

The leader of the taipan group slowly learns to enjoy public service

# Yuchengco: silent billionaire no longer



Like most Filipino-Chinese businessmen, Alfonso Tiaoqui Yuchengco has shied away from much attention, pomp and dazzle. Yet, much as he tried to steer clear of publicity, the Aquino-appointed ambassador and the Ramos-handpicked leader of the taipan group investing in major infrastructure projects has realized he cannot shield himself from the public eye anymore.

Through the years, Mr. Yuchengco moved in elite circles as noiselessly as he built his business empire, branching out from his insurance company — Malayan Insurance Company — to the more high-profile and high-risk businesses like banking and finance, investment houses, trading, oil exploration, construction, agriculture, communications as well as manufacturing.

The years of hard work and perseverance seemed to have paid off. Mr. Yuchengco's principal companies, the Malayan Group of Insurance Companies, Rizal Commercial Banking Corporation (RCBC) and House of Investments

observation; the man always had "vision."

Vivian Yuchengco, daughter of Mr. Yuchengco's sister Vicencia and managing director of First Resources Management and Securities Corporation, recounted the time when Mr. Yuchengco first thought of building Manila Memorial Park.

"I remember when I was 13 years old and we went to Honolulu. It was a pleasure trip (but) we went to look at memorial parks. He talked to the Americans and then he said 'Honolulu has the best memorial parks.' So he did it. He decided to make Manila Memorial Park."

That vision, coupled with guts and a keen eye for opportunity, spells the success of Mr. Yuchengco.

But Mr. Yuchengco also has some companies which failed to take off or took a lot of time before it got around. Sources said this was the case for Diamond Farms, Pasig Textiles Industries, Inc., and Philippine Rock Products, Inc., to name a few.

Some people believe Mr. Yuchengco is a "natural" when it comes to business. There could be no other place for him but at the upper crust of the corporate world.

"I think it's inborn. The sense of, the need ... to make money. I think it's inborn with him to have reached where he is, it's not only guts, feel and luck," Vivian said.

Jose P. Mendoza, president of BA Savings Bank where Mr. Yuchengco has a 30% stake through the House of Investments, described the bank's chairman as "very astute and professional. He has a lot of foresight. *Mabilis siyang mag-desisyon* (he decides fast). And he's always on time, ahead of time when we have meetings."

While he seems to be a man of few words, close associates attest that he is a straight talker. Frank but cautious in his choice of words, he is known as someone who would speak his mind without any reservations, may it be in the boardroom or outside.

Mr. Yuchengco started cultivating his business acumen in school. In college, he majored in Commerce at the Far Eastern University in Manila where he graduated in 1949. Shortly afterwards, he went to New York to attend Columbia University where he took up graduate studies in business administration.

He likewise received an honorary doctorate degree in Business Management from De La Salle University, where he completed his secondary education. Most of his children would later be attending the same university for their secondary and undergraduate studies.

## BEST TRAINING

But the best training he got was from his father, Enrique Tiaoqui Yuchengco, who established China Insurance and Surety Company in 1930 — the predecessor of Malayan Insurance Company, the clan's longest existing firm.

Before the elder Yuchengco died in 1953 when he was already 74 years old, he was able to acquire real estate properties in the Binondo district, specifically in Ongpin and T. Alonzo streets. These were in addition to his other businesses (see sidebar story).

But while the elder Yuchengco established the family's name in business, it is said that Alfonso was mainly responsible for diversifying the family's enterprises. Through the money invested by policyholders in Malayan Insurance, the younger Yuchengco stretched out to various industries.

The death of the family patriarch reportedly led to the entanglement of Alfonso and his three sisters over the properties left by their father, a not so unusual predicament among affluent families. The dispute reportedly even went to the Supreme Court which handed down its decision a good 25 years after the case was first filed. During the period that the suit was left pending in the courts, it is said that Alfonso,

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(HII), have consistently remained among the Top 200 corporations in the country.

Today, he is counted among the country's exclusive crop of billionaires and is considered one, if not the most, highly diversified businessman in the Philippines.

A quick glance at his businesses would naturally evoke the question, "How did he manage to be successful in his enterprises?"

## VISION

People close to Mr. Yuchengco whom *BusinessWorld* interviewed have one common



YUCHENGCO IS SAID to be very secretive, preferring to keep mum on his holdings.

who was then holding half of the total inheritance, was able to parlay the assets to enhance his business.

Mr. Yuchengco started to work at Malayan soon after he returned from New York. Shortly before the elder Yuchengco died, Alfonso had already taken over the responsibility of heading Malayan.

According to Leonardo Siguion-Reyna, Mr. Yuchengco's lawyer and business partner, the Malayan president preferred older and experienced businessmen to act as chairman of the family's companies especially during the time when he had just assumed the top post.

"He wanted the wisdom of age. He listens to advice," said Mr. Siguion-Reyna. He added that Mr. Yuchengco "relied very much" on General Carlos P. Romulo, who acted as chairman of the board of Malayan Insurance from 1970 up to his death in 1986.

#### PARTNERSHIPS

In his business ventures, Mr. Yuchengco pursued partnerships with other prominent Filipino families like the Antoninos, who were his original partners at RCBC; the Tantocoos of Rustan's who have shareholdings in Super Industrial Corp., Philippine Pacific Capital Corp., Greplife and HI; and the Deo family of China Banking Corp. which has a stake at Malayan Insurance, Greplife, Super Industrial Corp. and Philippine Pacific Capital Corp.

"He is not selfish. He always invites people to join him. I don't think he has any single company which he owns by himself," observed Mr. Siguion-Reyna.

Mr. Siguion-Reyna himself is a partner of Mr. Yuchengco in a number of companies. In some, he sits on the board of directors. But in almost all companies, he acts as legal counsel.

"My relationship with him really is not as a business partner but as a lawyer. He asks me to participate, so I participate a little here, a little there," declared Mr. Siguion-Reyna, who first met Mr. Yuchengco in the organization of the Manila Jaycees in the early 1960s.

Mr. Siguion-Reyna reminisced that during

*For Mr. Yuchengco, there's only one requirement for a partner: professionalism, said Sol Villa, Mr. Yuchengco's public relations man for about 20 years now. That may be one reason Mr. Yuchengco has maintained friendships and contacts not only with the more prominent Filipino business groups and families, but also with stable foreign companies.*

the early 1960s, he and his wife, Arnida, used to double date with Mr. Yuchengco and his wife, Paz Sy Cip. "We used to go to the Riviera, sometimes we even went to the Bayside with our wives. We used to go to nightclubs during those days," he said.

He recalled that during the 1960s, one of the companies Mr. Yuchengco "became friendly" with was Castle and Cooke group — the original owners of Dole Philippines and Republic Glass Corporation. The group also introduced the memorial park concept in the country in 1964. (Castle and Cooke was said to have pioneered in the memorial park business in Hawaii. It is possible that the group may be the one referred to by Vivian as the people approached by Mr. Yuchengco during that visit to memorial parks in Honolulu when she was only 13.)

Because of the said friendship with the Castle and Cooke group, Mr. Yuchengco became the first principal Filipino partner in Dole

Philippines and Republic Glass.

In 1974, with the end of parity, or the Laurel-Langley Agreement that gave Americans the right to engage in all economic activities in the country without any cap on ownership, Castle and Cooke decided to sell out their stake in Dole Philippines to Mr. Yuchengco. He then became chairman of the fruit processing firm, a post he still holds up to now.

However, when Castle and Cooke disposed of their shares in Republic Glass, Mr. Yuchengco followed suit. Republic Glass is now principally owned by former Energy Minister Geronimo Velasco.

But while Castle and Cooke divested themselves of large shareholdings in Filipino companies, their partnership with Mr. Yuchengco still exists until now. In the 1993 financial statement of Dole Philippines, Castle and Cooke Worldwide Limited, said to be a Hong Kong-registered corporation, was listed

as one of the international affiliates of the company.

Further, Golden Farms, Inc. and Diamond Farms, Inc., two of the 22 majority-owned subsidiaries of HI, have existing sales contracts with Castle and Cooke which obliges them to sell all their banana produce to the latter. These contracts are renewable on a year-to-year basis.

Mr. Siguion-Reyna believes Mr. Yuchengco is a good judge of character. "One thing about him, he knows how to pick people to work with." This trait has proven to be valuable for Mr. Yuchengco, especially since in his diverse businesses, partners come and go.

#### PROFESSIONALISM

For Mr. Yuchengco, there's only one requirement for a partner: professionalism, said Sol Villa, Mr. Yuchengco's public relations man for about 20 years now.

That may be one reason Mr. Yuchengco has maintained friendships and contacts not only with the more prominent Filipino business groups and families, but also with stable foreign companies.

Aside from Castle and Cooke, Mr. Yuchengco was also closely associated with Bank of America and Continental Bank of Chicago. The former is a partner at BASavings while the latter became an associate in RCBC.

Mr. Siguion-Reyna disclosed that when Mr. Yuchengco's business relations soured with Bancam Development Corp., which acquired shareholdings in the then Rizal Development Bank, he invited Continental Bank to become a partner. Soon after, the bank was converted into a commercial bank and became RCBC.

#### JAPANESE CONNECTION

Further, Mr. Yuchengco has business connections with a number of Japanese companies. Based on the book "VIPs of Philippine Business" for 1988, he reportedly established relations with 10 Japanese firms. These are Tokio Marine and Fire Insurance Co., Ltd., which is a partner in Pan Malayan Insurance, Corp. up to this day; Orientex Co. Ltd., Kaneyoshi Co. Ltd.,

*continued*

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and Kanematsu Goshu Ltd., which all invested in Pasig Textiles Industries, Inc.; Mitsui Bank, Nomura Securities Co., Ltd. and Sanwa Bank in Philippine Pacific Capital Corp. (Sanwa Bank presently holds 25% equity in RCBC); Daiwa House Industry Co., Ltd. and Komura Securities Co. Ltd. in Hi-Daiwa House Philippines, Inc.; and Dai-ichi, Inc. in Hi-Dai-ichi Trading Co., Inc.

Because he valued the business relations he established over the years, Mr. Yuchengco is said to be inclined to hold on to his companies even if these start becoming unprofitable.

"I don't think he ever sold a company just because it was losing," Mr. Siguion-Reyna noted. He declared that he remembers only one firm which was eventually sold by Mr. Yuchengco, Hi-Cement Corporation. While the company was not reaping profits, Mr. Yuchengco was not predisposed to give it up because of the prospects of a rebound for the cement industry. However, environmental factors ruled over economics. The factory was emitting hazardous dust to the surrounding neighborhood. Since Mr. Yuchengco and his partners could not solve the emission problem, he decided to give up the company.

When it comes to his employees, Mr. Yuchengco is said to have a sharp eye for promising and potential workers. Mr. Villa observed that most of the Yuchengco companies now have young, talented professionals at the helm. Such is the case in RCBC, which in 1993 registered an asset base of P39.6 billion, among

the top five highest in the banking industry. The bank's top man, Armando Medina, assumed his post in his mid-30s, becoming one of the country's youngest bank presidents.

Over at BA Savings Bank (formerly BA Finance), a subsidiary of HI, running the show is Mr. Mendoza who is 46 years old. He first took over the reins of the former BA Finance in 1987 when he was about 39 years old after working his way up from acting as a mere clerk in Bank of America.

Mr. Mendoza explained that Mr. Yuchengco, who sits as chairman of the board in BA Savings, provides the direction for the company. He sets the course which the newly established savings bank will take and leaves the implementation to the Bank of America people, his principal partner in the bank.

When asked what lessons he learned from Mr. Yuchengco, Mr. Mendoza readily replied that whatever training he gets is done with subtlety.

"If ever may training, very subtle lang. I will learn from him how he thinks, how he makes conclusions, *yung thought process niya*," Mr. Mendoza said.

#### NEW TACK

Mr. Siguion-Reyna agreed that Mr. Yuchengco has already changed his tack in running his companies.

"In his present position now, where he's there at the top, *hindi na siya nakikialam sa baba*. *Yung staff na lang niya ang may direct contact with him*. He has his own people and

*The virtual information blackout on Mr. Yuchengco's foreign holdings is very characteristic of the man, sources said. The shroud he has placed on his foreign holdings has not spared even his children. It is said no single Yuchengco child holds the key to the whole gamut of overseas investments Mr. Yuchengco has ventured into.*

they're responsible for the people below them. He doesn't interfere. He just wants to be informed of what's going on, *so kailangan ng reporting (system)*," the lawyer explained.

More than 40 years after he became president of Malayan Insurance, Mr. Yuchengco now sits as chairman of the board in at least 14 institutions. Aside from those already mentioned, the others include RCBC, Benguet Corporation, Philippine Long Distance Telephone Co., Philippine Fuji Xerox Corporation, Malayan Group of Insurance Cos., MICO Equities, Inc., Malayan Zurich Insurance Co., Grepalife, Pan Malayan Management and Investment Corp., PMMIC Realty Corporation, Enrique T. Yuchengco, Inc. and the Alfonso T. Yuchengco, Inc.

He likewise acts as president and/or director in at least 14 other firms, most of which are subsidiaries or affiliates of his principal companies.

#### OFFSHORE INVESTMENTS

Aside from the businesses he established in the country, Mr. Yuchengco has also ventured into foreign shores. However, people close to him cannot pinpoint what enterprises he established abroad apart from the foreign branches and affiliates of his local companies.

Financial statements of his local companies provided a peek into Mr. Yuchengco's foreign business dealings. For instance, Dole has fruit trading and processing affiliates in Thailand, Japan, Hawaii and Westlake in the US. RCBC has affiliates in Singapore (ASEAN Finance Corp. Ltd.), California, through RCBC California International, Inc.; and in Indonesia, Malaysia and Thailand through the Nestlé Group of Companies.

Further, Malayan has put up branches in London, Guam and Asia; as well as agencies in Europe, Africa, Middle East, Latin America and the Pacific region. The company also has a subsidiary in Australia.

One source admitted that it is actually "very hard to tell" what Mr. Yuchengco really owns worldwide. The source said that there is talk that he is already part owner of the Daiwa group in Japan.

#### VERY SECRETIVE

The virtual information blackout on Mr. Yuchengco's foreign holdings is very characteristic of the man, sources said. One source said "He's that kind of a person, he's very secretive." The shroud he has placed on his foreign holdings has not spared even his children. The source said no single Yuchengco child holds the key to the whole gamut of overseas investments Mr. Yuchengco ventured into.

Sources declined to give even an estimate of Mr. Yuchengco's accumulated wealth. However, in 1988, the book "VIPs of Philippine Business" estimated that the total combined assets of the family was at around P6 billion, with total net sales of P1.5 billion.

Based on the 1993 financial statements of his three majority-owned companies, Mr. Yuchengco's cumulative asset base last year was estimated at more than P10 billion. Consider that just a speck of the man's entire estate since that still excludes his foreign investments, real estate in and outside the country, and other properties.

As of last count, Mr. Yuchengco had invested in over 60 major local companies and subsidiaries. While House of Investments is widely believed to be the Yuchengco's holding company, the family also has other holding firms which are strategically positioned in various businesses. For instance, Pan Malayan Management and Investment Corp., which counts among its major stockholders all of the eight Yuchengco children, has a 7% equity in Philippine Global Communications (Philcom), a 1.23% share in Matsushita Electric Philippines Corp. (manufacturers of National Panasonic), and holds one of the biggest blocks of shares in RCBC. There is also MICO Equities, Inc., considered as the holding company of the Malayan Group.

#### OPPOSITION

When the Makati business district became the center of the movement to oust former President Marcos after the Benigno Aquino assassination, Mr. Yuchengco was among the prominent personalities who risked their businesses to support the opposition.

According to Vivian, Mr. Yuchengco raised money for the Cory campaign during the 1986 snap elections. "He was out and out against Marcos, because he said we had to fight. Because if not, we would lose our country if Marcos is going to stay."

Shortly after Corason Aquino was proclaimed as the country's new president in 1986, Mr. Yuchengco was appointed Philippine ambassador to China. That signalled the start of his public persona.

The seemingly reclusive businessman suddenly found himself thrust in the limelight. He started thinking of how to sell the country and how to put it back on the world map, an orientation normally carried by Government officials.

Mr. Villa recalled that as ambassador, Mr. Yuchengco frequently brought the country's artists to China, even if it meant paying for their expenses out of his own pocket.

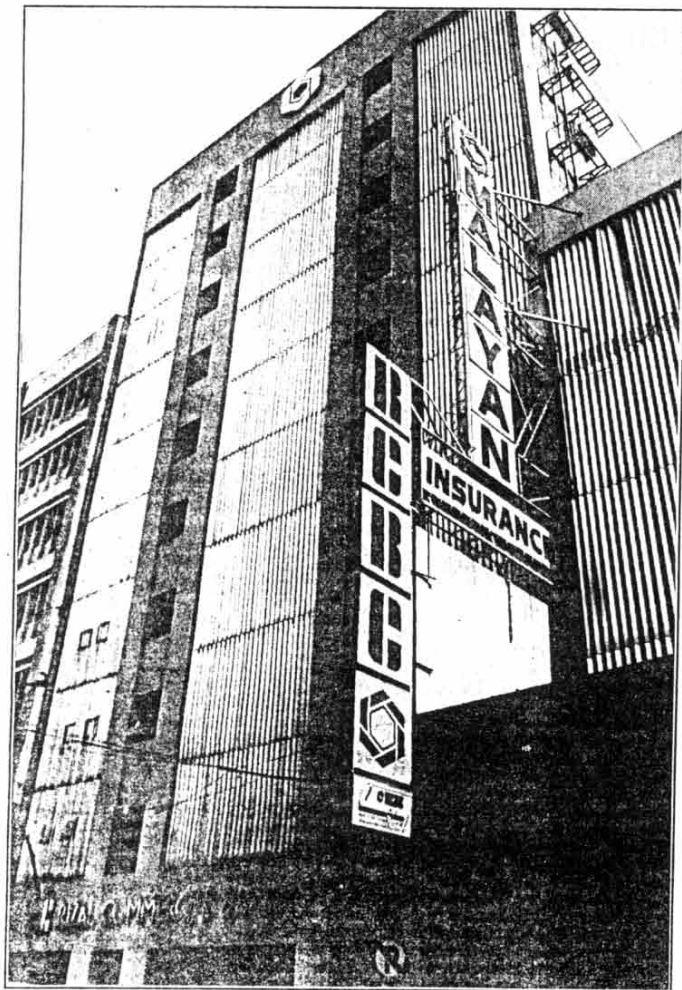
Some people believed Mr. Yuchengco accepted the diplomatic post "because it was his chance to go down in history." "I think he already wanted to be ambassador for the rest of his life," one source said.

However, his daughter Susan said sometime ago in another interview with *BusinessWorld* that her father was very hesitant in accepting the post. That was the reason Mr. Yuchengco served as ambassador for only two years — a self-imposed time frame.

But like other public figures, Mr. Yuchengco's diplomatic stint was not spared from controversy. Barely a year at his Government post, talk spread in the diplomatic community that Mr. Yuchengco was reportedly facing criminal charges for refusing to pay the salary of his housemaid in San Francisco for about two years, an allegation he flatly denied.

That was more than seven years ago. Today, he is wearing a different hat for Government. In April last year, he was designated chairman of the six-taiwan consortium called Asia's Emerging Dragon Corporation. He reportedly helped in organizing the group after President Ramos suggested that the Filipino-

*continued*



THINKING BIG: The Rizal Commercial Banking Corp. has consistently remained among the top 200 corporations in the country.



# The six taipans of Philippine business

They were first brought together by no less than the President of the Philippines. On his official visit to China early in his term, President Fidel Ramos pooled together six chosen Filipino-Chinese whom media immediately christened the taipans.

The six were thought to be the richest of the rich, with good reason. Each man was a billionaire by Philippine standards. Acting as one, they could make or break the country's economy.



John Gokongwei

Bringing them together was no easy task. Some had businesses directly competing with each other. For example, it was thought that the founder of Shoemart would not be comfortable seated in the same table as the chairman of Robinson's. Further, all six were part owners of six different banks.

Asia's Emerging Dragon Corp. (AEDC), the company formed by the country's six taipans to further the cause of President Ramos's Philippines 2000, has remained a sleeping dragon since its incorporation last September 1993.

While the major project of AEDC is supposed to be an airport project meant to decongest the Ninoy Aquino International Airport, the project has yet to begin.

## NO AGREEMENT

Initially, the six taipans, composed of Alfonso Yuchengco, Andrew Gotianun, Lucio Tan, George S.K. Ty, Henry Sy and John Gokongwei, could not agree with Government as to where the alternative airport should be built.

Clark Air Base had been the choice of President Ramos since he started talking to the six taipans in December 1992. The agreement to band together to pursue projects for the country's benefit was arrived at during President Ramos's state visit to China in April last year.

However, the taipans preferred Villamor Air Base over Clark for the site of the airport, saying the latter

site was constantly endangered by the threat of Mt. Pinatubo's volcanic waste which washes down to Clark during the rainy season, as well as threats from future eruptions.

The dormant volcano erupted last May 1991 and spewed lahar all over the surrounding provinces, especially Zambales, Tarlac, Pangasinan and Nueva Ecija.

Last September, AEDC commissioned Singapore Changi Airport Enterprise Pte. Ltd. to do a feasibility study on building an alternative airport. Singapore's Changi Airport is reputed to be one of the world's most efficient airports, and had been asked by Fiji, China and Indochina to help design their respective airports.

## EFFICIENT AIRPORT

The \$219,000 Villamor Air Base study was scheduled to start in



Alfonso Yuchengco

October 1993 and end by March 1994. Singapore Changi was to plan out an efficient airport to complement the NAIA. The earliest target for start of construction was sometime



Henry Sy

during the second quarter of this year.

Changi had been chosen because

it was deemed to be one of the most efficient airports in the world. Such an airport was one of the first things needed by the country if it was to attain NIC-hood by the turn of the century as the President has said time and again.

By December last year, President Ramos announced to media that roadblocks have been cleared for the implementation of the improvement and expansion plans for the NAIA. The Bases Conversion Development Authority (Basecon), tasked with converting military camps in the metropolis for civilian use, was to set aside a portion of Villamor Air Base for the airport authority.

Initial plans marked out a portion of the Villamor Air Base for the expansion of the NAIA runway, able to accommodate the biggest aircraft, in view of the impending increase in air traffic in the country.

Additionally, a large terminal building will be built to decongest the flow of passengers at the NAIA. The project was expected to be completed within two to three years, near the time NAIA's capacity is expected to be exhausted.



Lucio Tan

However, a week after President Ramos's announcement, the Basecon proposed to Malacañang a joint venture with AEDC for the development of Clark Air Base instead of Villamor Air Base. The Basecon claimed it would be impractical and expensive to develop Villamor Air Base.

It offered the six taipans a 200-hectare property adjacent to the Clark airport which may be the site for hotels, malls and condominiums and will "improve the financial viability of the project and thus shorten the payback period to investors."

In January, Basecon chairman Lim was quoted as saying, "We cannot give Villamor Air Base for free. They will have to pay for it

and, even then, they will still have to move the Philippine Air Force (PAF) and they would still have to build roads." Basecon owns 150 hectares of land inside Villamor Air Base while the PAF has 60 hectares.

Last April, Mr. Yuchengco said the entire airport project is ex-



Andrew Gotianun

pected to be completed in phases by 2015. The expected usable life-span of the airport is 25 years.

The first phase, which involves building an airport terminal by 1997, is estimated to cost \$337.5 million. The second phase, which will further expand the airport by year 2005, is expected to cost \$37 million. The third phase is expected to cost \$14 million for further expansion of the terminal, expected to be



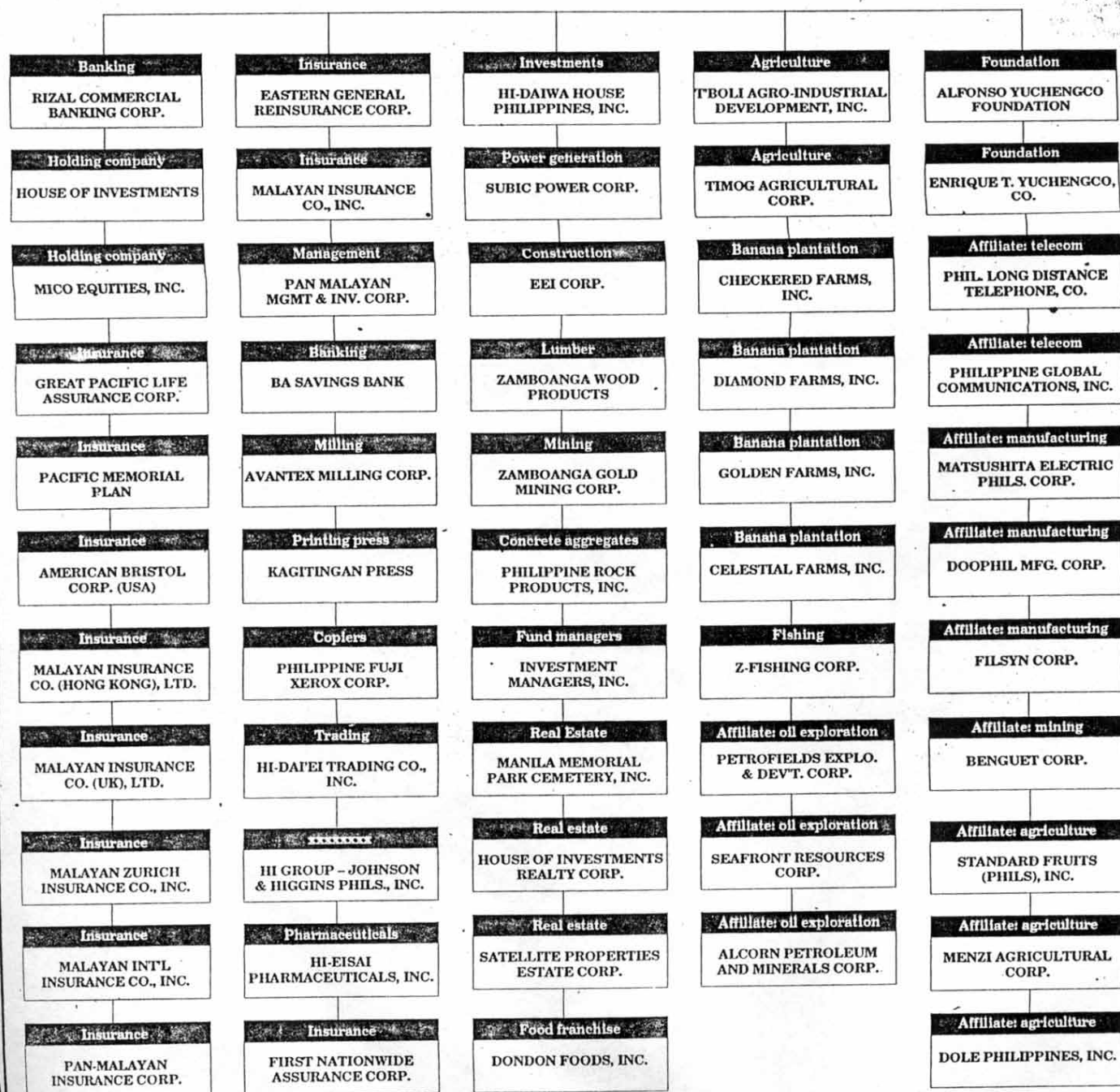
George Ty

completed by year 2010. The final phase involves \$23.6 million and is expected to be completed by 2015.

Partial financing of the \$412.1-million international airport is being sought from the government of Singapore through the country's Changi Airport.

And so the first, and perhaps only, project of the six taipans now appears to be under way. — Tina Young

# YUCHENGCO Group of Companies



# The Yuchengcos from China



To former Ambassador Alfonso Yuchengco, tracing the beginnings of his family and keeping in touch with his ancestral hometown were some of the incentives which made former President Aquino's offer of a diplomatic post in 1986 hard to refuse. "He's always asking us to go back to our roots," said his niece, Vivian Yuchengco.

However, the desire to touch base was not one which he carried alone in the family. Based on documents obtained by *BusinessWorld*, his father, Enrique T. Yuchengco, also placed great value to the family's roots. It could not be ascertained whether the first Yuchengco who came to the Philippines was Enrique or Enrique's father. Available documents offered different versions.

A newspaper report that came out right after Alfonso was appointed ambassador to the People's Republic of China stated that he "was a grandson of a poor immigrant from southern China in the 19th century."

The said immigrant was identified as Yu Tiao Qui, who came to the country from the Lamoo county in Fukien, China via a five-month sea journey aboard a Chinese junk-laden boat. He later started a lumber trading business which he passed on to his son, Yu Chengco, who was born in Lamoo on October 7, 1870. In time, Yu Chengco adopted the hispanized name, Enrique Tiaoqui Yuchengco. (During the period of the Japanese occupation, most of the Chinese assumed Spanish names to avoid persecution.)

However, another document apparently written by Qiao Guang Middle School in China as a tribute to Enrique who was a founder of the school, cited that Enrique was a grandson of Yang Tiaoqui, who was "a famous wealthy overseas Chinese."

Enrique's Chinese name also varied from the newspaper report. In the document, he was called Yang Zhongching. It said that Enrique was among the Chinese who went abroad to make a living, arriving in the country with an elder brother. He was said to have found a job as a shopman soon afterward.

But despite the discrepancies in available documents about the original Yuchengco immigrants, one thing that remained constant was the fact that the Yuchengco family in the country started in lumber trading. By 1912, the Yu Chengco Co. lumber firm already established four branches in Manila. Based on the documents, it seemed Alfonso inherited from Enrique the belief in the adage that one must not put all his/her eggs in one basket.

While Enrique inherited his father's lumber business, he was able to diversify into other commercial businesses like construction, tobacco leaf trading, wine refinery, as well as the rice milling business — much like what Alfonso did with the insurance business he inherited.

Vivian recounted that one of the close associates of Enrique in the construction business was the well-known architect of Government landmarks Tomas Mapua. She said her grandfather worked as contractor for Mr. Mapua's many architectural projects like the Manila Post Office at Plaza Lawton.

But lawyer Leonardo Siguion-Reyna had the fondest memories of his first encounter with the Yuchengco name. He said he remembered first seeing the name Yuchengco during his train trips, then the common mode of transport, from his hometown of Dagupan in Pangasinan.

"Before the war, a common mode of transport natin ay train. Pag pasok mo doon sa Bautista, Bayambang in Pangasinan, you would see a long row of big, big warehouses. Mga rice mills (with the name) E.T. Yuchengco. Enrique T. Yuchengco rice mills. They were big buyers of rice there."

Apart from being a clever businessman, Enrique was apparently also a civic-minded person. He reportedly participated in the reorganization of the Manila Lumber Merchants Association in 1921, said to be the oldest commercial organization in the country.

Further, he had served for many years as "premier" of the Zhigong Party of the Overseas Chinese Association of the Philippines. He was also the first board chairman of the Qiao Guang Middle School which he helped establish in China.

Using the money acquired from his various businesses, Enrique ventured into the insurance business in 1930, operating side-by-side with 28 American and 46 other firms authorized to underwrite fire risks.

From a simple room in the Yuchengco's two-storey house at 614 Gandara Street in Binondo — the business center of Old Manila, Enrique put up China Insurance and Surety Co. With seven insurance agents in Manila and one in Nueva Ecija and at a capitalization of P147,500, the company challenged the big non-life insurance companies that monopolized the industry.

*Enrique Yuchengco  
not only passed on his  
business acumen to  
his son. He also  
extended his love for  
country to Alfonso,  
who is now living his  
part in history.*

During the War of Resistance against Japan in the mid-1940s, the factories run by Enrique were razed to the ground. China Insurance, hurtling from the damage inflicted by the Japanese Army, closed shop. After the liberation of Manila, China Insurance resurfaced as Malayan Insurance Co.

When Enrique recovered from his losses, he started contributing to build a "Clan Hall" in China, at the same time remitting money as often as he can to his relatives in Fujian province.

Such patriotism was one of the legacies of Enrique to his son, Alfonso. Alfonso, already the ambassador to China, visited in 1986 the old school houses built by his father 40 years ago. Probably moved by what he saw, he decided to build the "Yang Zhongching" museum through an initial personal contribution of \$48,000. Later, he established a trust fund in Hong Kong called the AY Educational Foundation Fund, probably an offshoot of the AY Foundation he put up in the Philippines. The educational fund was meant to give awards to exemplary teachers and honored students of the Qiao Guang Middle School as well as encourage the students to further their studies.

Enrique not only passed on his business acumen to his son. It seems he also extended his love for country and history to Alfonso, who is now living his part in the history of the clan. — Rosemarie V. Francisco



## Shell's 80 Years of Partnership with the Filipino People

Shell's partnership with the Filipino people dates back to 1914 when Shell established its corporate presence and organized a trading office in the Philippines. Business then largely involved the importation and sale of kerosene mainly for household use in Manila and outlying areas. By 1940, spurred by the growing Philippine economy, a sizeable range of Shell products was being sold to more areas in the Philippines through installations and depots set up in strategic points throughout the country. In 1961, Shell commissioned its refinery in Tabangao, Batangas to commence local supply of refined petroleum products.

From then on, Shell's business has grown, pursuing interests in chemicals and crop protection products for the agricultural sector, liquefied petroleum gas for the Philippines and its Asian neighbors, and even oil and gas exploration and production to help reduce the country's dependence on imported oil.

In the conduct of its business, Shell has always been conscious of its obligations to society. In 1982, Shell formed the Pilipinas Shell Foundation, Inc. to engage in industrial and agricultural skills training, livelihood and entrepreneurship training, promotion of science and technology education, and other community development programs around Shell work sites. To date, the foundation has helped make a brighter future for around 8,000 out-of-school youths, farmers, students, military dependents and other disadvantaged segments of society.

Recognizing the increasing demand for petroleum products, Shell began in 1993 the construction of a bigger and more modern refinery adjacent to its existing facility in Tabangao. The \$667 million new refinery is designed to process 110,000 barrels of crude oil a day, almost doubling the existing refinery's capacity of 72,000 barrels a day. Its energy-efficient and state-of-the-art processing facilities enable it to produce more middle distillates to augment the country's diesel fuel requirements. They are also designed to be capable of producing unleaded gasoline and low sulphur diesel.

In 1991, Shell invested P2.5 billion to build additional import and storage facilities for Tabangao refinery. Two new jetties now enable the refinery to receive larger parcels of crude. Four new floating roof tanks, which have a combined gross capacity of 2.1 million barrels of crude oil, also increased the refinery's storage capacity to 3.9 million barrels.

In partnership with Occidental Philippines Inc., Shell invested in oil and gas exploration in offshore Northwest Palawan, using state-of-the-art technology in one of the deepest waters in the world.

Pushing the quality of its products to higher standards, Shell began in 1993 the construction of a P540 million new automated lube oil and blending plant in its Pandacan installation. It will have a rated capacity of 60,000 metric tons a year, and features state-of-the-art technology that would enable Shell to respond more quickly to customer requirements and to manufacture new lubricants products in accordance with more stringent specifications.

Also in 1993, the existing lube oil and grease plant in Pandacan was awarded the ISO 9002 certifications from the Bureau of Product Standards and the Bureau Veritas Quality International, in recognition of the high quality process adopted in the manufacture and marketing of Shell lube oils and greases in the Philippines.

This year, with the completion of the new lube oil blending plant in July, and the start-up of the new refinery in Tabangao in August, Shell looks ahead with optimism and vigor. As the country moves towards further industrial and economic development, energy self-sufficiency and stability in the 21st century, Shell strengthens its commitment to the country as a productive partner towards Philippines 2000. A brighter future for Shell and the Filipino people.

### The Shell companies in the Philippines:

Pilipinas Shell Petroleum Corporation  
Shell Gas Eastern, Inc.  
Shell Gas Trading (Asia-Pacific), Inc.  
Pilipinas Shell Foundation, Inc.

The Shell Chemical Company (Philippines) Inc.  
Philippine Petroleum Corporation  
Shell Philippines Exploration B.V.  
Shell Companies in the Philippines Ltd.



*Shortly after Corazon Aquino was proclaimed president in 1986, Mr. Yuchengco was appointed Philippine ambassador to China. The new role found the reclusive businessman thinking of how to sell the country and put it back on the world map.*

Chinese businessmen start setting an example by investing in the country rather than in foreign shores.

The group is composed of five other taipans who agreed to contribute P100 million each for the consortium's capital. They are presently working on their first project, the construction of a new airport terminal in Sangley Point, Cavite City.

But apart from the appointment, Mr. Yuchengco has been noticeably active whenever the Government hosts business delegations to the country, especially when the delegation comes from China. He is visible particularly in receptions sponsored by President Ramos. Published photo souvenirs almost always catch him standing beside the President on such occasions.



**ENRIQUE YUCHENGCO:** The father established the family's name in business.

#### PHILANTHROPY

Mr. Siguion-Reyna believes Mr. Yuchengco started to get involved in helping the country even before he became ambassador.

This was buttressed by his PR man. Mr. Villa said Mr. Yuchengco has already helped numerous young people who became scholars of the Alfonso Yuchengco (AY) Foundation even before his stint as ambassador.

The foundation, which has been in existence for more than 20 years now, is one of the things Mr. Yuchengco has been very private about.

"He's been trying to play it down. He's got good intentions, he doesn't want to make it appear that he's just doing it for show," explained Mr. Yuchengco.

Among the foundation's projects are the scholarship programs for street children in Metro Manila and for cultural minorities in Mindanao and the Mountain Province; welfare grants for feeding centers and medical/surgical missions; subsidies for indigent open-heart surgery patients of the Philippine Heart Center; and the Mother Teresa Awards for humanitarian workers and National Discipline Awards for youth.

Messrs. Villa and Siguion-Reyna attest to

16

the fact that the AY Foundation is taking more of Mr. Yuchengco's time these days.

But with Mr. Yuchengco now more focused on the AY foundation and the various assignments from Government, who will be left behind to look after the various businesses?

While sources did not want to comment on who would eventually be the heir apparent to Alfonso, they all agreed that it is evident that Mr. Yuchengco has a succession plan.

#### SUCCESSORS

Among his eight children with the former Paz SyCip (daughter of Albino SyCip and sister of David and Washington), two have been observed to play active roles in managing particular Yuchengco firms.

One is Helen Dee, the eldest of the Yuchengco brood. Helen, who is now 50 years old and holds a Masteral degree in Business Administration from the De La Salle University, has been at the helm of Malayan Insurance since 1982. She presently sits as board chairperson in three Malayan subsidiaries, namely Malayan Zurich Insurance, American Bristol Insurance Company, and First Nationwide Assurance Corporation.

She's also board chairperson in Manila Memorial and in Z-Fishing Corporation, an HI subsidiary. Further, she acts as director in at least 16 firms where the Yuchengco companies have a stake.

Despite her many responsibilities, Helen, wife of China Bank president Peter Dee and a mother of three, still finds time to be involved in civic and social organizations. Sources said she is the most capable of the Yuchengco brood to manage the family-owned firms. Some attribute this to the fact that she has had the longest exposure in the family business. However, *BusinessWorld* learned that Helen is planning to retire soon, thus, leaving the top post open for the other Yuchengco children.

The other Yuchengco who has figured prominently in the family business is Alfonso III, or Tito. He is currently president of HI, a highly diversified firm widely believed to be the



**YOUNG ALFONSO:** The son was responsible for diversifying the family's enterprises.

**YUCHENGCO THE PHILANTHROPIST:** Enjoying public service at the expense of privacy

Yuchengco's holding company.

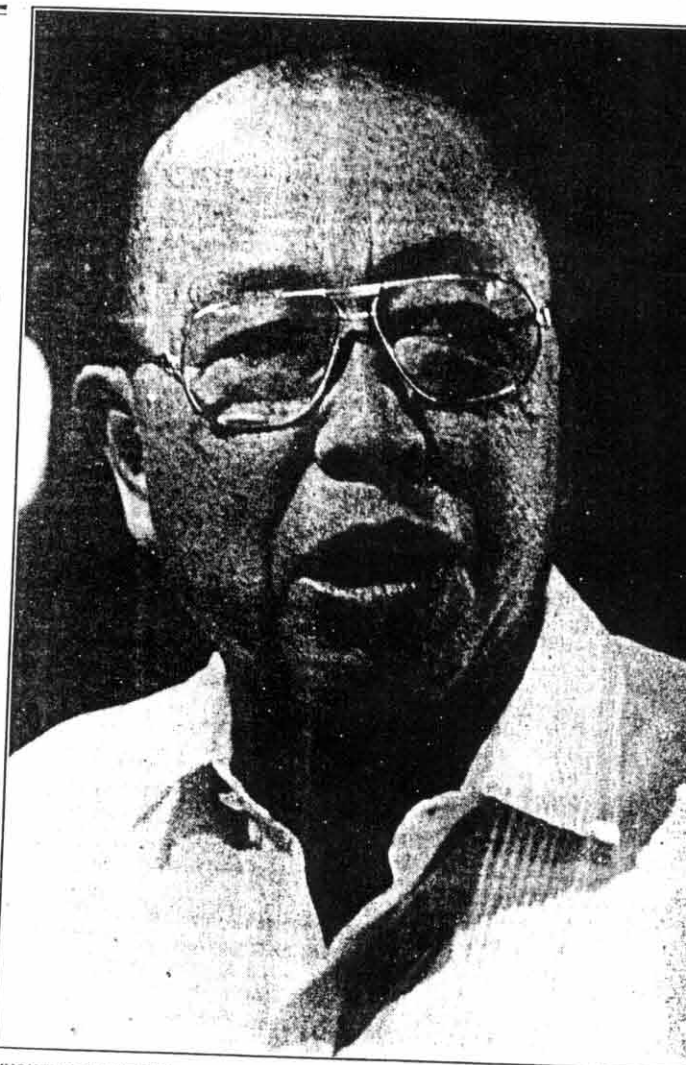
The youngest among the Yuchengco children, Tito graduated from the De La Salle University with a degree in Bachelor of Arts in Asian Studies. He sits on the board of at least 12 companies, most of which are subsidiaries of HI. Tito, who is still single, indulges in golf after office hours.

Aside from the two, other children who are active in the businesses is Susanne Santos, who is on the board of RCBC, Grepalife, Pan Malayan Management and Investment Corp. and more recently, Engineering and Equipment, Inc. (EEI).

Also in RCBC is Yvonne Yuchengco, who is head of the private banking unit. When not handling the PR work of the Yuchengco companies, she is most often seen teaching aerobics classes in RCBC.

Mona Lisa Abaya, another daughter, is based in the United States. She is said to be handling some of the family investments in the US. Annabel Puey, wife of Negros Occidental Representative Manuel Puey, is active in the AY Foundation. The same goes for Alfonso, Jr., or Boy. Boy is the executive vice-president of Diamond Farms and is engaged in the other businesses of the family, although not quite prominently as the other children. For a while, Albert was based in France.

According to Mr. Villa, the Yuchengco children are very simple in their ways. He singled out Boy as the most simple since he acts and dresses as if his father is not Alfonso Yuchengco, the billionaire.



A colleague at De La Salle University counted that when he met Boy during a big school homecoming, he couldn't believe he was Mr. Yuchengco's son. "He was very unassuming, as seen in the way he was dressed up," the source said.

Sources said Mr. Yuchengco is not one to spoonfeed his children. Not being the typical "fatherly" patriarch, he did not maintain a close watch over his children's first steps into the business. While he did open the doors for them, he also allowed them to explore the business by themselves, thus, teaching them the value of independence.

While Mr. Yuchengco, now more than 70 years old, is slowly passing on the reins of his companies to his children, it is not any indication of a declining ability to handle his businesses.

"He's a bundle of energy even now. At the time when everybody (his age) is retiring, he's involved, his mind is (still) very active," Mr. Villa stressed.

Another source observed that Mr. Yuchengco is more relaxed now. "I guess age has caught up with him. He's no longer too much involved in amassing more wealth. God has been good to him. He has become successful."

With children that can ably manage the conglomerate he established for decades, Mr. Yuchengco can now concentrate on public service, which he has learned to enjoy even if it has meant giving up, to some extent, his privacy. — Rosemarie V. Francisco

# Family Tree: YUCHENGCO

