

## SHANGHAI

SHANGHAI police said yesterday they detained five people in an investigation into a Chinese-based supplier of foreign fast-food brands, including KFC, McDonald's Corp and coffee chain Starbucks Corp, over allegations the firm supplied old and rotten meat.

The five detained include the head of the company - Shanghai Husi Food Co Ltd, a unit of U.S.-based OSI Group LLC - and the firm's quality manager, the police said in an online statement.

McDonald's and Yum Brands Inc, the parent company of KFC and Pizza Hut, and a number of other global brands have pulled

products from their outlets after it emerged that Shanghai Husi supplied expired meat to clients in China, as well as Japan.

Earlier, the official Xinhua news agency cited the Shanghai food and drug watchdog as saying that food safety violations at Shanghai Husi were company-led rather than the acts of individuals. "We discovered that some of the company's illegal behaviour was not the behaviour of individuals, but rather an organised arrangement by the company," Xinhua reported Gu Zhenhua, deputy head of the Shanghai Municipal Food and Drug Administration, as saying.

In a separate statement, the

Shanghai food watchdog said it sealed more than 1,000 tonnes of suspected meat products from OSI in China, and a further 100 tonnes of products from a range of its customers.

Illinois-based OSI has said it was "appalled" and was investigating the matter after a Chinese TV report on Sunday showed staff at its Shanghai Husi facility using expired meat and picking up meat from the floor to add to the mix.

An official at OSI in China reached by telephone on Wednesday declined to comment further.

A factory worker at another of OSI's food processing plants in the

northern Chinese province of Hebei told Reuters on Wednesday that regulations were very strict at the plant, that all workers needed to wear special clothes, and that spot checks were often held unannounced.

"The inspections are done by everyone: our own company, the government and also clients like McDonald's. Our rules are very strict and food safety standards are very high," said the worker, surnamed Wei, as he took a break at a nearby supermarket.

He added that the Hebei factory, which processes meat, vegetables and flour products according to its website, was still open for business despite government inspections.

Xinhua also cited the Shanghai food watchdog's deputy head Gu as saying that Shanghai Husi's controls systems and records for suspected products violated Chinese regulations.

In the Dragon TV documentary on Sunday, staff at the Shanghai Husi facility said they kept two record books related to food products, one of which was doctored to be shown to anyone who came to audit the facility. According to the report, which claimed to show an inspection of the facility by McDonald's, Shanghai Husi staff were aware a day in advance of the visit and made sure that only compliant products were being processed on

the day.

In Japan, a spokesman for Seven & I Holdings Co Ltd said a licensee in Shanghai had been selling two hamburger products using meat supplied by Shanghai Husi. Both products were removed from outlets on Monday.

A spokeswoman for FamilyMart Co Ltd said the Japanese convenience store chain had begun a supply deal with Shanghai Husi this month, selling a "Garlic Nugget" product at its around 10,000 stores in Japan. Another product, "Popcorn Chicken" began test-sales mainly in Tokyo this week.

Sales of both products were halted on Tuesday. The company

said there were no reports of any customers falling sick from the products.

"I am deeply sorry for causing this trouble and worry to all those involved," FamilyMart President Isamu Nakayama told reporters in Tokyo. "We do not think there is any problem with our operating structure but the very fact that this happened means that I think that additional checks should be put into place to help reassure consumers."

On Tuesday, McDonald's Holdings Co (Japan) Ltd said the company had sourced about a fifth of its Chicken McNuggets from Shanghai Husi and had halted sales of the product on Monday.