

**HD** Asean entrepreneurs of **Chinese** descent expanding presence in acquisitions overseas

**WC** 964 words

**PD** 28 August 2014

**SN** Nikkei Report

**SC** NKRP

**LA** English

**CY** © Copyright 2014. Nihon Keizai Shimbun, Inc. All rights reserved.

**LP**

YUJI KURONUMA, Nikkei staff writer

TOKYO -- Direct investment from Southeast Asia to the rest of the world has been increasing steadily, led by companies owned and managed by entrepreneurs of **Chinese** descent.

**TD**

Companies in five major members of the Association of Southeast Asian Nations took over businesses outside the region in 194 merger and **acquisition** deals totaling \$26.4 **billion** in value in the first half of 2014, an all-time high on an announcement basis, according to U.S. market research **firm** Dealogic.

Of the top 10 in value of the 194 deals done by companies in Indonesia, Malaysia, the Philippines, Thailand and Singapore, nine were carried out by Singaporean firms. An analysis of funding sources for mergers and acquisitions revealed that three of the nine Singaporean companies belong to business groups in Thailand and Malaysia owned by businesspeople of **Chinese** descent.

Southeast Asian companies established by ethnic **Chinese** entrepreneurs often conduct acquisitions through **group** companies set up in Singapore. In June, for example, Frasers Centrepoint, a real **estate company** in Singapore that belongs to TCC **Group** owned by Charoen Sirivadhanabhakdi, an ethnic **Chinese** business tycoon in Thailand, announced the **acquisition** of Australand **Property Group**, a major Australian real **estate company**. Frasers owned nearly 60% of outstanding Australand shares as of Aug. 7, having spent 1.47 **billion** Australian dollars (\$1.36 **billion**) on the **purchase**.

Another example is Wilmar International, a top palm **oil** maker in Singapore that recently bought major Australian food **company** Goodman Fielder for A\$1.3 **billion** jointly with a **Hong Kong**-based investment **company**. Wilmar is owned by Robert Kuok, a Malaysian-**Chinese** entrepreneur.

**Chinese** businesspeople in Southeast Asian nations have accumulated wealth by winning concessions from their governments in the early stage of economic development.

Charoen, who was born into a poor family and could not afford to finish elementary school, grabbed business opportunities when Thailand privatized the production of alcoholic beverages and developed his beverage companies into market leaders. The Bangkok Post reported that the Sirivadhanabhakdi family is the largest land owner in Thailand, owning lots totaling 1,000 sq. km.

Kuok also reinforced his business base on the back of Malaysia's industrial development policy. He built the nation's first sugar plant in a tie-up with the Malaysian government and earned his nickname, the "Sugar King of Asia," as he came to control 80% of sugar imports into the country and 10% of the global market.

When the Malaysian government introduced an industrial policy favoring Malay businesses, Kuok moved his business base to **Hong Kong**. In the 1980s, when prices plunged in **Hong Kong**, he engaged in active land **purchases**.

Forbes magazine's list of the world's wealthiest people shows that those of **Chinese** descent account for 19 of the 20 richest individuals in Southeast Asia. Assets owned by the 19 **Chinese** individuals increased sixfold on average over the past two decades, reflecting an increase in **Chinese** entrepreneurs expanding retail and other businesses in emerging economies.

Chicken kitchen

Charoen Pokphand **Group** of Thailand, led by Dhanin Chearavanont, offers a clue to where wealthy Southeast Asian businesspeople of **Chinese** descent will invest down the road.

At CP **Group**'s factory in Nakhon Ratchasima, a city in eastern Thailand commonly known as Korat, 4,000 employees work in two shifts to process 330,000 chickens a day for frying, freezing and packing. The plant exports processed chicken to 40 countries. When this reporter visited the plant last year, boxes designated for Japan, South Korea, Britain and other European countries were moving on four packaging lines individually allotted to the destinations.

While pursuing its goal to become the "Kitchen of the World," CP wants to serve not only as cook for the world's kitchen but also as waiter to the world's customers. This business stance was indicated by a senior CP official in charge of supply chains. He said the **group**, which has been a trader until now, will do business closer to consumers around the world. CP now owns convenience stores and other retail **operations** in Thailand and **China** and is eager to do so in other markets in addition to its export business.

Vincent Tan, a Malaysian **billionaire** with assets of \$1.6 **billion**, pays attention to consumers in Japan as owner of a **company** that operates the 7-Eleven convenience store chain in Malaysia and controls 80% of the market. When he visited Japan in May, he revealed that he was looking for a resort development **site** in Okinawa Prefecture. For a British soccer club he acquired in 2010, Tan said he was looking for a Japanese player, indicating his wish to sell broadcasting rights to a Japanese TV station.

#### Better networks

Japanese companies can benefit from tie-ups with Southeast Asian business tycoons of **Chinese** descent, according to Cui Chen, a visiting researcher at the Institute of World Studies, Takushoku University, who said businesspeople of **Chinese** descent share information to avoid risks and secure opportunities for businesses throughout the world and thus have better networks than U.S. and European companies do.

Southeast Asian **Chinese** have established personal networks for the sake of survival as a minority in the region. Through these connections, they can promptly obtain information on risks and move their assets to safety when necessary. Japanese companies can receive great benefits if they utilize these networks.

In the past, the social networks of **Chinese** businesspeople were often closed, but this is starting to change. If Japanese companies appoint professional managers capable of working outside Asean ahead of U.S., European and other foreign rivals, they may be able to work out new business strategies using the enormous financial resources controlled by entrepreneurs of **Chinese** descent.

**CO** asean : Association of Southeast Asian Nations

**NS** c18 : Ownership Changes | centrp : Entrepreneurs | cactio : Corporate Actions | ccat : Corporate/Industrial News | ncat : Content Types | nfact : Factiva Filters | nfcpin : FC&E Industry News Filter

**RE** singp : Singapore | malay : Malaysia | thail : Thailand | china : China | austr : Australia | apacz : Asia Pacific | asiaz : Asia | ausnz : Australia/Oceania | bric : BRIC Countries | chinaz : Greater China | devgcoz : Emerging Market Countries | dvpcoz : Developing Economies | easiaz : Eastern Asia | seasiaz : Southeast Asia

**IPC** EG001000

**PUB** Nikkei Digital Media Inc.

**AN** Document NKRP000020140827ea8r0006c