

A Report on TCC Group

I. History of the Group

Charoen Sirivadhanabhakdi was born the sixth of 11 children of a mussel-pancake street vendor in Bangkok's Chinatown. By age 9 he was making pocket change selling a type of lottery game, with trinkets for prizes, to neighborhood kids. Later he found work hustling supplies to a government-owned distillery of the national molasses-based whiskey. In his late 20s Charoen used the contracts he'd made to gain a first real foothold of wealth.

There are about a third of Thai Chinese business people who created their business world from bare hands. And Charoen is one of them. All liquor production was state owned at the time, and his Thai Charoen Corp. (TCC) managed to get rights for a 15% share of the market. In 1993 TCC added beer to its stable when it licensed the rights to produce and distribute Carlsberg in Thailand. Two years later, TCC launched its own Chang, a 6%-alcohol brew marketed to the working class. In 1999, Charoen managed to raise US\$500 million through loans and collateralized bonds to bid for all 12 state-owned distilleries privatized by the government.



In 2003, Carlsberg pulled out of the pact with Chang. At the mean time, Charoen was diversified widely. Other holdings include a piece of an insurer and an 83% stake (worth US\$220 million) in Berli Jucker, a smallish Thai conglomerate whose operations include bottling, canning and engineering. TCC is also a major shareholder of Japan's Millea Life Insurance (Thailand), South East Insurance and Indara Insurance. The biggest part of the diversification is in real estate. Charoen reportedly paid US\$90 million in cash in 1993 for Thailand's Imperial Group of Hotels. Four years later, he added New York's Plaza Athenée Hotel for US\$69 million. Charoen's latest ritzy resort, in Cambodia's Siem Reap, is less than 4 miles from the Angkor Wat temples.

Since its establishment in 1960, the TCC group has developed into one of the Kingdom's leading conglomerates. It operates in four principle business areas: beverages, property, industrial trading and consumer products, and insurance and

leasing.

II. Shareholders

The TCC Group is a typical overseas Chinese family business which always contains mythical elements with complicated cross-holding among its own subsidiaries and with other Chinese businesses. T.C.C. Holding Company, Ltd. is one of the private, controlling and, in fact, non-operative organization of the Charoen Empire. Through the TCC Holding and other companies, Charoen could easily extend his power into so many businesses mostly domestically but gradually into international market. All key members of the group are his family or close confidants, so foreigners have very slice chance to get involved.

Recently, Charoen and his wife Wanna was gradually turning his empire to his five children. Thapana, his eldest son officially, at the beginning of this year, took over the position of president of Thai Beverage Plc, the family's flagship business, from Samut Hatthiasing, a Charoen's close confidant. Thanapa focuses on the flagship beer and beverage business of the group. Thapanee, Charoen's second son, who graduated from MIT and Harvard, is looking after the finance of the family business. Panot, the youngest son, is focusing on the IT side of the business. He helped to set up data base systems at the factories. Arthinand, the eldest daughter, looks after the overall business of the family, while Walnapha, the second daughter, is responsible for real estate.

Charoen Sirivadhanabhakdi is now Chairman of Executive Board, Chief Executive and Officer and Director of TCC Technology Company Limited, Berli Jucker Co. Ltd. while Khunying Wanna, his wife, is Vice Chairman and Director. Take board members affiliated with Thapanee Sirivad hanabhakdi, the Executive Director and Director of TCC Technology Co. Ltd. for example. They include Staport Kavitanon of Bangkok Bank Public Co., Ltd., Suvarn Valaisathien of Berli Jucker Co., Lance George Stanford of Berli Jucker, Panot of Siam Food Products Public Co. Ltd., Charoen of Berli Jucker Co., Chaiyut Pilun-Owad of Berli Jucker Co., Thirasakdi Nathikanchanalab of Berli Jucker Co., Sompoth Kosum of Berli Jucker Co., Sithichai Chaikriangkrai of Berli Jucker Co., Suvit Maesincee of Siam City Bank Public Co Ltd., Thapana of Thai Beverage Public Co. Ltd., Khunying Wanna of Berli Jucker Co. and Thai Beverage Co., Atinant of TCC Holding Co., Prasert Kaekwatana of Berli Jucker Co., Weerawong Chittmittrapap of Berli Jucker Co., Aswin Techajareonvikul of Berli Jucker Co., and Thapanee Techajareonvikul of Berli Jucker Co. This is only one case. Among the above board members, Stapor Kavitanon has a total of 80 relationships, Charoen has 39 relationships, Kuying Wanna, Panot and Thapan all have 38 relationships with Thapanee. It's a typical phenomenon of cross-holding (see the *BusinessWeek* web page



Board of Directors, Berli Jucker Co. Ltd.



- 1. Mr. Charoen Sirivadhanabhakdi**
Chairman / Chairman of Executive Board / Chief Executive Officer
- 2. Khunying Wanna Sirivadhanabhakdi**
Vice Chairman / Nomination and Remuneration Committee Member
- 3. Dr. Chaikut Pilun-Owad**
Director / Vice Chairman of Executive Board / Nomination and Remuneration Committee Member
- 4. Mr. Thirasakdi Nathikanchanalab**
Director / Vice Chairman of Executive Board / Risk Management Committee Member / Advisor
- 5. Mr. Prasert Maekwatana**
Director / Vice Chairman of Executive Board / Risk Management Committee Member / Advisor
- 6. Dr. Suvann Valaisathien**
Director / Vice Chairman of Executive Board / Nomination and Remuneration Committee Member
- 7. Mr. Sithichai Chaikriangkrai**
Director / Executive Director / Risk Management Committee Member
- 8. Mr. Aswin Techajareonvikul**
Director / Executive Director / Chairman of Risk Management Committee / President
- 9. Mrs. Thapanee Techajareonvikul**
Director / Executive Director / Secretary of Nomination and Remuneration Committee / Risk Management Committee Member and Secretary to Risk Management Committee / Senior Executive Vice President
- 10. Mr. Thapana Sirivadhanabhakdi**
Director / Executive Director
- 11. Mr. Panot Sirivadhanabhakdi**
Director / Executive Director
- 12. Mrs. Atinant Bijananda**
Director
- 13. Mr. Staporn Kavitanon**
Director / Chairman of Audit Committee / Chairman of Nomination and Remuneration Committee
- 14. Mr. Weerawong Chittmittrapap**
Director / Audit Committee Member
- 15. Dr. Suvit Maesincee**
Director / Audit Committee Member

<http://investing.businessweek.com/businessweek/research/stocks/people/person.asp?personId=8792628&capId=875017&previousCapId=875017&previousTitle=Berli%20Jucker%20Public%20Co.%20Ltd.>).

The group's foreign financial advisors include JP Morgan, Deutsche Bank and Merrill Lynch. Local advisors are Asset Plus and Phatra Securities.

III. Founders/Managers: Presentation/Psychological Element, Relationships, and Influences

The Sirivadhanabhakdi family is very low-key in the public, always preferring to be sparing with their word, speaking only when necessary. Thus, there is not much we can say about the family members' psychological or other relationships with each other. However, I believe, like many other Chinese businesses, "trust" is the keyword. The father, and mother, trusts all his children and some close confidants, such as Thanit Thammasukhati who advises Charoen's group.

There is no doubt that Charoen was greatly helped by his father-in-law, especially, mentally, but there is no way to know whether he was also helped by father-in-law financially. Thus, we can only say that his wife Wanna shared with him the responsibility in the development of the business, and also the development of their family and their children's education, as depicted in the Group's website (<http://www.tcclc.co.th>). She also chairs some meetings and helps charm visiting dignitaries, speaking Thai, Mandarin and enough English to crack simple jokes. As Suvarn Valaisathien, a legal advisor to Charoen and Thailand's former deputy commerce minister, said, "You cannot say she is number two. She is number one and a half."

His relationship with Chinese community could not be described in simple words. First of all, he, like many old-fashioned Chinese business men, is stubbornly resistant to liberalization trends in modern society. His resistance aroused a broader backlash against proposed liberalization measures for many of Thailand's still-captive domestic markets and helped raise instead high new barriers to entry into the market. His reactions were assisted by other vested interests that lined up behind the government, causing the liberalization process to go slow further.

Many business people would be very grateful to Charoen's chauvinistic behavior which has helped them to keep their imbued interests in the country a bit longer. But we can also imagine that still many others will see this as "moving backward" of the country and thus blocked so many opportunities which should be shared among a much larger group of people. Charoen's Sura Maharas Company held the only government-granted concession to produce down-market white whiskey, the spirit of choice of most provincial Thai revelers. Although Charoen definitely delivered what the people demand, the whiskey baron's brand of business conduct is not necessarily what's best for the country's future economic wealth.

Furthermore, Charoen's clout has grown immensely since the Asian financial crisis

because he has rescued hundreds of politically connected debt-ridden Thai companies and projects. Most notably Charoen bought the financially troubled Pantip Plaza from his former tax collector and liquor-industry regulator, Chalermchai Vaseenont, former director general of the Ministry of Finance's excise department. These deals are patronage in exchange for returned favors. And the bureaucrat did pay back. All kinds of allowances and special rewards to the monopolistic firms of Charoen and new regulations meant to help and protect Charoen's interests aroused many people's indignations. Potential competitors are crying foul.

IV. Financial Stability

TCC Group's flagship company Thai Beverage was founded in October 2003 through the merger of 58 companies involved in alcohol businesses. Its biggest brand is Beer Chang. Beer is a predictable business, at least in Thailand. The beer market is quite seasonable. Nationally the third quarter every year is the lowest consumption quarter for two reasons: first it's the rainy season, so people go out to the restaurant less and outdoor drinking becomes impossible. This is particularly true in Bangkok, where rain clogs traffic to a standstill. Secondly, it's Buddhist Lent, and lots of people abstain from drinking during this period. It lasts three months.

By October, the market comes back again: there's no rain, temperatures are nice, and restaurants start opening beer garden through November. Drinking gets heavier over the New Year and into January and February. By March, consumption has moderated, and then it spikes again in April for the Songhkrans (Thai New Year) Festival and drops in May and June as schools open.

Thai Beverage set up a venture called InterBev in New York a couple of years ago to improve its products' reach in North America. The total business in distribution to Thai and Asian restaurants in the U.S. is around 50 to 60 million liters per year. And the TCC group expects to get 10% to 20% market share.

Thai Beverage made headline earlier in 2006 when it was listed in Singapore. It failed to go public in Thailand in 2004. By bringing business into the stock market it hoped to improve its balance sheet and accounting disclosure, as required by the SEC. The group's annual turnover amounts to about Bt110 billion, while the group pays some Bt60 billion in taxes to the government every year. Thai Beverage Group has an equity base of Bt22 billion, with a stock par value of Bt1 each. Its size is about the same as San Miguel Group of the Philippines. Its debt is at around Bt50 billion. The debt-equity ratio is not high, and raising funds from the stock market helped to slash the debt-equity ratio further as some proceeds are used to retire the debt.

V. Origin of Capital/Laundry Money

Charoen never got through grade school. He started to make a living for his family since he was 15 years old. In 1960, he started a small wine factory with a little saving

from his hard working. His secret of success is concentration on liquor which attracted increasing number of consumers with improving product qualities. He then expanded his business into beer, earned trust from two big firms Sura Maharas and Sura Thip. In 1993 he chose Denmark firm as partner to produce Carlsberg beer in Thailand which resulted in huge economic revenues and 30% share of the whole market. His beverage empire was established.

For all the people I contacted, every one seems know something about him, but, on the other hand, they all couldn't tell me much, because he is so mysterious and notoriously publicity shy. With so many market distortions and skewed investment incentives in Thailand, there should be no surprise that some monopolist tycoons like Charoen benefited from the patronage politics. As a concessionaire hand-picked by politicians, he must dutifully line their pockets for the privilege.

In Thailand, money and political power still trump the law. Of the few Sino-Thai tycoons still financially sound, Charoen probably has the most of both. Charoen uses his wealth wisely. His influence and patronage flow to the very apex of Thailand's power pyramid. For example, former Prime Minister and chief Privy Councillor Prem Tinsulanonda sits on the company's board. Charoen has been known to make grants to foreign universities on behalf of the royal family. When the nation mourned the passing of King Bhumibol Adulyadej's mother in 1996, Charoen contributed to the funeral ceremonies. That loyalty has won Charoen bureaucratic protection.

There are indications of bureaucratic paybacks. After the official announcement of liberalizing the market, a string of tough new environmental regulations for constructing new plants was passed by the industry and finance ministries, making it prohibitively expensive for new players to enter the market. Sura Maharas won the bidding for all 12 of the previously government-held distilleries it ran on concession, allowing it to avoid the new regulations. The minutes of a meeting of the Senate's Economic, Commercial and Industrial Committee say, "Excise Department officials have received allowances and special rewards from the monopolistic firm (Sura Maharas)" and that "the new regulations are clearly meant to help and protect " Charoen's interests.

VI. Management/Quality

Like many other old-fashioned overseas Chinese business people, Charoen started his business with hard-working and dedication. He first concentrated in local market, using all tactics to compete and defeat local competitors. After he became dominant in the market, he began to diversify. At first he diversified from winery to beer and whiskey. His other holdings include a piece of an insurer and an 83% stake (worth US\$ 220 million) in Berli Jucker, a smallish Thai conglomerate whose operations include bottling, canning and engineering. And yet, the biggest part of the

diversification is in real estate. Charoen reportedly paid US\$90 million in cash in 1993 for Thailand's Imperial Group of Hotels, which includes the massive 1,300-room Imperial Queen's Park in Bangkok. Four years later he added New York's Plaza Athenée Hotel for US\$ 69 million. It's very typical for a Thai family, once they reach a level of wealth, to buy hotels as a symbol of the family, a place for festivities and a sign of their status.

He bumped into setback when in 2003 Carlsberg pulled out of the pact, deeming it no longer possible "to establish a constructive cooperation" with Chang. The business frictions haven't dampened Charoen's aspirations to go public as mentioned above. He also tried to expand on its nascent exports, chasing Singha and bigger rivals abroad. He once tried to get into Taiwan's market but was turned down because the Chang beer contains alcohol degree a little higher than what being allowed in Taiwan. But this did not scare him away, and he later managed to get in Taiwan's market by producing lower alcohol-degree beer specific for the local market.

Charoen's children are now in their late 20s and early 30s, with degree from MIT, Harvard, the London School of Economics and Cambridge, they all have come home to help Dad. The second generation is expected to change the business empire with their modern management skills. But as in many other conventional Chinese family businesses, Charoen, now in his 60s, has travelled far in life by getting his grip on whatever presents itself. He is not about to relax even though his eldest son just held the helm of his flagship company, the Thai Beverage, this year.

VII. Judiciary Element/Corruption

A resolution passed by the Cabinet of Thailand on July 3, 2007 to raise ceiling for the exercise tax rate to 90% of the ex-distillery price or Bt1,000 per liter of pure alcohol, whichever is higher. This would represent approximately double the current tax ceiling of 50% or Bt400 per liter of pure alcohol for distilled liquor. ThaiBev was charged an exercise tax at 55% of the ex-refinery price for beer and Bt400 per liter of pure alcohol for color spirits. If the Spirit Act becomes law and the Cabinet decides to raise the exercise rates, producers will likely to pass on tax expense to consumers, leading to higher spirits and beer prices, which will subsequently hurt the consumption and sales volume of alcoholic drinks.

In February this year, TRIS Rating Co., Ltd. had affirmed the company rating of ThaiBev and the rating of ThaiBev's senior guaranteed debentures at "AA-" with "Stable" outlook. The rating reflected the dominant position of the ThaiBev Group in the Thai alcoholic beverage market, an experienced and capable management team, economy of scale as the largest brewer and distiller, an extensive distribution network, strong and stable cash flow, and a low level of leverage. But, of course, the

risk of tax regulation is still there and could slow the growth of alcoholic beverage consumption.

The “stable” outlook is based on the expectation that ThaiBev will maintain its competitiveness and leading position in the beer and spirits markets, although the company is facing high competition from local brewers and spirits importers. TRIS Rating reported that ThaiBev has maintained its leading position in the Thai beer and spirits markets with 48% and 74% share of the beer and spirits market, respectively. The ThaiBev controls over 80 subsidiaries and associated companies. It produces and distributes a wide variety of alcoholic beverages including beer, traditional white spirits, brown spirits, admixed whiskey, Chinese herb spirits, and Japanese spirits. The Brand in its portfolio, such as Mekhong, Sang Som, Mungkorn Thong, Hong Thong and Ruang Khao for spirits and Chang for beer, are well-known and are local market leaders. The majority of ThaiBev’s brands target the economy segment of the alcoholic beverage market, which clearly is the largest segment.

With annual production capacities of 1,550 million liters of beer and 808 million liters of spirits in Thailand, ThaiBev has a certain degree of purchasing power for new materials. Its 17 distillers located throughout Thailand give the company a logistical advantage. Moreover, ThaiBev’s extensive distribution network and efficient sales force reinforce its leading position. The company has generated around Bt15,000 million in funds from operation (FFO) each year for the last three years. ThaiBev’s leverage ratio has improved significantly. Its debt to capitalization reduced from a decline of 59% at the end of 2005 to 29% as of September 30, 2007, because the company paid its huge debts after a capital increase in June 2006.

In moving, government regulation will be a major influence in the public demand for alcoholic beverage. Thai government policy continues to emphasize the negative effects of alcohol consumption on Thai society. Actions implemented to cut alcoholic beverage consumption include exercise tax increase, advertising limits, and sales restrictions. Should Charoen really decide to back down from his old-fashioned resistant position and allow his children to take the helm, we can expect to witness a new face of the company. But we still have to wait and see.

As regarding the money laundry presumption, there is no way to find out because all my prospective interviewees were scared away by such questions. However, as we mentioned above, there were indications of bureaucratic payback such as his famous winning of the bidding for all 12 of the previously government-held distilleries. And after Charoen tied sales of his whiskey products to his new Chang beer—distributors were required to take eight cases of beer for every case of whiskey, all competitors panicked and took their plea to the Fair Trade Commission in October 2000. Although the company’s actions were found “inappropriate”, the commission still ruled in favor

of Charoen on a legal technicality. It was revealed by insiders that the outgoing Commerce Minister Supachai Panitchpakdi, who later became head of the WTO, remained silent during the closed-door deliberations in which there was neither a vote nor consensus on the decision.

VIII. Relations with Organized Crime

Nothing could be said in this respect.

IX. Political Influence

The Group's adviser Thanit once retorted, "we have no political influence at all." But, of course, the company was accused of political interference all the time. Charoen has a network of influential friends, including former Bank of Thailand governor Chatu Mongkol Sonakul and former prime minister Thaksin Sinawatra. But he is smart enough to steer clear of politics, especially when Thaksin rose to power since 2001. Since Thaksin never trusted the old school, a publicity-shy tycoon such as Charoen himself just kept at arm's length, in the outer circle.

However, as Charoen operates Thailand's biggest brewery and distillery, his influence could have extended deeply into the government. Therefore, he could have dictated the government's alcohol taxation policies. On the other hand, among the three most powerful business groups—Shin Corp. of the Shinawatra family, Thai Beverage of Charoen and the Charoen Pokphand Group of Dhanin Chearavanont, Dhanin knows how to get along with Thaksin Shinawatra to further advance the business interests of his CP empire. But Charoen did not seem able to cut a deal with Thaksin. For example, despite Charoen's clout in political sphere, he still was not able to prevent the Thai Ministry of Commerce from initiating official investigation into allegations that Thai Beverage has been selling its standard beer brand below the regulatory floor price.

Now, as Thailand's political situation was constantly unstable since the 2006 coup, TCC Land Co., Ltd., the property business of Charoen, is slowing new investment in two hotels worth about Bt4 billion due to concern about political risks. Some of the group's long-investment plans for the next few years could be scaled back as a result. Investment in the hotel business would be put on hold as tourists turn to neighboring countries such as Vietnam, Malaysia and Singapore instead of Thailand because of concerns about local conditions.

As regarding the relationship between Vikrom Koompirochana, former Deputy Permanent Secretary of Foreign Affairs, and the TCC Group, we could only find that Vikrom is now adviser to TCC Holding Co., Ltd. and Chairman of the Audit Committee, Oishi Groups of Companies at the same time. Coincidentally, TCC Group's ThaiBev is now undertaking the acquisition of Oishi Public Co., Ltd. ThaiBev has entered into a memorandum of understanding (MoU) to acquire the 43.9% of Oishi held by Yodkij

Business Co., Ltd. for Bt3,045.64 million. Oishi is one of Thailand's well-known soft drink brands. Thus, it means that ThaiBev has made clear its strategy to enter the non-alcohol beverage business. Thus, Vikrom must have played a very important role in this deal.

X. Reputation in the Business and Relationship with Civil Society

Civil society has never been a strong player in Thailand. Most of the non-government organizations had to accommodate with government policies or they would not be able to act in Thai society. In this sense, most serious critics on Charoen's business group did not come from civil society, but from other business competitors, because their influences are much stronger than non-profit organizations.

The Thai Beverage seemed to exploit general consumers by transferring tax burdens onto them and by tying the selling of beer with whiskey, but he still got big support from vast majority of people, especially those of the middle-to-lower classes, by providing them with low-price and high alcohol beverages. The civil society, especially the media, had cast so many strong words toward him, but they never want to hurt the Charoen business, especially, considering its balancing power against other more malicious business groups. These are some opinions I've solicited from a Thai friend who is familiar with many Chinese Thai business people.

Thus, for a foreign business pondering on making partnership with Charoen business group, it is better to put more weight on Charoen's relationship with the government rather than with civil society. No matter who is in power, Thai government is always particularly influenced by big businesses, and, considering the utmost influence and patronage Charoen could have to the very apex of Thailand's power pyramid, it is only other big business tycoons that can have swaying power on the government.

Nevertheless, with rising cognizance of the public on such issues as environmental protection, property right acquisition and fair market competition, the civil society can still play a crucial role in changing the bureaucratic culture. It is in this respect that the civil society could have some impact on future operations of big businesses, rather than on the Charoen group in specific.

XI. Partnership with Foreign Companies

TCC Land is the property arm of the TCC group which owns a large portfolio of landbank and commercial properties as well as hospitality conventions and leisure related properties in Thailand. It formed a joint venture in September 2003 with Capital Land from Singapore into TCC Capital Land and is meant to invest, develop and manage properties in the residential, office and retail sectors in Thailand. Capital

Land holds 40% stake in the JV company, while the remaining 60% stake is held by TCC Land. As we mentioned earlier, the future development plan of the JV seems to be concentrated in foreign countries, such as Vietnam, rather than in Thailand, due to concerns about domestic economic and political situations. Besides that, we could not solicit any further details on the joint venture except those on the Internet.

As regarding the group's signing of management agreement with Le Méridien, I guess the motivation is the same as the Group's deal with Singapore's Capital Land. Charoen's main focus is in beverage, and, besides, hotels are tough business in Thailand. Thus, a little help from global hotel group such as Le Méridien should do more good than harm. TCC group's property arm—TCCProperty Management Co., Ltd. is also the owner of Hôtel Plaza Athénée New York and 17 hotels in Thailand under the umbrella of Imperial Hotels Group. So, a partnership with a London-based hotel group with a portfolio of 130 luxury and upscale hotels (34,000 rooms) in 56 countries worldwide seems to be a guarantee to reassure TCC group's real estate status in Thailand.

And then, what about the dispute between Carlsberg of Denmark and Charoen's Thai Beverage? In 2003 Carlsberg removed executives representing Charoen from the board of Carlsberg Asia after the venture failed to develop as planned. "We were not happy with the value of the assets that Chang wanted to put into the joint venture with Carlsberg Asia," chief executive Nils Smedegaard Andersen said in a conference call with analysts. Chang sought as much as US\$2 billion in damage because Carlsberg ended the venture and the dispute was arbitrated in London and Bangkok. At the end of 2005, both parties reached a settlement in which Carlsberg agreed to pay US\$120 million to Chang to divide their assets and settle the dispute.

The Valby, Denmark-based beer maker spent US\$80 million on buying 50% of Brewery Invest Pte Ltd and 49% of Carlsberg Brewery Hong Kong from Chang Beverages. In addition, Carlsberg booked a one-time cost of US\$40 million in 2005 to reflect the fair value of shares the company bought in 2002 of Hite Brewery Co., South Korea's biggest beer maker, and for its stake in Lao Brewery. The maker of Beer Lao in Laos was half-owned by the Lao government, and 25% each by Carlsberg and the Charoen's group.

So, it was resolved in a peaceful way, and both parties didn't rule the possibility of future cooperation, again. And, are Carlsberg and Chang bitter rivals? Maybe, maybe not. Even though Carlsberg comes back to Thailand, it will face bitter competition in luxury brands of beer, not in broader commoners' market, because the latter was already fully occupied by Thai Beverage and Boonrawd Brewery. Thus, Carlsberg's main competitors should be some international players such as Heineken who has entered a joint venture with Asia Pacific Breweries and thus made a serious entrance

in the Thai market.

Final Note: I tried to solicit responses from a former Taiwan ambassador to Thailand as well as his former secretary in Thailand, a staff in Thailand Trade and Economic Office in Taiwan, and a Thai language teacher. They all were very kind to help me but just couldn't come out with anything other than those on the Internet.

Appendix

An interview by phone with a Thai intellectual friend who just came back from Bangkok recently. The following is a transcript from Mandarin.

Q: Do you know Charoen Sirivadhanabhakdi, the founder of the TCC Group?

A: I don't know him personally, but I understand that he owns not only beverage business but also many other operations. He was a very discreet man, seldom reported in the media.

Q: He was reported to hand over his business to his children. Do you know anything about it?

A: It's hard to tell. He is not that old to give up his power in the group. Many Thai Chinese business people have so much influences that they usually do not hand out their power easily.

Q: What do you know about his partnership with Denmark's Carlsberg? What had happened between them?

A: He sold the beer in Thailand at first for the foreign company. And later he created his own brand of beer, much later than the traditional beer like Singha. However, I have no idea why he's broken up with Carlsberg. I guess no one would know that for sure. Chinese business men are always so mysterious that it's really hard for outsiders to understand what's actually going on.

Q: Tell me a little bit about Thai business people's relationship with the government.

A: Well, businesses and government need each other. Or shall I say the political parties. Every political party spent so much money on elections that they all are short of financial resources and eager to find supporters. On the other hand, nearly every business man would contribute to most of the parties at the same time, usually not concentrated in only on party. Some got more and some got less. It that sense, no matter who is in power, the businesses would always be taken care of by the government. Nevertheless, businesses do not want to see so much transition in the government either, because, on one hand, they do not like their monies to be easily squandered in short-term government and get no meaningful result, and, on the other hand, elections or even government transitions through coups all need so much money .

Q: So, there must be many things such as laundry of money involved.

A: Of course. Many neighbor countries of Thailand like Laos, Cambodia and Malaysia all have casinos and those all got investment from Thai government officials. Where were those monies from? From business people, of course. Business people as well government officials could have money laundered though those

investments. The problem is, it's not easy to discern whose money is involved and how he got that money.

Q: Is the recent turmoil of Thai society scared so many business people to run away from the country. For example, is Charoen likely to decrease his business range in Thailand and instead transfer some of his resources abroad?

A: May be in the short term, such as divestment to Cambodia, Vietnam and China. But, in the long-run, they will stay in Thailand. After all, this is where they started their businesses and where their future markets are. They have been through so much turmoil in the past, so it's really not a big deal that small instability like this will scare them away. The business and government here co-exist with each other. As long as there is government, and of course general consumers, there will always businesses, especially local business people.

Q: But, the recent political situation is not very well. What will happen to Prime Minister Samat?

A: He will stay on. After all, he was elected by the majority of voters. Even though he was charged as a surrogate of Thaksin, as long as he keeps denying it, no one can touch him at all. Besides, as I mentioned before, business people do not want to see such frequent transitions in the government. Thus, most of them tend to support Samat. The premier is only confronting stronger opposition from the South where the Democratic party was coming from. The central, the north and the northeast, except Bangkok, all support Samat. Therefore, it is expected he will be hanging on unscathed.

Q: Is he really has close relationship with Thaksin? And what will happen to Thaksin?

A: Well, Samat was surely very close to Thaksin. But now that Thaksin is away to abroad, I believe it should be quite a relieve for Samat, because Thaksin, by staying at home, would be a burden to Samat, not a help at all. As regards Thaksin himself, he seems able to sustain intimate relationship with many foreign people, so he will not be so bad in the near future. After all, the opposition group in Thailand is not so consolidated. They could be dissolved into many sections and therefore will not be a big challenge to the current government and thus to Thaksin.

An interview with a former ambassador to Thailand from Taiwan

Some time in August

Q: Are you familiar with Charoen Sirivadhanabhakdi of the TCC Group?

A: A rich business man in Thailand. But I know not much about him.

Q: Do you know if he is close to Thai government?

A: He could be.

**An Interview with a specialist on labor relations in Thailand Trade and Economic
Office, Taipei**

Some time in August

Q: Are you familiar with Charoen Sirivadhanabhakdi of the TCC Group?

A: Let me check it for you.

Q: Could you tell me about his relationships with Thai government?

A: I guess not many can answer this question for you. Sino Thai are always so discreet that it's hard for us to really understand their relations or connections in whatever respect. I can check it for you. (Actually he was fumbling on the Internet, so I thanked him a little while later.)

**An Interview with the Director of Asian Studies Center, Chulalongkorn University,
Thailand**

Early September

Q: Do you know Charoen Sirivadhanabhakdi?

A: Not much. What do you want to know?

Q: His business connections. How he does his businesses? Can you explain to me how he is cross-holding all those companies related to him?

A: If you like, you can check on stock market disclosures about his businesses. But, I am afraid you would not get much information, because nobody can give you that kind of information. Besides, even though someone told you something about him, you'll never be sure if he/she was telling you the truth.