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**MINISTRY OF MAHAWELI DEVELOPMENT
MAHAWELI AUTHORITY OF SRI LANKA**

**Mahaweli Economic Agency
Mahaweli Engineering and Construction Agency**

MARD PROJECT



**Pimburattewa
via Polonnaruwa**

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**REPORT ON
SEA SHIPMENT OF
CANTALoupES
To
HONG KONG**

by

**Edward C. Reinauer
Marketing Specialist**

(Report No. 223)

**MARD PROJECT
PIMBURATTAWA**

JANUARY 1994

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REPORT ON

SEA SHIPMENT OF CANTALOUPE TO HONG KONG

Executive Summary

The Concept

The concept of shipping cantaloupes to Hong Kong by refrigerated sea container evolved from the difficulties in obtaining adequate airspace for air shipments coupled with the relatively high cost of air freight. The MARD marketing committee approved a trial shipment of up to 5,000 kg to Hong Kong scheduled for late August or early September, 1993.

Transportation Overview

Cantaloupe melons harvested at the hard-ripe stage (3/4 to full slip) can be stored at temperatures of 2° to 5° C for periods of about 15 days.¹ By harvesting the melons at 1/2 slip, experience had demonstrated that the storage life could be extended by 3 or 4 days. Expected transit time by sea was forecast at 9 days with a weekly sailing schedule furnished by Mack International Freight. A choice of four shipping lines was offered: NYK, P&O CL, MISC, and MOSK.

Utilizing the 9 day transit time, the remaining shelf life upon arrival in Hong Kong should be five to six days - an adequate shelf life for a shipment of 5 metric tonnes in a market the size of Hong Kong.

The air freight rate for shipments of fruits and vegetables (500 Kilo minimum) to Hong Kong on Air Lanka is US\$0.99/Kilo and on other carriers is US\$1.10/Kilo. On the basis of a 5 ton shipment, the freight cost by sea, in comparison, is US\$0.38 /Kilo. This differential offers substantial savings and permits Sri Lankan melons to compete favorably with Australian Rock Melon which, in November 1992, had an air freight cost of US \$0.52/kg.²

¹ . USDA, The Commercial Storage of Fruits, Vegetables, and Florist and Nursery Stocks, Agriculture Handbook Number 66, Agriculture Research Service

² Peters, Geoffrey, A Study of Australia's Melon Industry, Ministry of Mahaweli Development, Mahaweli Authority of Sri Lanka, November 1992.

Operational Goals

The objective of the project was to ship a sample shipment of up to 5,000 kg in a refrigerated container and have them arrive with sufficient shelf life to present an opportunity of orderly marketing. The shipment was consigned to Park 'N Shop in Hong Kong, a receiver who had marketed the Surfer Brand cantaloupe melons the previous season in cooperation with TESS (PVT), Ltd.

The container left Colombo on the MV MING COMFORT on September 10, 1993. The ship's arrival was delayed seven days while three separate typhoons moved around in the South China sea. An additional three days were lost in the Hong Kong harbor when a typhoon shut down all local transportation and closed the harbor. There was no hope at this point that the melons would be marketable, but rather to observe the state of deterioration of the cantaloupe. The attached "Certificate of Survey" provides a brief summary under the heading "Condition", where it states:

"Cartons intact. Random cartons opened, contents examined and found all the product moulded, rotted and softened."

Upon close examination, there were a few solid melons remaining, probably less than 3%. The point being that some melons made a trip of 20 days, thus the holding periods referred to above can be achieved.

Risks and Opportunities

The major risk is that of delays in shipping caused by external forces, primarily - weather and labour strife. To a lesser extent, mechanical problems in refrigeration equipment, vandalism, and piracy are possible risks associated with the extended transit times of sea shipments.

The delays also offer the receiver an excuse to reduce the price because of "missing" the market, and in general create problems for the receiver who in the modern world has grown to expect timely and consistent shipment of quality goods. Granted that this case was, hopefully, the worst case scenario, it provides ample proof that "worst case scenario" is a risk to be considered.

There are comparable market opportunities to Hong Kong in the region which have shorter transit times which do not "push" the shelf life of the product to the limits that Hong Kong does. Singapore and Dubai represent two such markets but each has its drawbacks. In the case of Dubai, it is the extended payment terms

coupled with a probability of not getting paid. In Singapore, the market is extremely competitive due to its proximity to Australia and its massive exports of rock melon coupled with a comparatively small market.

In view of the above and taking into account the size of the Hong Kong market, the high per capita consumption of fruit, and the ease of importation, one must acknowledge the opportunity presented by Hong Kong. It is an opportunity for Sri Lanka to develop a substantial export market for high value crops. The mere size of the market would allow Sri Lankan exporters to move several containers per week and still remain such a small factor in the market that their entry would likely go unnoticed by other exporting countries.

Although this trial shipment was not successful in its own right, worthwhile knowledge was obtained in scheduling future shipments and selection of importers. Conducting the second trial shipment which was cancelled in September due to a scarcity of melons is an appropriate step in developing high value exports from Sri Lanka.

Results of Sea Shipment Trials

Harvesting and Post Harvest Handling

As the melon harvest got underway in late July and early August, domestic prices were in the range of Rs. 30/kg. in Colombo while the contract price to the farmers was Rs. 12/kg for export quality melons and Rs. 8/kg for non-export grade. As a result many of the farmers abandoned their contracts with TESS and sold their cantaloupe to the various mudalali traders at prices higher than the contract price.

This resulted in several delays in accumulating a sufficient quantity of melons of export quality (1/2 slip) over a period of two or three days. To utilize melons more than two or three days old would negate the validity of the shelf life trials. Earlier container reservations were canceled on two separate occasions due to scarcity of melons.

After a short period of excess harvest, the farmers began to honor their contracts and in early August sufficient quantities were obtained to conduct a reasonably accurate trial. The melons were harvested and delivered to the TESS packhouse where they were weighed and receipts issued. The melons were then hydrocooled, boxed, and placed in cold storage at a temperature of 5°C. Within three days a quantity of 325 boxes were accumulated and shipped by refrigerated transport to TESS's icehouse facility.

The sea container was spotted at the sight and connected to electric power and precooled to 15° C. The melons were removed box by box from the TESS transport truck, the boxes opened and the fruit examined, resorted, replaced in the boxes, strapped with nylon strapping, stacked and strapped to the pallets and loaded in the container. After sorting a final shipment of 233 boxes were loaded into the container.

A Ryan UTI 15 day Temperature Recorder was placed in the center of one box which was located in the center of the pallet as it was loaded on to the container and the recording mechanism activated.

The container doors were sealed and the container moved to port and plugged into electric power at 21:00 on 9 September. The shipping lines currently require that containers be at the dock 24 hours prior to the scheduled departure of the vessel.

On September 10, 1993, the M.V. "Ming Comfort" (Voyage 61D) departed Colombo with the container aboard. The MARD Marketing representative traveled to Hong Kong on September 16, 1993, to inspect the shipment upon arrival.

The typhoon flag was raised at 11:30 PM on September 16, for Typhoon Becky which ultimately claimed 73 lives in the waters surrounding Hong Kong. Repeated calls to the Port Authority and to the ship's agent in Hong Kong yielded no firm date for the ships arrival in Hong Kong. (It was later discovered that in view of the typhoon activity in the South China Sea, the ships schedule had been reversed so that Hong Kong was its last port of call before returning to Singapore in lieu of its first port of call upon departing Singapore.)

The M. V. "Ming Comfort" eventually arrived in Hong Kong harbour on September 23, 1993, immediately prior to the arrival of Typhoon Dot which caused severe flooding in many Hong Kong streets and shut down the port and most of the transportation facilities. The container was delivered to the Park 'N Shop receiving dock on September 28th - 18 days after leaving Colombo.

Visits with Park 'N Shop

The MARD Marketing representative contacted Mr. Eric K. W. Ng of Park 'N Shop upon arrival in Hong Kong and made a personal visit to the warehouse on September 7. The previous shipments made to Park 'N Shop had been handled by Mr. Ben Mangan, Buying Manager for Fruits and Vegetables. Mr. Mangan had since left the organization and was replaced by Mr. Erik Ng, Asst. Buyer Fruits and Vegetables.

Although very courteous, Mr. Ng made it quite clear from the outset that he didn't have the time to squander with test

shipments. Park'N Shop maintains approximately 130 outlets in Hong Kong and keeping them supplied with quality fresh fruits and vegetables is a full time job. On the occasion of my first visit when the office was essentially closed due to the typhoon, we spent about 1 1/2 hours looking through the warehouse, examining the products in the warehouse and discussing the various possibilities of importation from Sri Lanka. The visit was quite pleasant and informative.

At this time, Mr. Ng introduced me to Mr. Timmons Lee, Buying Controller, Fruits and vegetables. We visited briefly about the test shipment and the potential for Sri Lankan melons in Hong Kong. Again, I was left with the impression that they were not particularly interested in continuing the test shipments. They would be interested in purchasing melons if the price was below what they were paying, the quality was equal or better, and they could be assured of steady supplies.

Two subsequent visits were made to the warehouse. One when the container was supposed to be unloaded and another the following day when it was actually unloaded. On both of these occasions, Mr. Ng was very busy, and didn't spend 15 minutes answering my questions.

When the container was unloaded, the melons were examined by myself and pictures taken. Mr. Ng did not have the time nor the personnel to assist me in finding the box with the Ryan recorder. I sifted through the pallets and boxes and found the box in about 30 minutes and retrieved the recorder.

On January 1, 1994, Mr. Russell Stuchi, formerly with Colesmere of Australia will be replacing Mr. William Grimsey as Managing Director of Park'N Shop. Thus, it is apparent that a lot of personnel changes are taking place within the Park'N Shop organization and that one cannot depend upon the personal relationship necessary for conducting sea shipment trials in any meaningful way.

Typhoons

The two typhoons which struck Hong Kong during my visit represented a small part of the typhoon activity occurring in the South China Sea during this period. In all, more than 20 storms of a severity sufficient to disrupt ocean transportation ravage the area annually during the "typhoon season" (late August, September and October). In the two week period, September 10 thru September 24, Hong Kong was affected by three typhoons with the loss of 78 lives and significant flooding.

This particular shipment was disrupted by two such storms, Typhoons Becky and Dot. In this case, it resulted in the total loss of the shipment. Insurance to protect against such financial

loss is not readily available at affordable costs. In the case of Typhoon Becky, which formed 500 miles out to sea, ship routings were altered to maintain a semblance of a schedule and still operate the vessel safely resulting, however, in extending the transit time by 100%.

The negative impact of these storms extends beyond the actual delay in arrival because of lost time at the port facilities. All surface transportation ceases with the hoisting of typhoon signal No. 8. Thus no product is moved from the harbour to the importer and no ships are unloaded. With the port operating at near 100% capacity, it takes several days to eliminate the backlog. Even though the ship may have arrived, it is of little consequence if you can not get your container at your dock.

Personal Inspection

The postharvest handling of the melons was observed as they were received at the TESS packhouse, hydrocooled, sorted, placed in a protective foam overwrap, boxed and placed in cold storage (5° C). Three days were required to accumulate sufficient melons to justify the shipment. The melons were moved by refrigerated transport to the TESS facility at Colombo.

The refrigerated container was spotted at the TESS facility around 18:00 and the crew commenced unloading the refrigerated transport which was used to preserve the melons until being transferred to the sea container. Each box of melons was opened and inspected prior to being placed in the container. Of the 323 boxes received only 233 were thought to be of suitable shipping quality. Only the least ripe melons with no defects were selected for the shipment.

Each box was strapped with nylon strapping, stacked on a wooden pallet inside the container, and the entire pallet strapped with nylon strapping.

Upon unloading, the boxes were found to be in satisfactory shape. A few corners had collapsed but the majority were equivalent to the condition at loading.

Approximately 5 boxes from each pallet was opened and examined. With few exceptions, the melons were mouldy, soft, and rotten. (See photograph's in Appendix II). There was the occasional melon whose external appearance was not bad, but even these tended to be soft.

A **Certificate of Survey** with accompanying photographs is furnished in Appendix I.

MARKET POTENTIAL

Market Description

Hong Kong is virtually an open market. There are no import tariffs for fresh produce items or regulations pertaining to food safety, and standards generally have not posed problems for food exporters.

As with many markets in Asia, the market structure in Hong Kong is composed of many players at all levels of distribution. Two fruit wholesale markets exist, one in Kowloon and one on Hong Kong island. These markets are old and traditional, housing many small, individual wholesalers and importers/wholesalers. Wholesalers sell to all levels of the retail market: wet markets, super markets, restaurants, fast-food chains and directly to consumers.

Hong Kong has over 1500 such wet markets and food stalls which play a key role in distributing fresh produce. They are comprised of individually owned stalls grouped together where hawkers sell everything from fruits and vegetables to sweets, poultry and eggs. Currently, about 90 percent of all fresh produce is sold in the wet markets and about 10 percent in supermarkets.

While the bulk of the fresh produce is sold in wet markets, supermarkets are growing in importance. The Hong Kong population, estimated at 5.9 Million with an annual growth rate of 1.4%³, is extremely young, having a mean age of 25.3 years. This segment is Westernizing quickly which will affect an increase in the use of supermarkets, as the traditional shopping habit of going to various stalls in the wet market once or twice a day gives way to one-stop shopping several times a week.

Also, many people in Hong Kong have developed a taste for Western food and lifestyles while living, studying, or traveling in North America. They tend to retain their Westernized food tastes when they return to Hong Kong. This "taste" includes a product's quality - perceived or real - and this will become an important factor for success in Hong Kong's increasingly sophisticated retail market. Consumers want more service and value, and have the money to demand it.

Trade Statistics

Over the long term, the supermarkets may capture as much as 20 percent of the fresh produce business. This represents a huge volume as the Hong Kong population consumes a tremendous amount

³ Asia Week, January 26, 1994, p 58.

of fresh produce. Approximately 80%⁴ of all food products are imported and vegetables and fruits make up a significant part of those imports as can be seen from Table I.

TABLE I⁵

Summary of Values of Food Imports to Hong Kong January - March 1993 (Value in HK \$'000)				
	JAN-MAR 1992	JAN-MAR 1993	MAR 1993	% of Total
Live Animal	589,613	808,699	274,012	7.88%
Meat & Meat Preparations	1,009,065	1,179,527	418,332	12.02%
Dairy Products & Bird's Eggs	490,806	572,349	234,215	6.73%
Fish, Crustaceans, Mollusc, etc	2,553,635	2,664,921	885,198	25.44%
Cereals & Cereal Preparations	732,634	715,266	233,572	6.71%
Vegetables & Fruit	2,409,257	2,447,938	847,196	24.35%
Sugars, Sugar Preparations & Honey	328,647	350,702	116,474	3.35%
Coffee, Tea, Cocoa & Spices	395,344	370,910	139,894	4.02%
Feeding Stuffs for Animals	220,652	184,263	65,301	1.88%
Miscellaneous Edible Products	621,010	774,800	265,173	7.62%
TOTAL	9,350,662	10,081,376	3,479,358	100.00%

Fruits and vegetables made up 24.35% of total food imports in March, 1993, exceeded only marginally by fish and fish products. No other category comes close. The value of the fruits and nuts (fresh or dried) classification imported during this same period was HK\$436,286 or nearly 50% of the total vegetable and fruit category. As stated earlier, the market for fruits in Hong Kong is large and melons and papaya (included in the same customs category) play a significant role in those imports. Table II enumerates the countries of origin for melon and papaya imports into Hong Kong for the period January - March 1993.

⁴ Scott R. Reynolds, AgExporter, November 1992, p 10.

⁵ Hong Kong Trade Statistics, Census & Statistics Department, Hong Kong, March 1993, p. 19.

TABLE II⁶

FRESH MELON AND PAPAYA IMPORTS INTO HONGKONG				
Jan - Mar 1993 (Value in HK\$'000)				
	MAR 1993		JAN -- MAR 1993	
	Quantity (kg)	Value	Quantity (kg)	Value
USA	233,201	1,736	236,247	1,792
PHILLIPINES	617,082	2,134	1,005,873	3,621
THAILAND	378,528	1,396	418,640	1,610
JAPAN	741	34	2,346	77
CHINA P R	3,456	43	48,112	304
MALAYSIA	2,519,683	15,949	4,187,688	31,600
SINGAPORE R	2,862,405	8,838	5,672,296	17,295
AUSTRALIA	409,541	4,644	1,454,135	18,235
TOTAL	7,024,637	34,774	13,655,337	75,164

As can be seen from above, Malaysia and Singapore supply 76% of the melons and papaya imported into Hong Kong, although most of the melons received from Singapore are likely "re-exports" from Australia as Singapore, itself, is an importer of melons. The existence of such a huge market (4,000+ tonnes per month) presents Sri Lankan exporters with an enormous window of opportunity if the obstacle of air freight rates can be overcome.

Interviews with Importers

In interviews with several importers, the recurrent topic is the uncertainty surrounding Hong Kong's return to Chinese sovereignty in 1997. Although China's current market share (Table II) is relatively small, the uncertainty of 1997, raises several questions for those exporting to Hong Kong. What will it mean in terms of food trade with other countries? How will it affect buying patterns? How will it change traditional trading relationships? Will the extremely restrictive quarantine restrictions for fresh produce currently existing in China be extended to Hong Kong? The answers at this point are unclear, but most importers feel that China's marketshare will reverse its recent trend and China will become a major player in providing food products to the Territory.

⁶ Hong Kong Trade Statistics, Census & Statistics Department, Hong Kong, March 1993, p 59.

Overview of Future Commercial Sea Shipments

Transit Times

The only obstacle to successful sea shipment of melons to Hong Kong is the length of the voyage and its effect on the remaining shelf life. The freight lines publish a schedule (Appendix II) of 9 days to Hong Kong inclusive of the mandatory twenty-four hour period prior to sailing waiting at "dockside". Assuming a minimum of one day at the packhouse for hydrocooling, one day in transit and loading and nine days enroute, the maximum shelf life remaining is likely to be in the five to six day range. This is adequate if, and only if, the receiver has the capability of marketing six to seven tonnes of melons in two or three days. Thus the size of the importer is a prime consideration.

Exporters in the United States routinely transport sea containers of honeydew melon to Hong Kong via Controlled Atmosphere (CA) containers where the levels of oxygen, carbon dioxide, nitrogen, humidity, and temperature are carefully controlled. The transit times for these containers is generally in excess of 20 days and the honeydew melon, by its nature, has a much longer shelf life. CA containers have become available in Sri Lanka only recently and the rates at present are such that the price per kilo is almost equivalent to air freight thereby eliminating the competitive advantage sought. However, as these containers begin to enjoy wider usage, the rates will likely decrease. The possibility of a trial shipment in a CA container should be considered.

Risks

The two primary risks of sea shipment involve weather (typhoons) and labor strife. Either of these events would likely render the cargo unmarketable. While the freight lines would in all likelihood be able to assess the labor situation, the meteorological sciences have not advanced to the point that an exporter could rely on the weather forecast in making shipping decisions. Furthermore, if production is geared for the sea shipments, it is unlikely that the local market would be able to absorb the additional quantities thrust upon it by a cancelled sailing.

Importer Selection

The selection of the importer should be the primary consideration when attempting sea shipments of cantaloupe to Hong Kong. The Park 'N Shop supermarket chain with its 130 outlets is a logical choice if the personnel involved are willing to spend the necessary time and money to cultivate a good working relationship

between the exporter and the importer. It must be understood that in an organization the size and complexity of Park'N Shop, that personnel changes may be frequent and disruptive. The working climate during my visit was not conducive to "experimental shipments". Once the experimental phase of the trial shipments is completed, Park'N Shop would be an excellent choice for an importer with one caveat: when an "off-quality" shipment arrives (and it surely will) one should not expect much assistance from them in disposing of it in a manner which would minimize losses.

Wing Kee Produce, Ltd., (See Appendix III) is a fresh produce importer which caters primarily to the hotel and restaurant trade of Hong Kong. It is a much smaller, and specialized operation which would likely be more sympathetic to the exporter in an "off-quality" situation. Mr. Alain Fung Yue Hon, Director, expressed a "limited" interest in accepting trial shipments of cantaloupe from Sri Lanka.

Paul Chua, Kinong Group Ltd., who handled air freight shipments of Mahaweli cantaloupe last season, also expressed an interest in receiving some trial sea shipments of cantaloupe from Sri Lanka. They presently are the exclusive agents for "Bud" Brand lettuce from California, marketing one forty foot container per week. He also stated that they had received containers of honeydew melon from the US which had contained a few boxes of canteloupes as trials. Thus far, these had not been successful.

A partial list of importers of fresh fruits and vegetables into Hong Kong is located in Appendix IV. From the above and this list, it is probable that an importer with the right personality, size, product mix and temperment can be found to assist in conducting trial sea shipments. It is doubtful that even shipping costs can be recovered in the "trial" stages.

APPENDIX I

香 港 公 証 行
Hongkong Surveyors & Measurers

TELEPHONES: 7390390
7233261
7232261
FAX: (852) 3113152
CABLE ADD.: 5641

20 HILLWOOD ROAD
RM. 102 KAM HING BLDG.
KOWLOON
HONG KONG

//

Date:— 30th September, 1993

Certificate No.:— 2361/93PNS

Your Ref.: 1/35

CERTIFICATE OF SURVEY

Request of: Messrs. Park'n Shop Ltd.

Place of Survey: At Park'n Shop Ltd., Fresh Food Distribution Centre, FSSTL 97, Area 4B, Sheung Shui, N.T., Hong Kong.

Date held: 27th September, 1993. (1330 - 1430 hours)

Carriage: Ex. M.V. "MING COMFORT" (Voy.61D) arrived from Colombo on the 23rd September, 1993.

REFRIGERATED CONTAINER CARGO (DEVANNING)

The following container was opened in our presence and cargo tallied out by us.

Condition of cargo at time of devanning found as follows:

Supplier: Messrs. Tess (PVT) Ltd.

Consignee: Messrs. Park'n Shop Ltd.

B/L No. YMLUCB0HKCA0169

Opening Temperature: Chart Removed.

<u>MARKS</u>	<u>PACKAGES</u>	<u>CONTENTS</u>	<u>CONDITION</u>
Ex. Container No. YMLU 7402397 (20') with seal No. 032145 intact.			
NO MARK	233 Cartons	Cantaloupe Melons	Cartons intact. Random cartons opened, contents examined and found all the product moulded, rotted and softened.

ONE CONTAINER ONLY
=====
(TOTAL 233 CARTONS)

Cont'd.....

(Wholly owned by Winunda Enterprises Ltd)
SPECIALISTS in Marine & Cargo Surveys . Sworn Measurers & Weighers . Quality & Quantity Control . Container Inspections.
Equipment On/Off Hire Surveys . Claim Adjusters . Loss Assessors

Surveyors to: Lloyd's Agents

Invoice quantity agreed with above findings.

On opening this container, it was observed that the 233 cartons of Melons were stowed full length to a height of 6 tiers.

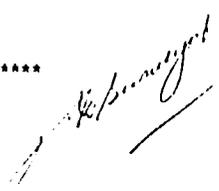
Packing was normal export type, and suitable palletized stack stowage allowed good ventilation.

Spair temperature of the commodity at time of devanning found to be: +5°C

Representative of consignee attended the survey, who agreed with above findings.

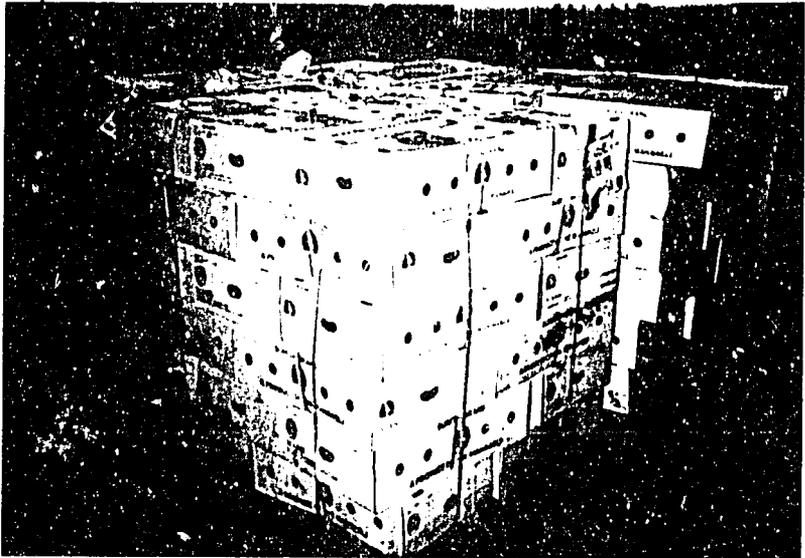
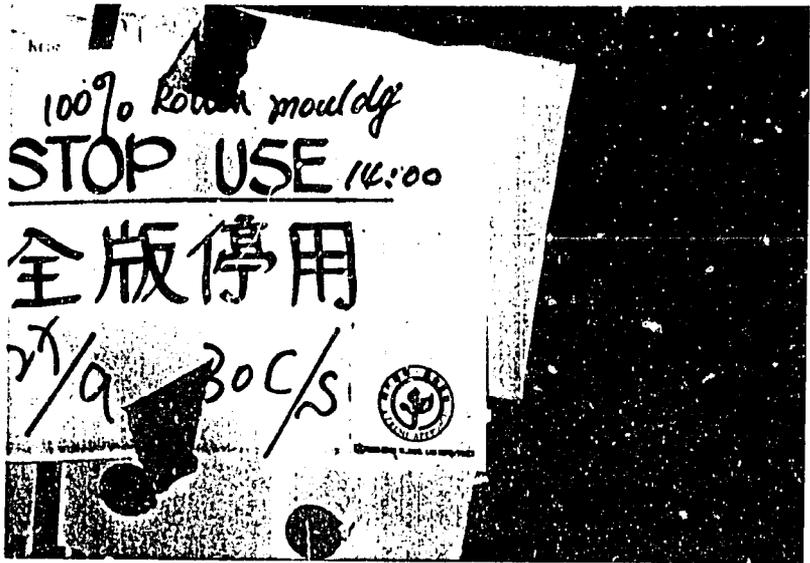
Consignee intends to take up this matter with parties concerned.

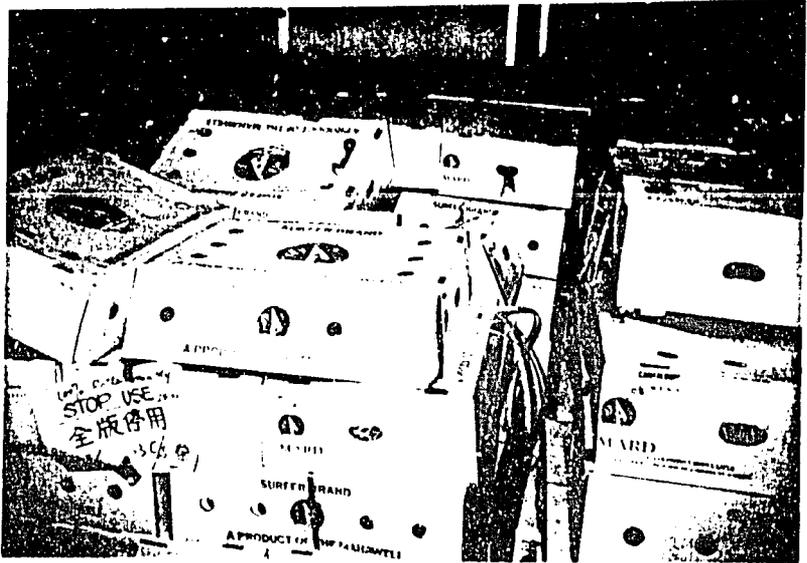
Colour photographs illustrating condition of cargo are attached to the original of this report.

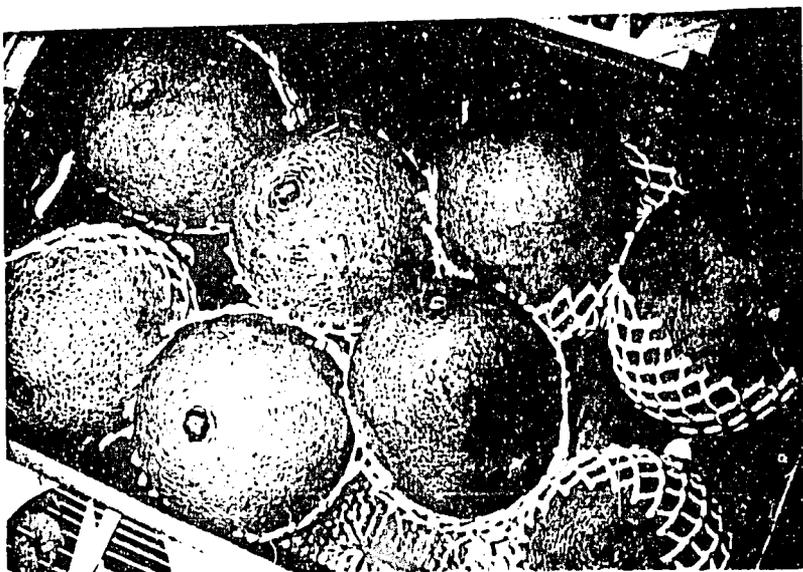
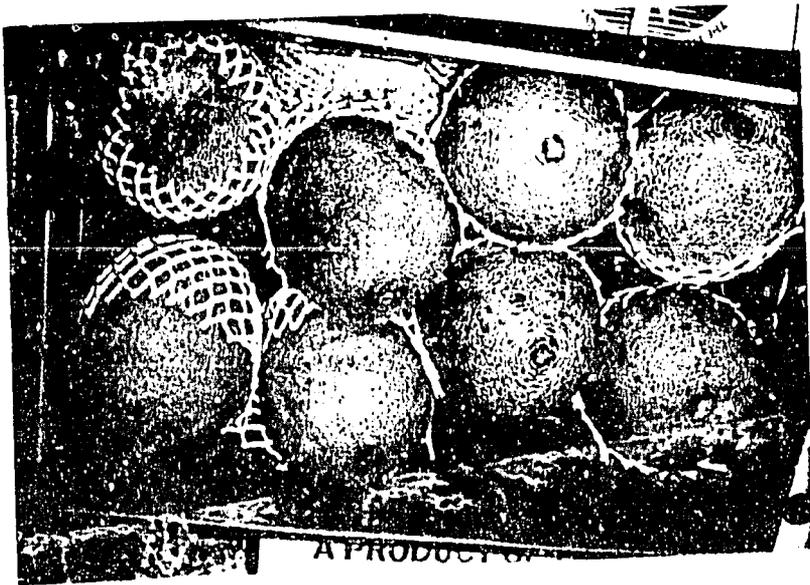
A handwritten signature in dark ink, slanted upwards to the right, with a horizontal line underneath it.

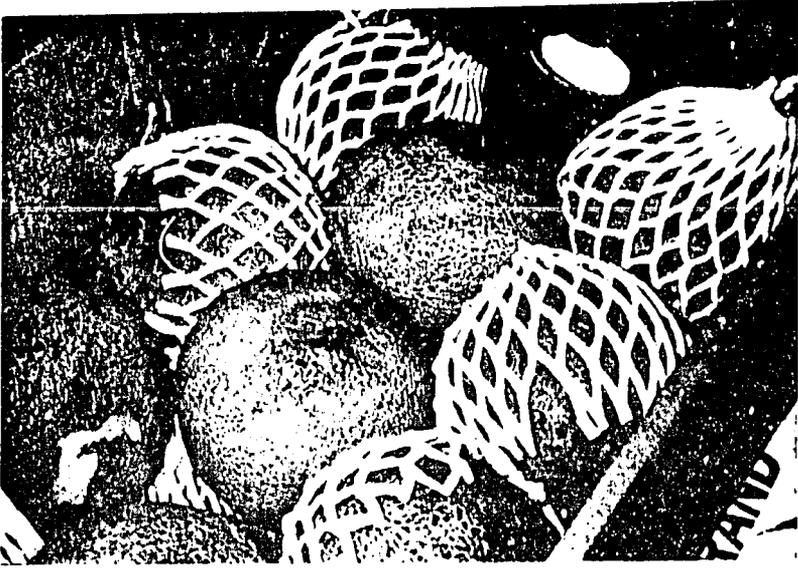
bt:DIRW/ew

APPENDIX II









Mack International Freight

No. 143, Vauxhall Street, Colombo - 2 Sri Lanka
Tel: 09181-17 (General) 446502 (Direct) Tlx: 23045 Makema

FAX MESSAGE

TO : Mr. Edward C. Reinaur
MARD
FROM : Romesh David
RE : 20' Reefer Container Rates

As requested we are pleased to give below details of the lines offering refrigerated container services to Singapore, HongKong & Dubai together with the relevant prices and transit times.

	NYK	P&OCL.	MISC	MACK
<u>HONGKONG</u>				
RATE (USD)	1,900	2,000	1,900 2,000	1,900
TRANSIT TIME	9 days	9 days	9 days	9 days
FREQUENCY	weekly	weekly	weekly	weekly
<u>SINGAPORE</u>				
RATE (USD)	1,700	1,700	1,400	1,700
TRANSIT TIME	5 days	5 days	5 days	5 days
FREQUENCY	weekly	weekly	weekly	weekly
<u>DUBAI</u>				
RATE (USD)	1,700	1,900	1,650 1,750	-
TRANSIT TIME	5 days	5 days	5 days	-
FREQUENCY	weekly	weekly	weekly	-

Please feel free to get in touch with us if there is any further information required.

We look forward to hearing from you in due course.

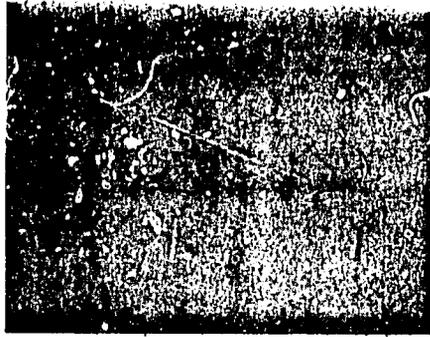
Thank you,



ROMESH DAVID
Director

BEST AVAILABLE DOCUMENT

APPENDIX III



WING KEEP

P R O D U C E L I M I T E D



BEST AVAILABLE DOCUMENT



*Chairman and Managing Director,
Wing Kee Produce Limited, Mr Wayne T.W. Leung.*

WING KEE PRODUCE LIMITED

CONTENTS

FRESH ALL THE WAY TO
THE TABLE... THE WING
KEE WAY 4

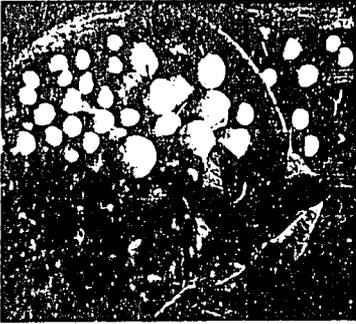
SOWING THE SEED 7

FRESHNESS ON LINE ... 9

HOW WE RELY ON
THE SUPPLY 11

WHAT'S IN STORE 13

ON THE ROAD 15



FRESH ALL THE WAY TO THE TABLE... THE WING KEE WAY

A strawberry is picked in Australia, or New Zealand, or California, and within 36 hours is being eaten at one of Hong Kong's plush restaurants. The world is indeed getting smaller, courtesy of increasingly fast and efficient transportation systems.

Hong Kong is recognized as one of the eating capitals of the world, a city in which every kind of fresh produce appears almost miraculously in front of the diner, who simply has to pick up a menu and place his order.

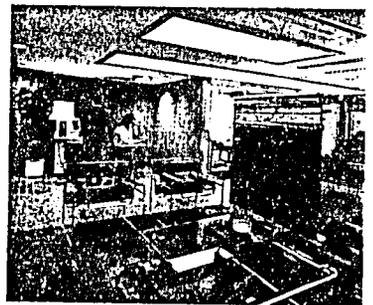
This, of course, is the end result of a long and complex chain of events which includes the marshalling of the

most modern computer technology and transportation systems. It is a process in which we at Wing Kee Produce Ltd have been specializing for more than two decades.

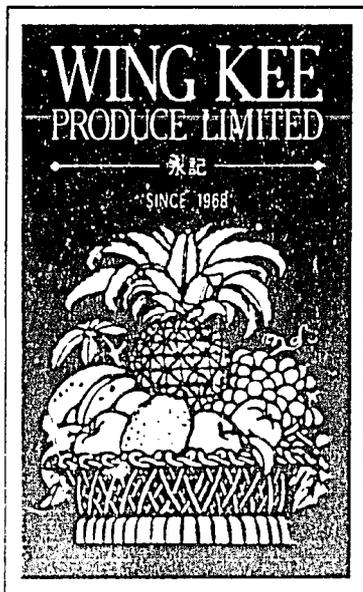
We are importing fresh foodstuffs to Hong Kong 24 hours a day, seven days a week, 365 days a year. Searching the world, we collect the very finest produce our planet has to offer.

Australia's fertile soil and ideal weather conditions make this country famous for fresh produce. Western Australia, New South Wales and Queensland are among our prime suppliers of top quality foodstuffs.

At any chosen time, a consignment of goods will be in the air or on the ocean, and on its way to our headquarters at Kowloon Bay. From there it will



Our modern offices at Kowloon Bay.



be sorted and speedily dispatched to our customers — Hong Kong's top-class hotels, such as the Mandarin, the Regent, the Peninsula Group, the New World Group, and leading supermarkets, together with the territory's largest wholesalers.

To do this we have a highly experi-

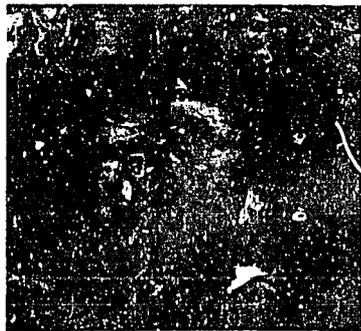
enced team. We pride ourselves on speed, efficiency, and above all, consistency of quality. It is quite a process. In the following pages we reveal how it is done.

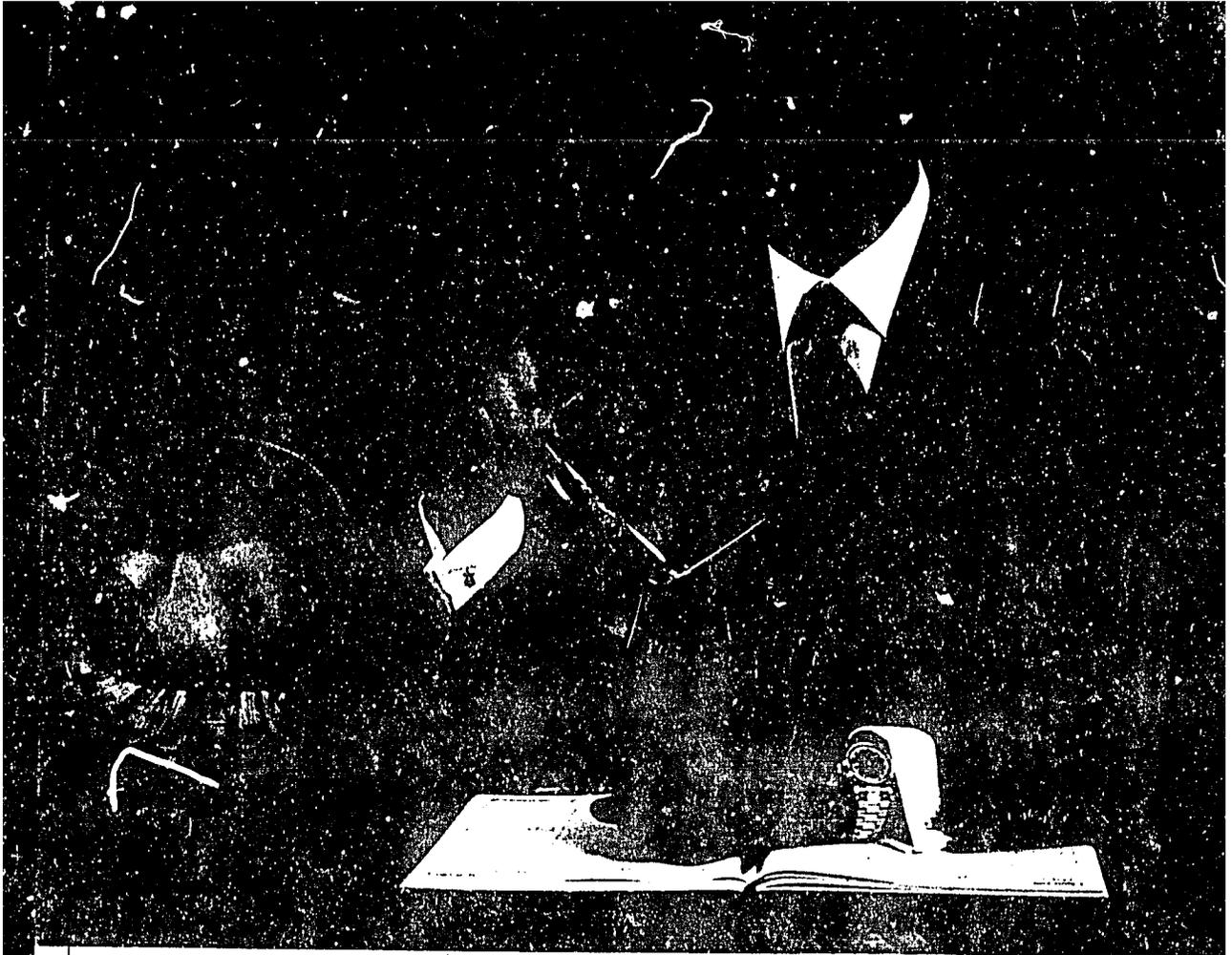
WAYNE T.W. LEUNG
Chairman

1968
S I N C E
1968

永記於一九六八年由梁子永先生創立，多年來在客戶、供應商、各方友好及同事們的支持，協助下，不斷改進，業務得以蒸蒸日上，現由十多個國家經空運及海運進口佰多款蔬菜及鮮果，在此深表謝意。

自八十年代起，為加強及改善公司的業務發展，本公司於八七年斥資自置物業數萬尺；添置各項先進設備；如大型儲存倉庫，高低溫凍房等，為使服務程序更為妥善、快捷，又加強公司的運輸系統及無線電設施，再配合時代需求，以全面電腦化程序為各方面提供更有效及完善的服務。





Our management team has years of specialist experience in the whole process of bringing the best produce to Hong Kong.

SOWING THE SEED

Wing Kee Produce Ltd is in many ways a traditional Hong Kong success story. Originally

known simply as Wing Kee, the company was founded in 1968 by today's Chairman, Wayne T.W. Leung.

The company grew very quickly, for Wing Kee's policy of quality and consistency was established right from the start. Today we are the leading importer of fruit and vegetables in Hong Kong.

But although our lines of produce are now as varied as the number of fruits and vegetables that are grown in the world, we still believe that taking care of individual customers and deliveries is as important as it was in the very beginning.



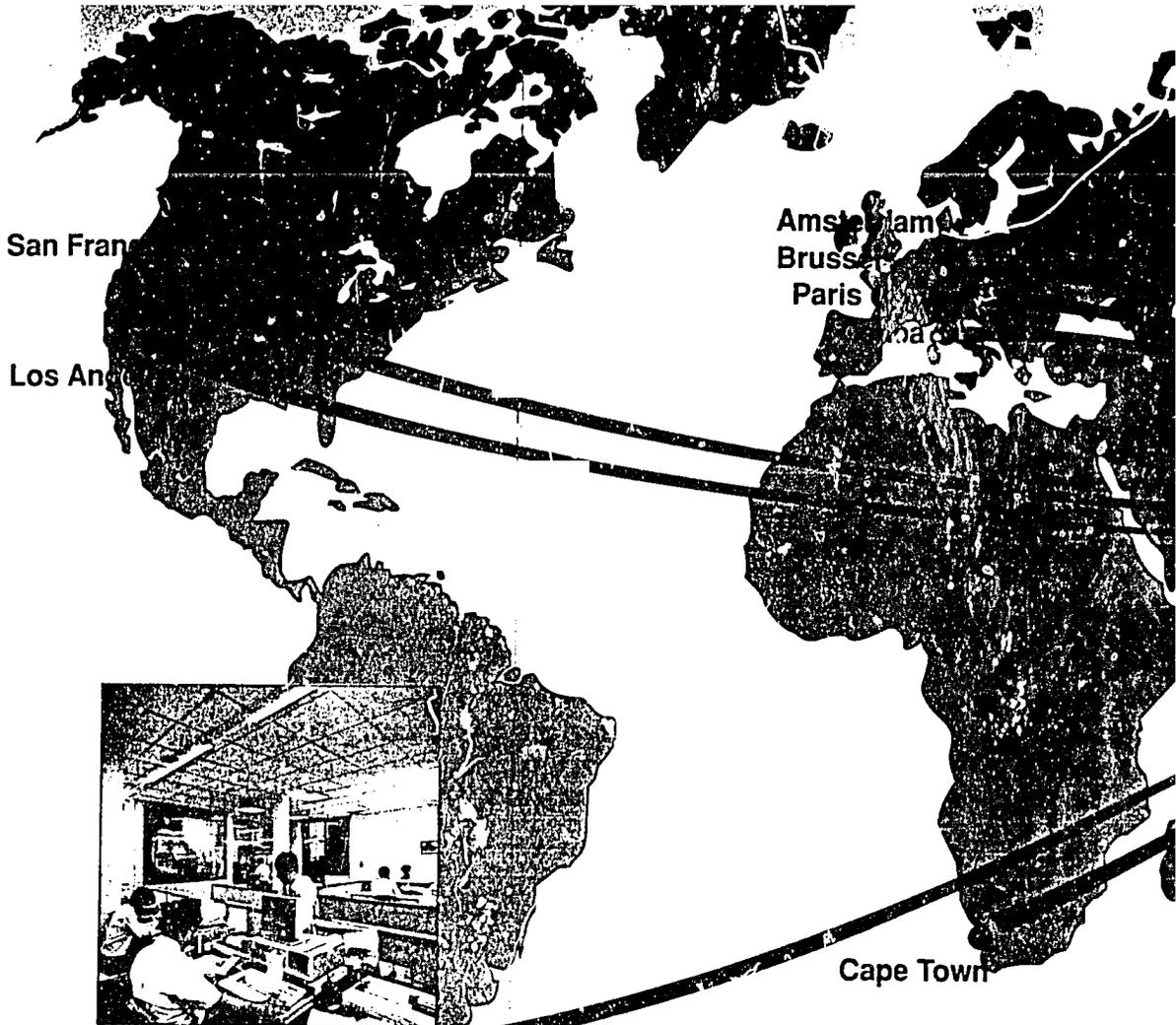
Director, Mr Alain Fung.



Director, Mrs Pauline Leung.



Manager, Miss Linda Tong.

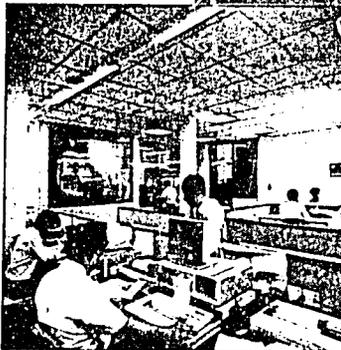


San Fran

Los Ang

Amsterd
Brusset
Paris

Cape Town

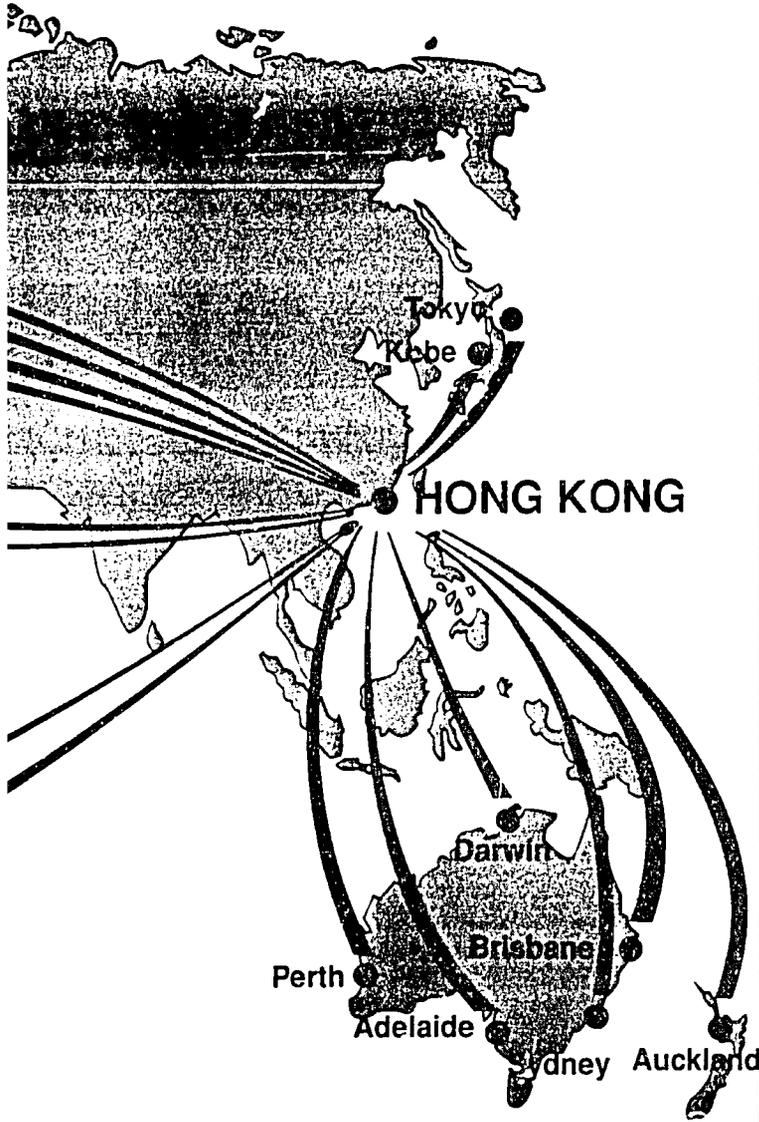


Santiago ●



Our Operations Division uses a fully-networking, custom-designed computer system.

FRESHNESS ON LINE

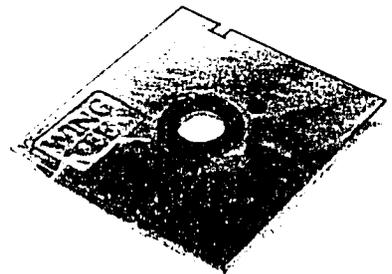


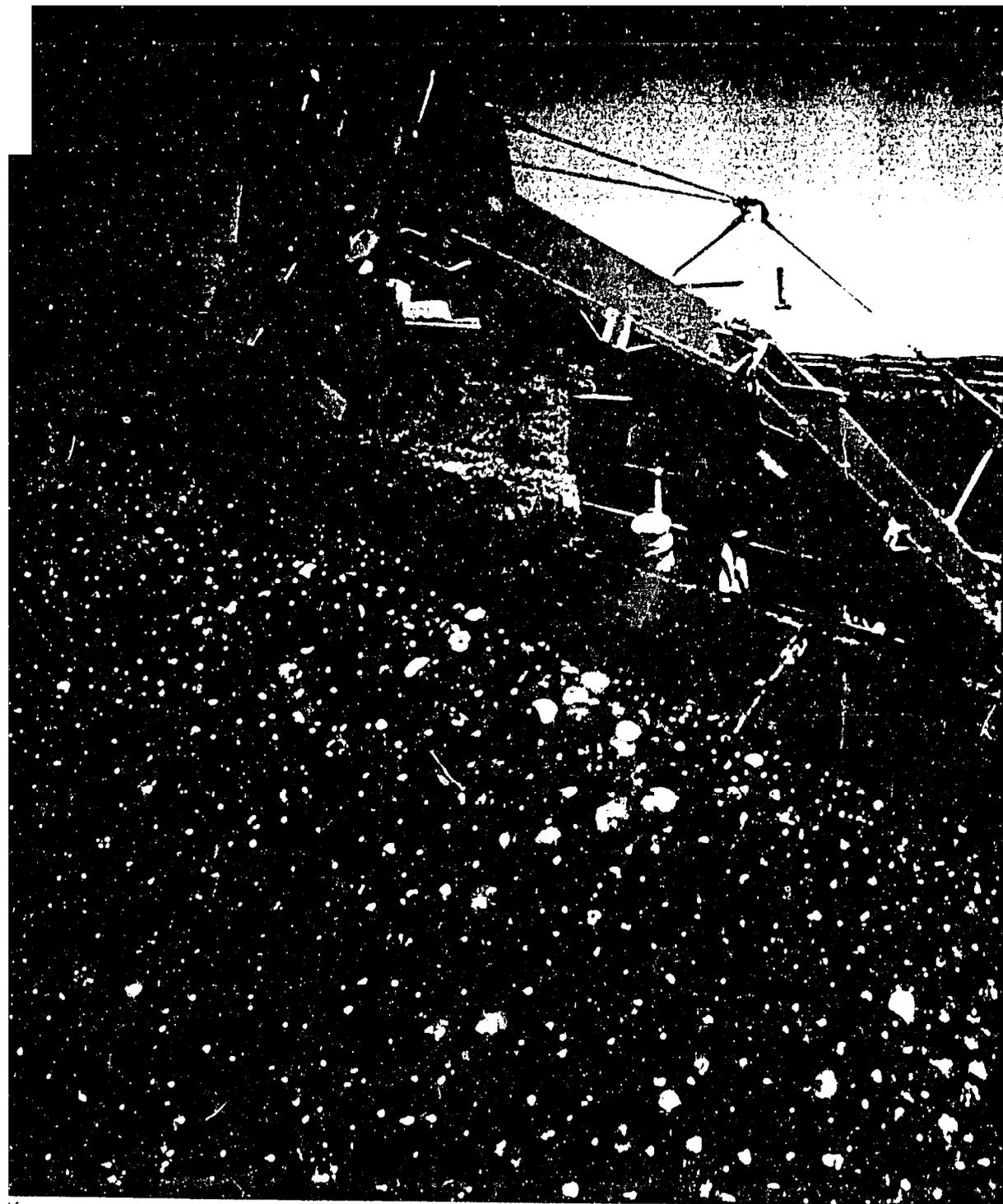
In addition to quality, we are also dedicated to keeping costs to an absolute minimum — savings which are passed on to the customer.

This is controlled by our Operations Division. Using a fully-networking, custom-designed computer system, our skilled and experienced team is able to totally control every aspect of the complex business of ordering and delivering highly perishable produce from all corners of the world.

The process begins with an order, which is immediately entered into the computer. The system will then issue a purchase order to the overseas supplier, it will check the market situation and seasonal availability of certain items, analyze current prices, alert us to any order not fulfilled, and finally issue an invoice.

Whenever an item is deducted from stock, the computer will ensure that the buying department is aware of it. There is therefore a constant running update on everything we hold in stock, and the progress of a specific order can be followed at any point throughout its entire processing.



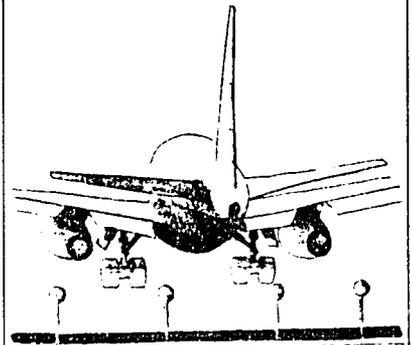


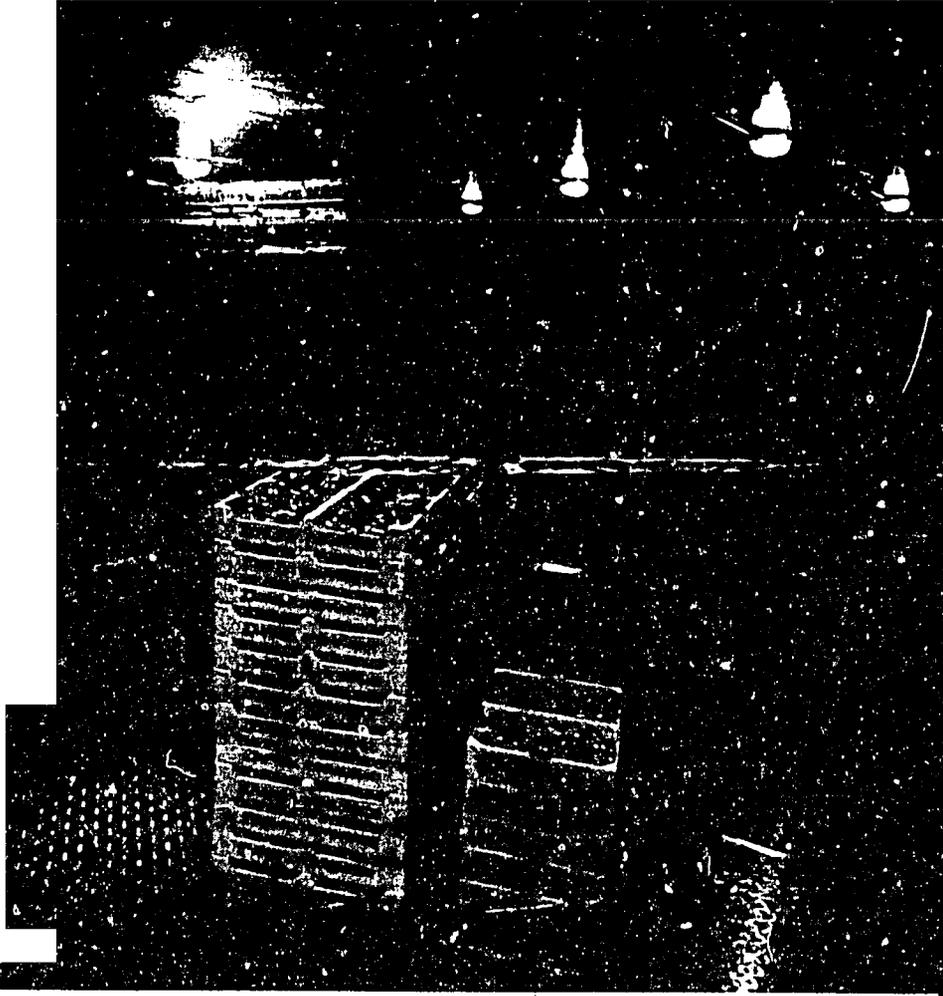
HOW WE RELY ON THE SUPPLY

There are many imponderables in the importation of fresh fruit and vegetables. There is, for example, the state of various harvests around the world; or shipments arriving on time and in good shape; and the fulfilling of orders for rare items or brief seasonal products.

The personal touch is important to us. One major reason we are able to guarantee consistency is that our Chairman and senior staff maintain very close personal links with our suppliers, many of whom we have been using for years. All are known to us personally; all are visited on a regular basis; all are just a telephone or fax call away. Business opportunities in new countries are constantly being explored.

Further, our own long experience tells us the state of demand in Hong Kong for a given line of produce. This way we are able to purchase an entire harvest in advance, or, as we frequently do, enter into a joint venture with a supplier, which allows us to work together towards the best possible harvest.





Specially-designed cold storage facilities ensure the customer receives the freshest produce

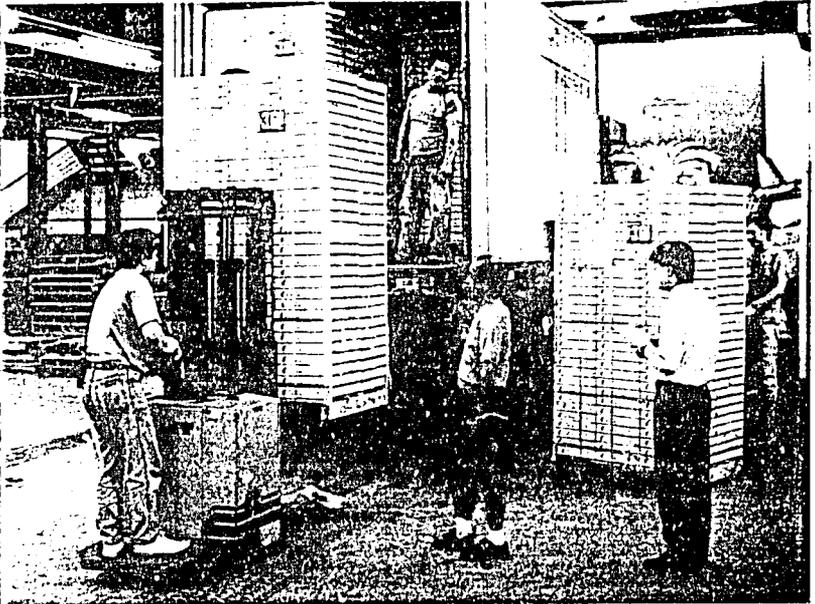
WHAT'S IN STORE

Goods arriving by air or sea are cleared express through Customs and taken to our main operations centre in Kowloon Bay, just a few minutes' drive from the airport.

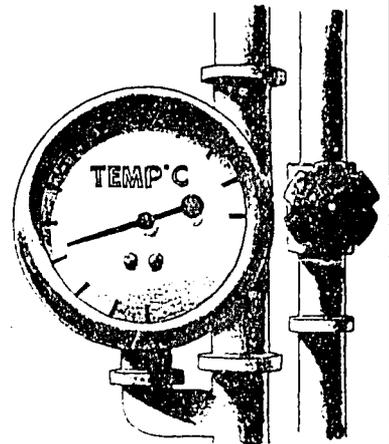
At our meticulously clean sorting centre, those goods onward-bound for the hotels and restaurants are given a thorough check-over for cleanliness, and any necessary trimming is done, before they are repackaged and delivered by our own fleet of vehicles.

For those goods which we shall keep in storage, either for the wholesalers or for our own stock purposes, we have a number of highly advanced chiller rooms, each built to our own specifications and designed to hold a certain type of produce.

A peep inside this sophisticated complex of chiller rooms will show an extraordinary range of exotic fruits and vegetables, many of them highly specialized items produced in tiny amounts — for we take orders for anything. Our list of exotica ranges from A to Z. If it grows, we can deliver it.



However large or small the order, all customers receive the same high quality handling and delivery service.





All goods are processed through our Kowloon Bay operations centre.

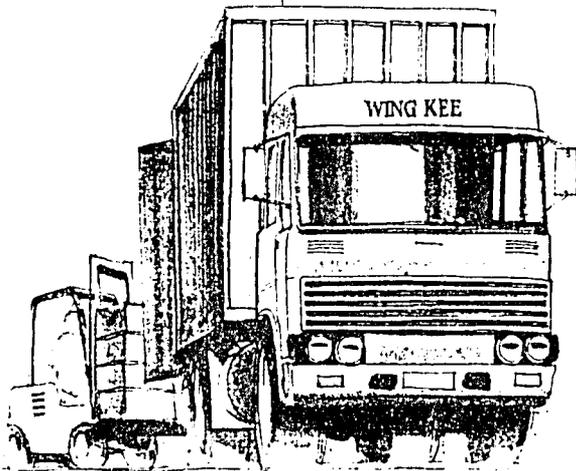
ON THE ROAD

Of course, all this freshness would not count for too much if the delivery system was unreliable, but Wing Kee Produce Ltd has its own fleet of vehicles to get everything to the customer fast.

Our location means that our experienced drivers and handlers have instant access to the highway system and the Eastern Harbour Crossing, and can rush the produce, in chilled containers when necessary, straight to its destination without delay — whether it be Hong Kong Island, Kowloon, or the New Territories.



Our own fleet of vehicles takes care of all deliveries.





BANKER:
THE KWANGTUNG PROVINCIAL BANK
Euro Trade Centre, 13-14 Connaught Road C.,
Hong Kong. Tel: 841 0517



ACCOUNTANT:
MICHAEL TSOI & Co.
701 Yip Fung Building, 2-18 D'Aguilar Street,
Central, Hong Kong. Tel: 522 7239

LEGAL ADVISER:
POON, YEUNG & LI SOLICITORS
17th Floor, Amtel Building, Nos 144-145,
Des Voeux Road C., Hong Kong Tel: 544 3699



G/F., Hong Leong Ind. Complex, 4 Wang Kwong Rd., Kowloon Bay, Kowloon, Hong Kong.
Telephone: 796 3111(Operatoin) 796 3222(Admin) Telefax: (852) 796 3666 Telex: 33854WKHK

九龍灣宏光道4號豐隆工業大廈地下

APPENDIX IV

PRODUCT IMPORTED : VEGETABLES, FRESH, CHILLED, FROZEN OR SIMPLY PRESERVED (INCLUDING DRIED LEGUMINOUS VEGETABLES), ROOTS, TUBERS & OTHER EDIBLE VEGETABLE PRODUCTS, R.C.S., FRESH OR DRIED

COMPANY NUMBER / NAME : 80015 HAIYI FOOD COMPANY LTD. TOR
 ADDRESS : 5371 WINGLOR HOUSE
 511 HONGKONG FREE PORT, CROSSWAY BAY
 HONG KONG
 TELEPHONE NUMBERS : 837 0485 FAX: 276 2734
 TELEX : 25087 WINGYI HK
 CABLE ADDRESS : HAIYI FOOD
 RESPONSIBLE PERSON : ADRIAN LING

COMPANY NUMBER / NAME : 80124 WONG HON ELECTRIC WORKS
 & TRADING CO. LTD.
 ADDRESS : UNIT 104-105 0/F ENERGY PLAZA
 22 GERRARD STREET EAST HONGKONG
 HONG KONG
 TELEPHONE NUMBERS : 357 2321 FAX: 273 1232
 TELEX : 43730 WONGHIT HK
 CABLE ADDRESS : WONGHON HONG KONG
 RESPONSIBLE PERSON : HARRY LING

COMPANY NUMBER / NAME : Y0042 YUNG LEE'S IMPORT & EXPORT
 CO. LTD.
 ADDRESS : 5/F & 7/F LUN TAI BLDG
 20-24 BROADWAY CENTRAL
 HONG KONG
 TELEPHONE NUMBERS : 543 2186 544 2366 FX: 854 1025
 TELEX : 69075 YELI HK
 CABLE ADDRESS : YELIHKCN
 RESPONSIBLE PERSON : H. C. LAM, LTD.

COMPANY NUMBER / NAME : 10019 TRUO CHING TRADING CO. LTD.
 ADDRESS : UNIT 501-502 7/F HO LEE COMB BLDG
 38-40 BROADWAY CENTRAL
 HONG KONG
 TELEPHONE NUMBERS : 526 5885 FAX: 245 0538
 TELEX : 60193 TRUO HK
 CABLE ADDRESS : TRUO
 RESPONSIBLE PERSON : OLIVIER CHATELAIN

COMPANY NUMBER / NAME : H0148 HONGKONG REFRIGERATING CO. LTD., THE
 ADDRESS : 47-51 LUNG FONG STREET
 KWAI CHUNG
 NT HONG KONG
 TELEPHONE NUMBERS : 491 5111 FAX: 420 5265
 TELEX : 92507 HRCU HK
 CABLE ADDRESS :
 RESPONSIBLE PERSON : J. HODGETSON

COMPANY NUMBER / NAME : 00110 SHUI HING BONG
ADDRESS : 23-24 HILLIER ST
CENTRAL
HONG KONG
TELEPHONE NUMBERS : 241 5388
TELEX : 24031 SHH HK
CABLE ADDRESS : SHUIHING
RESPONSIBLE PERSON : CHOW KIT

COMPANY NUMBER / NAME : 00013 SHUI YIP CO LTD
ADDRESS : SHUI YIP BUILDING
28-29 GORDON STREET WEST
HONG KONG
TELEPHONE NUMBERS : 541 1111 541 0681 FX1545 5902
TELEX : 24000 SYCI HK
CABLE ADDRESS : SHUIYIP
RESPONSIBLE PERSON : CHOW BONG CHU, ETC

COMPANY NUMBER / NAME : 00019 SHUI CHONG HONG, LTD
ADDRESS : 127E HANG SENG BLDG
27 DES VOSGES RD CENTRAL
HONG KONG
TELEPHONE NUMBERS : 844 0111 FX1845 0222
TELEX : 24380 SHCHO HK
CABLE ADDRESS : SHUICHONG
RESPONSIBLE PERSON : HUNG HUI SHING & C LEE

TOTAL NUMBER OF EMPLOYEE MEMBERS SELECTED : 8

*** END OF REPORT ***

PRODUCT IMPORTED : VEGETABLES, FRESH, CHILLED, FROZEN OR SIMPLY PRESERVED (INCLUDING DRIED LEGUMINOUS VEGETABLES), ROOTS, TUBERS & OTHER TUBER VEGETABLE PRODUCTS, N.E.S., FRESH OR DRIED

COMPANY NUMBER / NAME : E0035 KEE OIL TRADING CO
 ADDRESS : Rm 202, WING ON COMM BLDG
 20 COMMERCE RD WEST
 HONG KONG
 TELEPHONE NUMBERS : 548 3855 FX:1858 3422
 TELEEX : 72654 KELOH HK
 CABLE ADDRESS : HELLON
 RESPONSIBLE PERSON : WILLY CHUNG

COMPANY NUMBER / NAME : L0052 LEVER BROTHERS (CHINA) LTD
 ADDRESS : 187-188 B/LD
 150 GLOBEVIEW RD WANCHAI
 HONG KONG
 TELEPHONE NUMBERS : 834 6118 FX:1834 6309
 TELEEX : 69922 LEVER HK
 CABLE ADDRESS : LEVER
 RESPONSIBLE PERSON : MARTIN PELLER

COMPANY NUMBER / NAME : L0090 LONGSON TRADING CO LTD
 ADDRESS : Rm 1201-1203 BOSHAN COMM CENTRE
 42A 44-45 BOSHAN STRAND WEST
 HONG KONG
 TELEPHONE NUMBERS : 544 1960 544 6910 FX:541 0263
 TELEEX : 63814 LITLO
 CABLE ADDRESS : 7109
 RESPONSIBLE PERSON : YU LWAI HO

COMPANY NUMBER / NAME : N0056 NEW CENTURY ENTERPRISES
 ADDRESS : 012 BLDG 111
 759 DES VOUDES RD CENTRAL
 HONG KONG
 TELEPHONE NUMBERS : 543 4661 FX:541 6962
 TELEEX : 35151 CENRY HK
 CABLE ADDRESS : WH01136
 RESPONSIBLE PERSON : WU FU LING LEE

COMPANY NUMBER / NAME : L0011 LAN SAU (HONG KONG) LIMITED
 ADDRESS : 166 SOHO 100 BLDG
 8 CHEUNG LUI ST CHEUNG SHA WAN
 KAU HONG KONG
 TELEPHONE NUMBERS : 743 2011 FX:785 1400
 TELEEX : 54020 LANSAO HK
 CABLE ADDRESS : 16280 HK
 RESPONSIBLE PERSON : CHEUNG HUNG HUNG RAYMOND

COMPANY NUMBER / NAME : 50118 SING-APPELLAS 5740 ADVANCEMENT CO
ADDRESS : SUITE 1506, EASTERN CENTRAL
6051 TROOP RD QUARRY CRY
HONG KONG
TELEPHONE NUMBERS : 233 8111 FAX 2338 0425
TELEX : 81300 SINGAPO
CABLE ADDRESS : SING CO
RESPONSIBLE PERSON : ANNE TUNG TUNG CHAI (MS)

COMPANY NUMBER / NAME : 50030 SINGAPORE AIR SERVICES LTD
ADDRESS : 861-880 HONG KONG ROAD HONG KONG
TEL: 268 2810
SINGAPORE AIRWAYS LTD HONG KONG
201-2011 FAX 23291 3664
TELEX : 81300 SINGAPO
CABLE ADDRESS : SINGAPORE AIR
RESPONSIBLE PERSON :

COMPANY NUMBER / NAME : 50023 SINGAPORE LTD
ADDRESS : SHOP 3 & 4 5740 TROOP HOUSE
215 QUEEN'S RD EAST HONGKONG
HONG KONG
TELEPHONE NUMBERS : 852 9626 FAX 2331 0991
TELEX :
CABLE ADDRESS :
RESPONSIBLE PERSON : ROBERT TEASDALE

TOTAL NUMBER OF IMPORTER BLANKS SELECTED : 8

*** END OF REPORT ***

BEST AVAILABLE DOCUMENT