Family Firms, Networks and “Food Chains”:
Chinese Food Enterprise in Britain

Abstract:
Chinese family business in the UK has penetrated into many different sectors: restaurants, wholesales, supermarkets, retailers, traders, manufacturing, property, computer industry, investment holding companies and other professional and general services. Among the others, food industry (supermarket, retailers and wholesales) has witnessed strong cultural and business characteristics of family business. Our study focuses on the ethnic Chinese food enterprises in the UK. The reason of why we have chosen these two companies: Dayat Foods Packaging and Seven Seas (frozen Food) is that they are under the control of one particular family. Secondly, they represent the key business components of the “food chain” of Chinese industry: sources of import and packaging. These family-owned enterprises were originally established by the immigrants from Hong Kong. Through these comparative cases, we would like to explore if the cultural based argument on Chinese business networks can be supported through their intra-ethnic networks and historical and cultural origins. We are hoping to use these cases to provide an alternative perspective on diasporic Chinese business ties; to provide an analysis of the evolution of Chinese-owned firms (i.e. they started out as partnerships, spilt with their co-ethnic partners); and to provide a discussion on generational change on the business structure, strategies and management style.

Introduction
An important debate has erupted between those who write on the cultural dimensions of what has come to be termed “Chinese capitalism” and those who view such arguments as presenting an essentialist view of identity and a misconception of the factors that influence the development of ethnic-Chinese owned enterprises. Among the principal arguments proffered by those within the “Chinese capitalism” school is that Chinese enterprise is a form of “network capitalism” or “guanxi capitalism”. This form of network capitalism reputedly provides firms owned by Chinese business people with ample competitive advantages.

There have been nuances in the deployment of the concept of networks. Tang discovered in her study of guanxi [relations] in Chinese gift-giving culture that businesses centered on small groups of people would allow for the “cultivation of

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1 See, for example, Hamilton (2006), Redding (1990), Skinner (1977) and Wong (1985).
2 See, for example, Gomez (1999); Benton and Gomez (2007).
3 See, for example, Redding (1990) and Hamilton (1996).
4 Yeung and Olds (2000).
personal relationship” and “the manufacturing of obligation and indebtedness”. Clan and trade associations, a prominent institutional feature among the Chinese, are reputed to be crucial for the proper functioning of these networks. Liu Hong, for example, addresses the network effect from the social structure of *shetuan* (voluntary association) in association with the discourse of the globalization process. He contends that ‘(t)he current trend of *shetuan*’s globalization should be analyzed in conjunction with the growing importance of Overseas Chinese business networks.

The manner of use of the concept of networks has, however, increasingly been critiqued on the grounds that the cultural predispositions of major Chinese entrepreneurs does not influence decision-making to the extent that it accounts for the rapid expansion of their enterprises. In this “essentialist” literature, Chinese businesses are said to display an “ethnic style”, characterized by two important features which play a crucial role in capital formation and accumulation: family firms and intra-ethnic business networks. The concept of business networks has, however, been criticized as being one that has not been conceptualized sufficiently and lacking in substance as it is not based on empirical fact. While the uncritical deployment of the concept of networks has now come to be well critiqued, the family firm, the other important cultural feature of Chinese enterprise has been insufficiently reviewed.

Research on Chinese enterprise has indicated convincingly that in family businesses, kinship ties were crucial in raising funds to get these firms incorporated and functioning. The original characteristics of the firm, that is when the company was first established, suggest that kinship ties were an important consideration when people were hired, though control remained in the hands of the founder and close family members. In terms of management style, family members have played a key role in the enterprise. The use of family firms by businesspeople, and the prevalence of these traits in such enterprises, are, however, not unique to the Chinese.

Over 75 per cent of companies in the industrialized world are family businesses. Family firms employ about 50-60 per cent of the workforce in industrialized world. Approximately 90 per cent of companies in the United States are

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8 Gomez (1999); Gomez and Hsiao (2003).
10 See, for example, Wong (1985); Redding (1990); Whitley (1992); Castells (2000) and Fukuyama (1995).
family firms, representing 50 per cent of GNP and 65 per cent of all wages paid. In 1993, according to Fortune magazine, nearly a third of the top 500 US firms were family-owned. In Europe, between 75 and 90 per cent of firms are reputed to be family enterprises. 70 per cent of firms in the United Kingdom are family-owned. One in eight companies quoted on the London Stock Exchange are family firms. 43 of Italy’s 100 top companies are family-owned.

In the literature on family firms, several universal features have been noted. The most important unnoticed feature is that family firms are the outcome of the break-up of partnerships. In the literature on enterprise development, the stages of evolution, briefly, are partnerships (stage one); single owner/family business (stage two); and managerial control (stage three). The transition between the first two stages can be quite quick, though the move from the second to third stage would normally involve a generational change. The conversion of a company functioning as an entrepreneurial firm to a managerial enterprise can be seen as a transition from the second to third stage.\(^{11}\)

In family firms, the focus is on perpetuating ownership within the family and to build the company for the future generation. This desire is greater than the emphasis on making more money. This argument is common in the literature on Chinese enterprise. Other characteristics common among family firms are presented as important traits among Chinese companies. These include, first, the effective use of kin as unpaid labor to lower cost of production. Second, owners of family firms tend to incorporate new, usually unnecessary, businesses to accommodate all their children, which can be disastrous for the whole group if a venture fails. The decline of Chinese-owned firms has been attributed to this reason.\(^{12}\) Third, owners of family firms tend to be reluctant to list their enterprises on the stock exchange, in order to retain strong, and unaccountable, control and because of their desire not to divulge information about their companies; this argument features prominently in the literature on Chinese enterprise. And, finally, owners of family firms are wary of appointing outsiders as members of the board of directors and management, a factor that can hinder the growth of a firm; Chinese family enterprises are commonly known to hold a similar view.

\(^{11}\) See, for example, Chandler (1962, 1977).

\(^{12}\) See Fukuyama (1995).
One reason why the family ownership mode is widely seen as a cultural trait unique to Chinese firms is that the evolution of these enterprises has not been placed in historical context. In the case of firms owned by ethnic Chinese of the diaspora, specifically members of the migrant cohort, what remains unstudied is the formation and development of these companies.

This article assesses the links between the concept of networks and family firms, through a study of the Chinese companies in the food distribution industry in Britain. According to Knoke and Kuklinski, a network “is generally defined as a specific type of relation linking a defined set of persons, objects or events”.13 From a sectoral point of view, the network can be maintained by clusters, which “are geographical concentrations of interconnected companies and institutions in a particular field”.14 Gereffi’s concept of “commodity chains” is also useful as it provides insights in how production networks connect a large number of different enterprises for their mutual benefit.15 The companies within a “food chain” network would include those involved a vertically-integrated process of producing, distributing and catering, say, Chinese food. These networks, if well integrated, can be designed to cut costs, improve the quality of goods, and smooth the way to innovation.

In the context of a Chinese culture and enterprise, Chen provides a lucid – and one could argue, a typical – description of the role of the family:

For the Chinese, business has always been connected to family. In fact, in traditional Chinese culture, the family serves as the basis for and prototypical unit of all [italic in original] organizations—from social clubs to educational institutions to political parties… From Hong Kong to Taiwan, Singapore to Bangkok, Jakarta to Manila, the family is the foundation for all Chinese business enterprise.16

The family, according to such studies, plays a vital role in social network formation. This network, usually transnational in structure, is considered to be of enormous benefit to the economies of countries where members of this ethnic community reside. For instance, in his study of the “social capital” of ethnic Chinese

16 Chen (2001: 19).
in Thailand, Unger revealed that they ‘were often embedded within social (Overseas Chinese) networks extending beyond Thailand’s border’.17

This article provides a critique of this pattern of deployment of the concepts of networks and family firms as a means to de-essentialize the notion of a Chinese form of capitalism. The focus of this study is on the thriving Chinese food wholesaling and retailing sector in the UK, in order to analyze the nature of the ties between owners of these companies as well as the mode of development of the family firm. Two companies within this sector have been selected as case studies: Seven Seas (Frozen Food) Ltd and Dayat Foods Packaging Ltd, both under the control of one particular family. These firms constitute members of key components of the Chinese food chain industry, i.e. in the production, distribution and catering of these products.

Food distribution firms, among the largest Chinese-owned enterprises in Britain, constitute fundamental pillars of the food chain that support the whole Chinese catering industry. And their form of enterprise can provide insights into the important role of culture and intra-ethnic business networks among members of this ethnic community in the Chinese food sector. Most of these firms function as family firms, which allows for an analysis of the extent to which their “Chineseness” influences their pattern of enterprise development.

Since these companies were incorporated in Britain, their annual reports filed at Companies House are an important source of information, providing data on ownership pattern since incorporation, profiles of directors, sources of funding, links with other firms in and out of the British corporate sector, nature of labor force and the state of financial affairs, including how they coped during periods when they registered losses or how they deployed their profits. Through access to information on these companies’ annual performance, this study attempts to trace historically and systematically the evolution of these family firms.

The first section of this article provides a social and economic history of Chinese enterprise in the UK, as well as the factors that contributed to the incorporation of a large number of family firms. It then focuses on the nature of companies in the Chinese food distribution sector before undertaking an in-depth case study of two family firms, profiling their rise and their business activities. The study concludes with an assessment as to whether the use of the concepts of networks and

family firms in the literature on Chinese enterprise has served to essentialize Chinese enterprise and homogenize this ethnic community.

**History of Chinese Food Enterprise in the UK**

The first Chinese restaurant in London was opened in 1908, but growth of this food-catering industry was slow; by 1931, there were only 17 restaurant keepers in the country. One reason for this slow growth was probably because control of most of the food catering business in London was controlled by the Cheung clan, suggesting serious intra-ethnic divides.

It was during the Second World War that Chinese presence in food catering grew appreciably. As more men were drafted into service during the War, women were required to enter the work force. With demand for ready-made food increasing as women were now in full-time employment, canteens had to be set up to prepare meals, which benefited the Chinese. Baxter and Raw point out that ‘by 1942, 108 million meals per week were being consumed outside the home, over half of these being provided through private rather than state catering outlets.’

After the War, with the return of British soldiers who had served abroad, the demand for foreign cuisine, especially for Indian and Chinese food, grew considerably. While there were 36 restaurant proprietors in Britain in 1951, by 1967, one handbook listed the addresses of 1,100 restaurants and takeaways nationwide; by 1980, this list had 3,500 entries.

The burgeoning food catering business, which led to a demand for labor in the industry, contributed to a rise in Chinese migration from Hong Kong to Britain. A number of other factors encouraged Chinese migration to the UK after the War, including the Sino-Japanese war, the internal strife that led the Communist Party to power, as well as the Cultural Revolution. The takeover of mainland China by the Communist Party in 1949 had led to a large influx of refugees into Hong Kong, then a British colony. While Hong Kong’s population was 600,000 in 1945, it was well over

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18 Ng (1968: 9-10). Chinese presence in the launderette industry, on the other hand, grew rapidly during the same period. Most of these launderettes were situated in London, though a few were set up in port cities like Liverpool, Cardiff and Bristol. The growth in the number of Chinese launderettes between 1901 and 1921 suggests that these enterprises had managed to capture a clientele beyond that of the Chinese community (Ng 1968: 9-10).
two million by 1951, inevitably resulting in severe socio-economic problems in the colony.\textsuperscript{22} Since the Commonwealth Act facilitated the entry of members of the Commonwealth into Britain, this country became another venue for Chinese migrants from Hong Kong. Compared to the approximately 1,900 ethnic Chinese in the UK in 1931, this community’s estimated population by the early 1970s was at least 96,000.\textsuperscript{23}

This increase in Britain’s ethnic Chinese population would have probably been much higher if migration of foreigners had not been checked by the promulgation of the Commonwealth Immigrants Act in 1962. One key aspect of this Act was the requirement that all Commonwealth citizens secure an employment voucher before coming to Britain. To some extent, this restriction was circumvented when the dependants of Chinese migrants were brought into the country; this was necessary as there was still an acute need for labor to feed the burgeoning food catering industry. In 1962, the year the Act was introduced, only 135 entry certificates had been issued to the dependants of Hong Kong men; by 1967, the number had risen almost ten-fold, to 1,211. By 1971, well over 2,000 entry certificates were being issued annually.\textsuperscript{24}

Inevitably, when the 1971 Immigration Act was introduced, it placed limitations on the entry of dependants. These dependants, usually the wives and children of migrants, were also a crucial source of labor for a number of Chinese had left their employers to establish their own business.

This combination of events, i.e. the bringing over of dependants by people who were setting up their own business, inevitably meant that a growing number of Chinese migrants had begun to settle permanently in the UK. By 1991, nearly 30 per cent of the ethnic Chinese population in Britain was born in the UK. Although the introduction of the Immigration Act probably hindered significantly the number of dependants that could be brought into the UK, Baker claims that the Chinese continued to bring in family members from Hong Kong at a high rate until 1977, after which it declined appreciably to about less than 1,000 a year.\textsuperscript{25}

Most of this population was based in urban areas, largely in London, though Liverpool, Manchester and Birmingham also had a relatively sizeable concentration of Chinese. By the 1970s, there were also approximately 3,000 Chinese in Scotland.

\textsuperscript{22}Wong (1988: 3; 16-20).
\textsuperscript{24}Castles et. al (1984: 44).
roughly 1,400 of whom were in Glasgow and 900 in Edinburgh.\textsuperscript{26} By the early 1970s, almost 55 per cent of the ethnic Chinese in the UK were from other parts of Asia, including Malaysia and Singapore, an indication of that the place of origin of migrants of this ethnic community had began to noticeably differ.\textsuperscript{27}

In addition to the demand for labor in the food catering sector, Chinese migration was encouraged as the British economy experienced an economic boom between 1956 and 1965. There was a five-fold increase in the number of Hong Kong residents in London working in the food catering industry between 1950 and 1960.\textsuperscript{28} New Chinese restaurants and takeaways were being opened so rapidly during the 1950s, that in 1961 the Association of Chinese Restaurateurs (ACR) was formed, presumably to ensure high standards among newly-established Chinese restaurants, though probably to serve as an entry barrier to new entrants into the trade.\textsuperscript{29}

Migrants belonging to the same family or close kin brought into the enterprise as part of the labor force constituted what has been termed an “ethnic resource”.\textsuperscript{30} Kinship ties were effectively utilized to allow ethnic Chinese to secure self-employment and develop their own enterprises. Light and Bonacich used the concept of “ethnic resource” to suggest that owners of firms within “ethnic economies”\textsuperscript{31} could exploit their ethnicity in a variety of ways for the benefit of their enterprise.\textsuperscript{32} For example, Light and Bonacich cite the fact that certain skills could be transmitted by co-ethnics, cheap labor could be exploited by hiring co-ethnics, especially from abroad, and ethnic communities could depend on ethnically-based support networks and trade organizations to protect and develop their business base.\textsuperscript{33} Light and Gold noted that “class resources” was another factor that had helped entrepreneurs develop

\textsuperscript{26} Ng (1968: 1-2); Watson (1977: 182-83).
\textsuperscript{27} By 2000, there were four main types of Chinese in the UK. First, Hong Kong Chinese from the rural New Territories who had started arriving in large numbers in the 1960s. Many moved into catering and food wholesaling and retailing, the subject of this study. Second, Southeast Asian Chinese, who started arriving in the 1960s, are mostly middle-class and are usually professionally trained. The third, and newest, group arrived in the 1980s from Taiwan and urban Hong Kong; those in business are mainly in technology and manufacturing. The fourth group comprises British-born Chinese. See Benton and Gomez (2007) for a history of the evolution of these different ethnic Chinese groups.
\textsuperscript{28} Ng (1968: 1).
\textsuperscript{29} Ng (1968: 29).
\textsuperscript{30} Light and Bonacich (1988).
\textsuperscript{31} Light and Gold (2000).
\textsuperscript{32} Light and Bonacich (1988).
\textsuperscript{33} Ibid.
their firms.\textsuperscript{34} People with class resources were those who were well-educated or had access to funds, partly also because they were people of financial means. Another class resource of importance was that these businesspeople had acquired working experience in an industry before venturing into business on their own.

Since the owners of restaurants facilitated the migration of their kinsmen into the UK, the latter remained indebted to their employers for a protracted period. Most migrant workers soon realized that their employers were exploiting them, but since many of them could not speak English, this inhibited them from seeking employment outside of the ethnic food sector. Due to this exploitation of their labor, those who could move, or ventured the risk to leave, stayed just long enough to learn the trade, study the environment and accumulate enough savings to start a small business of their own. Inevitably, they entered the same food catering business, particularly through takeaways, as this form of business limited their interaction with the host community. Their venture into food catering contributed to growing intra-ethnic competition. As a consequence of this competition, the Chinese began to spread out, leading to the setting up of takeaways and restaurants throughout the British Isles and ensuring that large ethnic enclaves did not emerge.

Their decision to establish a takeaway, as opposed to a restaurant, as a means to start a food catering enterprise, was partly due to government policies, such as the Selective Employment Tax (SET) of 1966.\textsuperscript{35} Jones points out that the SET made restaurants a relatively expensive enterprise to run as it contributed to higher overheads.\textsuperscript{36} The SET contributed to an increase in labor charges as it involved a surcharge on National Insurance contributions made by employers for their personnel. In response to this legislation, takeaways emerged as a logical alternative as the meals prepared were acquired for consumption outside the business premises. Labor requirements in takeaways were minimal, as waiters were not required, while family members could be inducted, without charge, to help out in the running of the business. The SET proved unsuccessful and was replaced by the Value Added Tax (VAT) in 1973, which involved a tax on every business transaction undertaken by a firm.

\textsuperscript{34} Light and Gold (2000).
\textsuperscript{35} The SET was an attempt by the government to raise revenue as well as shift employment within sectors. Payment of this tax was refundable in all industries except services and construction, while those involved in manufacturing and scientific research received a premium (Jeremy 1998: 120).
\textsuperscript{36} Jones (1979).
In the early 1970s, the economy had moved into a recession that inevitably undermined the restaurant industry. Since there was then an estimated 3,500 to 4,000 Chinese restaurants and takeaways in the country, a market in recession could not accommodate such a large number of catering enterprises.\(^{37}\)

However, the adverse effects of the economic cycle on the performance of catering enterprises were partly offset by government measures in the Thatcher years, particularly in the early 1980s, when policies were introduced aimed at producing a more entrepreneurial culture. This strategy had a major impact on Britain’s small ethnic entrepreneurs, who were well represented among the nearly one million people who joined the ranks of the self-employed in the 1980s.\(^{38}\) Incentives were provided to establish such enterprises, leading to a marked rise in the number of ethnic companies, including – in the early to mid 1980s – some leading catering firms.

By the early 1990s, Chinese restaurants and takeaways accounted for one in every four such businesses in Britain. Chinese sources estimated the number of restaurants (some of which double as takeaways) in the mid 1990s at more than 1,500 and of takeaways at around 4,000. In 1998, the number of businesses was said to have risen to 7,600, including some 5,000 takeaways.

Some Chinese, recognizing that the market for takeaways and restaurants was becoming saturated, moved into the wholesale and retail distribution of Chinese food products. While most retail enterprises served as relatively small grocery outlets, a number of Chinese supermarkets were established to serve the needs of ethnic food-based enterprises. Those who had moved early into trading in ethnic food seem to have thrived best in business among ethnic Chinese in the food chain. Almost all the largest ethnic Chinese-owned companies in the UK, in terms of turnover and number of employees, are involved in the wholesale and retail distribution of ethnic food products. None of the Chinese-owned companies in the restaurant industry established before the 1970s have emerged as a major restaurateur. It appeared that these distribution firms had prospered because they served the large Chinese restaurant and takeaway sector in the country. A study of the firms in the distribution sector suggests other reasons for their rapid growth.

\(^{38}\) Owen (1994: 17).
Chinese Family Firms and Ethnic Food Enterprise

Among the largest ethnic Chinese-owned firms, in terms of turnover, are those involved in wholesale and retail distribution of food products. A majority of them were formed in the 1970s and 1980s (see Table 1).39 These firms include W.Wing Yip plc, See Woo Holdings Ltd, Loon Fung Ltd, Hoo Hing Holdings Ltd, Seven Seas (Frozen Foods) Ltd, Dayat Foods Packaging Co. Ltd, W.H. Lung Trading Ltd and Chan’s Ltd. In terms of number of employees and amount of capitalization and turnover, all these firms have remained small to medium-sized enterprises.

(Table 1 is about here)

The main feature of these large Chinese firms is that they are family-owned. A majority of them were established as partnerships, involving non-family members. Among the older companies, particularly the Loon Fung and Dayat Foods Packaging Groups, a new generation has emerged who have been incorporated into senior management posts or as shareholders. The founders of these Groups however, remain in control of these enterprises.

The list of directors and shareholders of the firms in Table 1 provides no evidence of interlocking stock ownership or interlocking directorships suggesting little intra-ethnic cooperation. It is noteworthy that there is no evidence of ties between owners of these companies as most of them were migrants from Hong Kong.

These firms do not appear to have created mutually beneficial links with companies along this food chain though situated in the middle of this production line. Instead, a number of them have attempted to develop a vertically-integrated enterprise, i.e. firms that produce food and those in the catering sector, as a means to help reduce costs and situate all sectors of the food chain in-house. This attempt at creating a vertically-integrated enterprise, though unsuccessful in all cases, suggests an attempt to bypass the need to work with other firms in the food chain.

The largest firms in Table 1, Wing Yip, Loon Fung and Seven Seas (Frozen Foods), had shown an ability to recognize changing market trends and had acted quickly to create a niche for themselves in the market. Although these companies commenced operations as wholesalers and retailers of Chinese foods, their founders have tried to diversify into other fields of business, a trait common among most

39 The oldest firm operating in this sector is Loon Fung (London) Ltd, which was established in 1966. It functions now as a holding company and its subsidiary, Loon Fung Ltd, listed in Table 1, was incorporated in 1983.
Chinese migrants in business. These firms have established enterprises involved in property investment, manufacturing and food catering. A review of their development suggests, however, that all these firms have only managed to thrive due to their mainstay activity, wholesale distribution of food products.

In spite of the ability of these Chinese to develop their enterprises, there are significant differences between them. While Woon Wing Yip of Wing Yip was a penniless migrant from Hong Kong with little formal education, three brothers collectively played an active role in the development of See Woo Holdings, each bringing different skills to the enterprise. M.W. Chan, a migrant from Hong Kong who had received some education in the UK, had originally gone into business with his brother, which emerged as a major wholesaling company in Scotland, before moving on to incorporate Chan’s. Chan and his brother eventually became competitors in the Chinese food retailing sector in Scotland.

A number of the founders of these enterprises had previous experience in food catering or an enterprise related to the distribution of Chinese foods. These class resources, along with ethnic resources, such as family labor and funds from kin, proved useful in developing their enterprise. A case study of two large Chinese-owned companies provides further insights into the crucial factors that contributed to the development of their enterprises.

Case Study1: Seven Seas (Frozen Foods) Ltd

This company, incorporated on 8 June 1971 and originally based in Sidcup, Kent, is involved in the import, export, wholesale and retail distribution of frozen foods. The original directors of the company were David Guing Chiu Chan, a cook, Stewart San Yuen So and Eugene Yu Him So. Chan and Eugene were the original shareholders, each holding an equal stake of Seven Seas (Frozen Foods)’s paid-up capital of £100, indicating that this enterprise had started off as a partnership. While Stewart was a British national, Chan and Eugene were listed as “stateless” at the time of the company’s incorporation, although both men subsequently became British citizens. In 1975, Seven Seas (Frozen Foods)’s paid-up capital was increased to £5,000, with the shareholding again equally shared between Eugene and Chan.

Chan and Eugene were also directors of two other companies, Seven Seas (Frozen Foods - Warwick) Ltd and China Frozen Foods (Manchester) Company Ltd, both involved in the wholesaling and retailing of frozen food products. Seven Seas
(Frozen Foods - Warwick) was incorporated on 14 October 1975, with the So brothers and Chan as the original directors, each owning 333 shares in the company. China Frozen Foods (Manchester) Co was also incorporated in 1975, and its original directors and shareholders were Chan, Eugene and two Manchester-based frozen food dealers, Y.C. Leong and K.Y. Lau. The incorporation of China Frozen Foods (Manchester) Co and Seven Seas (Frozen Foods - Warwick) appeared to be an attempt by Chan and the So brothers to develop numerous outlets for their frozen foods distribution business.

The reason for this need to rapidly establish a number of outlets in the UK for the sale of their frozen foods was that the So brothers and Chan had recognized that there was a growing demand for such products, although during the early 1970s household spending on food had only increased marginally compared to the previous decade. This point was highlighted by Maunder who noted that although:

> the volume of household spending per head on all foods in Great Britain rose little between 1963 and 1972, that on convenience foods jumped by one-fifth over the same period. Frozen foods provided the most dramatic rise in the volume of sales of all convenience foods, more than doubling over this same period. Between 1974 and 1976, only frozen foods maintained their rapid sales growth while, in real terms, sales of other convenience foods remained static, in common with all other household food spending. The ‘trading down’ by consumers in response to the squeeze on real incomes in 1974 has thus further heightened the problems for manufacturers in expanding sales of processed foods.\(^{40}\)

The turnover volumes recorded by Seven Seas (Frozen Foods) and Seven Seas (Frozen Foods - Warwick) indicates that they had been able to register a considerable increase in sales during the mid-1970s, capturing a segment of the market for frozen foods during this period (see Table 2). This partnership had obviously ventured into the frozen foods market at an opportune time.

Company records suggest that Chan and the So brothers played an equally active part in developing the Seven Seas (Frozen Foods) Group during the 1970s. In 1979, however, after almost a decade as an equal shareholder of the company, Chan transferred his interests in Seven Seas (Frozen Foods) to Ho Ping Ho, though the latter was not appointed a member of the board of directors; the directors of the company then were Eugene and Stewart. Two years later, in 1981, the So family

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\(^{40}\) Maunder (1980: 80-82).
gained full control of Seven Seas (Frozen Foods) when Ho relinquished his interests in the company to Eugene who then held all but one of its 10,000 shares.

In 1981, after the So family had secured control of Seven Seas (Frozen Foods), the company’s paid-up capital was increased substantially, to £100,000; this entire equity was owned by Eugene. The other directors then of Seven Seas (Frozen Foods) were, apart from Eugene and Stewart, David Yun Hung Yuen, a British seafood trader who was also a director of Carlson Frozen Foods Ltd; Yuen was appointed a director of Seven Seas (Frozen Foods) in July 1982. By 1997, the firm’s directors were still the same, with Stewart serving as Managing Director.

Eugene and Stewart So would later emerge as shareholders and directors of a myriad of companies involved in different activities. Stewart would become a director of Seven Seas (Frozen Foods - Warwick), Goodrich Ltd, Seven Seas Trading Ltd, Seven Seas (Investments) Ltd, The Emperor Restaurant Ltd and So Restaurants Ltd. Eugene So would serve as a director China Frozen Foods (Manchester) Co, Goodrich, Seven Seas (Frozen Foods - Warwick), Seven Seas (Noodles), Seven Seas Trading, and Seven Seas (Investments) Ltd. These firms were involved in the manufacture of noodles, food catering through restaurants and investment holding. Most of these firms would, however, eventually be dissolved.

Seven Seas (Noodles), for example, was an Essex-based company incorporated on 20 July 1987 to be undertake the processing and wholesale and retail distribution of noodles. Seven Seas (Frozen Food) held a 75 per cent stake in this company, whose other shareholders included two ethnic Chinese from abroad: Andy Lam, a Portuguese national, and Ching Kim Li, a French national; Li would also serve as a director of Seven Seas (Frozen Foods). Lam would soon relinquish his interests in Seven Seas (Noodles), but would re-emerge as shareholder in 1991, taking over Seven Seas’ (Frozen Food) interests in the company. Although funds were poured into Seven Seas (Noodles), particularly for the construction and operation of a factory to undertake the processing of food, this enterprise proved a loss-making venture. Company accounts reveal that Seven Seas (Noodles) registered losses from the time it began operation and in 1993, as losses mounted, it went into liquidation.

China Frozen Foods (Manchester) Co, one of the first companies established by the So brothers was liquidated in 1985. Another trading company established by the So family, Seven Seas Trading, was dissolved in 1995. So Restaurants, incorporated in 1982 and based in London, was wholly-owned by Seven Seas (Frozen Foods)
Foods), while the original directors were all So family members, i.e. Eugene, Stewart and Frankie. So Restaurants proved a profitable concern in the first few years after its establishment, but went into liquidation in 1987.

The only company established by Seven Seas (Frozen Foods) that has been developed profitably is its food wholesaling and retailing subsidiary, Seven Seas (Frozen Foods - Warwick). Although the company was jointly owned by the So brothers and David Chan when incorporated in 1975, when its issued capital was increased to £4,000 in 1987, Seven Seas (Frozen Foods) emerged as its sole shareholder. By then, the directors of Seven Seas (Frozen Foods - Warwick) were Eugene and Stewart. After 1992, when Seven Seas (Frozen Foods - Warwick) began registering a remarkable rise in pre-tax profits, the company’s paid-up capital was increased substantially, to £504,000 (see Table 2).

(Table 2 is about here)

Since incorporation, Seven Seas (Frozen Foods - Warwick) has consistently registered a rise in its turnover: from a figure of £441,903 in 1976, its turnover had increased substantially, to £7.021 million in 1995. Similarly, the firm’s pre-tax profits have consistently increased, from a mere £1,532 in 1976 to its peak of £46,112 in 1992. Seven Seas (Frozen Foods - Warwick) has only 17 employees.

Seven Seas (Frozen Foods) similarly registered substantial increases in its turnover since commencing operations in 1974. That year, the turnover it registered was £439,449; in 1995, the figure recorded was £11,460 million. Its pre-tax profits have similarly been increasing. In 1974, it had a pre-tax profit of £11,547; in 1995, it peaked at £103,000. The number of people in Seven Seas’ (Frozen Foods) employ has never been very large, peaking at 25 in 1993.

The Seven Seas (Frozen Foods) Group was incorporated in the form of a partnership, but has eventually come under the control of the So family (see Figure 1). The founding partners of Seven Seas (Frozen Foods) included the So brothers and Chan, who was also a shareholder of a number of other firms that the So family established in the 1970s, including China Frozen Foods Manchester Co and Seven Seas (Frozen Foods - Warwick). The So brothers collaborated with other ethnic Chinese when they decided to move into the manufacture of noodles. In the early stages of their entry into a business venture, the So family has sought to establish intra-ethnic ties, but these links have not been sustained.
Eugene was originally from Hong Kong, and though he has become a British national, has maintained close links with other ethnic Chinese from the territory. For instance, two ethnic Chinese who emerged as directors and shareholders of the Seven Seas (Frozen Foods) were Frankie Sing So, also a Hong Kong national who became a British citizen, and Salina So, who still lives in the Territory. David Yuen, who had long been a director of Seven Seas (Frozen Foods), is one member outside the So family who played a role in the Group over a long period. More importantly, both Frankie So and Yuen were seafood traders by profession, which appears to be a reason for their incorporation into the Group. Frankie So, though also a shareholder of Seven Seas (Frozen Foods), had no voting rights, and was involved, through directorships, in companies running a diverse range of activities, including restaurants and travel agencies.

Eugene, evidently a key figure in the development of the Seven Seas (Frozen Foods) Group, has attempted, unsuccessfully, to develop a vertically integrated enterprise, by venturing into food manufacturing and catering. The Group also incorporated a few frozen foods trading firms around the UK to extend its distribution market. However, its attempt at diversification has proven costly. The Group’s manufacturing endeavor was unprofitable, in spite of huge investments in this enterprise, including the construction of a food production factory. Its venture into food catering has not been sustained, while a few of the firms it established around Britain to enhance its marketing of frozen foods have been liquidated (see Figure 1).

(Figure 1 is about here)

The Group has, however, managed to develop its mainstay activity, wholesale and retail distribution of food products, through Seven Seas (Frozen Foods) and Seven Seas (Frozen Foods - Warwick). The Group’s historical profile indicates a concerted attempt by the So family to develop efficiency to enhance profitability, undertaken through reinvestment of profits into the company. For example, in 1994, it invested heavily in the construction of new cold stores. This investment was an attempt to help reduce storage costs of stock held by the Group. The Group’s current corporate structure suggests that in spite of its history of diversification, the focus of this enterprise is now primarily on its wholesaling and retailing activity.

The Seven Seas (Frozen Foods)’s market still remains primarily within the UK. Although the So brothers have worked with ethnic Chinese based in other parts of Europe, the Group has not expanded its market abroad. The So family embarked on
numerous ventures in partnership with other ethnic Chinese, but the Group is now solely under family control in terms of shareholding.

Case Study 2: Dayat Foods Packaging Ltd

Dayat Foods Packaging Ltd, a holding company based in Middlesex, was incorporated on 27 August 1981. Originally involved in the wholesale and retail distribution of food and packaging material, it was restructured in 1992, with the firm emerging as a holding company and an interest in the property sector and an involvement in management consultancy. Dayat Foods Packaging’s wholesale and retail of food and packaging material business was taken over by its only wholly-owned subsidiary, Dayat Foods Ltd, incorporated on 10 December 1982. Until 1996, Dayat Foods Packaging had a 15 per cent interest in Wai Lung Engineering Co Ltd, a firm incorporated and based in Hong Kong. After Dayat Foods took over Dayat Foods Packaging’s wholesaling and retailing business, the latter’s income would primarily be from rental charges and management services it provided to Dayat Foods.

The original shareholders and directors of Dayat Foods Packaging were Francis Yuk Hang Poon and Dora Kay Poon, both British citizens; each then held one share of the company’s £2 paid-up capital. When Dayat Foods Packaging’s paid-up equity was subsequently increased to £1,000, the shareholders, apart from Francis (who owned 500 shares) and Dora (who held 350 shares), included Kenneth Wang, Ty Wong and Helen Dixon, each of whom owned 50 shares; these three new shareholders were based in the United States. There is no indication in the company records that these US-based shareholders played an active role in the management of the Group; they would, subsequently, relinquish their interests in Dayat Foods Packaging. Dora, a housewife, appears to have had a limited management role in the Group, though she remained a shareholder of Dayat Foods Packaging until 1994, when she resigned as a director of the company. Johnny Poon replaced her as director, and Francis emerged as the sole shareholder of all the company’s 1,000 shares. In 1996, 10 per cent of the firm’s equity was transferred to Johnny. In 1997, the directors of Dayat Foods were Francis and Johnny Poon and K. Yueng.

41 Dayat Foods Packaging was formerly known as Freshland Ltd. The company’s name was changed in November 1981, a few months after its incorporation.
Francis is also a director of Dayat (Manufacturing) Ltd and Dayat Foods Ltd. Apart from its listing of Dayat Foods as a wholly-owned subsidiary, there is no indication in Dayat Foods Packaging company records of any affiliation or trade between it and Dayat (Manufacturing).

Dayat Foods, which has a paid-up capital of £2, had remained dormant until 1992 when it took over the wholesaling and retailing activities of Dayat Foods Packaging. As Table 3 indicates, Dayat Foods had registered a consistent increase in volume of turnover since 1992, rising from £4.666 million to £7.057 million in 1996. The firm’s pre-tax profits have not been as impressive, as it recorded losses between 1993 and 1995, though it registered a large pre-tax profit of £81,299 in 1996. The number of people in this company’s employ has increased, from 27 in 1992 to 39 in 1996. One reason for the rise in turnover between 1992 and 1994 was the opening by the Group of a new cash & carry outlet. The revenue generated from this new outlet had helped stem losses, improving the Group’s financial position appreciably. The Dayat Food Packaging Group’s business activities, including the marketing of its products, continue to be undertaken primarily in the UK.

Dayat Foods Packaging’s sources of income include rent received from its property holdings as well as service charges for management services. The firm’s highest turnover during the 1990s was registered in 1991, when it recorded a figure of £153,750 (see Table 3). Although Dayat Foods Packaging’s turnover has not since reached that figure, its turnover did increase appreciably between 1995 and 1997, when it registered a figure of £135,000. Similarly, Dayat Foods Packaging’s highest pre-tax profit was recorded in 1991, at £88,674; since then, its pre-tax profits have continued to fall, reaching its nadir in 1994 when it recorded a pre-tax profit of £10,040. Pre-tax profits have, however, subsequently risen, and by 1997 a six-fold increase in profits was recorded, with a figure of £63,777.

Dayat Foods Packaging’s company records reveal that its primary owners, the Poon family, had had co-ownership links with ethnic Chinese in the US, while the firm also had, for a long period, equity interests in the Hong Kong. However, in spite of these international links, there is no indication that the Group has extensive cross-border business linkages. The Dayat Foods Packaging Group’s trading activities are solely in the UK. Although the Group had an interest in an engineering company in

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42 Dayat Foods had been incorporated as Health Food Enterprise (UK).
Hong Kong, there is no evidence that Dayat Foods Packaging has diversified its operations to include an active involvement in businesses outside that of food distribution. Although company records do indicate that a manufacturing firm, Dayat Manufacturing, had been incorporated, there is no evidence that the Dayat Foods Packaging Group has actively ventured into this sector.

(Table 3 is about here)

(Figure 2 is about here)

Culture, Networks and Family Firms

These case studies reflect trends noted among firms operating in the Chinese food distribution sector. Although these Groups are under the control of one particular family, they were established as partnerships. These partnerships have, however, not been sustained. There is no interlocking stock ownership or interlocking directorship linkages involving these Groups and other firms operating in this sector or in the food chain network. Even though the owners of these Groups were migrants from Hong Kong, as are a number of owners of firms operating in the Chinese food chain, there is no sign of intra-ethnic cooperative ties for mutual benefit. There is no evidence that the owners of these two Groups belong to, or work with, Chinese associations dealing with Chinese food production, distribution and retailing that would suggest some attempt at community building.

In terms of business style, although these Groups are located at the center of the food chain, between production and catering, they do not play a role of “middlemen”\(^3\) serving to consolidate themselves into a mutually beneficial commodity chain. Instead, these Groups have attempted to evolve into vertically-integrated companies, by moving into manufacturing and catering, though they have failed to profitably develop these enterprises. For example, the Seven Seas (Frozen Foods) Group attempted unsuccessfully to develop a food manufacturing enterprise after having built up its marketing and distribution base. Dayat Foods Packaging Group did show an interest in developing a manufacturing base, though this desire to venture into this sector did not materialize. These Groups have managed to register growth primarily by focusing on food distribution.

\(^3\) The concept of “middleman minority” has long been an important feature in the literature on Chinese enterprise among migrants.
The owners of these companies have depended on people in Hong Kong and the US as a source of funds when setting up an enterprise. The owners of Dayat Foods Packaging, for example, required money from abroad to move into business. The case studies provide no evidence that there are ethnically-based institutions which help Chinese migrants mobilize capital. Their sources of funding have primarily been local British banks, though company records indicate some of the firms listed in Table 1 have secured loans from the Bank of China Ltd, incorporated in China, which established branches in the UK in an attempt to create a niche for itself in the Chinese community.

Kinship ties have evidently proven an important mechanism in obtaining labor for the enterprise. Management, however, remains very closely controlled by the family. While the founders remain in charge of running these firms, a new generation has emerged in Dayat Foods Packaging Groups, which has been incorporated into senior management posts and as shareholders. The succession line in the Seven Seas (Frozen Foods) Group remains unclear. These companies are still very young enterprises, and thus still not subject to the professionalization of the management that well-established family firms tend to introduce.

This profile of these Groups provides insights into some of the major features of large Chinese firms in the distribution sector. Their ability to identify or capture niche markets and their more focused approach to business has facilitated the growth of their enterprises, especially after attempts at diversification proved unsuccessful. The owners of these firms – and their partners – have class resources, specifically experience in the food sector, which has helped them develop their enterprises. Intra-ethnic cooperation was crucial for these businesspeople when they first entered into business, though the importance of such ties clearly diminished with the growth of the enterprise. Intra-ethnic collaborative ties have been difficult to sustain.

**Conclusion**

This study has dealt with three primary concepts used in the literature on businesses run by ethnic Chinese, i.e. culture, networks and family firms. An analysis of the paths of enterprise development by firms involved the Chinese food chain, from production to distribution to catering, an important example of an ethnic economy, helped provide insights into the importance of these concepts in the literature on “Chinese capitalism”. At first sight, the case studies suggest that there is some merit
to the widely used concept of the network, involving intra-ethnic business linkages. The importance of kinship and co-ethnic ties in the incorporation of a new firm is also obvious in this study.

However, this historical study of Chinese community and industry and the case studies of the large enterprises in food production indicate a much more complex situation to the pattern of growth of these firms. A number of important factors have influenced or shaped the evolution of firms operating within this food chain, including socio-economic change in Britain, especially after the Second World War, economic and immigration policies, capacity to secure access to funding and the ethnic and class resources available to owners of these firms. By focusing on the key actors in these firms, their interactions with co-ethnics and non-co-ethnics and the issues that determined decision-making, insights have been secured into the dynamics behind the evolution of the firm.

If network theorists are right, the ties between ethnic Chinese in the food chain would be spun into business ties, linking those in production, distribution and catering, to promote their economic interests as well as to unify themselves as a single ethnic community. Intra-ethnic business cooperation has obviously contributed to the development of Chinese capital but not for the reasons suggested in much of the literature. This historical profile of Chinese enterprise reveals that intra-ethnic cooperation tends to be important to migrants who are first-time investors. When up and running, and as owners of these firms establish a base for themselves in the corporate sector, their reliance on kinship ties as a source for funds, as partners in a venture and as a mechanism to secure labor diminishes appreciably.

This is reflected in the speed at which partnerships break up, with these companies coming under the control of one individual or family. The transition from a partnership to a family-owned enterprise usually occurs within a number of years after the formation of a company. Interestingly, partners even become competitors within the same sector.

Although family firms are common among Chinese migrants, they emerge primarily because of the problems migrants face in securing start-up capital and hiring labor. The goal of these family firms is obviously on perpetuating ownership within the family and building the enterprise for future generations. Kinship ties are crucial as siblings, spouses and children can be sources of unpaid labor, though it is unclear if this has been effective in ensuring high quality of work or commitment to an
enterprise. Other studies have indicated that the children of owners of small-scale enterprises, especially the takeaways, dread their work in the business.\footnote{See, for example, Benton and Gomez (2007).}

The fact that there is no indication of intra-ethnic or interlocking business ties among firms in the food chain gives credence to arguments about major divides that exist among ethnic Chinese, including sub-ethnic difference, time of migration to the UK and divisions based on class. The class divide is best manifested in the way labor from Hong Kong, brought in by owners of Chinese enterprises, have been exploited. Those employed in this industry soon move on to establish their own enterprise, emerging even as competitors to their previous employers.

This sectoral study suggests that these firms compete ferociously with each other. They have purposefully distanced themselves from one another because of this competition, a reason for the community’s wide dispersal. The companies under study, as well as those listed in Table 1, are based in different parts of Britain, including London, Leeds, Manchester, Birmingham and Glasgow.\footnote{See also Table 1 for an indication of how firms in the Chinese food distribution sector are widely dispersed throughout Britain.}

Since there is a clear attempt to develop these firms as a family business, there is little attempt by the owners to cooperate in terms of joint ownership or mergers. This aspiration to go it alone has further contributed to the considerable competition among businesspeople running firms in different stages of this food chain, i.e. as producers, distributors or caterers. This intra-ethnic competition is probably the most important, and hitherto unrecognized, characteristic of the relationship between ethnic Chinese in a similar line of business.

The case studies suggest that individuals in business have no taste for or against homogeneity when picking partners, preferring to opt for someone who can contribute productively or financially to the enterprise. The focus on Chinese food distribution, an activity within an “ethnic economy” and primarily made up of migrants, would help explain why co-ethnics figure prominently as the preferable choice for partnerships. Moreover, this choice of partner or type of labor force can change over time. Other firms in the food distribution sector, as they have grown, have hired non-co-ethnics as a means to broaden their market.

This review of the firms in the food distribution sector and the case studies reveal a heterogeneity of business styles among the owners of these firms, bringing
into question a specific form of “Chinese capitalism”. These differences were due to a number of factors, including resources available, entrepreneurial endowment of individual businessmen, a productive use of experience gained in an industry before venturing into business and a focused approach to one trade rather than diversifying into any area of business that appeared potentially profitable. Class resources, including educational qualifications, access to funds and business experience, have been useful in explaining why some Chinese have managed to develop their enterprises. In some cases, class resources along with entrepreneurial traits, such as the ability to correctly predict market trends and take risks by investing in a potentially lucrative opportunity, have proved crucial.

Chinese-owned enterprises have no special ethnic style, contrary to much current scholarship on the supposedly unique character of “overseas” Chinese business, which also brings into question the application of the concept of “Chinese capitalism”. The overwhelming attention on the ostensible business networks among Chinese-owned enterprises and on the impact of cultural traits on their form of enterprise development, including the use of family firms to run a business, has diverted attention from important concepts useful for explaining form of capital development by members of this community. This study indicates that the concepts more useful for understanding Chinese enterprise are entrepreneurship, class resources and firm development and organization.

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46 Schumpeter (1943); Barth (1967).
47 Light and Bonacich (1988).
Table 1
Largest Chinese-Owned Wholesalers and Retailers in the UK

<table>
<thead>
<tr>
<th>Company (Incorporation Date)</th>
<th>Activity</th>
<th>Location</th>
<th>Paid-up Capital</th>
<th>Turnover</th>
<th>Pre-Tax Profit</th>
<th>No. of Employees</th>
<th>Shareholders</th>
<th>Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>W. Wing Yip plc (9/12/69)</td>
<td>Chinese supermarket</td>
<td>Birmingham</td>
<td>1,000,000</td>
<td>31,062,000</td>
<td>664,000</td>
<td>77</td>
<td>W. W. Yip &amp; Brothers (Holdings)</td>
<td>W. W. Yip, G.Y. Yip, L.S. Yap</td>
</tr>
<tr>
<td>Wing Yip (London) Ltd (9/11/77)</td>
<td>Cash &amp; carry store</td>
<td>London</td>
<td>500,000</td>
<td>21,494,000</td>
<td>-111,000</td>
<td>95</td>
<td>W. W. Yip &amp; Brothers (Holdings)</td>
<td>W. W. Yip, L.S. Yap</td>
</tr>
<tr>
<td>Wing Yip (Manchester) Ltd (3/5/77)</td>
<td>&quot;</td>
<td>Manchester</td>
<td>500,000</td>
<td>14,676,000</td>
<td>594,000</td>
<td>51</td>
<td>W. W. Yip &amp; Brothers (Holdings)</td>
<td>W. W. Yip, L.S. Yap</td>
</tr>
<tr>
<td>Seven Seas (Frozen Foods) Ltd (8/6/71)</td>
<td>Wholesale distributor of frozen food</td>
<td>London</td>
<td>300,000</td>
<td>9,041,567</td>
<td>93,644</td>
<td>20</td>
<td>Eugene So, S.S. So</td>
<td></td>
</tr>
<tr>
<td>Seven Seas (Frozen Foods-Warwick) Ltd (14/10/75)</td>
<td>Supermarket operator</td>
<td>Manchester</td>
<td>2</td>
<td>3,983,180</td>
<td>92,636 n.a</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hung Sung Trading Co Ltd (11/5/84)</td>
<td>Chinese emporium for wholesale &amp; retail of catering supplies</td>
<td>Tyne &amp; Wear</td>
<td>36,422</td>
<td>2,352,488</td>
<td>-11,500</td>
<td>13</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hung Fat Catering Supplies Ltd</td>
<td>Food supplier for catering business</td>
<td>London</td>
<td>100</td>
<td>n.a</td>
<td>n.a n.a</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loonmoon Supermarket Ltd (14/5/70)</td>
<td>Retail &amp; wholesale of food products</td>
<td>London</td>
<td>5,000</td>
<td>1,720,800</td>
<td>-60,056</td>
<td>13</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loon Fung Ltd (16/9/83)</td>
<td>Chinese supermarket operator</td>
<td>London</td>
<td>100,000</td>
<td>18,256,000</td>
<td>67,000</td>
<td>100</td>
<td>James Chin</td>
<td></td>
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<tr>
<td>Wing’s Seafood Ltd (20/11/90)</td>
<td>Wholesalers of seafood</td>
<td>Middlesex</td>
<td>81,000</td>
<td>4,030,140</td>
<td>-31,083</td>
<td>11</td>
<td>Chi M. Chan, C.W. Liu</td>
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<tr>
<td>San Ho Ltd (5/2/81)</td>
<td>Distributor of Chinese food</td>
<td>Ormskirk</td>
<td>1,000</td>
<td>2,074,406</td>
<td>27,914</td>
<td>10</td>
<td>C.W. Liu, C.H. Leung, K.H. Leung, S.M Li, E.Y.M Sum, S.C Chan, C.W Leung, C.Y Leung</td>
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<tr>
<td>Wing Lee Hong Co. Ltd (26/1/81)</td>
<td>Chinese food distributor</td>
<td>Leeds</td>
<td>50,000</td>
<td>n.a</td>
<td>n.a n.a</td>
<td></td>
<td>Hui, Kuen K. Chan Wai P. Chu Hon T. Liu Kau Ng</td>
<td></td>
</tr>
<tr>
<td>Chan’s Ltd (17/4/85)</td>
<td>Food wholesaler</td>
<td>Glasgow</td>
<td>10,000</td>
<td>n.a</td>
<td>185,218</td>
<td>40</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chan Brothers Ltd (30/7/91)</td>
<td>Wholesaler of imported &amp; frozen food</td>
<td>London</td>
<td>2</td>
<td>8,681,072</td>
<td>196,506</td>
<td>27</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dayat Foods Ltd (10/12/82)</td>
<td>Wholesale food distributor</td>
<td>Middlesex</td>
<td>2</td>
<td>7,056,812</td>
<td>81,299</td>
<td>39</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Matarah Impex (Far East) Ltd (30/9/76)</td>
<td>Chinese food</td>
<td>London</td>
<td>4,000</td>
<td>949,457</td>
<td>-43,361 n.a</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>S.W. Trading Ltd (24/1/77)</td>
<td>Wholesale distributor of food</td>
<td>Middlesex</td>
<td>46,000</td>
<td>28,813,000</td>
<td>302,000</td>
<td>148</td>
<td>See Woo Holdings Ltd</td>
<td></td>
</tr>
<tr>
<td>Manning Impex Ltd (18/6/87)</td>
<td>Wholesale of imported foodstuff</td>
<td>London</td>
<td>25,000</td>
<td>1,192,023</td>
<td>61,530</td>
<td>6</td>
<td>Esther E. Cheong, M.A. Cheong, E.E Cheong, K.K. Tse, M. Wu</td>
<td></td>
</tr>
<tr>
<td>Name</td>
<td>Type</td>
<td>Location</td>
<td>Employees</td>
<td>Annual Sales</td>
<td>Profit</td>
<td>Code</td>
<td>Owners</td>
<td></td>
</tr>
<tr>
<td>-------------------------------------</td>
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<td>---------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>New Loon Moon Ltd (22/10/95)</td>
<td>Retailing of imported foodstuffs</td>
<td>London</td>
<td>100</td>
<td>1,183,059</td>
<td>1,762</td>
<td>10</td>
<td>N.A Cheong, M. Cheong, M. Wu, Esther E. Cheong, A. Cheong</td>
<td></td>
</tr>
<tr>
<td>Ling Tung Ltd (12/2/85)</td>
<td>Food wholesalers</td>
<td>London</td>
<td>75,000</td>
<td>2,351,616</td>
<td>48,214</td>
<td>11</td>
<td>n.a</td>
<td>W.S Chan</td>
</tr>
<tr>
<td>Hang Won Hong Ltd (3/5/89)</td>
<td>Wholesale &amp; retail of foodstuff</td>
<td>Essex</td>
<td>30,000</td>
<td>1,698,902</td>
<td>669</td>
<td>n.a</td>
<td>W.S Chan</td>
<td></td>
</tr>
<tr>
<td>Kwok Hing (Frozen Food) Ltd (13/7/82)</td>
<td>Frozen food wholesaler</td>
<td>Newcastle</td>
<td>n.a</td>
<td>3,956,591</td>
<td>80,460</td>
<td>14</td>
<td>P.F Cheng, K.Y.T Lau, K.K Cheng, Y.T. Lam</td>
<td></td>
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<tr>
<td>Chinese Medicine Centre Ltd (16/8/90)</td>
<td>Medicinal herbs retailer</td>
<td>London</td>
<td>100</td>
<td>234,127</td>
<td>55,574</td>
<td>5</td>
<td>Yuk T. Lam</td>
<td></td>
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<tr>
<td>Chung Ying Cash &amp; Carry Ltd (15/11/84)</td>
<td>Food retailer</td>
<td>Glasgow</td>
<td>900</td>
<td>n.a</td>
<td>n.a</td>
<td>n.a</td>
<td>C.Y. Chan, C.M. Chan, C.C. Liu, J. Liu</td>
<td></td>
</tr>
<tr>
<td>Chung Wah Supermarket Ltd (17/3/88)</td>
<td>Food wholesale &amp; retailer</td>
<td>Liverpool</td>
<td>100</td>
<td>n.a</td>
<td>17,614</td>
<td>28</td>
<td>C.Y. Chan, C.M. Chan, C.C. Liu, J. Liu</td>
<td></td>
</tr>
<tr>
<td>Walton Cheong-Leen Ltd (15/7/69)</td>
<td>Food retailer</td>
<td>London</td>
<td>20,000</td>
<td>44,376</td>
<td>(34,166)</td>
<td>2</td>
<td>Walton Cheong-Leen, Donald Cheong-Leen, Eula Wu, W. Cheong-Leen, R. Cheong-Leen</td>
<td></td>
</tr>
</tbody>
</table>
### Table 2
Seven Seas (Frozen Foods) Ltd and Seven Seas (Frozen Foods - Warwick) Ltd: Company Performance

<table>
<thead>
<tr>
<th></th>
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<th></th>
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<tbody>
<tr>
<td>Turnover</td>
<td>439,449</td>
<td>1,164,193</td>
<td>3,945,339</td>
<td>5,684,329</td>
<td>8,101,075</td>
<td>7,614,252</td>
<td>6,630,531</td>
</tr>
<tr>
<td>Pre-Tax Profit</td>
<td>11,547</td>
<td>3,936</td>
<td>59,527</td>
<td>243,712</td>
<td>89,553</td>
<td>66,493</td>
<td>51,547</td>
</tr>
<tr>
<td>No. of Employees</td>
<td>19</td>
<td>23</td>
<td>19</td>
<td>23</td>
<td>20</td>
<td>20</td>
<td>n.a</td>
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<tr>
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<td>100</td>
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<td>100,000</td>
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<td>Turnover</td>
<td>6,704,408</td>
<td>8,490,826</td>
<td>11,460,490</td>
<td>9,041,567</td>
<td>2,349,626</td>
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<tr>
<td>Pre-Tax Profit</td>
<td>37,039</td>
<td>99,202</td>
<td>102,782</td>
<td>93,644</td>
<td>100,726</td>
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<td>No. of Employees</td>
<td>25</td>
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<td>300,000</td>
<td>470,000</td>
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<td>1,858,976</td>
<td>1,882,306</td>
<td>2,119,432</td>
<td>2,379,172</td>
<td>2,349,626</td>
<td>2,262,761</td>
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<tr>
<td>Pre-Tax Profit</td>
<td>1,532</td>
<td>29,853</td>
<td>39,013</td>
<td>(67,871)</td>
<td>5,426</td>
<td>10,396</td>
<td>6,848</td>
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<td>n.a</td>
<td>n.a</td>
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<tr>
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<td>999</td>
<td>999</td>
<td>4,000</td>
<td>4,000</td>
<td>4,000</td>
<td>4,000</td>
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<tbody>
<tr>
<td>Turnover</td>
<td>3,380,800</td>
<td>3,299,916</td>
<td>5,284,906</td>
<td>7,021,321</td>
<td>6,254,551</td>
<td>5,201,953</td>
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<td>Pre-Tax Profit</td>
<td>46,112</td>
<td>13,419</td>
<td>42,528</td>
<td>38,521</td>
<td>36,963</td>
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<td>504,000</td>
<td>504,000</td>
<td>504,000</td>
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### Figure 1
Seven Seas (Frozen Foods) Group Corporate Structure

```
So Family

100%  

Seven Seas (Frozen Foods) Ltd

100%  

Seven Seas Trading Ltd*

100%  

Seven Seas (Noodles) Ltd*

100%  

Seven Seas (Frozen Foods - Warwick) Ltd

100%  

Seven Seas Investments Ltd

100%  

China Frozen Foods Manchester Co Ltd*

100%  

So Restaurants Ltd*
```
### Table 3
Dayat Foods Packaging Ltd and Dayat Foods Ltd: Company Performance

#### Dayat Foods Packaging Ltd

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<td>87,500</td>
<td>92,500</td>
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<td>87,500</td>
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<td>88,674</td>
<td>75,264</td>
<td>43,190</td>
<td>10,040</td>
<td>21,847</td>
<td>19,569</td>
<td>63,777</td>
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</table>

#### Dayat Foods Ltd

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<tbody>
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<td>Turnover</td>
<td>4,692,802</td>
<td>4,666,167</td>
<td>4,725,090</td>
<td>4,773,538</td>
<td>5,625,367</td>
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<td>40,045</td>
<td>-10,344</td>
<td>-87,459</td>
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<td>39</td>
<td>38</td>
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<td>2</td>
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<td>2</td>
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---

**Figure 2**
Dayat Food Packaging Group Corporate Structure

```
  Poon Family
    
  Dayat Foods Packaging Ltd
    
  100%  15%
  Dayat Foods Ltd  Wai Lung Engineering Co Ltd*
```

* Divested in 1996
References:


