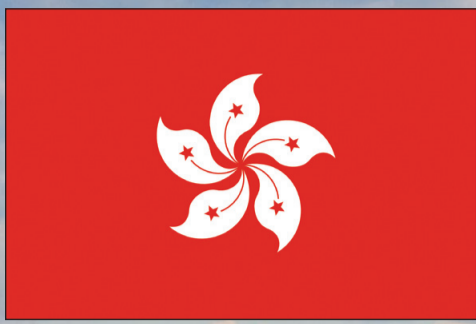


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World Eye Reports Hong Kong



The vibrant skyline of Hong Kong Island. A 21st century metropolis in the heart of modern Asia, Hong Kong remains the region's premier business and logistics hub, and the ideal gateway to China's mainland.

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Gateway, hub and global magnet for Asia — that's what Hong Kong represents today

For over a century, Hong Kong has been the West's gateway to mainland China — the best way to get products in or out, and the perfect middleman between Eastern and Western styles of business and trade. Today, Hong Kong remains a pivotal cog in the mechanism of global trade with China. Fred Lam, Executive Director of the Hong Kong Trade Development Council, explained the Chinese Special Administrative Region's (SAR) key advantages: "One of the reasons we still see so much trade to and from China going through Hong Kong, especially for the Japanese, is because it is a buffer zone between the Chinese and other countries' ways of conducting business. We in Hong Kong understand both Chinese and international mentalities in business, and can effectively translate between the two countries to make business work more smoothly."

ing the right partner in Hong Kong who understands how the Chinese market operates can be crucial for success. It is a point that Hitoshi Noda, the Japanese Consul-General in Hong Kong, emphasizes. Local partnership for international



Hitoshi Noda, Japanese Consul-General in Hong Kong

companies looking into China and Hong Kong and even South East Asia allows foreign companies to focus on their strengths while smoothly navigating differences in business culture. As well, Hong Kong is an attractive base for Japan's businessmen. "Hong Kong is one of the most comfortable places for Japanese," said Noda. "Not only is its culture open and accepting, there is also even almost affection here for nearly anything Japanese." In fact, Hong Kong is constantly the largest importer of Japanese agricultural, forestry and fishery products in the world. Beyond its gateway role, Hong Kong has also redefined itself to become one of the premier hubs of global trade in robustly growing Asia. In this aspect, its shipping industry has played a major part in its development, and it remains an essential part of the SAR's economy. Arthur Bowring, director of the

We in Hong Kong understand both Chinese and international mentalities in business.

— FRED LAM
Executive Director
Hong Kong Trade Development Council

Hong Kong Shipowners Association for over 15 years, explained: "Hong Kong is geographically in the best position for trade in Asia. Any country, from Korea to India is reachable in under six hours by plane, giving Hong Kong the edge over other locations." As Hong Kong looks ahead, it aims to maintain its status as a key component in the world's most growth-oriented region. Its continuing importance as a gateway and as a hub, coupled with low barriers to entry for business from across the globe, are keeping the SAR's economy competitive and attractive for decades to come. ♦

Hong Kong shipping leader maintains historic links with Japan

Wah Kwong's history dates back to 1952, when T.Y. Chao established a shipping business in Hong Kong. Together with other Hong Kong-based shipowners, the company serviced the burgeoning industrial growth in 1950s Japan. Since its inception, Wah Kwong has always strived to offer innovative shipping solutions to its clients, staying at the forefront of development in the bulk carrier and tanker sectors. Over six decades after its inception, the Chao family's enterprise is among the most prominent of Hong Kong's shipping dynasties, with the company now led by the third generation of the family.



Sabrina Chao, Chairwoman of Wah Kwong Maritime

Sabrina Chao, the chairwoman of Wah Kwong Maritime, took over leadership of the company from her father in 2012 during the global shipping downturn. "I actually enjoyed the tough times," she confessed. "It puts most of my management, commercial and financial skills to the test during tough times. A good market is easy to manage, while this has been a lot more challenging. It was my first opportunity to cope with hard times." During this uncertain time, Chao took advantage of lower shipyard prices to strengthen the Wah Kwong fleet with a new generation of bulk carriers, while also undertaking a reorganization of internal ship management procedures. Wah Kwong's fleet of around 29 ships is now split among dry bulk carriers, crude tankers and LPG carriers. "This works for us as it distributes our risk by being in different sectors," Chao explained. "We will continue to maintain this strategy going forward. The crisis taught us to manage our risks by spreading our portfolio across different asset classes and dealing with top quality charterers." One key component of Chao's management philosophy is to treat customers as partners and try to establish a long-term, mutually

beneficial relationship. "One piece of wisdom passed down from my grandfather to my father and on to me was to always leave something on the table," Chao recalled. "A proper partnership is one in which both you and your counterparty profit." "If our charterer is making money and we are providing a quality service, then they will want to come back for more," she continued. "In fact, we owe much of our success to our solid, long-term partnerships. Wah Kwong weathered the recent downturn in part because we had our ships chartered to good quality customers who recognize the benefits of having a long-term shipping partner. Identifying strong partners is a key part of our risk management, and it is recognized by our financiers as one of our strengths." The current low cost of financing in Japan makes it attractive to work with Japanese shipbuilders, even though prices are higher in Japan. There is also the added benefit that Japanese-built ships generally command a premium when sold on the secondary market. Wah Kwong has deep roots in Japan, and is looking to continue its relationships there. "When my father started his working life in 1966, he was stationed in Japan for years involved in both shipbuilding and arranging charters for our ships," said Chao. "It would be a shame not to keep and build on those relationships under my leadership." She has already been named one of the top 50 most powerful women in Asia by Forbes magazine. "Although it is very flattering to be selected for such a prestigious list, I don't let it go to my head," she laughed. "I owe this success to the efforts of the people in my company. It's always good to be recognized as it gives our firm the right kind of profile." As a part of her management strategy, Chao ensures she has a team with expertise in all areas of the business. "Empowering people who are experts in their particular field ensures we can aim to be the best in all aspects of shipping." Wah Kwong is also committed to developing the maritime sector in what has been its home since T.Y. Chao founded the company. "We will continue to promote Hong Kong as the ideal hub for shipping in Asia," Chao concluded. "We believe our reputation for quality of service and the trust we have gained over the years is a great attraction for shipping companies to come to Hong Kong." ♦ www.wahkwong.com.hk

Close to clients, from an ideal base in Hong Kong

Osaka-based Teijin Frontier deals in apparel and chemical products, including textiles with filaments and spun yarn, raw materials, knitting yarn, films, resins and processed goods made with them. The company mainly manufactures in China and Japan and sells primarily to Europe, the U.S., China and Japan. Its Hong Kong location serves as its head office for operations throughout Southeast Asia, with the office there taking pride in its close collaboration with clients. "In the old days, in order to land a customer we had to have a manufacturing facility in his location," said Kenichi Haruta, managing director of Teijin Frontier (HK). "Now, from our office here, we are able to reach all customers — most of whom maintain a presence in Hong

Kong. Therefore, our location gives us good control of our operations." Teijin Frontier Hong Kong focuses on four vital functions for its apparel and textile business: new material development and manufacturing; fabric design and production; manufacturing planning procurement; and sewing and garment sales. "One of our main businesses is still garments," said Haruta, who has been working in the company for 31 years. It is now switching its production facilities from mainland China to Southeast Asia. Its business volume is currently made up of 40 percent garments and 40 percent textiles, with the remaining 20 percent in chemicals. But Haruta envisions increasing Teijin Frontier's garment business volume in the fu-

We would like to try to work with medium-sized European companies to test the market.

— KENICHI HARUTA
Managing Director
Teijin Frontier (HK)

ture with even faster growth in this sector on the horizon. "We will look for new customers in Europe, and we would like to welcome European companies to contact us," he explained. "We would like to try to work with medium-sized European companies to test the market." Teijin Frontier proudly displays its "Human Chemistry, Human Solution" slogan at the entrance to its Hong Kong office. "This is what our clients expect about us," Haruta said. "When they have a problem, we always find a solution." ♦ www.2teijin-frontier.com

Quality Japanese-bread appeals to local taste

In Hong Kong's eclectic food scene, Japanese cuisine is one of the most popular choices. In fact, Hong Kong is the world's largest importer of Japanese food. And, along with a record increase in the number of ramen shops and sushi bars in the special administrative region, Japanese baked goods have also proven to be quite a hit. Leading the pack is A-1 Bakery, which opened its first store in Hong Kong in 1985. The company has enjoyed over 65 years of history in Japan, making German-style bread and pastries. It saw the potential of the overseas market and decided its first venture was to be in nearby Hong Kong. After opening its second shop in Hong Kong in 1987, it has grown remarkably in the re-

gion, and now boasts over 50 shops, restaurants and cafes. A-1's general manager, Motonobu Yanai, moved from Japan to set up the first store, and has been based in Hong Kong ever since. Having watched the company grow from one store to over 50, he credits much of its success to both Hong Kong's acceptance of Japanese culture and cuisine and the fact that it uses only the highest quality ingredients in its products. "Having consistently high-quality products is always our first goal," he explained. "We don't use preservatives and even import our flour directly from Japan. This is what our customers have come to appreciate." Today, A-1 Bakery has expanded its original concept to include

cafes and restaurants under different brand names, but retaining variations of the Japanese style that has proved so successful. "We have many brands and types of restaurants and cafes,

but one thing that is always a centerpiece of the menu is our bread," continued Yanai. "We focus on our strengths, but are always looking for new ways to excite customers' palates. Our strategy is to 'Keep Running.'" A-1 is not without fierce competition in Hong Kong from other Japanese brands, but Yanai believes that what differentiates it from the others is that it also somehow manages to be more local. "We are constantly changing our menus to accommodate the tastes of our consumer base in Hong Kong, and introducing product promotions," he said. The company's production facilities for dough and food run around the clock, and stores get shipments of fresh dough up to three times a day. Some of the more simple work in the facilities is now done by automated machines, yielding even more consistent quality. Yanai and A-1 show no signs of slowing down their expansion, with plans to grow the cafe concept that has adapted so well to the Hong Kong market. He is also looking to open more bakeries to focus on consumers with a cheaper price-point, but without sacrificing quality. "We want to spread our love of food to more people, and believe this is possible without sacrificing the quality for which we have become so well-known," he said. ♦ www.a-1bakery.com.hk

Japan specialist provides a solid base for businesses in Hong Kong

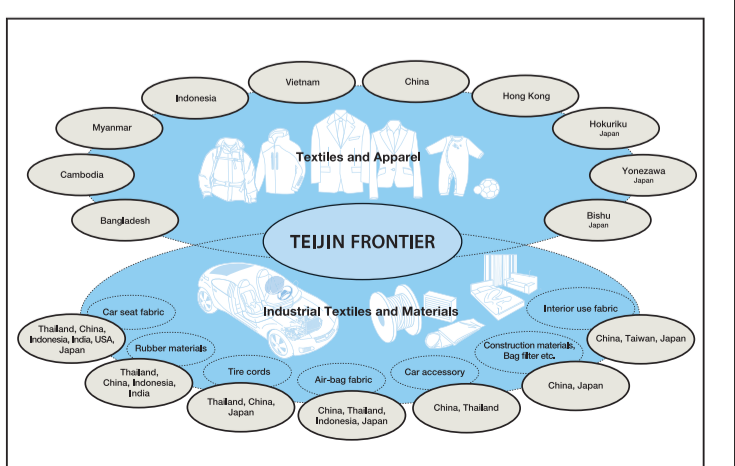
For Japanese companies in Hong Kong, AIP Partners provides auditing and tax services, due diligence, corporate restructuring, consulting and — most importantly — China and Japan business advisory services to clients in the special administrative region (SAR). Thomas Yip, Practising Director of AIP, has worked as a CPA hand-in-hand with Japanese clients for over 20 years.



Thomas Yip, Practising Director, and Simon Lo, Tax Principal, of AIP Partners C.P.A. Ltd.

His years of experience have made him something of a specialist in catering to the needs of clients in the magnificent gateway to China and the rest of Asia that is Hong Kong today. Yip is deeply involved in AIP's business with Japanese companies. Fluent in Japanese, he previously worked for mostly Japanese clientele in the Tokyo and Hong Kong offices of a Big Four firm. In fact, he is a member of the HKJCCI (Hong Kong Japanese Chamber of Commerce & Industry), the Hong Kong Japanese Club and is Director of the Hong Kong-Japan Society. "Having served Japanese clients for over 20 years now, I understand the business culture of the country and how to equate that to Japanese companies' endeavors in entering Hong Kong and China," explained Yip. Currently, over 100 Japanese companies maintain regional head-

quarters in Hong Kong. "By having a presence in Hong Kong, one is able to not only test the Hong Kong market, but also — because of the amount of tourists who enter the territory from mainland China — simultaneously test the Chinese market itself," he said. Today, Yip's client-base is about 80 percent Japanese, though the firm also serves other individuals and companies requiring quality professional services. "We are a very hands-on firm, always striving to provide the highest standard of service to our clients," Yip said. Furthermore, the firm works with a range of professional service providers to leverage its experience and expertise in offering total solutions to businesses. For operations in mainland China, AIP has been carrying out corporate management and consultancy services under the name of AccPro (Guangzhou) Corporate Consultancy. In addition, Yip is a Director Consultant of BNI (Business Network International) in Hong Kong, the world's largest word-of-mouth referral organization that has membership of over 1,000 business owners and professionals in Hong Kong and over 5,000 in Japan. "With the wealth of experience from our practising directors, we are an asset to any company, Japanese or otherwise, looking to step up operations in Hong Kong and use the SAR as a conduit to the mainland Chinese market," he explained. His current goals for AIP include expanding its professional services and achieving 50 percent growth in the next three years. ♦ www.aipcpa.com



Hong Kong

www.worldeyereports.com

Shipping pioneer helps partners smoothly navigate business with China

Hong Kong-based Interocean Shipping charters vessels and provides international ocean cargo ship services. It was established in 1968, and is part of the Wang Tak Group.

Wang Tak is one of Hong Kong's leaders in providing shipbuilding, ship repair and engineering to the Asia-Pacific region. It was founded in 1938 by Szeto Ho, and maintains one of the oldest shipyards in Hong Kong.

Interocean Shipping is currently led by its managing director, Szeto King. "Interocean is one of the oldest members of the Hong Kong Shipowners Association (HKSOA)," recalled King. "Back then, the shipping community was not a tightly-knit group as it is today. The association forged important links between the companies which continue to this day."

HKSOA is now one of the world's largest shipowner organizations. At present it is headed by Arthur Bowring, whom King credits with developing the alliance over the past decade into an entity whose members now oversee a fleet with a total size of 133 million deadweight tons.

Interocean's current fleet of four vessels includes dry bulk, container and multi-purpose vessels. King is now looking into commissioning more ships as the global shipping sector emerges from its slowdown.

He credits its success to client trust: "We are always upfront with our clients on what we are able to do and when it will be done. This has fostered lasting relationships."

At a time when companies see the huge potential in the Chinese market, King advocates the use of



“There is a good synergy between Japan and Hong Kong, Japanese companies appreciate building quality relationships. The trust we have fostered over many years parallels the strong business links that both have forged together.”

— SZETO KING
Managing Director, Interocean Shipping

Hong Kong as the ideal bridge to China. "The business environment in China may be difficult to navigate for companies accustomed to dealings elsewhere," he explains. "It is most important for companies coming to Hong Kong to find the right partner: one such as Interocean who understands the market and has worked with China for over 45 years."

Through the years, Interocean has worked with Japanese compa-

nies. In the 1970s it formed a joint-venture with NYK Line that continues to the present day. "There is a good synergy between Japan and Hong Kong," says King. "Japanese companies appreciate building quality relationships. The trust we have fostered over many years parallels the strong business links that both have forged together as we look forward to more growth in the 21st Century." ♦
www.wangtak.com.hk

Steering a steady course through rough seas

GMT Shipping & Logistics is one of the leaders in its sector, specializing in dry cargo shipping, ship and cargo chartering, port agency services and container and global logistics. The company has particular focus on operations in West Africa, China, the Black Sea, Turkey and Brazil.

While GMT traditionally has been involved in shipping and agency work, the company has successfully expanded into logistics in recent years and is now handling the full supply chain for steel, projects, break bulk and cement clinker cargoes in West Africa. In fact, it is currently one of the few companies of Chinese origin engaged on the ground in logistics in West Africa.

Andy Ngan assumed his role as group general manager only two years ago. Since then, his priority has been to build a diversified workforce made up of

a balance of European, African and Asian cultures.

"The biggest difficulty is to find the right human resources, especially when you're in a global business," he explained. "This mixture of international staff helps us a great deal in our worldwide operations. We focus a lot on internal promotion to move our people up the ladder."

GMT now has seven offices in West Africa, dealing primarily with Black Sea and West African trade. In addition, Ngan aims to enhance the company's network in China by building up its fleet while increasing relationships with government bodies and project owners related to Africa. Meanwhile, he will continue to focus on GMT's market strengths and also analyze potential future opportunities. The company will keep operating dry bulk shipping and acquired a vessel in 2011 for that purpose.



MV GMT Phoenix, the company's first vessel

"We are also looking to target other markets in Africa step-by-step," he continued. "Our main business is still steel cargo."

With a view to future partnerships, GMT has successfully established a number of joint ventures: a trademark of its traditional openness to cooperation with foreign investors who are willing to explore new opportunities.

"In today's business climate, joint ventures and partnerships are a necessity," Ngan said. "Building trust with reliable partners is the key to success. When we select partners, we engage in each other's businesses and seek to understand each other's expectations. We bring together strengths and weaknesses, and so end up complementing each other."

"Furthermore, we have a good brand," he continued. "This was created over many decades, and the way in which we have approached businesses has always been unique. Safety and reli-

ability are our number one concerns. We see the appreciation of similar values by Japanese firms as well. We ensure that both buyers and suppliers are safe, working smoothly and securely together. Expanding these relationships between sides will lead to more future business."

GMT, now a solid and well-organized international company with established roots in Hong Kong, intends to become even more of a global player in the future. Its decades of experience have been based since the beginning on a customer-centric strategy that results in a steady supply of value-added services that meet each and every customer's needs. This, coupled with a strong commitment to safety and reliability, has allowed the company to maintain a solid position in a niche market for almost 20 years. Although shipping is one of the sectors impacted the most since the start of the 2008 global financial crisis, GMT

has managed to steer a steady course amid the tough times.

"After the crisis started, when everyone thought that things would quickly go back to normal, operators got excited and jumped too hurriedly," explained Ngan. "This led to an unrealistic increase in expectations. The shipping market should now see stability come back. It doesn't help the markets if it's volatile. We're seeing that in the first couple months of 2014, and are optimistic about the worldwide market looking ahead."

"Everyone in the chain must do their part to gain solid stability," he concluded. ♦

GMT
SHIPPING GROUP

www.gmtshipping.com



Since its establishment, GMT has grown into a fully integrated logistics company.

EYE ON HONG KONG

A statutory body established in 1966, the **Hong Kong Trade Development Council (HKTDC)** is the international marketing arm for Hong Kong-based traders, manufacturers and service providers. With more than 40 global offices, including 13 on the Chinese mainland, the HKTDC promotes Hong Kong as a platform for doing business with China and throughout Asia. The HKTDC also organizes trade fairs and business missions to connect companies with opportunities in Hong Kong and on the mainland, while providing information via trade publications, research reports and online. For more information, please visit: www.hktdc.com

The **Hong Kong Shipowners Association** was established in 1957 and has since flourished to become one of the world's largest shipowners associations. The HKSOA's objective is to represent and protect the interest of the Hong Kong shipowners and ship managers as well as to promote high-quality global shipping standards. www.hksOA.org

The **Hong Kong Japanese Chamber of Commerce and Industry** was established in 1969 and its objectives are to promote and protect the interests of the 661 member companies that it represents. The association also aims to contribute to the further development, prosperity and stability of Hong Kong. www.hkjcci.com.hk

Global group keeps Japanese roots strong

Founded in 1974, Anglo-Eastern Group started as a joint venture between companies from Japan, Australia and the U.K. Today, it is one of the largest ship management companies in the world, with over 450 vessels under its care.

With offices in Asia, Europe, the Indian subcontinent and North America, the group has a pool of over 20,000 highly-trained crew and over 1,300 qualified onshore staff ready to provide assistance to clients around the globe at a moment's notice.

"We are a transparent and professional service-oriented company," said Peter Cremers, CEO of Anglo-Eastern Group. "The company has taken great care to invest in its people to be able to provide the quality of service that our clients deserve."

Anglo-Eastern currently has training centers in India, the Philippines and China, where most of its recruitment happens. In 2009, it established the Anglo-Eastern Maritime Academy in Mumbai, which is considered one of the largest and most well-equipped training facilities in India. It was an important step for the group, allowing it to have full control over the quality of its crew.

Even with this extensive worldwide network, the Japanese market continues to play an important role in Anglo-Eastern's success. "This company has Japanese roots and Japan continues to hold a host of opportunities for us," Cremers explained.

Today, Anglo-Eastern manages over 70 ships registered in Japan. It enjoys an excellent working relationship with a variety of different com-



Peter Cremers, CEO of Anglo-Eastern Group

panies, including one of the largest Japanese shipping companies — NYK Line.

"We still see a lot of possibilities in Japan, especially since there are a lot of small to medium-sized companies with great potential," he said. "In fact, we are now actively looking for partnerships there. Given our history, knowledge and expertise, we know we have what it takes to successfully manage a joint venture."

"When clients think of companies they would like to work with, I want Anglo-Eastern to be on that shortlist," Cremers concluded. ♦
www.angloeasterngroup.com

Celebrating 40 years of steady growth in shipping

Hong Kong has long been a premier base for shipping, with its fine deepwater port and its proximity to markets on the Chinese mainland and in Southeast Asia. The territory also boasts an excellent business environment with a simple, relatively low tax rate and the region's freest economy.

This year, following a global shipping sector slowdown that has persisted for more than five years, Hong Kong-based shipping companies are once again optimistic about the future.

Established in 1974 in the then-British colony, Teh-Hu Cargocean Management (TCM) is celebrating its 40th birthday this year. The company decided to order one Newcastlemax ship in 2011 for delivery in 2014 to coincide with its 40th birthday. At about 206,000 DWT, this is the largest bulk carrier TCM has ever ordered. The purpose of this vessel is to deliver coal and iron to China. The builder is Shanghai Jiangnan Changxing Shipbuilding Co., Ltd. and the vessel was just delivered to us for its first voyage from Australia to China.

"When we buy a new ship, we extensively discuss choosing the correct size that will be most efficient for us and also easily to find a major charterer to time charter our vessel," said Kenneth Lo, the company's chairman. "I can say without hesitation that I am very happy with where we are today. The reason is that our fleet is very young (the oldest vessel is only three years old and they are all chartered.) We will continuously look for these types of vessels at various yards at reasonable prices with good specifications."

Lo continues to focus on developing



Mr. & Mrs. Kenneth Lo and Mr. & Mrs. David Cheng

TCM's operational systems to meet evolving standards in the shipping industry. "One of our priorities is to maintain a highly skilled and experienced team to support our operations," he said. "Although we use third-party companies to crew our vessels, we check each person's background and skills carefully."

In the last 40 years, TCM has built many

vessels with various yards in Japan, Korea and Taiwan, but with the last 10 years they've been built mostly in China. Mr. Lo strongly feels that very soon China will become the biggest shipbuilding country in the world. But Mr. Lo admitted that his present most important job is to train the younger generation not only in shipping but also in other business areas. ♦

PROUD OF OUR PAST,
COMMITTED TO OUR FUTURE
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