Hong Kong, the Philippines, Thailand, Indonesia, Malaysia, Singapore, Australia, and New Zealand.

A 100%-invested subsidiary of Fuji Xerox, the Thailand facility commenced business in Hemaraj Chonburi Industrial Estate in December 2004.

Mr. Katsunari Matsui, The President and Factory Manager of Fuji Xerox Eco-Manufacturing Co., Ltd., said the company chose to locate in Thailand because of the country's central location in the region. "That represents a logistical advantage," he remarked.

Mr. Matsui stated that the quality workforce in Thailand was another advantage, as recycling, disassembly and sorting are done mostly by hand. In addition, the company was able to have a good understanding with the Thai government. He further noted that Hemaraj Chonburi Industrial Estate was highly recommended by support industries in the area, and that the estate provided proximity to the Laem Chabang port.

Fuji Xerox Eco-Manufacturing's business is largely divided into two parts. The first is recycling used products as raw materials. The other aspect involves recalling disposables such as developing equipment and cartridges, and then processing and shipping them for reuse.

The recycled materials from the plant are provided to manufacturers in Chonburi,



Bangkok, Ayuthaya, and elsewhere in Thailand. As for the recycled products, quality is secured through inspection by hand and thorough cleaning at the facility. Products with certain characteristics are checked extensively by also opening the packaging to ensure safety and quality control before shipping.

At the plant, used products are disassembled into 75 different item categories, including iron, aluminum, copper and plastic. The smaller the piece, the closer it gets to becoming raw material. The factory's ample manpower makes such a meticulous process easier. "Reusing as much as possible is economically effective. It helps control investments," Mr. Matsui said.

The Fuji Xerox Eco-Manufacturing factory is equipped with a range of safety systems in consideration of the workers and the products. This includes even the administering of anti-static treatment. The receiving and shipping of products are also tightly controlled, including confirmation of the weight so there would be no illegal dumping along the way.

The factory shipped more than 7,000 tons in 2008, but the company president emphasized that Fuji Xerox Eco-Manufacturing is not in the business of making profits by expansion. "We spare no efforts in ensuring product quality. We comply with the laws and carry out proper recycling processes. Additionally, we consider that business transparency is essential through information disclosure and reporting," Mr. Matsui said.

Emphasis is also placed on a cooperative relationship with the government and partner companies. "The recycling business in Thailand is still in the developing stage, and we strive to become a proud leader. Through paying attention and cooperating with partners and agencies, we could become a role model around the world," he added.

Moreover, Fuji Xerox Eco-Manufacturing is active in CSR and regional contribution efforts. In a recent activity, the company welcomed participants of a recycling seminar held in Thailand. Attendees from 17 countries in Asia and Africa visited the Chonburi factory as one of their fieldwork destinations. The company showed them around the plant, explaining its operational processes, and shared recycling studies from the Japanese school in the nearby town of Sriracha.

#### Contact Information:

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## American Press Visits Eastern Seaboard Industrial Estate (Rayong)



Members of the American press recently visited the manufacturing facilities of McCormick (Thailand) and Jelly Belly Candy (Thailand) in Eastern Seaboard Industrial Estate (Rayong) - ESIE. With Thailand emerging as a leading supplier of agricultural and food products for the global market during the past decade, the visit was part of a media tour program organized by the Board of Investment (BOI) to provide an opportunity for American press members to explore and get a first-hand impressions of the country's vibrant food and food processing industry.

*In the picture: Ms. Chantana Hinkaew (3rd from left), Director - Corporate Marketing of Hemaraj, poses for a group picture with members of the American press at Jelly Belly (Thailand)'s plant located in the ESIE.*

## Australian-Thai Chamber of Commerce Visits ESIE



Ms. Chantana Hinkaew (far left), Director-Corporate Marketing of Hemaraj recently welcomed a group of

representatives from Australian – Thai Chamber of Commerce visiting the Eastern Seaboard Industrial Estate (Rayong). On the same occasion the group also made a tour of Bosch Chassis Systems (Thailand) Co., Ltd. located in the industrial estate.

## Hemaraj Congratulates IEAT on 37th Anniversary Celebration



Mr. Vivat Jiratikarnsakul (4th from left), Vice President of Hemaraj, congratulates Mrs. Monta Pranootnorapal (3rd from right), Governor of the Industrial Estate Authority of Thailand, at a celebration marking the IEAT's 37th anniversary. Hemaraj also donated 300,000 baht to support IEAT's "The Power of Sharing" concert to raise funds for underprivileged children and patients in communities around industrial estates nationwide.

## Blood Donation at Hemaraj Eastern Industrial Estate (Map Ta Phut)



The Eastern Safety and Environmental Club (ESEC) of Hemaraj Eastern Industrial Estate (Map Ta Phut) -

Hemaraj EIE, in cooperation with the Industrial Estate Authority of Thailand and the Thai Red Cross Society, Rayong, recently organized a Blood Donation Day. Held at Hemaraj Eastern Industrial Estate (Map Ta Phut), the event was sponsored by Hemaraj. About 130 employees from Hemaraj and manufacturers from the industrial estate joined the activity, with a total blood donation of 57,850 cc.

*In the picture: Ms. Amornrat Limthai (5th from left), Chairman of Thai Red Cross Society, Rayong, presents a token of appreciation to Ms. Areerat Woranuch (center right), ESEC President, for organizing the Blood Donation Day at the Hemaraj EIE.*

## "Alzheimer Disease - How to Avoid It" Seminar at The Park Chidlom

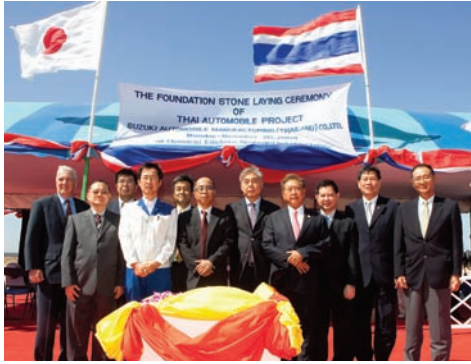


Bangkok's luxury residential condominium, The Park Chidlom, recently organized a special lecture for its residents, "Alzheimer Disease - How to avoid It." The session, conducted by Dr. Karl J. Neeser, Ph.D., Anti-Aging Scientist from Chulalongkorn University, provided participants with knowledge about the causes of Alzheimer's, the risk factors, symptoms of different stages, and tips on how to avoid the disease.

*In the picture: Dr. Karl J. Neeser, Ph.D. (middle), Anti-Aging Scientist from Chulalongkorn University, poses for a group picture with Ms. Jinnapat Tongviseskul, (3rd from right), Director - Residential Customer Development of The Park Chidlom, and residents of The Park Chidlom who participated in the session.*

# What's New with Our Customers

## Suzuki's Eco-Car Plant Holds Foundation Stone Laying Ceremony at Hemaraj ESIE IE



Suzuki Automobile Manufacturing (Thailand) Co., Ltd. recently held the Foundation Stone Laying Ceremony for its Eco-car manufacturing plant in Hemaraj Eastern Seaboard Industrial Estate developed by Hemaraj. The company plans to spend 7,500 million baht for the construction and expects to start production in March 2012, with a first-year capacity of 10,000 units.

*In the picture: Mr. Takayuki Sugiyama (front row 3rd from left), President of Suzuki Automobile Manufacturing (Thailand) Co., Ltd., poses for a group picture with Mr. David Nardone (back row far left), President and CEO of Hemaraj, and honorable guests attending the ceremony at the Hemaraj ESIE.*

## Chalybs Cylinders Purchases 70 Rai at Eastern Seaboard IE



Chalybs Cylinders Limited, a leading high-pressure gas cylinders supplier from Italy, recently signed an agreement with Hemaraj to purchase 70 rai of land at Eastern Seaboard Industrial Estate (Rayong) for its first plant in Thailand.

The factory will manufacture CNG cylinders for natural gas vehicles, with a capacity of 200,000 cylinders per year. With an initial investment of 2 billion baht, operations are scheduled to commence in 2011.

*In the picture: Mr. Marco Midolo (4th from right), Counselor of Head of the Commercial and Consular Section of the Italian Embassy in Thailand, and Mr. Sawasdi Horrungruang (4th from left), Chairman of Advisors to the Board of Directors, Hemaraj, preside over the signing ceremony. Mr. David Nardone (3rd from left), President & CEO of Hemaraj, is seen presenting the land purchase contract to Mr. Lucio Lussu (3rd from right), Chairman of Faber Industrie S.p.a., while Mr. Gian Luigi Cola (2nd from right), Managing Director of Faber, Mr. Guido Degano (far right), Thailand Project Manager of Faber, Mr. Chavalit Sethameteekul (2nd from left), Hemaraj Chairman of the Board, and Mr. Vivat Jiratikarnsakul (far left), Hemaraj Executive Vice President, look on.*

## M&T Buys Land for Expansion at Eastern Seaboard IE



M&T Allied Technologies Co., Ltd., a key supplier of auto parts for Japanese car brands, recently signed a contract with Hemaraj to purchase 5 rai of additional land for factory expansion in Eastern Seaboard Industrial Estate (Rayong). M&T is a manufacturer of shift levers and spare tire carriers. The land purchase is in line with the company's plan to increase production in serving the world's top vehicle brands, including Toyota, Isuzu, Honda, Ford, Mazda and Suzuki.

*In the picture: Mr. David Nardone (center), President & CEO of Hemaraj, exchanges the land purchase contract with Mr. Hisaki Izutsu (2nd from right),*

*President of M&T Allied Technologies Co., Ltd., while Mr. Masaru Yokoi (far right), Vice President of M&T Allied Technologies, and Ms. Chantana Hinkaew (far left), Director-Corporate Marketing of Hemaraj, look on.*

## Itakura Jitsugyo Purchases SME Factory at Hemaraj Eastern Seaboard IE



Itakura Jitsugyo Co., Ltd. recently signed an agreement to purchase an SME Factory for its plant at Hemaraj Eastern Seaboard Industrial Estate. The plant will assemble automotive glass for Suzuki Automobile Manufacturing (Thailand) Co., Ltd.

*In the picture: Mr. David Nardone (3rd from left), President & CEO of Hemaraj, presents the land purchase contract to Mr. Hirooki Itakura (4th from left), Executive Vice President of Itakura Group Company, while Mr. Takayoshi Kawasaki (4th from right), General Manager of Itakura Jitsugyo Co., Ltd., and Mr. Vivat Jiratikarnsakul (2nd from left), Hemaraj's Executive Vice President, look on.*

## Steel Stocks Signs Lease Agreement for SME Factory with Hemaraj

Steel Stocks International Co., Ltd. recently signed an agreement with Hemaraj to lease an SME Factory at Eastern Seaboard Industrial Estate - Rayong (ESIE). With a registered capital of 3 million baht, the factory will manufacture cutting teeth at a capacity of 300,000 pieces per year, and blocks and molders with an annual capacity of 10,000 slots. Output is for export only.

# What's New with Our Customers



In the picture: Mr. Apisak Kamwan (2nd from left), Senior Manager - Customer Development of Hemaraj, exchanges the agreement with Mr. Glenn Sheenan (2nd from right) and Mr. Warren Smith (3rd from right), Directors of Steel Stocks International Co., Ltd. at the ESIE.

## Brose and Delloyd Sign Joint-Venture Agreement



Delloyd Ventures Berhad, a Malaysian auto parts producer, recently signed a joint-venture agreement with Brose International GmbH & Co. to establish Brose Delloyd Automotive Co., Ltd. Located at Eastern Seaboard Industrial Estate (Rayong) developed by Hemaraj, the new company will manufacture car window regulators.

In the picture: Mr. Stefen Halusa (2nd from right), Vice President of Brose International GmbH & Co., and Dato Tee Boon Kee (far left), Managing Director of Delloyd Venture Berhad, pose for a picture at the signing ceremony.

## Toyo Glass Mold Grand Opening at Hemaraj Eastern Seaboard IE



Toyo Glass Mold (Thailand) Co., Ltd. (TGMT), a leading mold manufacturing company for glass containers recently organized a Grand Opening Ceremony of its factory located at Hemaraj Eastern Seaboard Industrial Estate. With a registered capital of Bht. 110 million, TGMT produces recyclable glass containers with capacity of 5,000 pairs per year for customers in Thailand and ASEAN countries.

In the picture: Mr. David Nardone (center left), President & CEO of Hemaraj congratulated Mr. Yoshitsugo Maruhashi (center right), Chairman of Toyo Glass Mold (Thailand) Co., Ltd., Mr. Tadao Ikeda (4th from left), President of Toyo Glass Mold (Thailand) Co., Ltd. at the grand opening of Toyo Glass Mold (Thailand) factory in Hemaraj ESIE while other executives look on.

## Parker Hannifin Holds Grand Opening at Eastern Seaboard IE



Parker Hannifin (Thailand) Co., Ltd. a global leader in motion and control technologies, recently organized a Grand Opening Ceremony for its factory located in Eastern Seaboard Industrial

Estate (Rayong). With a registered capital of 93.95 million baht, the factory will produce automotive filtration, automation, climate control, connector, hydraulic, instruments and seals for the domestic and export markets, with an annual capacity of 4 million filters.

In the picture: Mr. David Nardone (2nd from left), President and CEO of Hemaraj, and Mr. Vivat Jiratikarnsakul (far right), Hemaraj's Vice President, congratulate Mr. Craig Bowersox (2nd from right), Regional General Manager of Asia Pacific Filtration, Parker Hannifin (Thailand) Co., Ltd., and Mr. Peter Popoff (far left), President of the Filtration Group of Parker Hannifin Corporation, at the grand opening of Hannifin's factory in the ESIE (Rayong).

## Foundation Stone Laying Ceremony for Electrolux Expansion at Rayong Industrial Land



Electrolux Thailand Co., Ltd. recently organized the foundation stone laying Ceremony for its new plant expansion in Rayong Industrial Land managed by Hemaraj. With an investment of 225 million baht, the company plans to double capacity and make the Rayong plant one of its key hubs for washing machine production globally. The new factory will have a total capacity of more than 1 million units of washing machines within the year 2012.

In the picture: Mr. Sunthorn Kongsunthornkitkul (center), Vice President of Hemaraj, congratulates Ms. Manusrudee Suwannarat (2nd from left), Human Resource Director of Electrolux Thailand Co., Ltd. at the stone laying ceremony in Rayong Industrial Land.

# What's New with Our Customers

## TOTO Foundation Stone Laying Ceremony at SIL Industrial Land



TOTO Manufacturing (Thailand) Co., Ltd. recently organized a foundation stone laying Ceremony for its third plant expansion at SIL Industrial Land (Saraburi), managed by Hemaraj Land And Development Plc. A joint investment of 550 million baht with TOTO Asia Oceania (TAC) and SCG Building Materials, the new plant will serve as a production base for sanitary ware manufacturing and assembly, at a capacity of 410,000 pieces per year for domestic supply and export. Operations are expected to start by the end of 2011.

*In the picture: Mr. Sunthorn Kongsunthornkitkul (2nd from right), Vice President of Hemaraj, congratulates Mr. Minoru Noomo (far right), Committee TOTO Manufacturing (Thailand) Co., Ltd., and Mr. Saravut Sumransub (3rd from left), Committee TOTO Manufacturing (Thailand) and Managing Director of Siam Sanitary Ware Co., Ltd., at the stone laying ceremony of TOTO's plant in SIL Industrial Land (Saraburi).*

## AutoAlliance Sponsors Golf Charity For Father Ray Foundation

AutoAlliance (Thailand) Co., Ltd., located at Eastern Seaboard Industrial Estate (Rayong) recently sponsored the Golf Scramble Charity 2010 at Pattana Golf and Sports Resort, Chonburi to raise fund for FATHER RAY FOUNDATION. With the support from over 130 suppliers, the event drew 250 golfers and was able to raise 600,000 Baht for the FOUNDATION.

*In the picture: Participants of the Golf Scramble Charity posed for group picture after the tournament.*



## From the Clubs

### Hemaraj Organizes Tax Seminar for Japanese Customers

Hemaraj Investor Club recently held a seminar entitled "International Financial Reporting Standards (IFRS) Tax and Legal" at ESIE Plaza I, Eastern Seaboard Industrial Estate (Rayong). Focusing on IFRS and Thai Accounting Standards (TAS), the seminar aimed to provide Hemaraj's Japanese customers with an understanding of the impact that IFRS and TAS could have on their



companies in the future. Participants were also informed of recent tax and legal issues in the country, and were given an update on Board of Investment (BOI) policies, criteria, and procedures for investment promotion.

*In the picture: Speaker at the event Mr. Shigeru Aihara (1st from right), Tax Director of Deloitte Touche Tohmatsu Jaiyos Co., Ltd., poses for a group picture with seminar participants.*



# Social Contribution

## Hemaraj Organizes Tree Planting to Preserve Environment



Hemaraj in cooperation with the Industrial Estate Authority of Thailand (IEAT) and the Industrial Operators in Hemaraj Eastern Industrial Estate (Map Ta Phut) – Hemaraj EIE, recently organized a tree-planting activity to expand green areas and help preserve the environment. More than 250 representatives from manufacturing companies, local authorities and community leaders jointly planted 1,200 trees. The activity was part of the three-year Tree-Planting Project that will involve a total of 5,000 trees by 2011.

*In the picture: Mr. Veerasak Permpaengpunt (1st row center), Director of Hemaraj Eastern Industrial Estate (Map Ta Phut) - IEAT Mr. Sunthorn Kongsunthornkitkul (back row 4th from left), Vice President of Hemaraj and Mr. M.H. Wang (back row 7th from right), Managing Director of CTCL (Thailand) Co., Ltd. jointly plant one of the trees with local authorities and community leaders.*

## Hemaraj Offers Free Mobile Medical Service

Hemaraj in cooperation with Samitivej Sriracha Hospital, recently provided free mobile medical service for communities in Chompoljaopraya Subdistrict Municipality, Rayong province. This was part of the Corporate Social Responsibility (CSR) activities organized annually by Hemaraj.



*In the picture: Ms. Chantana Hinkaew (back row far left), Director - Corporate Marketing of Hemaraj, poses for a group picture with Mr. Somchai Lertrijwiryakul (back row 2nd from left), Mayor of Chompoljaopraya Subdistrict Municipality, doctors and nurses from Samitivej Sriracha Hospital, and some of the community members.*

## Hemaraj Donates Equipment to Police Stations in Chonburi and Rayong



Hemaraj recently donated equipment to two police stations as part of efforts to help authorities serve the public. The company presented 80 traffic cones and 10 reflective vests to the Bowin Police Station in Chonburi and submitted another 80 cones and 10 vests to the Pluag Daeng Police Station in Rayong.

*In the picture: Mr. Sunya Baopoonthong (2nd from left), Community Affairs Manager of Hemaraj, presents traffic cones and reflective vests to Pol. Col. Montien Phun-im, Superintendent of the Pluag Daeng Police Station in Rayong, as part of Hemaraj's efforts to support local police.*

## Safety Club of Hemaraj EIE Organizes Social Responsibility Activity

The Eastern Safety and Environmental Club (ESEC) of Hemaraj Eastern

Industrial Estate (Map Ta Phut)-Hemaraj EIE, in cooperation with the Industrial Estate Authority of Thailand (IEAT), recently launched the “ESEC Day in School” campaign at the Wat Mapchalood School in Rayong. The campaign is aimed at raising safety awareness in schools. At the launch, representatives of factories in the estate maintained trench and drainage covers and pathway marks for greater safety.



*In the picture: Representatives of factories in Hemaraj EIE participate in an “ESEC Day in School” activity at the Wat Mapchalood School in Rayong.*

## Hemaraj Supports Chonburi Football Club at Thailand Premier League 2010



Hemaraj a major sponsor of Chonburi Football Club, recently participated in a Press Conference announcing Thailand Premier League 2010 which will be held from 13th March to – 30th October 2010. Under a three-year sponsorship agreement worth a total of Baht 18 Million, Hemaraj has been providing cash support of 6 million baht per year to Chonburi Football Club since 2008.

*In the picture: Ms. Anchalee Phasukpattanakit (left), Manager-Corporate Marketing of Hemaraj posed for picture with Mr. Wittaya Khunpluem (right), President of Chonburi Football Club.*

## Companies in Rayong Industrial Land Present Scholarships to Students in Nonglalom Subdistrict, Rayong



Member companies of the Community Relations and Personnel Management Committee of Rayong Industrial Land, managed by Hemaraj, recently presented 36 scholarships to needy students with outstanding academic records in six schools of the Nonglalom

Subdistrict, Rayong province. Seen handing over a scholarship to a student is Mr. Rukphol Kungnoi (left), Hemaraj's Site Superintendent.

activity, with a total blood donation of 63,600cc. The event is being organized four times a year as a part of Hemaraj's social contribution program.

## Blood Donation at SIL Industrial Land (Saraburi)



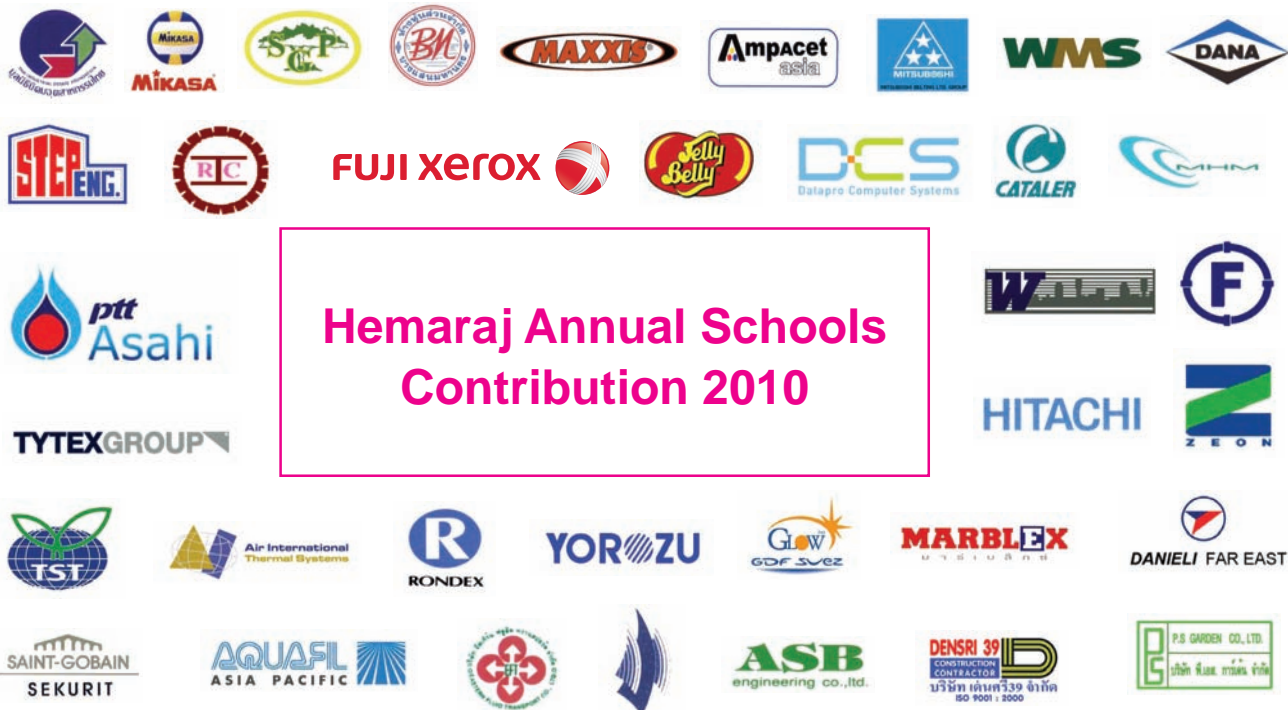
SIL Industrial Land (Saraburi), managed by Hemaraj, recently organized a Blood Donation Day in cooperation with the Thai Red Cross Society at the SIL offices. About 159 customer representatives of SIL joined in the

## Hemaraj Distributes School Kits



Hemaraj in cooperation with customers in SIL Industrial Land (Saraburi), distributed school kits to four Subdistrict Administration Organizations (SAO) in Saraburi, namely the Nongplamor SAO, Nongpling SAO, Bualoy SAO and Khodchasi SAO, and schools nearby the Industrial Land during a National Children's Day 2010 event.

# "Thank you for your continual contribution"



A & G TECHNOLOGY Co., Ltd. TT Assembly East Co., Ltd. Sakura Industry (Thailand) Co., Ltd. Pack Delta Plc.

# Training Programs

Hemaraj Training Center, Eastern Seaboard Industrial Estate (Rayong)

January - June 2010

NO.	Course	Institute	Time	Course/person (Baht)	Dates
1	การขับรถ Forklift อย่างถูกวิธีและปลอดภัย Operation Technique of Forklift Truck	IQS, www.iqs-training.com	8:00-16:00	1,700.00	21 May 10
2	การขับรถ Forklift อย่างถูกวิธีและปลอดภัย Operation Technique of Forklift Truck	Siam Inspection & Engineering	8:00-16:00	1,700.00	24 Jun 10
3	30 เครื่องมือสร้างหัวหน้างานอัจฉริยะ: The explicit 30 tools for making genius supervisor	Faibukkol, www.faibukkol.com	8:00-16:00	2,000.00	13 May 10
4	เป็น"หัวหน้างาน"อย่างไรให้ไต่ใจคน E.Q. for Great Supervisor	Faibukkol, www.faibukkol.com	8:00-16:00	1,800.00	29 Apr 10
5	สุดยอดหัวหน้างาน (Excellent Supervisor) สำหรับหัวหน้างานตั้งแต่ระดับกลางขึ้นไป	Faibukkol, www.faibukkol.com	8:00-16:00	1,800.00	25 May 10
6	เทคนิควิธีการบริหาร "คน" สำหรับหัวหน้างาน Manpower management technique for supervisor	Faibukkol, www.faibukkol.com	8:00-16:00	1,800.00	17 Jun 10
7	"คิด"อย่างไรให้เกิดผลดีต่อตนเองและองค์กร (ปูชนะ-10 คิด) Positive thinking for good life and work	Faibukkol, www.faibukkol.com	8:00-16:00	1,800.00	11 Jun 10
8	สร้าง พัฒนาหัวหน้างานให้เป็นผู้บริหารระดับสูงขึ้น Develop supervisor to higher position	Faibukkol, www.faibukkol.com	8:00-16:00	1,800.00	4 Jun 10
9	เต็มไฟทำงานบริการพนักงาน Strong energy full into employee service job	Faibukkol, www.faibukkol.com	8:00-16:00	1,800.00	28 Jun 10
10	การปฐมพยาบาลเบื้องต้น First Aid Course	Hospital	9:00-16:00	1,200.00	17 May 10
11	Microsoft Excel2003:Intermediate	ACC	8:30-16:30	1,700.00	21 May 10
12	Microsoft Excel2003:Advanced	ACC	8:30-16:30	1,700.00	11 Jun 10

## Remarks

- Discount 10% for Hemaraj's Customer
- Prices include hand out, coffee break and/or lunch and excluded of VAT. This is VAT 3% deductible
- Date and time is subjected to change, please call to confirm.
- Please send in the reservation at least 2 weeks before the starting date.

For more information and course details, please call Khun Wanna at (038) 955 263, 955 282-3, Fax (038) 955 281 or e-mail [wannaw@hemaraj.com](mailto:wannaw@hemaraj.com).



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