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FINAL REPORT

PROJECT NR. TF/INT/81/002

OCTOBER 1991

jansen, van doorn & partners
consultants

FINAL REPORT

**Plant Level Cooperation for the Transfer of Technology to Smallscale
Industries with particular Reference to the Food Processing Industry.**

Projectnr.: TF/INT/81/002

October 1991

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3. Letter of International Dairy Consult dd 19 June 1991
4. Letter of Xia De Run re Ma Ling Food Corporation dd 26 July 1991

1. Introduction.

This report gives an overview of the UNIDO Project:

Plant Level Cooperation for the Transfer of Technology to
Smallscale Industries with particular Reference to the Food
Processing Industry.

The project was implemented by two firms operating under the name of
the Foundation Methconsult:

- Food Industries Research & Development
- Jansen, van Doorn & Partners.

A brief background of the project is given in the chapter below. For
details we refer to the previous progress reports submitted by the
executing consultancy firms (See chapter 5 for a summary of reports).

This report gives an overview of the activities undertaken within the
project, the companies involved, the negotiations between the most
promising interest^d parties. The final conclusions are drawn as to
the merits and limitations of the project; they are found in chapter
2.

2. Conclusions

The project has been concluded without producing a single joint venture or cooperation agreement. It can thus be dubbed a failed project. What are the reasons of this failure? The Consultant believes a satisfactory explanation should deal with three categories of reasons: structural, organizational and financial.

2.1. Structural constraints

- a) Thai and Chinese companies were mostly interested in project finance. They would stress the need for market channels and investments. Dutch companies were primarily interested in selling their hardware. The programme did not offer enough incentives to change this situation.
- b) Dutch companies with a serious interest in East Asia had in almost all cases already initiated contacts on their own. These companies employ their own agents, have their own foreign language brochures, and participate in trade meetings. Companies which had not done so, would not be convinced by the benefit of UNIDO assistance and partial financing of a feasibility study.
- c) The investments in China of large Dutch companies such as Philips and Heineken did so far produce few real profits. Since Dutch entrepreneurs are well aware of this situation, the initial euphoria about the opening of the Chinese market has given way to scepticism.
- d) At the moment some important steps had been taken, two of the most promising Thai companies withdrew from the programme with little or no explanation.

2.2. Organizational constraints

- a) Transfer of project from FIRE to JDP. After the first year FIRE had spent about half the budget and not reached any results. On request of UNIDO JDP became leading consultant. It appeared difficult and time consuming to conclude the transfer of data and contacts.

- b) Communication through UNIDO. Within the project no direct communication between Consultant and the counterparts was envisaged. It was not unusual for a normal communication between Thai or Chinese companies and the Consultant to take one and half month or even more. Only at the end this communication procedure was shortened.
- c) Consultants are not authorized to make decisions, they can only advise. This means that consultants are active intermediaries if and when hired by the companies involved; hence not when the approached companies did not ask for any advice at all.
- d) The time needed for canvassing was seriously underestimated.

2.3. Financial constraints.

- a) The budget did not foresee any investments from UNIDO sources.
- b) The budget in the contract did not cover the time needed for canvassing and follow-up; consultants do not work on a lumpsum basis but on a fee per time spent.
- c) The budget for the project was agreed upon in US Dollars. During the first year of the rproject the value of the US Dollar against the Dutch guilder dropped by 50 percent.
- d) Matchmaking needs constant attention. Several firms in Thailand changed their plans in the course of the project. The budget did not allow sufficient travelling to the project area.
This and the lack of an effective local counterpart made it difficult to keep in touch with the companies involved. The assigned counterpart in Thailand, the Industrial Development Center of the Department of Industry did not dispose of adequate telephone, telex or fax facilities.
- e) The counterpart organization in China, the Ministry of Trade, changed personnel three times during the first three years of the project.

3. Objectives of the project.

In this report we will refer to the above project as PLC project. The PLC project was formulated in October 1980 by the UNIDO Development and Transfer of Technology Branch in co-operation with the Negotiations Branch.

The formulated objectives can be summarized as follows:

- a) The creation of a mechanism for the transfer of technology in the field of food processing industry on the basis of technological and economic co-operation between small industrial enterprises in the Netherlands and similar enterprises and organizations in China, Mexico, Sudan and Thailand.
- b) The provision of technologies appropriate for small-scale industries in the food processing industry sector in the participating developing countries.
- c) Adaptation of processes offered by the small industries in the Netherlands to small enterprises in the participating developing countries.
- d) Strengthening the capabilities of small-scale industry development and financing institutions in the participating developing countries as intermediates for technology transfer.
- e) The mobilization of small industrial enterprises in developed countries to be aware of the role they can assume as supplier of appropriate technology.

4. Organization of the project

In 1986 Nethconsult signed the contract for implementation of the PLC project. The UNIDO Project Code is TF/INT 81/002, Activity Code TF/05/62.4. The total contract sum amounted to US\$ 71,700 for 9.5 manmonths. One month of this period was to be spent in the project area.

Nethconsult, as umbrella organization of 45 Dutch consulting firms, delegated the operational execution of the project to its memberfirm Food Industries Research and Engineering (FIRE) and appointed Jansen, van Doorn & Partners (JDP) as the supplier of management expertise.

The team was composed as follows:

Mr H. Van Anandel (FIRE)	Project leader
Mr T. Jansen (JDP)	Sr Management Consultant
Mr R.G. Kolenbrander	Sr Project Engineer
Mr P.D. Casley	Project Engineer
Staff	Staff Support

In the staff the following persons were available: Messrs. De Haas, Van Geuns and Engelhard.

On request of UNIDO Mr Van Anandel transferred in 1987 the teamleadership to Mr T. Jansen of JDP. In March 1989 an amendment to the contract was signed which raised the total budget to US\$ 87,792. This amendment added one manmonth in the project area to the project to follow-up on earlier visits.

5. Missions carried out and reports submitted during the project.

In the initial stage of the project it was decided by UNIDO to give priority to Thailand and China. Mexico and Sudan were omitted from the project objectives.

<u>Date</u>	<u>Mission</u>	<u>Carried out by</u>
85-05	First identification	Van Anandel (FIRE), Kulur (UNIDO)
86-05	Second identification/ follow-up	Van Anandel, van Doorn (FIRE), K�l�r (UNIDO)
87-08	Orientation mission to Chongming Island	M. de Jong (IDC)
90-04	Factfinding mission Chanthaburi, Thailand	M. de Jong (IDC)
86-03	People's Republic present status earlier matching. (FIRE)	
86-05	Report on mission to Thailand for Transfer of Technology Project Food Processing Industry for UNIDO. (FIRE)	
86-09	Report on second mission to Thailand for Transfer of Technology Project Food Processing Industry for UNIDO. (FIRE)	
87-06	Report Group visits Thai Companies to Holland April 1987. (FIRE)	
87-07	Report on the visit of Mr. T. Jansen of Jansen, van Doorn & Partners at the end of June 1987. Reference Thailand. (JDP)	
87-07	Report on the activities of Jansen, van Doorn & Partners during May/June 1987. Reference China. (JDP)	
87-08	Plant level cooperation for the transfer of technology to small and medium scale enterprises in China. (JDP)	
87-08	Report on the activities of Jansen, van Doorn & Partners during July, 1987. Reference China. (JDP)	
87-09	Orientation report on the meatproduction and meatprocessing development opportunities on Chongming island, People's Republic of China. (IDC)	
87-09	Summary report on actual position most important projects as per half of September 1987. (JDP)	
87-12	Report on visit to Bangkok/Thailand to UNIDO. (JDP)	

- 88-01 Report re state of affairs as of January 1988. (JDP)
- 88-01 Report re state of affairs as of March 21 1988. (JDP)
- 88-06 Report re state of affairs as of June 1988. (JDP)
- 88-08 Report on mission of T. Jansen to Thailand and China. (JDP)
- 88-08 Record of visit to Thailand. (JDP)
- 90-04 Debriefing note on factfinding mission to evaluate the opportunities to establish a dairy farm at Chanthaburi-Thailand. (IDC)
- 90-09 Final report Prom Salit Dairy Farm, Thailand. (IDC)

6. Companies contacted.

6.1. Thailand.

The companies considered for participation in 1936 during the first stage of the project are listed below. After the first identification the potential of each company for joint venture matching was given a rating from A to C.

- A = has potential for the programme; try to identify a matching partner in the Netherlands
- B = may have potential if certain conditions would be met; identifying a potential Dutch partner may be considered in a later stage
- C = has no interest in or no potential for the programme.

<u>Nr</u>	<u>Company</u>	<u>Area(s) of interest (Rating)</u>
1.	Thai Fruit Canning Corp Ltd.	Seed development, vegetable freezing (A)
2.	Samphandh Prapha Co. Ltd	Vegetable freezing (B)
3.	Royal Foods Co. Ltd	Maggi type sauces (B)
4.	Pataya Food Industries	Pet food (A)
5.	Seagold Co. Ltd.	Canning equipment (B/C)
6.	Wan Far Long Co.Ltd.	Financing for new plant (C)
7.	Continental Pacific Corp.Ltd.	Product development, packaging (A)
8.	Siam Agro Industry	Passion fruit processing, marketing (A/B)
9.	Addy Company Ltd.	Jams (C)
10.	Khao Shong Industry 1979 Co.	Powder coffee (A)
11.	Thai Sausage Factory	Financing new sausage plant (C)
12.	Nimit International Co.	Cost reduction, quality control (C)
13.	The Thai Pineapple Co.Ltd.	Packaging, water treatment (C)
14.	Thai Fruits and Vegetables Exports Association	Packaging (B)
15.	Thai Overseas Food Co. Ltd.	Instant Coffee (C)
16.	Eastern Packer (AK) Co.Ltd.	Can making, Gamma radiation of food (A)

In the mission of May 1986 the following companies were added:

- | | |
|-----------------------------------|---|
| 17. Supatra Food Industries | Cannery mushrooms and escargots
(C) |
| 18. Oscar Intertrade Co. | Packing fresh fruits/spices (A) |
| 19. Vichit Thanya and Silo Co. | Starch conversion plant |
| 21. AI Trading Co.Ltd. | Cattle raising (C) ¹ |
| 22. Kickapoo Co.Ltd. | Export of babyfood (A) |
| 23. Inter-Region Foods Co.Ltd. | Potatoe growing/french fries
production (A) |
| 24. TC Pharmaceutical Industries | Fruit juices/packaging (A) |
| 25. Belucky LP Ltd. | Smoked fish export (C) |
| 26. Laemthong Corp.Ltd. | Pig slaughterhouses/ animal
vaccins |
| 27. V.S.C Industries LP | Canned fruit (C) |
| 28. Poon Phol Co. Ltd. | Starch modification (C) |
| 29. Useful Food Co.Ltd. | Canned fruit (B) |
| 30. T.C.Alpha Trading | Cashew nuts/packaging (A) |
| 31. Berli Jucker Co.Ltd. | Shrimp farming/fruit juice
concentrate (C) |
| 32. Siam Feed Mills Co.Ltd. | Construction of feed mill (B) |
| 33. Teng Kai Seng | Canning wild palm seeds (C) |
| 34. Thai-Muslim Halal Food Co. | Meat/packaging (A) |
| 35. Kitso Co.Ltd. | Oriental spices, seasonings,
sauces (A) |
| 36. Pure Chem Co.Ltd. | Starch conversion (A) |
| 37. Thai Vinegar Company Ltd. | Vinegar/ketchup production and
marketing (C) |
| 38. Thai Chains & Assembly Plants | General food industries (C) |
| 39. Bee Products Industry Co.Ltd. | Honey processing/marketing (A) |
| 40. Chaiyong Cold Storage Ind.Co. | Seafood processing (A) |
| 41. Vigour Supply Co.Ltd. | Milkpowder products (C) |
| 42. MP Import an Export Co.Ltd. | Longan/garlic processing and
marketing (B) |

¹ The numbering of the original project documents is used. Since Nr 20 concerned a non-company visit it was excluded from this list.

43. Sumitra Carving	Canned bamboo shoots/garlic/longan (C)
44. Rural Small Scale Ind.Devt.Co.	Bamboo shoot canning (C)
45. Cathay Chocolate Industry Co.	Cultivation of any product (C)
46. Chum Porn Palm Oil Ind.Co.Ltd.	Stearine products (A)
47. Sunisa Co.Ltd.	Cultivation of any product (C)
48. C.P. Intertrade Co.Ltd	Catering/ready meals (B)
49. P.P.E.Company Limited	Fresh fruit and vegetable marketing (B)
50. Hock Long Co.Ltd.	Fruit and vegetable packaging (C)
51. Prom Salit Co.Ltd.	Vegetable growing/shrimp farming (A)
52. Raja Siam Products Co.Ltd.	Cacao growing/processing (C)
53. Northern Beekeeping Ass.	Honey processing/marketing (A)
54. Thai Tapioca Flour Prod.Co.	Modified starch (C)
55. Sikrung Watana Co.Ltd.	Modified starch (B)

6.2. China.

Companies visited in China tended to be larger than those in Thailand probably as a consequence of the prevalent economic system. This resulted often in several project opportunities per company. In the original mission report each company is numbered while letters indicate the specific project concerned. For the sake of convenience the same numbering is used for this report. In China no project ratings were given. The following companies were contacted:

<u>Nr</u>	<u>Company</u>	<u>Area(s) of interest (Rating)</u>
1.	Qingdao Second Foodstuffs Factory	fd) Freeze drying plant/marketing rf) Ready food/ packaging b) Bakery product development c) Peanut based products
2.	Qingdao Brewery	Beer waste animal food processing
3.	SFC Aquatic Products	Animal feed
4.	Qingdao Plant Oil Factory	Animal feed mill
5.	Qingdao Foodstuffs Factory Number One	pb) Peanut butter emulsifying pp) Peanut related products b) Biscuits

- | | |
|--|---|
| 6. Qingdao Compound Plastic Printing Factory | pb) Plastic bags
pcp) Soft packaging for carbonated drinks |
| 7. Qingdao People's Printing Pl. | No project |
| 8. Children's Food Factory of | p) Purees of fruits, vegetables and meat
b) Nutritive biscuits
j) Jams for children
g) Wheat germ powder |
| 9. Yi-min no.1 Food Factory | m) Mushroom production
h) Meat processing plant |
| 10. Hang Zhou Food Factory | bp) Baby milk powder production
c) Chocolate production technology |
| 11. Yi-min Brewery Shanghai | Marketing agreement with Heineken |
| 12. Shanghai Light Industry Bureau | Integrated meat project Chongming Island |

7. Matchmaking activities in the Netherlands.

7.1. Canvassing.

Based on the reports from the identification missions mentioned in paragraph 5, FIRE and JDP searched Dutch companies which were the selected for personal meetings. This selection process was carried out through:

- placing newspaper advertisements explaining the role of the UNIDO project and potential benefits for Dutch participants,
- participating in trade meetings where a large audience with possible interest in the project could be addressed,
- intensive telephone contacts with potential parties,
- an article in the RABO Bank Monthly.

Contacts which were established in this way were followed up by a mailing specifically geared to the interest of that particular company. This included a general description of scope and opportunities of the PLC project and a transcript of the mission report on the counterpart company in Thailand or China.

After this mailing personal meetings were arranged mostly within the company. These meetings were conducted by Messrs van An del, de Haas, Jansen, van Geuns en Engelhard.

7.2. Joint-ventures with Thai companies.

Companies which were approached - more than just once by telephone - in relation to joint-ventures with Thai companies are listed below. The numbers refer to the projects in Thailand listed in the paragraph 6.1.

<u>Nr</u>	<u>Company</u>
1.	Zaadunie
4.	Vewa
7.	Johma
	Matrico
8.	SVZ
10.	Douwe Egberts
16.	Gammaster

- EPC
18. Conimex
Valk
22. Nutricia
Wessanen
Melkunie
23. Farmfrites
26. Hendrix
Delta Business International
Gist Brocades
Selo
Duphar
30. Backer & Co
34. Gottschalk
Ehro
Selo
35. Go-Tan
Ruis Food
Bieze B.V.
39. Honingzemerij Het Zuiden
46. Friwessa

7.3. Dutch companies approached for joint ventures in China.

All companies approached in relation to joint-ventures with Chinese companies - apart from those only approached once by telephone - are listed below. The numbers refer to the projects in China listed in the paragraph 4.3.

Nr Company

1rf. Struik

Groko

Grenco

Hero

1fd. HNH

TWO/SIVO

Dick de Keizer

PLCFR/9110.

- Topfood
- Mol Products
- Peters B.V.
- Rijnberg
- 1b. Verkade
- 2. Hendrix
- Van Aarsen
- 3/4. Hendrix
- Van Aarsen
- Zwan
- Wessanen
- Koudijs
- 5pb. Calvé
- Inko Gelria
- 5pp. Mars
- 5b. Verkade
- 6pb. HEAF
- 8b. Nutricia
- Liga
- 8g. Van Melle
- 8j. Nutricia
- 9a. Veciap
- Dutch Mushrooms Groweres Association
- Haegens Holland
- 9h. Coveco
- Homburg
- Colco
- Van der Laan
- 10. CCF
- DMV Campina
- Lijempf
- Nutricia
- 11. Heineken
- 12. International Dairy Consultants
- Gascoigne Melotte
- Seffelaar & Looyen BV.
- 13. Zeelandia International

The reports listed in chapter 5 provide full details on each meeting and follow-up contact.

In total 62 Dutch companies were contacted.

- 50 % of the Dutch companies showed no interest in PLC at the first introduction of the program,
- 20 % reacted negatively after the first mailing,
- 25 % reacted negatively after a personal meeting and follow-up discussions,
- 5 % asked JDP to pursue matching efforts without any commitments from their side.

This five percent was made up by the companies listed below. Country, project numbers and counterparts are indicated as well.

Thailand

<u>Nr</u>	<u>Company</u>	<u>Counterpart</u>	<u>Project</u>
35	G. T. Trading	Eastern Foods Co. Ltd	Shrimp crackers
51	Gascoigne Melotte	Prom Salit Co. Ltd.	Dairy farming
51	Agrisystems	Prom Salit Co. Ltd.	Shrimp farming

China

12	Seffelaar & van Looyen	Shanghai Light Industries Bureau	Integrated pigproject
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8. Negotiations.

The various steps in the matchmaking process aiming at negotiations between prospective partners are described in this paragraph.

8.1. Thailand. Shrimp cracker production plant. Project 35.

The first meeting between Mr Tan of G.T. Trading and Mr van An del took place in November 1986. In early 1987 a meeting between Mr Chukiat of Eastern Foods Co.Ltd and Mr Tan was arranged. In April 1987 both companies signed a memorandum of understanding with the assistance of Mr J.M. de Calias Lima of UNIDO. The memorandum indicated agreement on the following:

- a) Gotan and Kitso intend to establish a joint venture for the development, production and marketing of the current production range of savory snacks and spices, eventually to be expanded into newly developed products by utilizing the combined know-how of both companies;
- b) Until the joint venture is materialized the two prospective partners will further investigate the specific products which will be manufactured and marketed by the joint venture;
- c) In order to assess the viability of the project and to agree on details of the structure and terms and conditions of the joint venture, a feasibility study should be carried out, for which the assistance of UNIDO will be sought.

In November 1987 Mr Go and Mr Tan of G.T.Trading visited Mr Chukiat in Bangkok. On this occasion they specified their intention to establish jointly a shrimp cracker plant in Bangkok. Following this visit Mr Chukiat provided G.T.Trading with a list of equipment and prices needed for the envisaged plant.

In June 1988 G.T. Trading and Kitso submitted a memorandum to the Dutch government requesting a subsidy for a feasibility study. Since it was assumed that within the framework of the Dutch/UNIDO PLC project this subsidy would be granted, JDP decided not to waste time by waiting for the actual subsidy. The preparations for the study were

made, and a dedicated questionnaire was sent to Gotan and Kitso in order to economize on research costs.

No official reply on this request was received. Nor UNIDO neither the Dutch government were able to approve of the necessary funding that had been allotted within the PLC project.

Kitso informed JDP in June 1989 (see Annex) that it had shifted its development priorities to another product range and that it wanted to abandon the project.

8.2. Thailand. Shrimp farming. Project 51.

Prom Salit Company Ltd. employs 1500 people. It has interests in various areas:

- construction
- project development
- in/export of construction materials
- breeding of soft shell turtles
- fishing (fleet of 18 boats)
- fishmeal production.

The company owns and leases a total of 20.000 acres of land, for which it had no use at the time of the PLC project. In the course of the project the company proposed different projects for cooperation with Dutch partners, which would use part of this land. As a condition to any cooperation agreement Prom Salit wanted the Dutch partner to make a financial commitment.

The following projects were proposed:

- Dairy farming
- Shrimp culture
- Rubber and Eucalyptus plantations
- Fruit & vegetables plantations
- Coffee plantations

It was decided to pursue the dairy and shrimp projects within the PLC project. For the preparation of this project JDP engaged the services of the shrimp culture expert, Mr A.F. de Haas. UNIDO agreed to finance

80 percent of Mr de Haas' fees. JDP requested Prom Salit to finance 15-20 percent of these fees, while JDP, in view of the reluctance of Prom Salit to contribute more than 15 percent, accepted to drop its overhead charges for this mission. Nevertheless Prom Salit declined from contributing to the preparation costs. Regarding shrimp farming Prom Salit informed JDP in January 1988 that no external expertise was needed but only financing. In August Prom Salit submitted a feasibility study of the envisaged shrimp project, made by a local expert, and urged JDP to look for financing. In the opinion of JDP it would be impossible to convince external investors on basis of this feasibility study. Nevertheless the SEAVI, a Singapore based subsidiary of the Dutch Oranje Nassau Group, was approached. Although this group showed interest in the project they could not make any further commitment on basis of the existing document.

In a letter to UNIDO of 24 February 1989 Prom Salit expressed its wish to postpone the shrimp project until the dairy project would have been carried out.

8.3. Thailand. Dairy farming. Project 51.

In 1988 Mr T. Jansen of JDP visited together with a representative of Gascoigne Melotte, Mr C. van der Pol, the proposed site for the dairy farm in Chanthaburi. Following this visit contact was established with the Dutch subsidiary of Gascoigne-Melotte, the Danish manufacturer of dairy equipment.

The Dutch FMO (Finance Corporation for Developing countries) was said to be prepared to contribute financing up to forty percent provided a full fledged feasibility study would be submitted.

In May 1989 JDP proposed to UNIDO to finance an orientation mission by the Dutch Consultancy firm International Dairy Consultants (IDC). Due to the delayed approval for this mission by the Dutch government it had first to be postponed to November, then to January and eventually to May 1990. Following the mission IDC had to wait for additional information from Prom Salit. Therefore the final report was not submitted to UNIDO and Prom Salit before October 1990.

At the end of the mission a meeting was arranged between Mr Apichet Krepolrerk of Prom Salit and Mr Hoekstra, Export Manager of Gascoigne Melotte. The latter offered in principle to take a ten percent participation in the project. This would be a participation in kind, consisting of equipment, cattle, technical assistance and training. Since no proper negotiations were conducted this was not yet a confirmed offer.

From October 1990 to date Prom Salit has not reacted to the study or subsequent inquiries about their intention to proceed with the project.

8.4. China. Project 12. Integrated Meat Project Chongming Island.

As part of the identification mission in April 1987 Messrs Külür of UNIDO and van Geuns of JDP visited the Foodstuffs Division of the Shanghai Light Industry Bureau. This Bureau proposed a.o. a joint venture with a Dutch partner to develop an integrated meat project on Chongming Island a part of the Shanghai municipality in the estuary of the Yangtze river. The project would include fodder production, pig breeding, slaughtering and meat processing. The emphasis was to be on the export market. The executing agency in China would be the Shanghai Food Industries Corporation. The meat would be canned in the Ma Ling Canned Food Factory in Shanghai.

In the Netherlands the Dutch Agri Bussiness Consortium was in principle interested to provide know-how and equipment for an equivalent of five percent of the investment costs.

In August 1987 a one-week orientation mission to Chongming Island was carried out by International Dairy Consultants to assess viability of the integrated meat project. The project was to entail pig breeding, animal fodder production, a slaughterhouse and a canning line. In September the report was submitted to UNIDO.

The potential Dutch joint venture partner, Seffelaar & van Looyen withdrew from the project when it appeared that:

- a) Chinese pork does not yet qualify for an export license to the USA

- b) the Chinese partners expected a larger investment in the project either from the side of Dutch investors or from UNIDO itself,
- c) the Chinese partner insisted on exporting ninety percent of the production which was deemed unrealistic by Seffelaar & van Looyen at current world market prices.
- d) integrating meat processing with breeding and slaughtering was not economically feasible.

Although JDP continued to search interested partners in the Netherlands, further activities with regard to China were cancelled after the May uprising at Tianmen Square 1989.

In July 1991 The Shanghai Light Industries Bureau notified JDP of its continuing interest in the project. UNIDO decided that no further project activities could be pursued. The project was stopped in September 1991.

ANNEXES

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524 Under 1 number it is 1987

T'ss Kitsol/Gotam # 1/5/87

Memorandum of understanding

Entered into the 29th day of April of 1987
by and between

1. Go-Tan B.V. and G.T. TRADING B.V.

Companies registered in the Netherlands having their registered office at Spoorstraat 57, 4041 CL Kesteren, hereinafter referred to as GOTAN, represented by their directors respectively Messrs. S.L. TAN and H. GO

and

2. KITSO Co., Ltd

a company registered in Thailand having its registered office at 260 Ratchadapisek Road, Bangkok 10310, hereinafter referred to as KITSO, represented by its director Mr. Chukiat Kositwatanapanich,

Whereas GOTAN is engaged in the production of components and ingredients for ethnic food and savory snacks marketed under the trade mark GOTAN;

Whereas GOTAN is in possession of extensive proprietary know how concerning the development, the manufacturing and the marketing of the above products as well as the management of this kind of industry;

Whereas GOTAN has a prominent position in the Dutch market in particular and in the European market in general, and is willing to expand its activities thru the increase of its product range and commercialization in new markets;

Whereas KITSO has a considerable amount of confidential technological know how for the production of ingredients for the Thai food and seasonings primarily developed for the Thai market but eventually adaptable to the European, Far Eastern and other markets;

Whereas KITSO initiated an investment program for the manufacturing and the marketing of its own products, and is now entering the stage of laboratory scale operations;

Whereas KITSO is willing to market its products in Thailand and abroad and to expand its range of products;

Whereas GOTAN and KITSO met in Kesteren and in Amsterdam on the 27th and 29th April 1987 respectively and made a preliminary assessment of each other's range of products, capabilities and interest;

W T
Ch.

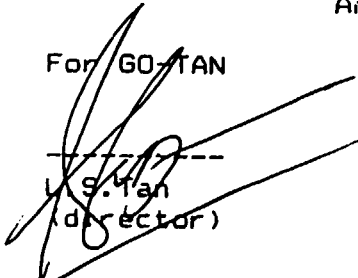
Whereas GOTAN and KITSO have been supported by UNIDO under its Plant-level Cooperation Programme aimed at the establishment of cooperative arrangement involving transfer of technology among small - medium scale enterprises from developed and developing countries ;

Therefore, GOTAN and KITSO have agreed on the following understanding:

- a. GOTAN and KITSO intend to establish a joint venture for the development , production and marketing of the current production range of savory snacks and spices, eventually to be expanded into newly developed products by utilizing the combined know how of both companies;
- b. Until the joint venture is materialized the two prospective partners will further investigate the specific products which will be manufactured and marketed by the joint venture;
- c. In order to assess the viability of the project and to agree on details of the structure and terms and conditions of the joint venture , a feasibility study should be carried out , for which the assistance of UNIDO will be sought.

Amsterdam, 29 April 1987

For GOTAN




U.S. Tan
(director)

For G.T. TRADING B.V.



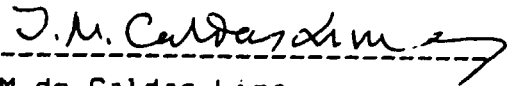
H. Go
(director)

For KITSO



Chukiat Kositwatanapanich
(director)

Witness, on behalf of UNIDO



J.M. de Caldas Lima
I.D.O. (UNIDO)

EASTERN —FOODS—

Jansen, van doorn en
partners consultants
1405 gz bussum
graaf wichmanlaan 39
The Netherlands

INGENOMEN 13 JUNI 1989

89061302

Attention : Drs. T. Jansen

Bangkok, June 8, 1989


Ref. : EF 056/89

Dear Mr. Jansen,

Refer to your letter of MJ/GT 0001/fs 11, we appreciated your concern to help us in the feasibility study for our CO-OP with G.T. Trading B.V.. However, we're now decided not to continue with the feasibility study but aiming for the local market instead.

Thank you for all your assistance and hope to use your service in the future.

Yours Sincerely,



Chukiat Kosit.

EASTERN FOODS CO., LTD.

บริษัท อีสเทิร์นฟู้ด จำกัด

อาคารกิติโช 260 ถนนรัชดาภิเษก ห้วยขวาง กรุงเทพฯ 10310
KITSO BLDG., 260 RACHADAPISEK ROAD HUAY-KWANG BANGKOK 10310, THAILAND
TEL. (02) 277-8957 TELEX. 21878 LSUNIC TH

71002002

INGEKOMEN 20 JUNI 1991

19-06-1991 16:08 FROM Int. Dairy Consultant

TO 0215942266

P.01



International Dairy Consultants B.V.

Consulting - Engineering - Planning - Management

Werktuigenweg 11. P.O. Box 1062, 8300 BB EMMELOORD.
The Netherlands. Tel (0)5270 - 97813.
Telex 42568. Telefax (0)5270 - 99153.

UNIDO
Development and transfer of technology division
Att. Mr. Feyyaz Mithat Külür
Vienna International Centre
1400 Vienna
AUSTRIA

Opb in

Emmeloord, June 19th, 1991
Ref.: MdJ/MGR/telefax-207

Re: Prom Salit Dairy Farm / Thailand
Mission PRU/89/PPRB/APP/RC

Dear Mr. Külür,

As you may remember, IDC has been engaged with the preparation of a study on the technical- and financial aspects of a proposed dairy farming project in Thailand.

In April 1990 a factfinding mission was conducted, while a final report was forwarded in September to Mr. Krepolrerck (Thailand) and to your offices.

Although we have sent several telexes/telefaxes, we never received any confirmation of receipt nor comment on the report.

We consider that no further input is needed from our side and therefore we would like to receive the last and final payment, being:

US\$ 4.680,00

Yours faithfully,
International Dairy Consultants B.V.


Martin J. de Jong
Operations Manager

Copy: Jansen, van Doorn and partners

30/07 '91 09:38

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INGEKOMEN 30 JULI 1991

Xia De Run
Chief of Baoshan District
5 Youyi Rd. 201900
Shanghai, P.R. China
Fax: 0086-21-3209845
July 26, 1991

J.D.P-Consult
Groot Wichman 39
1405 G Z Bussum
Netherland
Attention: Mr. C. G. Heideman
Reference: Pig-meat project.(UNIDO/plc14)

Dear Sirs:

Last year at this time, Shanghai Ma Ling Food Corporation had discussed with you about establishing a joint venture processing pig-meat in Baoshan District of Shanghai. This project is one of the programs for "Plant Level Corporation" proposed by United Nations Industrial Development Organization.

At first, three partners had intention of investing in this project, they were some Netherland Company, Shanghai Ma Ling Food Corporation and Baoshan District.

At present, Shanghai Ma Ling Food Corporation had changed its mind and is going to give up its investment because of some financial reasons. However, Baoshan District, full of confidence of success, is still interested in this project and hope to carry on this project. So I write you this letter to find out whether you are also still interested in this project. We also hope that Mr. Applegreen (one of the officers of UNIDO) and the Selo Company of Netherland have the same intention to continue this project as us. Be assured that we will do our best to stimulate this project to a successful goal.

I would appreciate it if you let me know your recent intention as soon as possible.

I am awaiting for your prompt reply.

Yours truly

Xia De Run