### **Hong Kong- Jiangmen:**

#### An Integrated Model of Supply Chain Management





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Supply Chain is a major challenge for Multi National Corporations (MNC) seeking to do Business in China!

### Common Logistics Issues & Challenges Faced by Multi National Companies in China Business



- ☐ Difficult to identify trusted logistics partner in China
- ☐ No Sales & Distribution Channel in China
- ☐ Not familiar with the Customs issues, China Inspection & Quarantine (CIQ) and regulations for products be shipped to China
- ☐ Payment collection (paid debts)
- ☐ Precise taxation calculation (Importation tax, VAT)

### Common Logistics Issues & Challenges Faced by Foreign Companies in China Business



☐ Unfamiliar with the legal and regulatory of China Business

☐ No office setup or platform to do business in China

☐ Language barrier and communication difficulties

☐ Different culture, business management and norms

☐ IT System



### Do you still want to develop China Market despite all challenges exist?

Your Logistics Service Provider should have the following capabilities to help you to overcome the problems!

- ◆ Is your trusted partner in China to help:
  - Lowering the current operating cost by utilizing lower labour & land cost in China
  - Upgrade and enhance the efficiency and effectiveness of client's supply chain: by Synergy and innovative solutions
  - Set up repacking line and source appropriate materials for you in China
  - Provides Value Added Logistics services
- ◆ Has mature network and sales & distribution channel with offices covered the whole China



- Familiar and experienced to handle customs processing and importation process
- Expertise in legal and regulatory on China business
- With a scalable logistics infrastructure and other major cities
- With international and domestics logistics professionals to communicate between overseas & China
- Understands the culture and business norms of China Business



# DCH Logistics can be your logistics partner in China

### Dah Chong Hong Holdings





### **DCH Logistics Development in HK**











#### 4 Distribution Centers in HK

Manage over 1.3 million sq.ft multi-temperature warehouses and over 100 frozen & dry delivery trucks in HK







### **Global Award of DCH Logistics**



### Accredited by Global Institute of Logistics "The Best Regional Third Party Logistics Company 3PL in 2006

To recognize the outstanding performance and utmost contribution of third party logistics services DCH-Sims in China & HK





### **Logistics Award**





### "The Logistics Award of Hong Kong 2006" from HK Trade Development Council"

And all major logistics associations in Hong Kong







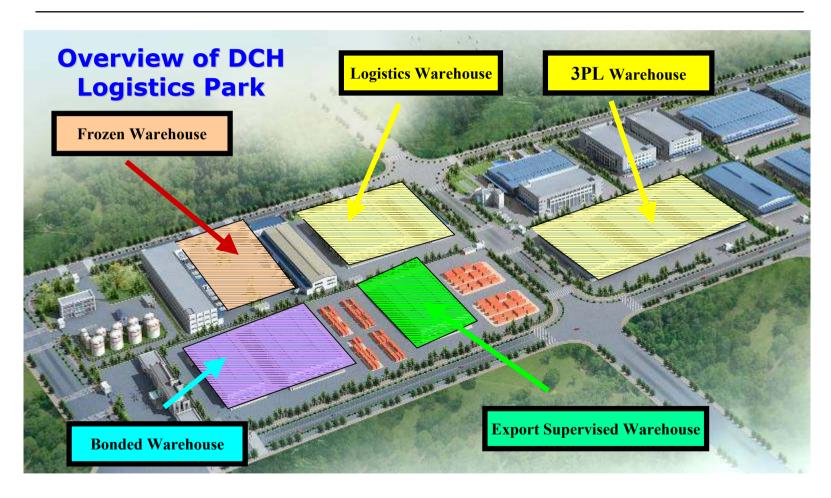
#### **DCH Network in China**

















### **DCH Development in China**



### **Good Local Government's Support**

- Good working relationship with local government
- Advantages of processing:
  - Smooth declarations
  - CIQ applications(China Inspection & Quarantine)
  - Exportation processing
  - Updated Customs information

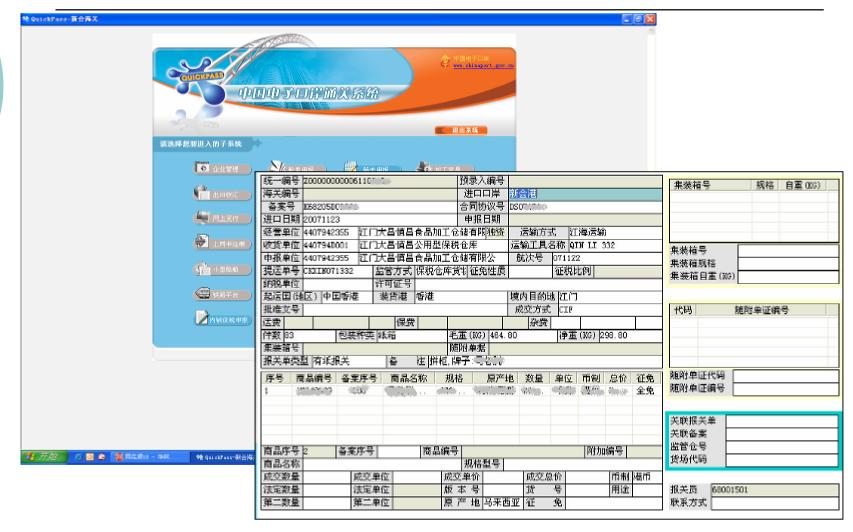






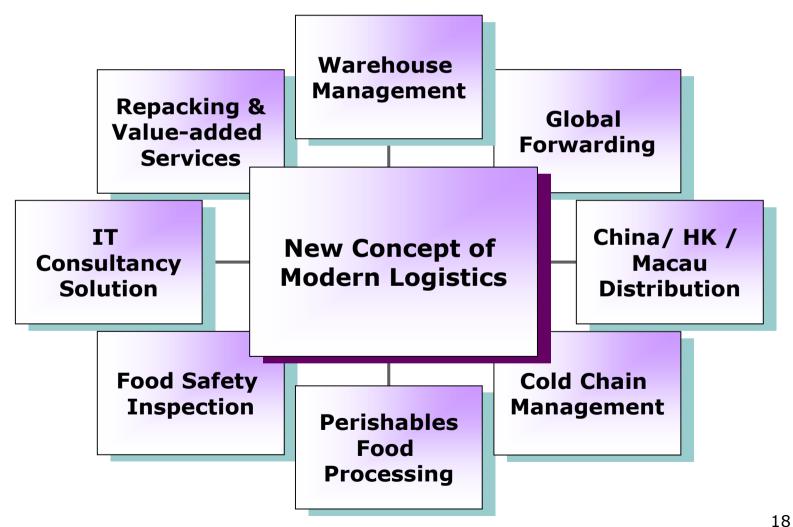






### Eight Service Scopes Modern Logistics Model







# Leveraging Hong Kong & Jiangmen Advantages of doing Business in China



### 1. Offshore Warehouse in Jiangmen

### **Supply Chain Solution (1)**

#### ---Jiangmen DCH International **Offshore Warehouse**





- high cost of keeping stock in different countries.
- 2. Minimize the transportation cost by consolidation of goods from different factories.
- 3. Reduce the purchasing cost in China.

### **Supply Chain Solution (1)**

--- Purchasing in the West PRD and shipping out from Jiangmen







### Comparison of Shenzhen Yantian port & Jiangmen Xinhui port

#### Example:

From Jiangmen factory to the Felixstowe port •

FOB	Container Haulage (USD)		Port & Shipping Charge (USD)		<b>Total</b> (USD)		Time
	20'	40'	20'	40'	20'	40'	
Yantian	350	360	250	500	600	860	23days
Xinhui	40	50	380	700	420	750	25days

Saving: USD 180 / 20' USD 110 / 40'



#### **Benefits of FOB Jiangmen Xinhui port**

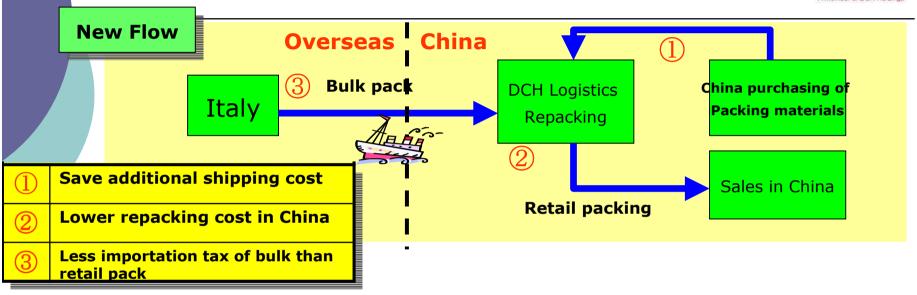
- Transportation :
  - **Cost saving USD 180 / 20', USD 110 / 40'**
  - Shorter distance and time
- Customs declaration time: declaration per shipment(multi- containers per shipment are allowed)
- Tax refund: Local Customs, efficient tax refund processing
- Local operations: More flexible to handle special conditions

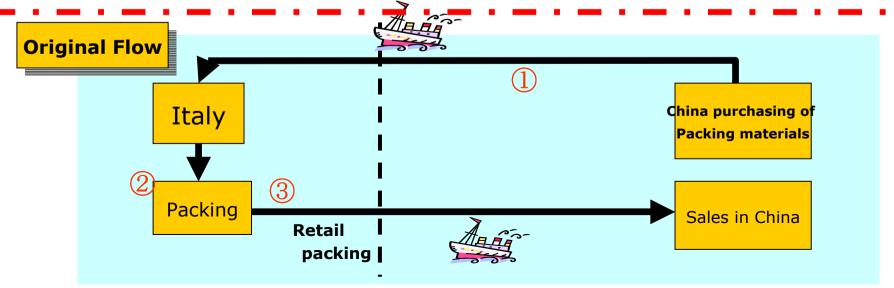


### 2. Bulk-pack changes to Retail-pack for China Market

### Supply Chain Solution (2) Re-engineering of Retail Packing Workflow









### **Benefits of Repacking in Jiangmen Centre**

- Repacking cost compare with in overseas :
  - Cost saving 30%
  - ■Reduce to market lead time by 20%
- Local operations: More flexible to handle special conditions



### ■ **HACCP & ISO9000** certification Repacking Services:

- Label and date code printing
- Sticking of component labels
- Change of packing
- Promotion retail packing
- Purchasing of repack materials

















### ISO 9001(2000), HACCP Double Certificates







## 3. Importation goods to China Market for MNC without setup in China

### **Supply Chain Solution (3)**



#### **DCH Mature Distribution Network in China**

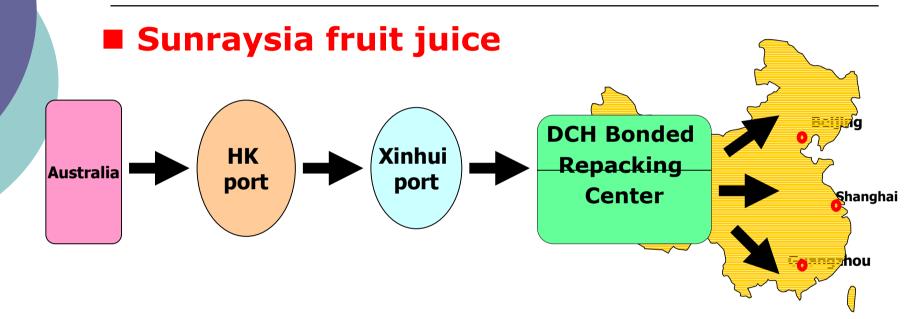
- Direct distribution to department stores and retail shops
- Transportation from Jiangmen Hub to cover China different provinces.



#### **Goods from Overseas to China Market**



---e.g. Fruit Juice from Australia





#### **Benefits**:

- 1. Provide Customs & CIQ declaration handling services
- 2. DCH to support sales co-ordination and collect payments via Web enable IT system on behalf of Sunraysia Ltd.
- 3. Chinese label application & sticking
- 4. Reduce Cost and Operation time

### **Showroom of overseas products in Jiangmen DCH Logistics Park**







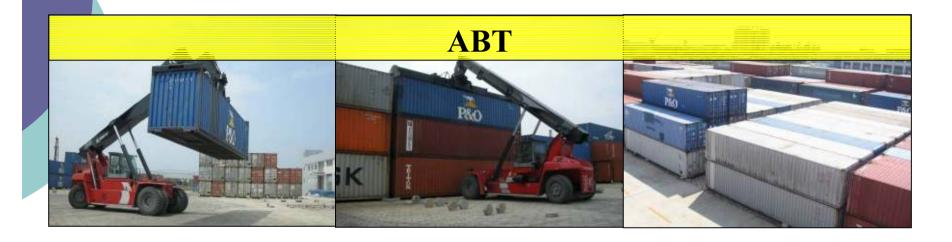


### 4. Importation of Factory Facilities to China

### **Supply Chain Solution (4)**

### --- Importation of facilities & distribution services in China







### Moving of factory to China & importation of facilities



#### ■Benefits:

- 1. Smooth Customs & CIQ declaration handling
- 2. No need to pay tax immediately in Bonded Warehouse

#### ■Importation of facilities services:

- > Experienced cargo handling staff
- >Provide One-stop Customs & CIQ declaration handling service from origin to destination







### **Advantages of Using DCH HK and Jiangmen Platforms**



- Provide bonded warehousing and cross-border logistics support in Jiangmen and HK (PRD region)
- Good logistics network planning in Jiangmen
- Category 1 port, Tinma port located in Jiangmen DCH Logistics Centre
- Provide value added repacking services in HK and Jiangmen, depends on the actual requirements
- Frequent and reliable shipping schedule in HK
- Strong government support in Jiangmen city & HK
- CIQ clearance in Jiangmen: about 5 days in Shanghai: about 3-4 weeks

### Case Reference: A U.K. coffee utilities business client



A UK based international company who supplies coffee set, tea set and different kind of gift sets to all over the world.



Their offshore warehouse is now based in Jiangmen Xinhui Bonded Warehouse, and which is operated by DCH Logistics



### **Case Reference: Vendor Management for a UK Client** Issue PO **UK Client** Vendor 1 **DCH-Sims** Jiangmen Vendor 2 **Terminal Offshore** Warehouse

#### **Vendors Management**

Vendor 3

- i) Issue PO to vendors for order placement
- ii) Manage delivery time of vendors to meet freight schedule
- iii) Provide up-to-date goods receiving information to UK client after vendors delivery

**Export** 



### Benefits of using HK & Jiangmen platform

> Savings of logistics cost by :

-25% to -30%

> Much smooth of operations in China:

+25 to +30%

### Conclusion



- During the hard time period, it's very important for international companies to reduce operating cost for survival. It may be achieved by reengineering the current supply chain workflow.
- Jiangmen is situated at a Supply Chain Strategic location with well-equipped infrastructures and smooth Customs & CIQ processing to expedite logistics operations.
- Finding an experienced and full-range capability China partner for doing business in China.



### Welcome to have your inquiries!

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