

ThaiBev files complaint over Saigon Beer board

Majority owner struggles to appoint own representatives to company

HO CHI MINH CITY -- Thai Beverage has accused Saigon Beer Alcohol Beverage of not accepting its proposed representatives as board members, despite the Thai company acquiring a majority stake in the state brewer in December for \$4.8 billion, in a complaint filed with Vietnam's government.

Following a request by Deputy Prime Minister Vuong Dinh Hue, Hanoi's government office on Thursday asked the Ministry of Industry and Trade to handle the complaint from the Thai company, the maker of Thai beer Chang.

According to a statement posted on the government website, ThaiBev said in the complaint that it has not been able to appoint representatives to Sabeco's management board and board of directors, even though it won last year's auction held by Hanoi to acquire a 53.58% stake in Sabeco. ThaiBev also expressed concerns over the process to the government, the website post said.

Hanoi's government representative said the Ministry of Industry and Trade should quickly address the complaint, based on the country's laws, then reported the results to the prime minister.

ThaiBev's move came ahead of Sabeco's extraordinary shareholders meeting, due in April. The meeting was convened by Sabeco in order to announce changes in the management following the acquisition deal. One of the key issues was adding extra members to the board, as well as appointing a new chief executive.

Local media reported that ThaiBev had sent a document to the maker of Saigon Beer asking to "immediately appoint ThaiBev's three representatives to the Sabeco management board." The three are Koh Poh Tiong, from ThaiBev's group steering committee; Vietnam Beverage Chief Executive Tran Kim Nga; and Vietnam Beverage legal representative Micheal Chye Hin Fah. Vietnam Beverage is wholly owned by a Vietnam-based unit of Fraser and Neave (F&N), a food and beverage conglomerate with investment from ThaiBev that is based in Singapore.

The announcement by the Vietnamese government on Thursday implies unresolved disagreements among major shareholders of Sabeco.

In Vietnam, shareholders who own more than a 10% stake in a company can appoint a representative to the management board, but only with approval from two-thirds of shareholders. In Sabeco's case, the Ministry of Industry and Trade still holds 36%, which means ThaiBev needs approval from this body.

Meanwhile, the State Audit Office of Vietnam recently proposed that Sabeco pay into the state budget around \$110 million worth of dividends, taken from the brewer's undistributed profit for the period prior to 2016 -- a proposal which Sabeco has rejected. The audit office also asked Sabeco to explain its losses from investing in banking and stocks, as well as placing money in financial investment funds. Reports and announcements on the issue are awaited from the ministry.

The controversy has stirred questions about the accuracy and transparency of information disclosure by Sabeco prior to December's public auction.

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