

# ASIAN Business

## Policy and Business Overview

### Asian at a glance

Founded more than 40 years ago, ASIAN is a family of Thai companies that produce delicious seafood and petfood for export to customers around the world. We take pride to process carefully sourced raw materials into fine frozen shrimp and squid products, premium petfood, canned tuna, and sillago for tempura dishes. We make feed for shrimp and fish farmers and thus have a strong relationship with the producers we source from.

ASIAN SEAFOOD COLDSTORAGE PCL is listed on the Stock Exchange of Thailand (SET: ASIAN) since 1994, but we still maintain our values that stem from our origin as a family business. That means making the extra effort that distinguishes us from others and which is appreciated by our customers for many years.



Our business is organized in five segments: Frozen Food, Petfood, Tuna, Feed and Distribution. Our Frozen Food business operates three factories well located in Thailand. In Klong-Toey, Bangkok, we produce sillago fish which is used in tempura dishes and exported to Japan. This factory also has a cold storage close to the port and therefore is an ideal logistical base for our Distribution business which imports frozen seafood for delivery to restaurants, modern retail and foodservice customers in Thailand. The second factory is located in Samutsakorn, 30 km south of Bangkok, where the main fish market of Thailand is, and where we produce cooked, fried and breaded shrimp products in many different formats. Our third factory is in the south of Thailand, Surat Thani, in the middle of the main shrimp farming area of the country. We buy shrimp straight from the farm and transport them live to the factory for processing into sashimi shrimp. Also our squid products are processed in this factory.

Petfood and Tuna products are processed in our cannery, also located in Samutsakorn. This factory is one of the newest in Thailand, with modern facilities and equipment. With a focus on premium petfood, we have invested heavily in product development and production technology, making us a supplier of choice for top quality petfood and tuna products.

Our fifth factory is located in Petchaburi, 100 km south of Bangkok and produces extruded fish feed and pelleted shrimp feed. We also own an aquaculture farm where we test new feed diets and develop farming methods and systems in order to better support our customers.

All our factories are certified for most internationally adopted quality and social responsibility standards. Food safety, good and fair labor practices are of key importance to us, while we work together with our suppliers to continuously improve sustainability our raw material sourcing.

### We R the right choice!

In whatever we do, we have our customer in our mind. Although most of our raw materials come from fisheries and supply chains are sometimes volatile, our aim is to deliver on the right time and at the right quality. Therefore, we have built over the years a stable and trusted suppliers base. Many of our customers are brand owners and rely on Asian to have their products always in the shelves or in stock. Reliable supply is a main reason why **we are the right choice!**

But our ambition is also to help our customers grow their business with new, innovative products. Increasingly we serve as a co-developer that understand our customers' business and provide ideas for new products. We invest in research and development, ranging from new product formulas, to packaging methods and processing technology. We even operate a research shrimp farm in order to test new methods to improve yield and quality.

Finally, our production set-up is as flexible as possible. This way, we can quickly respond to new ideas our customers bring to us and make it reality.

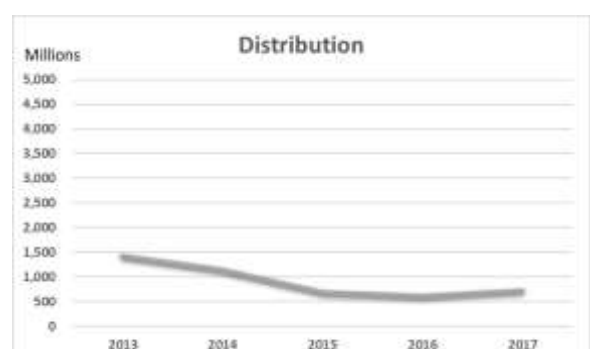
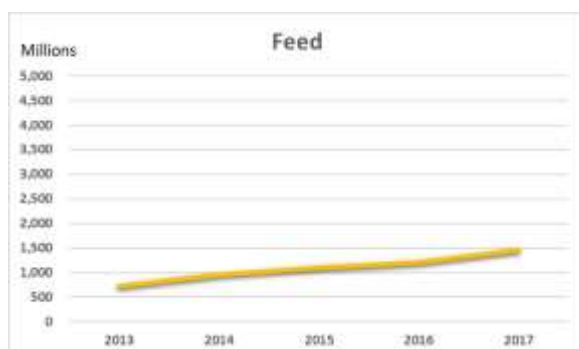
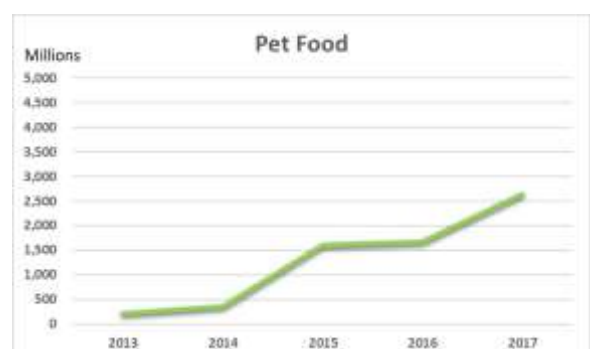
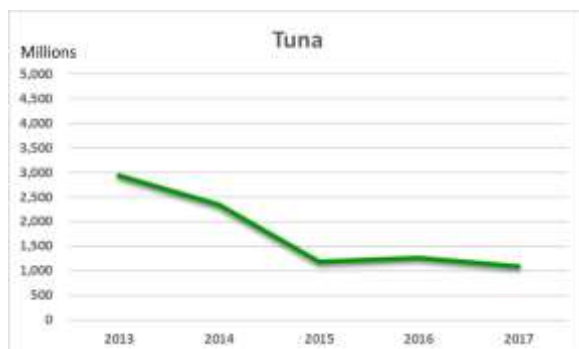
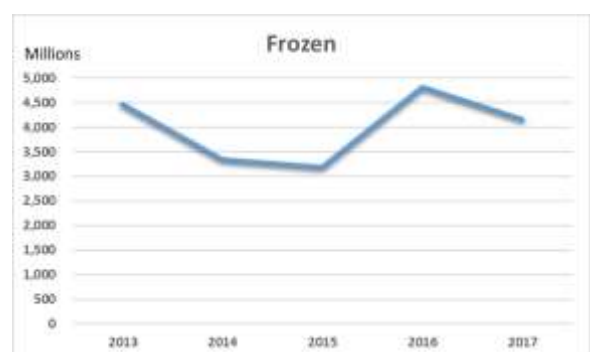
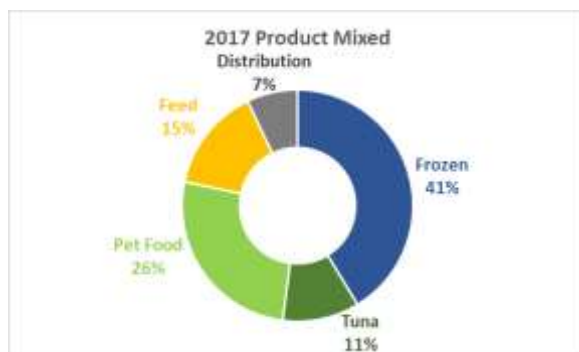
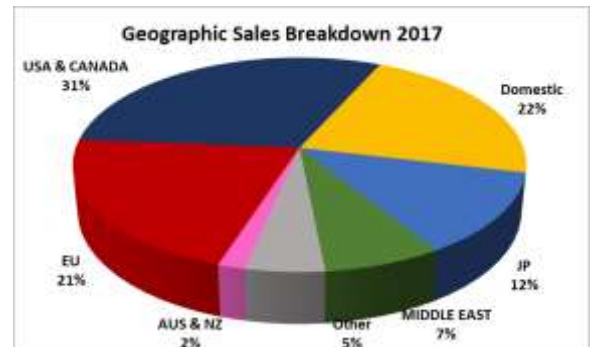
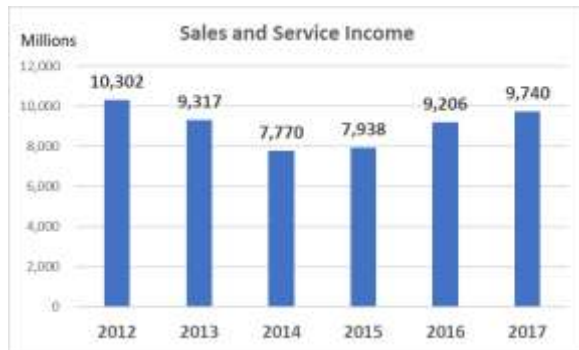


There is a logical link between Asian's activities. We try to make the most out of our raw materials and our facilities.

The trimmings of our tuna canning are a main ingredient for our pet foods. Next to domestically sourced poultry, tuna is the main protein source for our pet foods. The by-products of our tuna canning are converted into fresh fishmeal. This is an important ingredient for our feed factory, and by producing this ourselves we can guarantee the origin and the quality of our shrimp and fish feeds.

With many shrimp farmers we have long relationships and we buy the freshly harvest shrimp for processing in our factories. Our feed sales staff supports farmers with advice about feed type and feeding regime, we provide quality control services to make sure the healthy shrimp will be harvested.

## Asian in Number



## Business Overview

In 2017 ASIAN delivered a very strong result and we made good progress towards achieving our strategic goals for the year 2020: doubling our sales in 5 years time to 15 billion baht and improving our profitability with less volatility.

Our petfood business made a significant step up with a huge volume growth in our target premium segment, both with existing customers and with new business. Many new products have been co-developed with existing customers and this will lay a good foundation for further growth.



Our market share in shrimp feed has increased and we have grown our volume, despite a disappointingly flat farmed shrimp output in Thailand, where weather conditions were the main

constraint for more growth. This also hampered volume growth in our shrimp processing, however, with a less volatile shrimp price throughout the year we improved margins substantially. Our squid business saw an exceptionally strong first half year with good prices and volumes, and an excellent appreciation of our branded product quality in the European market. However, due to unusually good catch of south American squid, prices dropped in the second half of the year, putting severe pressure on squid volumes and margins towards the end of the year. Broadening our product range and sourcing options under our strong brand is work in progress towards more stability and growth in this business segment.

Sales revenues in 2017 amounted to 9.7 billion baht, a growth of 6% compared to the previous year. This was the result of a strong volume growth of 15% which was partly off-set by USD exchange rate effects of -5% and price effects of -4%.



The gross profit was 1,020 million baht, an increase of 32% compared to the year before. Gross profit margin improved from 8.4% to 10.5%. This was a result of a better product mix, improved margins in our shrimp business and better utilisation rates in our factories. Also here, the USD/THB exchange rates negatively affected the margin, which was partly off-set by positive hedging results (recorded in other income, not in gross profit).

Net profit was 418 million baht, an increase of 170% versus last year. This was the result of a better gross profit and controlled operating expenses.

Our balance sheet further strengthened with the D/E ratio decreasing to 1.7, from 1.9 the year before. This is important as it provides the room to implement our growth agenda, which will include capital investments that are higher than depreciation, notably in automation and overseas business expansion. Anticipating further increases in labour cost on one hand, and our ambition to move closer to our customers, these are two key investment areas in order to realise our strategic goals. Working capital increased, mainly as a result of higher inventories and this will be a focus area of improvement for the years to come.

We concluded a refinancing of existing loans with a 1.5 billion baht 5 year loan, in order to bring our long term financing to the targeted range of 50-65% of total financing.

### "Closer to consumer and efficiency"



By the end of 2017 we concluded a review and fine-tuning of our strategy. Our objective remains to grow on the back increased shrimp farm output in Thailand and the global demand growth of premium wet petfood. A stronger focus will be on marketing and therefore sales units will be established in our key markets, steered by a new marketing unit in Thailand. In order to address the volatility in seafood, a stronger upstream position in the supply chain will be pursued, as well as diversification of the species processed and marketed. Finally, recognizing the increasing cost of labor in Thailand, improved efficiency and automation will be an integral part of our operations.

## Nature of Business & Products

### Asian Seafoods Coldstorage PLC

Asian Seafoods Coldstorage PLC engages in distribution and exports of processed frozen seafood under its own brands of TCC, Sakura and Asian Seafoods, and OEM brand.

The Company now has two following manufacturing plants

- The first plant, located in Soi Kueynam-Tai, Klongtoey, has production capacity of 4,000 tons a year (which equal to around 2,400 tons of finished products per year).
- The second plant, located on Rama II road, Mueng, Samutsakorn, has production capacity of 24,000 tons per year (which equal to around 14,000 tons of finished products per year).

The Company's products consist of four main types as following

1. Frozen sillago fish products comprise sillago butterfly fillet and breaded sillago fish fillet.
2. Frozen shrimp products which are processed frozen shrimp, frozen cooked shrimp, frozen breaded shrimp and frozen fried breaded shrimp.
3. Frozen squid products which are whole round squid, whole cleaned squid, squid fillet, fired and grilled squid and squid sashimi.
4. Ready-to-eat product such as seafood curry.

### Other Important Information

Type of Business	: Frozen Food Processor for Export and Cold Storage
Established Date	: 27 September 1982
Issued and paid up	542.72 Million Baht
Capital	(par value of 1 Baht per share)
Company Registration	0107536001061 (Old No. PLC. 180)
Website	: <a href="http://www.asianseafoods.co.th">http://www.asianseafoods.co.th</a>
1 <sup>st</sup> Factory	No. 742 Soi Kluanamthai Ardnarong Rd. Klongtoey District, Klongtoey Bkk 10110 Tel. (02) 249-7113, (02) 249-5255, (02) 249-9324
	: Fax. (02) 249-5256, (02) 249-3605, (02) 249-3675
2 <sup>nd</sup> Factory and	No. 55/2 Moo 2 Rama II Rd.
Head Office	: Bangkrajao District, Muang Samutsakorn Province 74000
	Tel. (034) 822204-7, (034) 822700-6
	Fax. (034) 822407

### First Subsidiary

#### Asian Seafoods Coldstorage (Suratthani) Co. Ltd.

The Company is engaged in processed frozen aquatic animal business, with an annual production capacity of 18,000 tons (which equal to around 10,000 tons of finished products per year). It distributes and exports products under both its own brands such as ASP, TCC, and Blue Chef, and OEM brands.

The Company's main products can be divided into the following four major categories

1. Frozen squid products comprise whole round, cleaned and fillet.
2. Frozen shrimp products which are frozen raw shrimp and frozen cooked shrimp.
3. Ready-to-cook seafood mixed products.
4. Shishamo Product.

### Other Important Information

Type of Business	: Frozen Food Processor for Export.
Established Date	: 18 August 1993
Registered Capital	: 100 Million Baht (par value of 10 baht per share)
Head Office	: No.55/2 Moo 2 Rama II Rd. Bangkrajao District, Muang, Sumutsakorn 74000 Tel. (034) 822-204-7, (034) 822-700-6 Fax. (034) 822-407, (034) 822-698-9, (034) 822-706
Factory	: 57 Moo 4 Tarsatorn District, Punpin Suratthani Province 84130 Tel. (077) 276-888 Fax. (077) 276-811, (077) 276-822, (077) 276-833
Share Holding	: 100% owned by Asian Seafoods Coldstorage PLC.

## Second Subsidiary

### Asian Alliance International Co., Ltd.

Asian Alliance International Co., Ltd. is a manufacturer and distributor of process tuna products and exporters of OEM human and pet food products.

The Company's capacity are as follows:

- Tuna products or human foods with an annual production capacity of 17,500 tons of finished products.
- Wet pet food products with an annual production capacity of 34,000 tons of finished products.
- Fishmeal products with an annual production capacity of 6,000 tons.

The Company's main products can be categorized into the following 4 major types

1. Canned and pouch tuna products
2. Frozen tuna products
3. Wet pet food in can, pouch and plastic cup
4. Fishmeal product for animal feed

### Other Important Information

Type of Business	: Tuna Frozen and Canning Processor, and By-product such as Canned Pet Food and Fishmeal.
Established Date	: 15 March 2005
Registered Capital	: 1,700 Million Baht (par value of 10 baht per share)
Head Office	: No.55/2 Moo 2 Rama II Rd. Bangkrajao District, Muang, Sumutsakorn 74000 Tel. (034) 822204-7, (034) 822700-6 Fax. (034) 822407, (034) 822698-9, (034) 822706
Factory	: No. 8/8 Moo 3 Rama II Rd. Bang Bor District Muang Samutsakorn Province 74000 Tel. (034) 845566-8 , (034) 845575-91 Fax. (034) 845547, (034) 845593
Share Holding	: 100% owned by Asian Seafoods Coldstorage PLC.

## Third Subsidiary

### Asian Feed Co., Ltd.

Asian Feed Co., Ltd. manufactures and distributes both sinking and floating aquaculture feed under its own trademarks comprising Asian, Rambo, Super Hero, Hero, Victor, Allstar, Faster and "Ruay Puan". The Company has advanced laboratory and academic expertise to provide water quality analysis inspection, aquatic animal quality evaluation, food quality development, technique advisory for rearing and solution for diseases in aquatic animals.

The Company's seven machineries for sinking feed pellet manufacturing have a combined production capacity of 60,000 tons a year and another one for floating feed pellet manufacturing with a capacity of 36,000 tons per year.

The Company's main products are consisted of two major types as follows:

1. Sinking pellet products are feeds for black-tiger shrimp and vennamei shrimp, supplementary feed for shrimp and sinking pellet for fish feed.
2. Floating pellet products are feeds for sea bass fish, nile tilapia, striped snake-head fish, catfish, frog and crab.

### Other Important Information

Type of Business	: Aquaculture Feed Processor and Chemical.
Established Date	: 19 August 1988
Registered Capital	: 800 Million Baht (par value of 100 baht per share)
Head Office	: No.55/2 Moo 2 Rama II Rd. Bangkrajao District, Muang, Sumutsakorn 74000 Tel. (034) 822204-7, (034) 822700-6 Fax. (034) 822407, (034) 822698-9, (034) 822706
Factory	: No. 239 Moo 3 Phetkasem 180-181 Rd. Thayang District, Thayang, Phetchaburi 76130 Tel. (032) 437922-4 Fax. (032) 437134-5
Share Holding	: 100% owned by Asian Seafoods Coldstorage PLC

## Fourth Subsidiary

### Asian Food Co., Ltd.

Asian Food Co., Ltd. engages in procuring frozen food products from both locally and internationally to distribute in domestic market. The Company's main customers are food business and modern trade operators.

### Other Important Information

Type of Business	:	Frozen Food for Domestic Distribute.
Established Date	:	12 September 2012
Registered Capital	:	1 Million Baht (par value of 10 baht per share)
Head Office	:	No.55/2 Moo 2 Rama II Rd. Bangkrajao District, Muang, Sumutsakorn 74000 Tel. (034) 822204-7, (034) 822700-6 Fax. (034) 822407, (034) 822698-9, (034) 822706
Factory	:	No. 742 Soi Kluanamthai Ardnarong Rd. Klongtoey District, Klongtoey Bkk 10110 Tel. (02) 249-7113, (02) 249-5255, (02) 249-9324 Fax. (02) 249-5256, (02) 249-3605, (02) 249-3675
Share Holding	:	Asian Seafoods Coldstorage PLC. share Holding 100%

### Accounting Auditors

For Asian Seafoods Coldstorage PLC. and its 4 subsidiaries

- Ms. Sumalee Reewarabandit  
Registration auditor License No. 3970

On behalf of

EY Office Co., Ltd.

193/136-137, 33rd Floor, Lake Rajada Building,  
Rajadapisek Road, Klongtoey, Bangkok 10110  
Tel. (02) 264-0777

### Securities Registrar

Thailand Securities Depository Co., Ltd. (TSD)

The Stock Exchange of Thailand

93 Ratchadaphisek Road, Din Daeng,

Din Daeng, Bangkok 10400

Tel. (02) 009-9999 Fax. (02) 099-9991

### BOI's Certificates

The company and its subsidiaries granted certificates from The Board of Investment of Thailand (BOI) as of the Act to promote investment, B.E.2520 (1977) under conditions as follow

Company	Type of Certificates	Certificates No.	Date
Asian Seafoods Coldstorage PLC.	Cold Storage or Cold Storage and Refrigerated Transport Business	1982(3)/2554	1 Feb 2011
Asian Seafoods Coldstorage (Suratthani) Co., Ltd.	Manufacture of food or food preservation or food ingredient, using modern technologies	2938(5)/2555	5 Nov 2012
Asian Feed Co., Ltd.	Manufacture of feed or feed ingredient	1658(2)/2554	14 Dec 2010
Asian Alliance International Co., Ltd.	Manufacture of Pet Food or Pet Food ingredient	1920(2)/2554	2 May 2011
	Manufacture of food or food preservation or food ingredient, using modern technologies	2669(2)/2555	24 Sep 2012

Benefits which the company and its subsidiaries receives such as

1. Tax exemption for importing machines as the BOI approval.
2. 8 years income tax exemption on additional net profit incurred from an annual production of the business granted BOI certificates

## Property of Business

## Property of Asian Seafoods Coldstorage PLC.

As of 31<sup>st</sup> December 2017

Type of Property	Book Value (Million baht)
1.Land	805.84
2.Building and Land Development	308.68
3.Machines and Equipment	
Machines and Equipment	117.94
Furniture and Office Supplies	3.45
Vehicles	8.58
Work under Construction and	1.15
Machine under installation process	
<b>Total</b>	<b>1,245.64</b>

## Property of Asian and its 4 subsidiaries

As of 31<sup>st</sup> December 2017

Type of Property	Book Value (Million baht)
1.Land	984.13
2.Building and Land Development	753.79
3.Machines and Equipment	
Machines and Equipment	819.98
Furniture and Office Supplies	22.46
Vehicles	25.94
Work under Construction and	53.26
Machine under installation process	
<b>Total</b>	<b>2,659.56</b>

## Assets as the Collateral of Loans

According to the Consolidated Financial Statement as of December 31<sup>st</sup>, 2017, Asian Seafoods Coldstorage PLC. uses buildings belong to Asian Alliance International Co., Ltd. and the land Asian Alliance International Co., Ltd. located on, which is belong to Asian Seafoods Coldstorage PLC. as the collateral to 2 term loan facilities form Kasikornbank Public Company Limited which are

1. Term loan of 850 million baht which was approved since 2014
2. Term loan of 1,500 million baht which was approved in 2017

## Investment Policy

The Company strategy its investment in 5 business segments which the company are in currently. Those business segments are Frozen Food and Frozen Food Processor, Tuna Canning Processor, Pet Food Processor, Feed Processor, and Distribution. All business, both domestic and export, are relevant or supporting each other, or increase productivities of Asian Group. The company also invest in the company which has growth potential. The Company will invest only in the company that it is able to control and will assign directors or committee to manage all subsidiaries to ensure that the policy of each subsidiaries will not conflict with the Company's policy.