

LEE KUM KEE

FOOD SECTOR

Lee Kum Kee Food Co. Ltd.

Jiangmen City, China

Group: Lee Kum Kee International Holdings Ltd.

❖ Wrap-around casepacker
Smiflexi WP 400 + PID



GEO LOCATION

INSTALLATION / Lee Kum Kee



To understand the dynamics of the Chinese industry, you need to visit the area of the Pearl River, one of the busiest areas in the country that, based on a complex social, economic and industrial architecture, extends among the metropolises of Hong Kong, Shenzhen, Macao and Guangzhou.

The development of these large urban centers is the result of a combination of various factors including government intervention, private business strategies and a series of local, national and transnational dynamics.

This is the economic context in which Lee Kum Kee was created and developed, now leader in the production and marketing of seasoning sauces the best known of which are the oyster-flavored sauce and soy sauce.



The Chinese company's plant in Xinhui - with a production area of 1,700 hectares, is the group's largest "factory".

It has relied on SMI experience and technology for the packaging of its sauce bottles in completely closed cardboard boxes, performed by the Smiflexi wrap-around casepacker, WP 400 model, equipped with the preformed separators inserter.



LEE KUM KEE

HOW AN INTERNATIONAL BRAND IS BORN

It's hard to imagine that a small careless mistake during the cooking of oysters can lead to such international fame. Yet this is exactly what happened to Lee Kum Sheung in the late nineteenth century, founder of the homonymous company, while working at a small restaurant selling oyster soup. One day, when he was cooking oysters as usual, Lee Kum Sheung lost track of time and the prolonged cooking of the food emanated a strong smell throughout the kitchen. It was only then that this chef-inventor noticed, when he lifted the pot's lid, that the oyster soup, normally liquid and clear, had



turned into a thick brown sauce that surprised him because it gave off an unparalleled and incredibly delicious aroma and taste.

This is how the idea emerged to market a new product that has become very popular over the decades and appreciated worldwide. In 1888 the Lee Kum Kee company was set up for the mass production of oyster sauce, which has become the basic ingredient of many Chinese dishes as well as a fundamental dressing in Cantonese and southern





China cuisine.

Over the years, the company's output has gradually expanded to include more than 300 varieties of sauces and condiments, among which soy sauce, hoisin sauce and chili sauce.

Through the use of high-tech machines, Lee Kum Kee also specializes in the production of herbal seasonings and health foods that fulfill the traditional Chinese culture, which is sensitive to one's personal well-being.

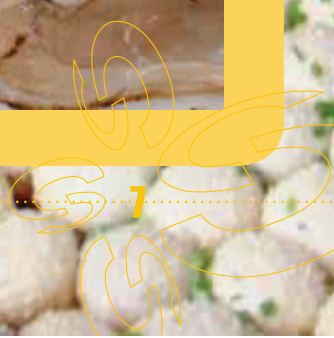


The oyster sauce in Chinese cooking

Oyster sauce is essential in Chinese cooking: obtained by boiling oysters, this condiment is very rich and tasty and is used both for meat and vegetables, especially in the Cantonese cuisine version.

It is a dark-colored sauce consisting of oyster extract and soy sauce that does not have a fishy taste, contrary to what one might think.

Its light salty taste does not add new flavors to foods but rather enhances the flavor of the dish it comes with, especially meat or fish; it is also used as an ingredient in some sautéed foods.



Lee Kum Kee was also named the most popular on-line brand and has received prestigious awards and prizes.



INSTALLATION / Lee Kum Kee



CHINESE CUISINE BETWEEN PHILOSOPHY AND MEDICINE

Lee Kum Kee has a long business tradition, based on values such as pragmatism, integrity and constant resourcefulness.

Since its origins in the nineteenth century, the company is committed to creating high quality products that promote at best Chinese food worldwide, thereby building a culinary and cultural bridge between East and West. Chinese cuisine distinguishes "yin" food, feminine, soft and refreshing such as legumes and fruit, from "yang" food, masculine, fried, spicy or meat-based that has a warming effect on the body.

In fact, a quality meal must be able to harmonize flavors and find a balance between hot and cold.

Moreover, meals have always had a strong social impact throughout the thousands of years of Chinese culture, to a point that the plates are often pooled on a round table, sometimes surmounted by a turntable on which they are laid. Traditional Chinese cuisine is based on a few essential ingredients: in addition to rice and phyllo dough, the one thing that can never be missing is definitely the sauce, be it soy, oyster or other kinds.



Today, 124 years after its foundation, the company has significant market shares at national and international level.

In fact, Lee Kum Kee is a well-known brand even outside of China.

It has become synonymous with Chinese entrepreneurship and a symbol of quality and trust.

In fact, all the business activities of this Chinese company revolve around the concept of "taking into account the interests of others" as well as the principles of pragmatism, integrity and commitment.

The two corporate missions, namely "promote Chinese cuisine in the world" and "modernize and promote its traditional healthy Chinese herbal-based products" have given the Lee Kum Kee group its worldwide success, with a product range of more than 300 sauces and seasonings distributed over 100 countries on five continents. The company is headquartered in

SOME INTERESTING FACTS

Lee Kum Kee was founded in 1888 in the city of Nanshui, in the Zhuhai prefecture, whose name in Chinese literally means "sea of pearls" because it is located in the delta of the Pearl River, the third-longest river of China (2,400 km) after the Yangtze and Yellow Rivers, and the second for its flow rate. Pearl River is also known as Yue Jiang, or "River of Guangdong".

Its name comes from a rock that outcrops in the bay of Canton and that now is situated along the bank due to the change of the river's flow.

Pearl River flows into the South China Sea between Hong Kong and Macao.

The estuary is called "Tiger Mouth", name given to it by the Portuguese due to an islet that looks like a tiger squatting.

The Tiger Mouth is crossed by the Humen bridge, a suspended structure 888 meters long that connects the Nansha district of Guangzhou with the city of Humen.

Hong Kong but its products are sold throughout China and in many foreign markets including North America, Europe, Southeast Asia and Australia. Production takes place at five production units located in the cities of Xinhui, Huangpu, Hong Kong, Los Angeles and Malaysia.



INNOVATIVE PACKAGING AND HIGH PRODUCTIVITY



The Smiflexi WP series wrap-around casepackers installed at the Lee Kum Kee factory are automatic machines that package various types of containers in diversified packages, highly innovative for the marketing of the product.



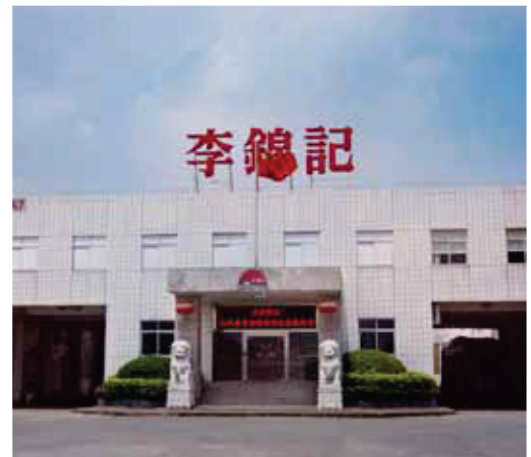
The containers can be packaged both in completely closed corrugated cardboard boxes and cardboard trays.

After purchasing the first packer in 2008, the Chinese company has once again turned to SMI technology for the recent supply of a new automatic machine capable of packing 12 glass bottles of various sizes (from 250 g to 905 g) in the 4x3 collation in completely closed cardboard boxes.

The wrap-around packaging system allows the use of a single machine, the "wrap-around casepacker", to form the cardboard box around the group of containers inside it.

The package is formed through continuous operation without stopping the machine, therefore reaching high production speeds to the advantage of the efficiency of the entire line.

Thanks to their wrap-around system, the Smiflexi WP series casepackers ensure wide flexibility of use, high production speed, no collision



PID - PREASSEMBLED PARTITION INSERTING DEVICE

The PID SBP® and relating magazine containing the preassembled separators are located at machine infeed, above the package-formation area. Compared to the traditional method of inserting unassembled corrugated cardboard separators, the PID SBP® allows you to:

- reduce the purchase cost of the separators by about 20% and their storage volume by at least 60%;
- maintain the same space of a standard wrap-around casepacker, because both the separators magazine and the insertion device are mounted in the upper part of the packaging machine;
- speed up the separator insertion process and the loading of the relevant magazine, since separators are preassembled;
- decrease the separators' sensitivity to moisture and climatic variations.

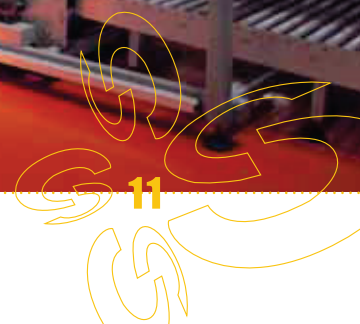


between blank and containers, better package stability, easy management of packs from a logistical point of view and remarkable graphic customization of the package to market the product.

The role of the secondary packaging is not limited to the mere functional aspect of protecting the product inside, but assumes primary importance in attracting the final consumer through advertising or promotional campaigns designed for this particular purpose.

Lee Kum Kee also decided to equip the WP 400 wrap-around casepacker, recently installed by SMI, with the PID

(Partition-Inserting Device), which consists in inserting preassembled flat cardboard separators inside the cardboard boxes in order to provide maximum protection of the packed containers from damage or breakage and also to preserve their labels from erasure.



THE WORD TO THE CUSTOMER

Interview with Fan Xiao Gang, Chief Executive of Lee Kum Kee Xinhui



From the left:

Jack Lee, SMI Machinery Beijing Co. Sales Account Manager with Mo Guo Dong, Lee Kum Kee Production Manager and Fan Xiao Gang, Lee Kum Kee Xinhui Chief Executive.



Lee Kum Kee Group is a well-known Chinese company that provides a wide variety of sauces and seasonings to more than 100 countries on five continents. What is the key to your success?

"For years, Lee Kum Kee is committed to the continuous improvement of its organization; its main goal is to keep gaining market shares to become a reference point, where it is not already, for millions of families struggling with food choices. At the heart of Lee Kum Kee's success there

is a true vocation in meeting the needs of all customers and, to put into practice the principles of the company founder Lee Kum Sheung, a special dedication in the search for new products and the adaptation of existing ones to the new tastes and preferences of our vast market. This is how Lee Kum Kee has developed more than 300 different successful products that, marketed in a thousand different packings, give our customers the possibility of choosing the format that best suits their needs and our company the possibility



Above:

the Chairman of Lee Kum Kee Sauce Group, Charlie Lee (in the middle), receives the "1st Outstanding CSR Entrepreneur Award" from "The Mirror Magazine", on behalf of Lee Man Tat, Chairman of Lee Kum Kee.

of intercepting increasing sales opportunities".

What role does the partnership with SMI play in your entrepreneurial success?

"A Smiflexi WP 450 model wrap-around casepacker is currently installed at our Xinhui facility that SMI supplied in 2008, which works in an automatic production line and helps to increase the production efficiency of the plant. The recent purchase of a second SMI wrap-around casepacker, this time a WP 400 equipped with the PID (Partition-Inserting Device), has enabled us to meet the new packaging needs that require the insertion of preformed cardboard separators between containers packed in cardboard boxes. The flexibility of the packaging machines offered by SMI is a key element for Lee Kum Kee that can now bring to the market its wide variety of products packed in multiple configurations and collations. Moreover, packaging

is often an important advertising vehicle, which our company can make the best of thanks to the extensive printable surface on the boxes produced by the Smiflexi WP series casepackers. Therefore, it is natural that in the future Lee Kum Kee will continue to choose SMI as its trusted partner".

What are the main challenges that the food & beverage industry faces today in China?

"The fact that China is the second largest economy in the world has had enormous influence on the development of better quality standards for the life of the Chinese people, which have led to a growing demand for consumer products. In the face of these trends, Chinese food & beverage manufacturers, including Lee Kum Kee, must constantly evolve to obtain the full satisfaction of their customers and conduct research and market surveys to keep improving the quality of products and services

offered. Therefore, it is evident that providing the right product in the right package and at the right price has become an imperative priority to retain existing customers and convince potential customers to purchase our products. In addition, among the greatest challenges facing the Chinese food industry, we must also consider the constant modernization and expansion of the automatic packaging systems that allow effectively managing the frequent changeovers of the production lots, formats and packages, impossible to achieve with the systems of old design".

How important is it for Lee Kum Kee for SMI to be present in China with local branches and staff?

"For our company, a direct presence of SMI in our country is essential, as is the presence of a Chinese staff that shares language, culture, traditions, etc. with us. Thanks to the professionalism and availability of SMI's employees in China, Lee Kum Kee knows it can always count on adequate technical and commercial support both when it comes to studying new projects to expand our production capacity and also when it comes to obtaining qualified technical support to manage at best the SMI packaging machines installed in our plants; without forgetting the importance of being able to receive spare parts in a short time directly from the deposits of SMI's local branches".

